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ENVIRONMENTAL IMPACT ASSESSMENT

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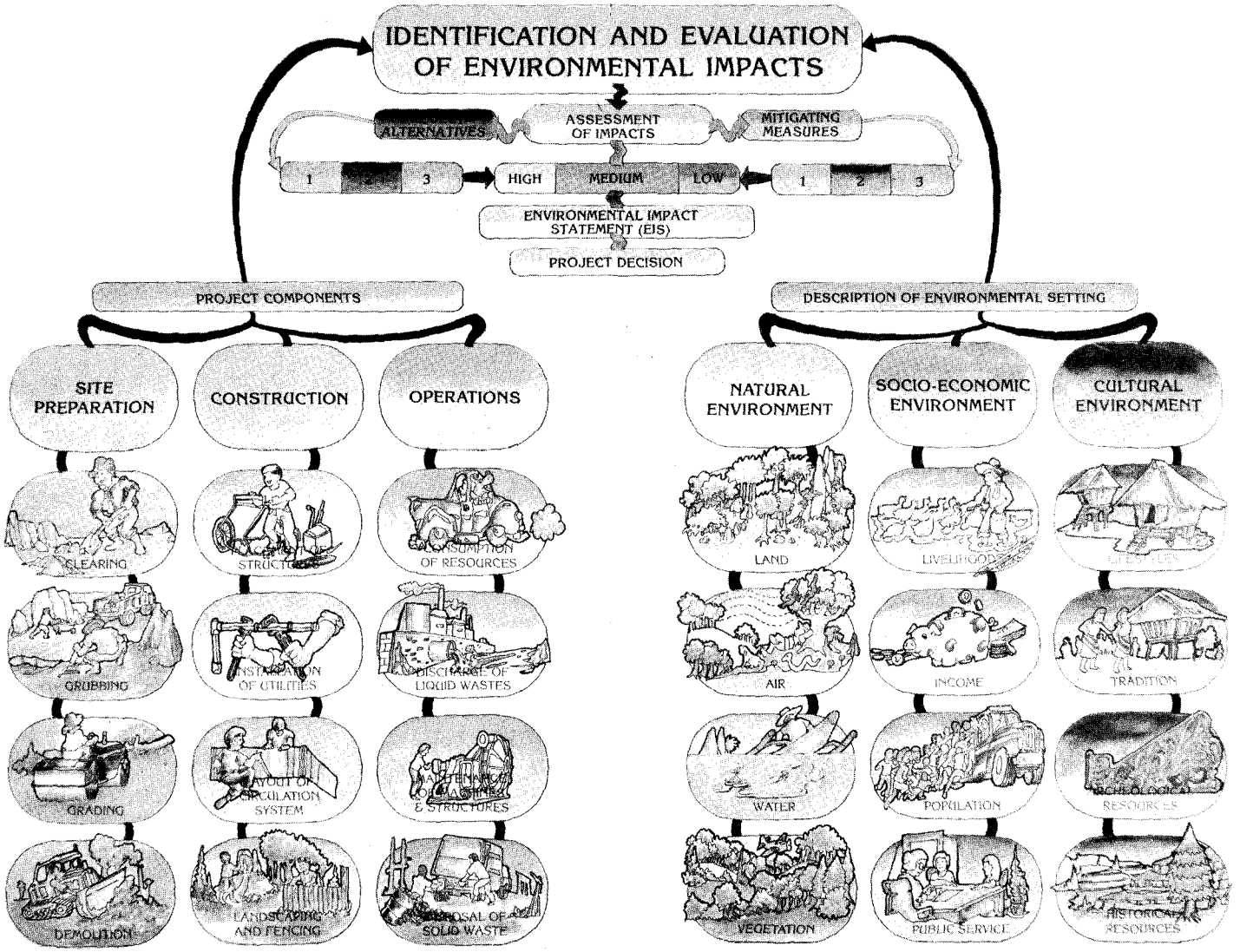

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EVALUATION OF THE PHILIPPINE ENVIRONMENTAL IMPACT STATEMENT SYSTEM: 1977-1985

by Ramon Abracosa and Leonard Ortolano

Like many other countries, the Philippines has adopted an environmental quality management strategy based on the U.S. National Environmental Policy Act of 1969 (NEPA). This strategy relies on the preparation and review of environmental impact statements (EISs) for proposed projects that might have a significant effect on environmental quality. In contrast to other countries, the development and implementation of the EIS-based management approach occurred under conditions of *martial law*.

Although EIS systems have been implemented in many developing countries, their effectiveness has not been widely studied. This paper analyzes the Philippine EIS system from 1977, the time of its inception, through 1985, near the end of the presidency of Ferdinand Marcos. Emphasis throughout is on political and organizational issues. The paper investigates both how the EIS system was developed and how the Philippine agencies responded to it. Two issues permeate the analysis: Did the Philippine agencies comply with regulations *implementing* the EIS system? If not, why not?

The paper contains three main sections, the first of which is a historical analysis of Philippine environmental policy from 1977 to 1985. This section details events and personalities influencing the Philippine National Environmental Policy and its keystone instrument: the EIS system. The second main section considers organizational aspects of the National Environmental Protection Council (NEPC), the multiagency body which played a central role in environmental impact assessment (EIA) policy development. The third major section examines NEPC's strategies for EIA policy implementation and appraises agency compliance with the EIS system. The paper closes with explanations for the observed compliance record and a "postscript" indicating some changes that followed the fall of the Marcos government in February, 1986.

EVOLUTION OF THE PHILIPPINE EIS SYSTEM

The Martial Law Government (1972-81)

The most significant Philippine environmental laws and policies were promulgated as presidential decrees under a martial law government that began on September 21, 1972. The process of law and policy-making under this administration was fundamentally different from that of the preceding period, and it influenced significantly how Philippine environmental reforms were instituted.

Despite its parliamentary facade, the Philippine government from 1972 to 1981 was essentially presidential, organized as a unitary structure. The revised constitution of 1973 empowered the incumbent President, Ferdinand

Marcos, to rule by decree indefinitely. These decrees were to have the effect of law and were to be binding even after martial law was lifted "unless expressly or explicitly modified by the regular National Assembly." The constitutional amendments of 1976 and 1981 further strengthened the President's powers and allowed him to rule by decree even after martial law ended in 1981.[1]

Before the declaration of martial law in 1972, laws were developed jointly by an executive branch under the President and a bicameral legislative body composed of the Senate and the House of Representatives. The courts provided judicial review of constitutional and statutory matters. The policy-making process was characterized as being precedent-bound, based on these laws.[2] In theory, the legislative branch acted as the principal lawmaker. In practice, however, it was often the executive branch rather than Congress that initiated government policies.[3] Cabinet secretaries and agency administrators, together with their aides, drafted proposals and presented them to congressmen who acted as sponsors of bills. Thus the civil service bureaucracy, whose main role had been to implement policies and programs, gradually took on the function of initiating policies.

Under the martial law constitution, the government was still divided into the judicial, executive, and legislative branches (with Congress being replaced by an interim national legislative assembly). This separation of powers based on the principle of checks and balances was superficial since the executive branch was the dominant force. The interim legislative assembly served mainly as a "rubberstamp" for the authoritarian chief-executive. The preeminence of the executive branch was reflected in the bureaucracy, where policy-making functions were enhanced enormously.

The bureaucracy's emergence as a major policy-making entity was accompanied by an increase in both the number and influence of professional administrators, or "technocrats." Their role was analyzed by Ocampo (1975), who assessed the technocrat's view of government machinery before martial law as a "cumbersome and sticky structure that militated not only against the implementation of a plan, but even against formulating a meaningful plan."[4] Trained as managers and administrators, the technocrats had been recruited into almost all government agencies, especially those involved in economic development and resources management. They applied their acquired norms of "efficiency" and expeditious policy-making within these agencies. Their approach, however, minimized citizen participation in policy-making, which had been a feature of the congressional process abolished during martial law. Because they were appointed directly by the President and accountable primarily to him, the technocrats did not feel obliged to consult the people on policy matters. The institutional mechanism for maintaining public accountability—the ballot—had been dismantled by martial law. Executive preeminence and the lack of public accountability gave the technocrats enhanced discretion in formulating and implementing policies.

Policy Review Process under Martial Law

In the absence of Congress—and until the regular National Assembly was convened in 1984—a mechanism within the Cabinet provided a venue for policy deliberation and for arriving at unified positions on proposals to be presented to the President.[6] In place of defunct congressional committees, a cabinet standing committee (assisted by *ad hoc* technical com-

[1]See Frederica M. Bunge, ed., Philippines: A Country Study, (Washington, D.C.: The American University, Foreign Area Studies, 1983), pp. 175-227.

[2]Raul de Guzman, A. Carbonell and V. Mariano, "Citizen Participation and Decision Making Under Martial Law Administration: A Search for a Viable Political System," Occasional Paper No. 1 (Quezon City, Philippines: College of Public Administration, University of the Philippines, March 1976), p. 14.

[3]Ceasar Alzona, "Legislation by Presidential Decree: Philippine Experience," (M.S. Thesis, National Defense College of the Philippines, 1976), p. 53.

[4]Romeo Ocampo, "Technocrats and Planning: Sketch and Exploration," Philippine Journal of Public Administration, Vol. IV, No. 1 (January 1971) pp. 31-64; see also R. B. Stauffer, The Philippine Congress: Causes of Structural Change, SAGE Research Papers in the Social Sciences Series, Vol. 3, No. 90-024 (Beverly Hills: SAGE Publications, 1975).

[5]Santiago Simpas and V. Mariano, "Policy Making Under Martial Law," Philippine Journal of Public Administration, Vol. XXII, Nos. 3-4 (July-October, 1978), pp. 233-253.

[6]Ibid., pp. 239-241.

mittees) provided the principal means for reviewing proposed policies. These committees forged the compromises needed to formulate policies amidst conflicts in agency jurisdiction, but this cabinet-level review was not always expeditious. A study by Simpas and Mariano (1978) concluded that the policy review process introduced during the mid-seventies reverted to the same pre-martial law procedures that had been rejected earlier for being cumbersome and time consuming.[7]

Agencies Influencing Initial Environmental Policies

Interest in environmental policy reform in the Philippines took place during the mid-seventies when the bureaucracy was itself undergoing reorganization. That period witnessed the emergence of two new agencies that would play significant, but competing, roles in environmental policy development.

On May 17, 1974 the Department of Natural Resources was established by Presidential Decree No. 461. (Prior to this, natural resources management functions had been conducted by the Department of Agriculture.) The newly created agency was instrumental in formulating the Philippine "National Environmental Policy" and establishing the environmental impact statement system as the cornerstone of that policy.

Another Presidential Decree (No. 933, dated May 13, 1976) created the Human Settlements Commission, the other influential body in Philippine environmental policy reform. The Commission evolved from a "task force" created in 1973 to assess human settlements projects and to specify guidelines for developing sectoral policies that would yield an integrated human settlements program.[8] Environmental protection was among the issues that caught the Commission's attention. Indeed, the concept of "eco-development," defined as the process of adapting development approaches to environmental constraints, became the hallmark of what was called the "human settlements approach" in the Philippines.[9] During 1976, the Human Settlements Commission sponsored two major international conferences on environmental issues, each of which provided a platform for announcing the Commission's environmental mandate.[10] At the same time, the Department of Natural Resources was also fashioning a wide-ranging program for environmental policy reform.

The two agencies did not differ greatly in the way they looked at environmental management. Each recognized the value of improved coordination among agencies with environmental responsibilities, the need for a national environmental protection policy, and the usefulness of environmental impact statements in regulating development. Despite the similarity of their positions, the two agencies pursued their environmental interests along completely different tracks. This occurred because environmental protection was only one of many concerns in each of their organizations. Another factor is that the two agencies derived political support from different sources.

At the time of its creation in 1976, the Human Settlements Commission scored an initial victory in establishing its claim as the primary environmental management agency by being assigned to coordinate activities of the National Pollution Control Commission (NPCC). At that time, the NPCC was the only agency with a mandate for pollution control and environmental quality management.[11]

The Human Settlements Commission, then under the Office of the President, established itself as a prominent force in the national bureaucracy. The Commission's influence expanded through an advantageous link with the powerful central planning agency, the National Economic and Development Authority. More

[7] Ibid., p. 233.

[8] The term "human settlements" refers to the habitat or built environment of human beings encompassing both urban and rural areas.

[9] The "human settlements approach" refers to the physical planning, improvement and management of human settlements, and includes consideration of shelter and related facilities which affect habitability and efficiency from the standpoint of quality of life and economic and social opportunity.

[10] These conferences were: "The First International Conference on Human Settlements" (Manila, 1976) and the "International Conference on the Survival of Humankind" (Manila, September 6-10, 1976).

[11] This commission, reorganized in 1976, originated from the National Water and Air Pollution Control Commission created under Republic Act 3931 in 1964.

important, however, was the political support of the President's wife, Imelda Marcos. She was climbing the rungs of power and viewed the Human Settlements Commission as the organizational base for establishing her own political power in the bureaucracy. In 1978, the Human Settlements Commission was elevated to the rank of Ministry, and the President's wife was designated as its head.

The political actors and historical circumstances under which Philippine environmental policies emerged have greatly influenced the formulation and implementation of those policies. A time line of events that marked the implementation of the Philippines EIS system provides a reference for the discussion below (see Table 1).

Formulation of the Philippine National Environmental Policy

The year 1976 was a watershed for environmental advocates in the bureaucracy. On July 6, the Secretary of Natural Resources (called Minister after June 1978) secured a presidential Letter of Instruction (LOI No. 422) which set up the Interagency Committee for Environmental Protection (IACEP). The Committee, which consisted of representatives from 18 agencies,[12] focused its attention on coordinating independent efforts of agencies whose missions touched upon the environment.

The IACEP asked the United Nations Regional Office in Bangkok to send an advisory mission to the Philippines to help the Committee identify gaps in existing environmental protection efforts and to recommend appropriate legislative and administrative measures. Jack Beale, former Minister of Environment for New South Wales in Australia, headed the UN advisory mission which arrived in Manila during the latter part of 1976.

1. Conditions Existing in 1976

The meetings between IACEP and its advisers generated questions regarding the institutional context for environmental quality management in the Philippines. One issue concerned the large number of agencies (22 were identified) whose activities directly affected the environment, or whose missions otherwise involved some form of environmental management. The key problem was not considered to be the proliferation of environmentally related agencies, but the lack of coordination among them. The meetings resulted in the consensus that integration of environmental programs was urgently needed. Because environmental management involved activities of many agencies, it was considered impractical to create a single, cabinet-level "superagency." Moreover, such a move would have violated a time-honored tradition among Filipino agencies: "non-interference among equals."[13] The work of IACEP also revealed significant gaps in environmental legislation, including the absence of requirements for environmental assessment of development projects.

The collaboration between IACEP and the UN mission pointed to the need for a mandate announcing the government's resolve to protect the environment, and for an interagency environmental council chaired by the President himself. Cabinet ministers and heads of major agencies were to be members of this council.

In January 1977, Beale presented the findings outlined above to the President and offered recommendations for legal and administrative measures needed to launch an integrated environmental management program.[14] Beale's recommendations included: (1) promulgation of a national environmental policy supported by legislation, (2) specification of an environmental code with principles and standards on which to anchor the environmental policy, and (3) institution of a clear-cut procedure for integrating environmental considerations into the work of development agencies. These recommendations were immediately accepted in principle by the President, thereby forestalling potentially extended debates in the Cabinet over the proposed landmark policy.

[12]Minerva N. Medida, "Philippine Environmental Policy: Evolution and Evaluation," (Master's thesis in development studies, Institute of Social Studies, The Hague, Netherlands, 1980).

[13]Veronica R. Villavicencio, "Intergovernmental Relations in Philippine Environmental Management in the Seventies," speech delivered during the National Conference on Environmental Management (June 607, 1977).

[14]Jack Beale, "Environmental Management in the Philippines, Phase I: Legal and Administrative Initiatives" (Bangkok: United Nations Regional Office for Asia and the Pacific, 1977).

Table 1

Events that marked the Implementation of the Philippine EIS System

July 6, 1976	Creation of the Inter-Agency Committee for Environmental Protection (IACEP).
April 18, 1977	Creation of the National Environmental Protection Council (NEPC).
June 6, 1977	Issuance of Presidential Decree No. 1151 (Philippine National Environmental Policy) and Presidential Decree No. 1152 (Philippine Environmental Code).
June 2, 1978	Creation of the Ministry of Human Settlements; NEPC was incorporated into the Ministry.
June 6, 1978	NEPC issued guidelines for implementing a decentralized EIS system.
June 11, 1978	Datemark on Presidential Decree No. 1586 revising the original EIS system by centralizing its administration.
November 23, 1979	NEPC's governing board adopted rules and regulations for the centralized EIS system.
December 23, 1979	NEPC established an "interim" EIS system pending issuance of a presidential proclamation which was needed to implement the centralized EIS system.
December 14, 1981	Presidential Proclamation No. 2146 was issued defining the scope of the centralized EIS system. Presidential Letter of Instruction No. 1179 was issued on the same date requiring agencies to set up environmental units.
June 21, 1982	Rules and regulations of the centralized EIS system were published in the Philippine Official Gazette.
November 7, 1983	NEPC issued technical definitions of projects and areas covered by the EIS system.

The first step in implementing Beale's recommendations was to establish a National Environmental Protection Council made up of a policy-making board and a secretariat. The NEPC's primary functions were to provide environmental policy guidance and to coordinate environmental activities of all agencies. Its immediate task, however, involved drafting a national environmental policy and an associated "environmental code." The latter was to specify detailed principles and standards upon which the environmental policy would be based.

On April 18, 1977, the President created, by decree, the National Environmental Protection Council and designated the Minister of Natural Resources as its executive officer.[15] A technocrat who influenced the Natural Resources Minister's views on environmental management, became executive director of the NEPC Secretariat. Although nominally under the Office of the President, the political clout of the new Council was provided by the Natural Resources Minister.

Indeed, the Minister of Natural Resources had been very effective in expanding his ministry's environmental mandate in 1976 and 1977, a period during which the rival Human Settlements Commission was still a fledgling body. During October 1976, a Natural Resources Management Center was set up under the Ministry of Natural Resources to develop and inventory the country's natural resources and environmental conditions. On September 19, 1977, the Natural Resources Minister was empowered to promulgate rules and regulations for implementing an important environmental law (P.D. No. 1198) requiring all entities engaged in natural resources exploitation, including infrastructure development, "to restore or rehabilitate areas (affected by these activities) to their original condition."[16]

2. The Role of the EIS System

On June 6, 1977, the President issued decrees establishing the Philippine National Environmental Policy (P.D. 1151) and the Philippine Environmental Code (P.D. 1152). Both had been drafted by NEPC. The formulators of the policy drew inspiration mainly from the U.S. National Environmental Policy Act of 1969. The general goals of NEPA were echoed in similar pronouncements by the Philippine National Environmental Policy:[17]

> *It is hereby declared a continuing policy of the state to create, develop, maintain and improve conditions under which man and nature can thrive in productive and enjoyable harmony with each other; to fulfill the social, economic and other requirements of present and future generations of Filipinos, and to ensure the attainment of an environmental quality that is conducive to a life of dignity and well-being.*

The core of the policy is set forth in Section 4 of the Presidential Decree. It ordered the establishment of an environmental impact statement system to cover all agencies and instrumentalities of the national government, including public and private corporations and entities. These organizational units were required to prepare and submit, along with their proposals for action, an environmental impact statement describing:[18]

1. the environmental impacts of the proposed action, project or undertaking;
2. any adverse environmental effect which cannot be avoided should the proposal be implemented;
3. alternatives to the propose action;
4. determination that the short-term uses of the environmental resources are consistent with the maintenance and enhancement of long-term productivity; and
5. whenever the proposal involves the use of depletable or non-renewable resources, a finding must be made that such use and commitment are warranted.

The policy also inaugurated a process for interagency review and comment on environmental impact statements.

The EIS system had been widely promoted as a sound planning tool during the environmental conferences and consultations held in Manila during 1976. Moreover, Beale's recommendation for a clear-cut procedure for incorporating environmental considerations into

[15] Section 2, P.D. 1121.

[16] Section 1, P.D. 1198.

[17] Section 1, P.D. 1151. For a comparable statement of goals, see Section 101 of the U.S. National Environmental Policy Act of 1969.

[18] Section 4, P.D. 1151. The language here is similar to Section 102(2)(C) of NEPA.

development planning was anchored on the concept of environmental impact assessment. The NEPC's executive director, who had been at the forefront of the environmental campaign, described the EIS process as "an instrument of public will to safeguard and preserve the quality of (the) environment."[19]

The EIS system, which was regarded as a central component of the National Environmental Policy, had unmistakeable action-forcing provisions. However, it only required the entities concerned to submit EIS documents along with their project proposals. The objective of sytematically integrating environmental considerations into an organizaton's work was implied, but there was no indication of what changes in organizational structures and procedures were required. Rather, P.D. 1151 instructed the 18 agencies represented in the Interagency Committee for Environmental Protection to submit to NEPC, within 60 days, their respective guidelines, rules and regulations to implement the EIS system. The NEPC was to provide only general guidance and review of agency procedures. The question of how to integrate environmental considerations into an agency's work, beyond preparing EISs, was left to the agencies.

Responsibility for setting up EIS Rules and Regulations

Presidential Decree No. 1151 announcing the Philippine National Environmental Policy was not sufficient to put the EIS system to work. Rules and regulations were needed to specify details of the system by answering such questions as: How will the EIS system be administered? What types of projects are to be covered? What must the agencies do to be in compliance with the system? These rules themselves required approval, which presumably would be given by the President.

Although P.D. 1151 ordered agencies to submit their EIS procedures to the National Environmental Protection Council, it was unclear whether final rules were to be prepared by each agency separately, or if the NEPC was to formulate final rules based on proposals submitted by agencies. A careful reading of P.D. 1151 indicates that each agency was responsible for preparing its own rules:[20]

> *Different agencies charged with environmental protection as enumerated in Presidential Letter of Instruction 422 shall, within 60 days from effectivity of this decree, submit to NEPC their respective guidelines, rules and regulations to carry out the provisions of Section 4 on EIA.*

A presidential letter of instruction (LOI No. 549) to NEPC following the issuance of P.D. 1151 instructed the National Environmental Protection Council to set up an administrative mechanism for the EIS system. However, this mechanism was intended only for the "evaluation" of EISs, not for the system's entire implementation.

Another ambiguity concerned the deadline for submitting EIS rules and regulations. It may have appeared specific—"60 days from effectivity of (the) decree"—however, the term "effectivity" did not refer to the date of the decree's issuance. Strictly speaking, a presidential decree becomes effective only when its accompanying rules and regulations are published in the Philippine Official Gazette.

To add to the confusion, P.D. 1151 did not specifically order NEPC to issue preliminary guidance for the agencies. The outcome was that none of the agencies complied with the order to submit their EIS rules and regulations to NEPC, and no effort was made to compel them to do so.

Confusion over rules and regulations plagued the EIS system for many years. This confusion persisted not only because of the enabling decree's inherent vagueness, but also because of political developments that reshaped the role and status of NEPC.

NEPC's Shift into the Ministry of Human Settlement

During the year following the landmark environmental laws of 1977, the National Environmental Protection Council began to establish itself within the Ministry of Natural Resources, where it enjoyed the support of the Minister. The work atmosphere was characterized by optimism and vigor, inspired by the

[19] Celso R. Roque, "Ecological Humanism," keynote address: National Seminar-Workshop on Environmental Considerations for the Mining Industry, Baguio, Philippines (February 22-24, 1979).

[20] Section 5, P.D. 1151.

novelty of the EIS concept and the perceived significance of the Council's mission.[21] One of NEPC's major activities was to prepare guidelines for the EIS system, a noteworthy effort given the confusion over who was supposed to make the first move toward implementing the system.

The NEPC set out to develop guidelines for a decentralized EIS system, which was the implementation approach implied in P.D. 1151. Lead agencies (designated by NEPC) would supervise and process EIS documents, coordinate interagency review, and issue "certificates of compliance" to project proponents.[22] Under this set up, The Council would only provide "final review" of draft EIS documents and would arbitrate if disagreements arose between a project proponent and a lead agency. This decentralized system was intended to free the NEPC from the details of EIS administration and allow it to concentrate on formulating policy and designing environmental management strategies. These policy-making task appeared more in keeping with the Council's limited organizational resources.

Certain events in 1978 had a dramatic effect on NEPC and its role in the EIS system. On June 2, the President created (through P.D. 1396) the Ministry of Human Settlements (MHS) headed by his wife, Imelda Marcos, who was concurrently Governor of Metropolitan Manila. The newly established Ministry, formed from what was previously the Human Settlements Commission, became, by order of the decree, the primary agency responsible for overseeing the government's environmental management program. This responsibility was in addition to the Ministry's principal function of human settlements development. Presidential Decree 1396 instructed MHS to promulgate "national standards and guidelines for environmental management. . . and develop an environmental impact statement system for the operationalization of said standards and guidelines..."[23] The new Ministry was directed to incorporate the National Environmental Protection Council within its organizational structure, and this removed the Council from its political support base within the Ministry of Natural Resources. For purposes of policy and program coordination, the Ministry of Human Settlements directed the Council and could therefore determine the course of the EIS system.[24] The Human Settlements Minister became chairperson of NEPC, a position previously held by the President. To many observers, the shift to MHS lowered the Council's status because it no longer reported directly to the President.

The Ministry of Human Settlements emerged as a strong political force. It might have been propitious for NEPC to consolidate its influence within the Ministry. However, the MHS lacked the resolve to strengthen the Council and fully incorporate it. One compelling reason for this is that the Council and MHS had divergent roles. The Ministry was primarily engaged in the development of human settlements. In contrast, much of NEPC's rurally-based work (e.g., soil conservation and aquatic resources management) concerned natural resources and related only indirectly to human settlements. Also, many projects subject to environmental impact assessment are resource-use activities, such as mining, logging, and water resources development, and these are peripheral to the MHS's main functions.

The transfer of NEPC to the Ministry of Human Settlements severed the Council's political connection with the Ministry of Natural Resources. Although the Natural Resources Minister retained his post as executive officer of NEPC, his influence (and interest) in it dwindled.

Revision of the Decentralized EIS Implementation Strategy

On June 6, 1978, the Council, then under the purview of MHS, issued its guidelines for implementating the EIS system. The Human Settlements Minister, as chairperson of NEPC, issued an accompanying administrative order to begin implementing the system using the decentralized approach which NEPC had devised during 1977 and which was embodied in the June 6 guidelines.

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[21] Personal interview with Amador Remigio, Head of the EIS Section, NEPC, Manila, Philippines (November 6, 1984).

[22] See NEPC, "Guidelines for the Implementation of the Environmental Impact Statement System" (Manila: June 1978), p. 6.

[23] Section 4b, P.D. 1396.

[24] Section 14, P.D. 1396.

It turned out, however, that MHS policy-makers had an altogether different approach to implementing the EIS system. They adopted the view that the EIS system should apply only to projects and areas proven to be "environmentally critical." More significantly, they felt that administration of the system should be centralized within the Council. The MHS policy-makers were intent on reversing the decentralized implementation strategy previously adopted by the NEPC.

Near the end of 1978, a presidential decree (P.D. 1586), drafted by policy-makers within the Human Settlements Ministry, established a revised EIS system that centalized within NEPC the administrative functions originally assigned to the lead agencies. These functions included evaluation and approval of EIS documents prepared by project proponents. The decree also limited coverage of the EIS system to projects and areas that would be declared as environmentally critical by a separate presidential proclamation. The role of lead agencies was reduced to that of assisting project proponents in preparing environmental impact statements.

Presidential Decree 1586 had a sobering impact on NEPC, both for its content and its unexpectedness. The decree thwarted attempts to expedite EIS implementation and halted development of the decentralized system before it could even be tested. The date of the decree was itself baffling: it had been marked June 11, 1978, even though it was issued five months later. A literal reading of the posted dates indicates that, officially, the NEPC guidelines of June 6, 1978 specifiying a decentralized EIS system were being modified just five days later by a decree establishing a centralized system. To many agencies still formulating their impressions of NEPC, this was an inauspicious beginning. It signaled that either NEPC couldn't make up its mind or, for observers perceptive enough to sort out the facts and dates, that NEPC was not dictating its own polices. This contributed to, and some would say it precipitated, a decline in the Council's credibility.

The new concept of the EIS system—centralized administration and limited EIS coverage—had the apparent aim of streamlining the system and making it more manageable. However, revision of the EIS system proved to be complex and time consuming. It created opportunities to challenge the system on both technical and legal grounds. In fact, it took until 1982 for legal requirements of the centralized EIS system to be refined, and even then the legal framework remained precarious. Furthermore, the new centralized system provided chances for selective compliance and exemption, thereby creating a crack in the EIS system which led eventually to major erosion in its importance.

The Interim EIS System

Upon issuance of P.D. 1586, the NEPC legal staff was directed to draft rules and regulations to implement the new system. At the same time, the technical staff of NEPC was instructed to delineate the environmentally critical projects and areas subject to the EIS system. This required a new set of legal instruments, since the declaration of projects and areas covered by the EIS system required separate presidential approval.

The environmental decrees of 1977 had not been debated rigorously in the Cabinet, but the situation was vastly different in 1979 for several reasons. By then, the Council no longer had the political support of the Natural Resources Minister, whose access to the President had been crucial in expediting the environmental policies of 1977. In contrast, the Human Settlements Minister displayed no interest in assuming the role of environmental policy advocate. In addition, the list of projects and areas determined by NEPC as environmentally critical had to wind its way through the Cabinet, past the eyes of wary Ministers who had become very uneasy about how the centralized EIS system which affect their agencies. It took nearly two years to gain approval for the draft presidential proclamation of environmentally critical projects and areas, and the resulting list was 15% to 20% shorter than what NEPC had originally proposed.[27]

[25]NEPC Administrative Order No. 1 (June 1978).

[26]A centralized EIS system does not mean that NEPC would prepare the EISs. It means that all EISs prepared by project proponents would be centrally evaluated and approved by the NEPC.

[27]Personal interview with Amador Remigio, Head of the EIA Section, NEPC, Manila, Philippines (November 14, 1984).

On November 23, 1979, during the first meeting of the National Environmental Protection Council attended by cabinet ministers, the rules and regulations of the revised EIS systems were approved. A major difference from the June 6, 1978 guidelines, in addition to the aforementioned centralized administration and reduced coverage, was a provision for exemption: the ability to excuse projects and areas listed as environmentally critical from the EIS process. The matter of exemption was neither mentioned nor implied in P.D. No. 1586, the decree establishing the centralized EIS system. The exemption provision was incorporated into the rules and regulations at the initiative of NEPC's legal staff, which regarded the provision as being "natural under the circumstances."[28] Since exemptions required presidential approval, NEPC lawyers did not expect the provision to be used frequently. Moreover, even if a proposed project received an exemption, it did not preclude the Council from requiring the project proponent to institute environmental protection measures.[29]

Before the approved EIS rules and regulations could take effect, the presidential proclamation identifying environmentally critical projects and areas had to be secured. That required cabinet approval which, during 1979, took much more time than expected. Sensing that the process of getting presidential approval for the coverage of the revised EIS system might be extended, the Council decided to implement an "interim" system. Under this interim approach, the EIS guidelines of June 1978 (featuring a comprehensive coverage of projects and areas) would be followed, but the processing of EIS documents would be centralized at NEPC in accordance with the intent of the revised EIS system.

On December 23, 1979, NEPC secured a memorandum from the Minister of Human Settlements directing all concerned agencies to adopt NEPC's interim EIS system, which was to remain in effect for three years. To many agencies, however, the MHS memorandum was not particularly compelling, and they questioned the validity of the interim system. Since laws must be published in the Philippine Official Gazette to signal their effectivity, and since the interim EIS system (being temporary) had not been so published, the system did not have the status of law.

Scope of the Centralized EIS System

On December 14, 1981, about two years after the policy-making board of NEPC approved the rules and regulations for implementing the centralized EIS system based on P.D. 1586, the long awaited Presidential Proclamation (No. 2146) defining the system's scope was finally issued. The proclamation listed three types of projects automatically covered by the revised system: heavy industries, infrastructure, and resource extractive activities. In addition to the project-based coverage of the EIS system, twelve types of areas were identified as being environmentally critical. All projects to be located in these areas were subject to EIS requirements.

A short time later, the definition of the EIS system's coverage, especially coverage based on the list of critical areas, posed another difficulty for NEPC. This time, the problem was not one of legality, but one involving technical definitions of projects covered by the EIS system. It proved difficult to formulate unambigous, workable definitions.

Along with the presidential proclamation defining the scope of the centralized EIS system, a presidential Letter of Instruction (LOI 1179) was issued requiring each agency listed in P.D. No. 1586 to form an environmental unit from its existing personnel. These units were expected to provide technical assistance in processing and evaluating environmental impact statements within their agencies.

Another notable aspect of LOI 1179 concerned the exemptions in the 1979 EIS rules and regulations issued by NEPC. Under the latter, the President could grant EIS exemptions for reasons of "national interest" or when compliance with an international commitment required an exemption. LOI 1179 modified this procedure by giving NEPC the authority to grant exemptions based on the recommend-

[28] *Personal interview with Amado Tolentino*, NEPC Legal consultant and head of inter-agency legal committee, Manila, Philippines (November 15, 1984).

[29] Article II, Section 2, Philippine EIS System: Rules and Regulations.

[30] As described below, agencies demanded detailed definitions of the projects and areas covered by the EIS system.

ation of the Minister having authority over the project in question. Although this provision appeared to buttress NEPC's decision-making prerogatives, it remained uncertain whether NEPC had the final authority to accept or deny a minister's recommendation for exemption.[31] It could be surmised that since the Council retained the ultimate decision on the issuance of certificates of compliance with the EIS system, it also had the final say on matters of exemptions. There was concern about how much discretion would be allowed within the EIS system, and some agencies chose to go straight to the President to get exemptions for their projects.

The Period from 1982 to 1985

Following the December 1981 presidential proclamation of environmentally critical projects and areas, it was finally possible for the 1979 EIS rules and regulations to take effect. This took place on June 21, 1982, when the rules and regulations were published in the Philippine Official Gazette. Between 1979 and 1981, the interim EIS system theoretically covered all kinds of projects in all areas, and the NEPC evaluated and approved EISs. Although encumbered by both lack of firm legal basis and an all-encompassing coverage that taxed NEPC's limited resources, the interim system have been relatively simple to interpret: comprehensive coverage of project types under a centralized EIS evaluation and approval system.

Although the new (June, 1982) EIS rules were intended to streamline the EIS system, they produced confusion and criticism over technical definitions of environmental critical projects and areas. The use of these area types to identify projects covered by the EIS system was particularly bothersome, since agencies wanted to know their location and if all projects within environmentally critical areas were covered, regardless of their significance. The agencies demanded that the definitions of environmentally critical projects and areas be clarified as a precondition for compliance with the EIS system. On November 7, 1983, approximately 16 months after the June 1982 effectivity date of the centralized EIS system, NEPC finally issued unambiguous definitions of environmentally critical projects and areas, including maps to fully define critical areas.

Early in 1983 the NEPC legal staff began deliberating over ways to revise the EIS rules and regulations to deal with agency complaints centering on how projects in environmentally critical areas were handled. During 1984, new rules and regulations were prepared for adoption by NEPC's policy-makers. The proposed revisions required full EISs for *all* enrivonmentally criticial projects, thereby eliminating initial "project descriptions" which had formerly been used by the Council to make an initial assessment of likely impacts. However, initial project descriptions would be required for projects in environmentally critical areas, and these descriptions would be used by NEPC to decide whether full environmental impact statements were needed. In May 1985, the NEPC formally adopted these revision to the EIS rules and regulations.

Analysis of Political Events Influencing the EIS System

The relocation of the NEPC into the Ministry of Human Settlements was one of several events that worked to seriously limit the Council's ability to implement the EIS system. As originally conceived in 1977, the NEPC was to be a collective inter-agency policy making body reporting directly to the President, who also served as the Council's chair. At that time, the NEPC enjoyed the strong political support of the Minister of Natural Resources, who was instrumental in forming the Council and served as its executive officer.

Shifting the NEPC into the Ministry of Human Settlements was perceived as diminishing the Council's status since it no longer reported directly to the President, but rather, to the Minister of Human Settlements, who served as the Council's chair. The move was accompanied by the loss of political support from the Minister of Natural Resources, and it was perceived as a blow to the natural resources ministry whose rival in environmental management was the MHS.

Many agencies viewed the concentration of environmental regulatory power in the new Ministry of Human Settlements as upsetting the political balance which had formed the multi-

[31] Michael Anderson, "Exemption to the EIS system: A Means to Clarify and Streamline the EIS Process," Issue Paper, No. 2, (Manila: National Environmental Protection Council, May 1982).

agency basis of NEPC.[32] For many years, bureaucratic relations within the Philippines were characterized by "equal standing" and "non-interference" among agencies. Because environmental management activities were performed by numerous agencies, the formation of an environmental superagency had been previously rejected.[33] Reluctance to concentrate power in one agency is what led to the cooperative multi-agency approach reflected in the formation of the National Environmental Protection Council and the reliance on lead agencies to administer a decentralized EIS system.

The concentration of environmental authority under the MHS spawned resentment from other agencies, but the agencies generally kept their opposition to themselves. At the time of its formation, the Ministry of Human Settlements was already a potent unit in the bureaucracy, mainly because it was headed by the powerful wife of the President.[34] It would have been politically indiscreet for any agency to challenge the new ministry's sweeping environmental mandate.

The Ministry of Human Settlements further aggravated the resentment of the agencies by converting the EIS system into a centralized regulatory process administered by NEPC.[35] This occurred because many agencies were themselves proponents of projects requiring environmental impact statements. Centralization of the EIS system under NEPC, and by extension under the MHS, invited suspicions that the Ministry of Human Settlements was out to regulate other agencies through the EIS system.

The decree that created the Ministry of Human Settlements (P.D. No. 1396) had in fact only directed that NEPC be "attached" to the newly-formed ministry; it did not stipulate that NEPC become a line agency of the MHS.[36] Formally, the Council was to remain independent. However, because the Ministry of Human Settlements controlled NEPC's budget, such formal independence was difficult to exercise. It was hard for outside agencies to take the claim of independence seriously and the Council came to be viewed as an arm of the MHS.

The initiative for policy-making at NEPC shifted to the human settlements ministry, even though, on the surface, that task remained a collective responsibilities of the agencies represented in the Council. The MHS policymakers transformed the EIS implementation scheme into a centralized process that gave NEPC the originally unintended role of a regulatory agency. This was more than a change in EIA implementation strategy since it placed the NEPC in an adversarial position vis-a-vis the agencies. The NEPC was not given additional budgetary and political support, and without added support, it was difficult for NEPC to deal with agency challenges to the rules and regulations for the centralized EIS system and agency efforts to obtain exemptions from them.

Overall, the shift to MHS proved disadvantageous for NEPC. Its former status as the topmost environmental protection agency became subordinate to the sweeping environmental mandate of the MHS. Although this arrangement had potential advantages for NEPC, considering the political influence enjoyed by the MHS, the advantages never materialized because the NEPC's status within the human settlements ministry remained low.

[32]Upon its creation in 1978, the Ministry of Human Settlements embraced all special agencies concerned with environmental protection, such as the NEPC and the National Pollution Control Commission.

[33]See discussion above on the formulation of PNEP.

[34]Until February, 1986, the President's wife, Imelda Marcos, was concurrently Governor of Metropolitan Manila.

[35]The original concept of a decentralized EIS system originated in the Inter-Agency Committee for Environmental Protection formed in 1976 to study administrative and legal measures for environmental management in the Philippines. This concept was adopted in NEPC's "EIS Guidelines" in 1978. The decentralized approach was patterned after the EIS system used in the United States. In the U.S., federal agencies are individually responsible for the conduct and administration of the EIS process, the procedural and substantive aspects of which can be challenged in the courts. However, under the U.S. EIS system, no agency holds a regulatory function involving issuance of permits for projects based on the evaluation and approval of EISs.

[36]The relevant directive, P.D. No. 1396 dated 2 June, 1978, specifies that NEPC be placed under the administrative supervision of MHS "for the purpose of policy and program coordination."

Under the Ministry of Human Settlements, the image of NEPC sunk to being one of its attached agencies [but] not actually within the mainstream of MHS's priorities and program. . . . What eventually happened was that NEPC was legally attached to the MHS, but its programs were not integrated and coordinated with MHS, thereby in effect operating without support and institutional backing of its mother ministry.

THE NATIONAL ENVIRONMENTAL PROTECTION COUNCIL

This section focuses on the role and organizational structure of the National Environmental Protection Council. It also examines the resources available to NEPC in carrying out its EIA policy implementation activities.

Changes in the Role of the NEPC

Section 3 of Presidential Decree No. 1121 creating the NEPC gave it the following mission:

To rationalize the functions of government agencies charged with environmental protection and with the enforcement of environmentally related laws to the end that effective, coordinated and integrated systems of environmental protection, research and implementation shall be achieved.

The NEPC was to provide a unifying role based on interagency coordination and policy-making. It was not expected to have regulatory functions, such as issuing environmental permits or prosecuting violations of environmental laws and regulations. Even though the original mandate of NEPC included other tasks, such as undertaking environmental research programs and conducting public information campaigns,[38] none of these included a regulatory function. The primary role of NEPC was to act as a venue for collective policy-making by its member agencies. The NEPC's research program was to guide the formulation of environmental policies, which were to serve as a basis for regulation, a task left to individual agencies.

The NEPC member agencies retained environmental functions exercised prior to the Council's creation, but they were required to use NEPC to coordinate their activities. Several agencies represented on the Council had regulatory procedures of their own, none of which were modified as a result of creating the NEPC. [39] Indeed it would have been difficult for a new entity, such as NEPC, to regulate activities in several sectors over which existing agencies held jurisdiction.

It is worth emphasizing that NEPC's original charge was policy-making, not regulation, and that it had neither the resources nor the authority needed to regulate effectively. Unlike the National Pollution Control Commission (NPCC),[40] the NEPC could not administer regulatory sanctions in the form of economic penalties, injunctions, and so forth. The National Pollution Control Commission had quasi-judicial powers that enabled it to issue cease and desist orders and try violations of its orders.[41] The authority to levy sanctions is vital to a regulatory body, and its absence in NEPC's original mandate is evidence of deliberate intent to exclude regulation from the Council's mission.

Although the EIS system was to be a regulatory process, the original conception of the system envisioned a decentralized approach in which regulation and much administration was left to lead agencies.[42] NEPC was to provide guidelines for evaluating EIS documents and make comments and recommendations on draft

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[37] *David, P. F.,* "A Corporate Planning Strategy for a Better Implementation of the Philippines EIS System," M.S. Thesis, School of Urban and Regional Planning, University of the Philippines, Diliman, 1985.

[38] Section 3, P.D. No. 1121, 12 April 1977.

[39] There were at least 15 agencies in the Philippines responsible for regulating activities that affect the environment. These activities include forestry, fishing, mining, land use development, air and water pollution, etc. See NEPC, Environmental Impact Assessment: Handbook, November 1983.

[40] The National Pollution Control Commission was first created by Republic Act No. 3931 in 1964. It was reorganized, with its powers and functions expanded, in 1976. With the creation of the Ministry of Human Settlements, the NPCC was removed from the Office of the President and put under the supervision of MHS.

[41] Fernandez, P. V., "National Policy Trends in Environmental Protection and Pollution Control in the Philippines," in Kato, *et al.,* (eds.), Environmental Law and Policy in the Pacific Basin Area University of Tokyo Press, 1981, pp. 37-45.

[42] NEPC, "Guidelines for the Implementation of EIS System," 1978.

environmental impact statements. The lead agencies were to circulate draft EISs for comment by other agencies and the public, and they were to issue "environmental compliance certificates" (ECCs) to project proponents to signify compliance with the EIS system.[43]

In 1978, when the NEPC became part of the Ministry of Human Settlements, a centralized EIS system was imposed and the Council took over regulatory functions formerly assigned to lead agencies.[44] This significantly expanded NEPC's role from policy-making to both policy-making and administration of the EIS system. The following discussion examines the organizational aspects of this change in NEPC's role and consequent influences on NEPC's effectiveness.

Organizational Structure of NEPC in 1985

As of 1985, the NEPC was organized in a tiered fashion with four levels as shown in Figure 1. At the head was the policy-making Council consisting of 14 members.[45] The Minister of Human Settlements was the Council's chairman and the Minister of Natural Resources acted as executive-officer. Decision-making authority rested with these 14 members.

In spite of the Council's broad membership, it excluded several important agencies having environmental management functions, such as, the Ministry of Health, the Ministry of Education, and the Ministry of Information. The central planning agency, the National Economic Development Authority, which had a pivotal role in development planning, was not part of the Council.

The large number of cabinet rank officers in the Council made it difficult to convene meetings regularly. Between 1976 (when the NEPC was created) and 1985, only two meetings of the 14-member Council had taken place one in 1979 and the other in 1985.[46] The lack of authority behind many of NEPC's orders was due largely to the difficulty of securing resolutions that emanated directly from the Council.

To alleviate this problem, a Management Executive Committee was created in 1979.[47] It consisted of agency officials (mostly bureau chiefs) designated by ministers as their representatives to the Council. The Management Executive Committee was empowered to review policies, programs and proposed legislation, but the Council retained final decision making authority. The Committee was supposed to absorb the backlog in the Council's regular duties. However, as reported by David (1985), the Committee did not accomplish this effectively.[48]

Below the Council and the Executive Management Committee was the NEPC Secretariat headed by an executive-director. The Secretariat performed the routine duties of NEPC, such as undertaking research, conducting information campaigns, coordinating inter-agency projects, and drafting proposed policies and legislation. Although the Secretariat was the administrative arm of the Council, in the eyes of many agencies, the Secretariat *was* the NEPC. It is a feeble image though—a result of the failure of the 14-member Council and the Executive Management Committee to provide strong leadership for NEPC.

Strictly speaking, the Secretariat had no decision-making authority. However on several occasions, the Secretariat had to issue presumably binding documents to the agencies, such as the definitions of environmentally critical projects and areas issued in 1983.[49] By themselves, Secretariat orders remained open to challenge because they were not backed by specific resolutions or the formal approval of the 14-member Council.

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[43] *Ibid.*, p. t.

[44] The centralized EIS system were mandated by P.D. 1586.

[45] NEPC, Environmental Impact Assessment Handbook, Manila, Nov. 1983.

[46] The 1979 meeting adopted the rules and regulations of the centralized EIS system. The 1985 meeting adopted revisions to the rules and regulation.

[47] The Executive Management Committee was created under NEPC Council Order No. 1 (Series of 1979), 14 December 1979.

[48] David, P. F., *op. cit.*, p. 119

[49] NEPC Office Circular signed by the Executive Director, 7 November 1983.

[50] In 1984, the NEPC Secretariat consisted of 42 technical specialists and 40 administrative and support staff. Of the technical specialists, 15 were in the humanities and social sciences, 19 were in the biological and physical sciences, four were categorized as having interdisciplinary fields, and four others served as in-house consultants.

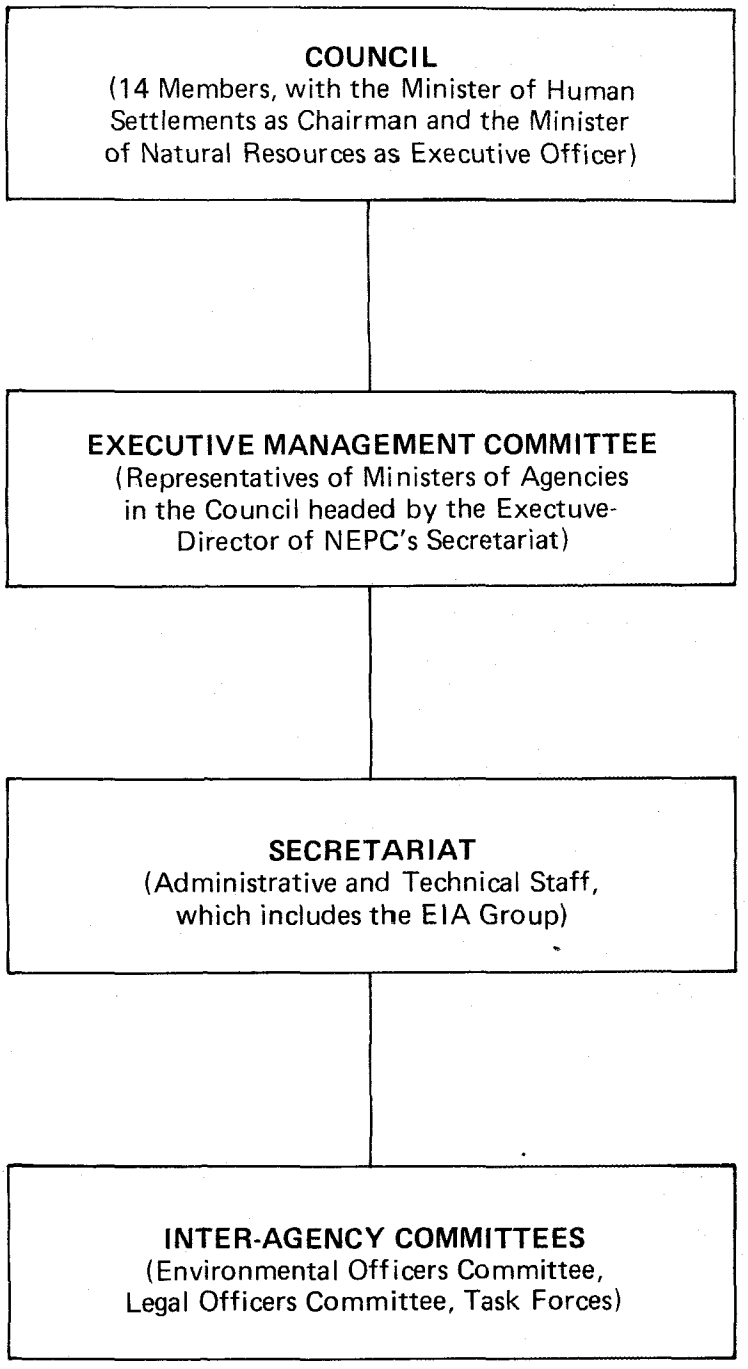

Figure 1: Organizational Structure of the National Environmental Protection Council (1985)

Personnel and Budget of the NEPC Secretariat

The size of the NEPC Secretariat contracted from a high of 125 in 1978 to a low of 82 in 1984. Beginning in 1978, the NEPC annual budget increased until it reached its peak of P9.341M (million pesos) in 1983. The budget was reduced to P7.90M in 1984. Table 2 details changes in the NEPC's annual budget and staff size.[51]

The NEPC budget derived from allocations made by the Ministry of Human Settlements. The absolute size of the Council's budget does not reveal much about the level of priority given to NEPC by the ministry. It is more informative to compare NEPC's budget with those of two other environmental regulatory agencies attached to the MHS: the National Pollution Control Commission and the Human Settlements Regulatory Commission (HSRC). In 1983, for example, the NEPC received P9.34M, while NPCC and HSRC got P10.20M and P27.08M, respectively.[52] The disparities are significant considering that both NPCC and HSRC were primarily regulatory agencies, whereas NEPC performed policy-making, research, and regulation, the latter in connection with the centralized EIS system.

It is instructive to speculate on why the Council remained a poorly supported branch of the Ministry of Human Settlements. As noted above in part F of Section I, there was a mismatch in the roles of NEPC and MHS. The scope of the human settlements ministry's environmental mandate was sweeping, but its primary mission was a specialized: the development of human habitat. The environmental interests of the MHS, which were largely concentrated in urban areas, seemed to be adequately served by NPCC and HSRC. The National Pollution Control Commission was responsible for promulgating and enforcing air and water quality standards and for controlling noise pollution, while the Human Settlements Regulatory Commission was responsible for regulating land use.[53] Clearly, the environmental regulatory work of NPCC and HSRC were directly relevant to the work of the Ministry of Human Settlements. That mission seemed less directly in accord with the natural resource oriented portion of NEPC's environmental management functions (e.g., soil conservation).

Structure of the NEPC Secretariat

In 1985, the NEPC Secretariat was composed of two divisions and a support staff divided into five groups.[54] The Environemntal Research and Community Projects (ERCP) Division undertook policy research and formulated programs for nature conservation and environmental management. It also implemented environmental rehabilitation projects and conducted training programs on use of alternative technologies in environmental protection. The Environmental Planning, Management and Enhancement (EPME) Division was responsible for inter-agency coordination and establishing guidelines for implementing the EIS system. The Division also prepared environmental quality status reports and formulated alternative environmental management strategies, such as economic incentive schemes for controlling pollution.

The Environmental Impact Assessment Group

The Environmental Impact Assessment Group was organized under the Environmental Planning, Management and Enhancement Division.[55] In 1985, it had six core staff members who were divided into two sections: (1) the

[51] NEPC's 1978-84 Accomplishment Report; M.N., "Philippine Environmental Policy: Evolution and Evaluation," M.S. Thesis, Institute of Social Studies, The Hague, Netherlands, 1980, pp. 23-25. See also David, P.F., *op. cit.*, p. 103.

[52] David, P F. *op. cit.*, pp. 126-127.

[53] The National Pollution Control Commission was attached to the MHS in 1978, whereas the Human Settlements Regulatory Commission developed as an organizational unit within the human settlements ministry. The HSRC approves town plans and zoning ordinances, and issues locational clearances for alienable lands of the State.

[54] NEPC Council Special Order No. 1, dated 15 January 1980.

[55] Through NEPC Office Order No. 1, dated January 1984, the EIA Group was incorporated into the Environmental Planning, Management and Enhancement Division. Prior to this date, the EIA Group had been a separate technical staff under the Office of the Executive-Director.

Table 2

Personnel and Budget of NEPC 1978-1984

Year	*Total budget (million pesos)*	*Number of Personnel*
1978	2.700[a]	125[b]
1979	6.525	84
1980	7.001	117
1981	7.878	115
1982	8.680	117
1983	9.341	104
1984	7.900	82

Source: NEPC Files and Records. Cited in Media, M. N., "Philippine Environmental Policy: Evolution and Evaluation," M. S. Thesis, Institute of Social Studies, The Hague, Netherlands, 1980; and David, P. F., "A Corporate Planning Strategy for a Better Implementation of the Philippine EIS System," M. S. Thesis, School of Urban and Regional Planning, University of the Philippines, Diliman, 1985.

[a]The bulk of these annual budgets go to the development of environmental protection policies. In 1978, the allocation for this activity was only 2.7 million pesos. That rose to 6.525 million pesos in 1979 and subsequently remained above that level. In 1978, NEPC was receiving financial support from the Ministry of Natural Resources.

[b]Sixty-five of these personnel were categorized as "casual."

EIA Review and Assessment Section, and (2) the Research and Monitoring Section. The EIA Group concentrated its efforts on processing and evaluating environmental impact statements and related documents.

Much of the work involved in appraising environmental impact documents was done by an EIS Review Committee [56] made up of about a dozen consultants. The Committee received support from the EIA group in conducting on-site inspections to verify field conditions and monitoring projects in the field. It is the EIS Review Committee that recommended approval of environmental impact documents and issuance of environmental compliance certificates. Several members of the Environmental Planning, Management, and Enhancement Division were sometimes called upon to help evaluate environmental documents.

The budget of the EIA Group was relatively small; between 1978 and 1984 it was between 6 and 8 percent of NEPC's total budget.[57] The limited financial resources, combined with the small EIA group permanent staff size, hindered efforts to implement the centralized EIS system and reflected a lack of strong support for the system within the MHS.

[56]The EIS Review Committee was created under NEPC Council Special Order No. 1, dated 15 January 1980.

[57]The 6 to 8 percent figure is from Media, M. N., *op. cit.*, and Philippine General Appropriations Act, 1982-84.

The Role of Interagency Committees

Presidential Letter of Instruction No. 549 (issued following the promulgation of Presidential Decree No. 1151 in 1977) directed the NEPC to organize interagency committees and task forces to study major environmental problems and devise solutions. These interagency groups, originally intended for research and policy review functions, became the principal link between the NEPC and the individual agencies (see also Figure 1). The coordination role assumed by these interagency groups was a response to the difficulty of providing systematic and effective coordination at the level of the 14 member Council and the Executive Management Committee.

The Environmental Officers Committee, which included representatives of 33 agencies, was formed in 1980 and given the following rather general charge:[58]

1. Comment on proposed policies, programs and projects concerning the EIS system;
2. Serve as the central working committee for implementation of the EIS system; and
3. Provide technical assistance in matters concerning the Council and its member agencies.

Although the Committee was effective in exposing weaknesses in rules governing the EIS system, it had limited success in enforcing agency compliance with the system. There are two reasons for this. First, the Committee was composed mainly of section chiefs and senior technical officers who could not commit their respective agencies to agreements reached in the Committee. Second, the Committee could only make recommendations to the Council, which retained final decision making authority but rarely met.

Another inter-agency committee, the Legal Officers Committee,[59] was composed of lawyers from different agencies and was instrumental in developing the EIS system's rules and regulations. However, the Committee could only draft proposals and submit them for the Council's approval. Because of the difficulty of convening the Council, the promulgation of rules and regulations was slow.

The interagency task forces and committees[60] formed to remedy environmental problems succeeded mainly in identifying important issues, such as the need to control of hazardous substances. Although the interagency groups drew up comprehensive programs requiring the collective effort of different agencies, implementation of programs was frustrated by the absence of authority on the part of committee members. Interagency projects, such as the National Environmental Enhancement Program[61], could only be implemented when there was voluntary participation by agencies asked to provide personnel and resources. The NEPC Secretariat had neither the authority nor the stature to order agencies to provide assistance.

Summary Assessment of the NEPC

The decision of the Ministry of Human Settlements to convert the EIS system into a centralized, regulatory process under the NEPC—and by extension, under the MHS—created agency resistance to both the EIS system and the NEPC. Having been thrown into an adversarial position vis-a-vis the agencies to be regulated via the EIS system, the NEPC needed more political clout, expanded powers, and increased resources to fulfill its tasks. None of these was forthcoming. The MHS failed to provide political muscle for the NEPC, despite the ministry's influential standing in the bureaucracy. The Council was given a regulatory role

[58]The Environmental Officers Committee was created under NEPC Council Special Order No. 2, dated 15 January 1980. The members of the Committee were designated in March 26, 1980. The head of the EIA Group coordinated the Committee's work. The Committee's statement of functions was vague, e.g., it did not specify the form of technical assistance expected from its members.

[59]The Legal Officers Committee was created under NEPC Council Special Order No. 3, issued during 1980. The Committee conducted research on legal matters affecting environmental policies and was responsible for initiating and reviewing policies and for drafting Council orders.

[60]Presidential Letter of Instruction No. 549, 6 January 1977.

[61]NEPC, National Environmental Enhancement Program, February 1983.

without having the powers needed to be credible as a regulator. Lack of resources also limited the NEPC's ability to carry out its numerous tasks, especially implementation of the centralized EIS system.

The NEPC was severely constrained by its organizational set-up. The difficulty of convening meetings of the Council as a result of its cabinet-level membership forced the delegation of functions to the Executive Management Committee and the Secretariat, neither of which could make decisions for the Council. Excessive reliance on the Secretariat to perform the tasks of NEPC reduced NEPC to an organization largely embodied by its secretariat. The NEPC Secretariat, on its own, was unable to muster crucial high-level support for its environmental programs among the agencies, and representatives to NEPC's committees could not generally make commitments for their agencies.

THE PHILIPPINE EIS SYSTEM: AN ASSESSMENT OF IMPLEMENTATION

This section analyzes the operation of the EIS system under the three implementation schemes used by NEPC: decentralized, interim, and centralized. It also evaluates the record of compliance with the system by analyzing statistics for the number of environmental impact assessment documents generated and the rate of NEPC approval for these documents.[62] The evaluation of the Philippine EIS system emphasizes procedural compliance, i.e., the extent to which agencies and firms prepared environmental assessment documents in accordance with EIS system requirements. Although this does not provide a complete framework for appraising the performance of the EIS system, there is little point in applying a more complete set of evaluative criteria if the rate of procedural compliance is low. As shown below, compliance with the Philippine EIS system was quite low.

Implementation Schemes for the Philippine EIS System

In each of the three phases of EIS system implementation, the policy objectives remained as set forth in Presidential Decree No. 1151 which established the EIS system. In all phases, the regulatory procedure involved the issuance of permits, called environmental compliance certificates, based on an appraisal of environmental impact documents. The three implementation schemes differed in terms of who was responsible for evaluating environmental documents and issuing ECCs and what types of projects were covered.

The Decentralized EIS System

The EIS system implemented in 1978 was unprecedented[63] and this caused difficulties. Environmental issues in project planning constituted a new influence for many agencies and nearly all firms. The lead agencies, for their part, had neither the experience nor the expertise to carry out their prescribed roles: setting up rules, ensuring coordination, monitoring compliance, and evaluating environmental assessment documents.[64] Agencies were to prepare environmental documents when they were themselves project proponents. Many lead agencies did not have environmental specialists and were not provided with resources to hire new personnel.

Despite its broad coverage, administration of the EIS system seemed feasible because responsibility for implementation was decentralized. The National Environmental Protection Council was to designate lead agencies, formulate guidelines, provide comments on draft EISs, and settle disputes arising from lead agency decisions. Lead agencies were to be responsible for coordinating and evaluating all environmental documents.

A project proponent (either an agency or a private entity) was required to prepare an Initial Environmental Examination (IEE) and submit it to the lead agency assigned for the type of project proposed. Based on the preli-

[62] The term "environmental impact document" is used here to refer to various types of reports required under the Philippine EIS System: the initial environmental examination, the project description, and the environmental impact statement.

[63] Section 4, Presidential Decree No. 1151, 6 June 1977.

[64] The procedure for evaluating and approving environmental assessment documents is described below.

minary assessment of expected impacts in the IEE, the proponent was to recommend to the lead agency whether an environmental impact statement was needed.

After reviewing the IEE and the project proponent's recommendation, the lead agency decided if an environmental impact statement was required. If an EIS was not needed, an environmental compliance certificate was issued to the proponent, who could then implement the project. If the lead agency required an EIS, the proponent was to prepare an EIS at its own expense and submit it in draft form for approval.

The lead agency was responsible for circulating the draft EIS and determining which agencies should be asked to comment.[65] Upon receipt of comments, the lead agency decided whether the proponent needed to respond. Comments were used primarily by the lead agency for evaluating the EIS.

After considering the comments and its own preliminary evaluation of the draft EIS, the lead agency decided if a public hearing was necessary. It had full discretion over the extent of public involvement in the EIS review process.[66]

Comments on the draft EIS, along with results of the public hearing (if any), were submitted to NEPC. The Council provided its own comments and recommendations to the lead agency, which, in turn, might require the project proponent to revise the draft EIS and submit a final version.

Upon receipt of the final EIS, the lead agency undertook another evaluation. If the final EIS was disapproved, the proponent was given a chance to revise the document. Theoretically, the revision process could go on for as long as the lead agency found the EIS unacceptable. If the proponent (or an outside party) contested the lead agency's decision, the NEPC could be called upon to determine the EIS's acceptability.

The decentralized EIS system disrupted traditional relations among agencies since lead agencies were often proponents of projects covered by the EIS system. In such instances, the NEPC assigned another agency to assume the "lead" role. This situation, which was the rule rather than the exception, involved agencies in regulating each other through the EIS system, an unprecedented and untenable arrangement within the traditionally factional Philippine bureaucracy.

The Interim EIS System

In June, 1978, the Ministry of Human Settlements revised the EIS system by having NEPC oversee the system and decide on the acceptability of environmental documents submitted by proponents.[67] This centralization was to be accompanied by a reduction in scope: only a limited set of projects defined according to project type and location were to be covered.

This change in policy transformed the Council into overall "watchdog" for the EIS system, a task originally assigned to lead agencies, collectively. The lead agencies shifted from being part-time regulators to being the full-time regulated parties. As previously described, implementation of the centralized EIS system was postponed because of requirements for additional statutes to legitimize the new system.

Because of delays in obtaining the requisite statutes, the NEPC adopted an interim system, a compromise between the original decentralized approach and the proposed centralized EIS system with reduced coverage. The interim EIS system differed from the decentralized scheme by placing responsibility for evaluating environmental assessment documents under the sole jurisdiction of NEPC. However, the types of projects covered and the steps to be followed in securing environmental compliance certificates were the same as in the original implementation. The interim system was thus characterized by a comprehensive coverage of projects and a centralized review and approval process administered by NEPC.

The interim EIS system had an important limitation. Although the system's rules and regulations had been approved by NEPC, they had not been published in the National Official

[65] NEPC, "Guidelines for Implementation of Environmental Impact Statement System," (Manila, June 1978), pp. 5-6.

[66] *Ibid.*, p. 6.

[67] Section 3 of Presidential Decree No. 1586, issued on 11 June 1978.

Gazette and, thus they did not have the force of law. Consequently, the Council could not enforce EIS requirements effectively. The generally unreceptive attitude of the regulated agencies toward the EIS system only made matters worse. Furthermore, although the interim system nominally covered all projects, the expectation that a presidential proclamation limiting the EIS system's scope would be forthcoming weakened NEPC's insistence on comprehensive coverage.

While the interim system was in place (1980 to 1982), the Council was unable to penalize agencies that refused to comply with its interim requirements.[68] Many project proponents disregarded EIS requirements without penalty, and this diminished the perceived significance of the EIS system.

The Centralized EIS System

In June 1982, the long delayed rules and regulations for the centralized EIS system (with reduced project coverage) were published in the Philippine Official Gazette, but it was not until January 1983 that NEPC formally adopted the system.[69] Coverage extended to all actions that fell within the definition of an "environmentally critical project" (ECP), or that would be located in an "envionmentally critical area" (ECA). These project types and areas are listed in Tables 3 and 4. Projects covered by this system had to secure environmental compliance certificates from NEPC before they could be implemented.[70]

If a proponent determined that a proposed project fell within the definition of an ECP or ECA, the proponent was to prepare a project description.[72] If the proposed project was located within an enviromentally critical area, but was determined by the Committee to have negligible impacts, an environmental compliance certificate would be issued immediately. If the EIS Review Committee felt an EIS was required, however, the proponent would be asked to prepare a draft EIS (following an outline prescribed by the Committee) and submit it to the NEPC Secretariat.[73]

The draft EIS was reviewed in stages. First, the Committee evaluated the draft for completeness of information and conformity with the prescribed EIS outline. If the draft EIS was either incomplete or out of conformity, it would be returned to the proponent for revision. Once the Committee was satisfied that procedures being followed were adquate,[74] the NEPC published a brief description of the project[75] and distributed review copies of the draft to agencies and interested parties.[76] Although

[68]The penalty for violation of the EIS system, according to Section 9 of Presidential Decree No. 1586 (issued on June 11, 1978), was as follows: "Any person, corporation or partnership found violating Section 4, of this Decree, or the terms and conditions in the issuance of the Environmental Compliance Certificate, or of the standards, rules and regulations issued by the National Environmental Protection Council pursuant to this Decree shall be punished by the suspension or cancellation of his/its certificate and/or a fine in an amount not to exceed fifty thousand pesos (P50,000) for every violation thereof, at the discretion of the National Environmental Protection Council."

[69]See "The Philippine EIS System", Supplement to Official Gazette, Volume 78, No. 25 (Manila, 21 June 1982).

[70]The list of ECPs and ECAs were enumerated in Presidential Proclamation No. 2146 issued on 14 December 1981.

[71]The initial environmental examination used in the decentralized scheme was replaced by a so-called "project description" (PD), a simplified version of the IEE. The PD, which served the same purpose as the IEE, was used by NEPC to determine whether an EIS was required. Unlike the IEE, however, the PD in the centralized system contained only a detailed description of the proposed project. It did not describe either project alternatives or potential impacts. Despite its limited scope, the PD was expected to provide a basis for determining the need for an EIS.

[72]Section 1, Article III, Rules and Regulations of the Philippine EIS System, NEPC, 23 November 1979.

[73]Article III of the 1979 EIS Rules and Regulations provided that the draft EIS shall first be reviewed by the lead agency which would then call for the preparation of the final EIS for submission to NEPC. Apparently this step had been bypassed.

[74]Procedural adequacy in this sense mainly refers to conformity with the EIS outline prescribed by the EIS Review Committee for the project description and the environmental impact statement.

[75]The publication of descriptions of proposed projects was not done on a regular basis.

[76]Reviewing agencies were given 30 days to submit their comments on the draft EIS. NEPC decided on the agencies were given 30 days to submit their comments on the draft EIS. NEPC decided on the agencies asked to provide comments. Private parties had to file formal requests to examine and comment on draft EISs.

Table 3

List of Environmentally Critical Projects

A. Heavy Industries
   1. Non-ferrous Metal Industries
   2. Iron and Steel Mills
   3. Petroleum and Petrochemical Industries
   4. Smelting Plants

B. Resource Extractive Industries
   1. Major Mining and Quarrying Projects
   2. Forestry Projects
   3. Dikes for/and Fishpond Development Projects

C. Infrastructure Projects
   1. Major Dams
   2. Major Power Plants
   3. Major Reclamation Projects
   4. Major Roads and Bridges

Source: Presidential Proclamation No. 2146, 14 December 1981.

Table 4

List of Environmentally Critical Areas

1. All areas declared by law as national parks, watershed reserves, wildlife preserves, and sanctuaries;
2. Areas set aside as aesthetic potential tourist spots;
3. Areas which constitue the habitat for any endangered or threatened species of indigenous Philippine wildlife (flora and fauna);
4. Areas of unique historic, archeological, or scientific interests;
5. Areas which are traditionally occupied by cultural communities and tribes;
6. Areas frequently visited and/or hard hit by natural calamities (geologic hazards, floods, typhoons, volcanic activity, etc.);
7. Areas with critical slopes;
8. Areas classified as prime agricultural lands;
9. Recharge areas of aquifers;
10. Waterbodies;
11. Mangrove areas; and
12. Coral reefs.

Source: Presidential Proclamation No. 2146, 14 December 1981.

NEPC might ask the proponent to respond to reviewers' comments, the comments were mainly for the EIS Review Committee's consideration.

If, after evaluating the draft EIS and comments, the Committee determined that project impacts would not be significant, it might issue an environmental compliance certificate. (Issuance of an ECC could be based on either draft or final EISs, a practice used to avoid reproducing EISs when changes between draft and final EISs would be minimal. Alternatively, based upon comments on the draft EIS, and results of a public hearing (if any),[77] the proponent might be asked to submit a final EIS. After evaluating the final EIS, the Committee chose one of three actions: (1) issue an environmental compliance certificate, (2) require the proponent to modify the project and submit a revised EIS, or (3) stop the project by withholding an environmental compliance certificate.

The role of lead agencies in the centralized EIS system, was minimal. Their functions were mainly: to assist proponents in deciding if proposed projects were covered by the EIS system,[78] to recommend EIA methodologies,[79] and to provide information on relevant environmental parameters.[80] If a potential lead agency was itself the project proponent, the NEPC acted as lead agency.

The centralized EIS system was intended to be more efficient than the interim system. Using the lists of ECPs and ECAs, project proponents determined for themselves if their activities were covered by the system, which relieved NEPC from screening projects. A limitation of this approach was that project proponents had little incentive to faithfully report all activities to NEPC, especially small and intermediate sized projects which did not fit squarely with the definitions of ECPs and ECAs. The only systematic way NEPC could learn about proposed projects was when (and if) proponents submitted project descriptions. If a proponent decided not to file a project description, NEPC had little chance to verify that the proposal was not an ECP or was not located within an ECA.[81] The Council did not have the resources to track all development activities in the country. The EIS system had no procedures for NEPC to check on project proponents who decided not to issue project descriptions.

The centralized EIS system required careful definition of ECPs and ECAs. However, the initial definitions were ambiguous, and this gave proponents a basis for resisting compliance with EIS requirements by demanding additional details as a means of rendering the definitions workable. For instance, "major dams, major power plants, major reclamation projects, major roads and bridges" were subject to the EIS system, but the exact meaning of "major" for each case was not initially defined.[82]

[77] If an ECC was not issued during the draft stage of the EIS, the NEPC might conduct a public hearing on the proposed project. The decision to conduct a public hearing was made by NEPC "if the expected environmental impact of the project is of substantial magnitude in terms of the number of people affected, the area impacted, (and) the cost involved." Section 1d, Article III, Rules and Regulations of the Philippine EIS System, NEPC, 23 November 1979. According to Article IV of the same rules and regulations: "Whenever a public hearing is to be conducted. . . notice thereof shall be published once a week for two weeks in any newspaper of general circulation at least 20 calendar days prior to the public hearing. Notice shall likewise be posted in a conspicuous place in the municipality or barangay where the project is to be located. All expenses of the notices shall be for the account of the project proponent."

[78] This applied only if the project proponent decided to consult the lead agency.

[79] Lead agencies were not obligated to provide manpower in data collection or to prepare an EIS for the project proponent.

[80] A site inspection, termed an "ocular inspection" by NEPC, was supposed to be done by NEPC according to the rules and regulations, but this happened only after a project proponent had submitted a project description.

[81] Ten ministries and 17 other agencies had been designated as lead agencies for various types of projects.

[82] Detailed definitions of the ECPs and ECAs finally came out on November 7, 1983.

Table 5

Summary Report on the EIS System[a]

	1981	1982	1983	1984	1985	5-year Total
Projects Granted ECC	330 (30.9)	170 (14.3)	321 (34.2)	339 (58.0)	170 (43.5)	1330
Projects Denied ECC	2 (0.2)	1 (0.1)	12 (1.3)	19 (3.3)	2 (0.5)	36
Projects Pending at NEPC	644 (60.2)	930 (78.2)	375 (39.9)	69 (11.8)	59 (15.1)	2077
Projects Pending with Proponents	93 (8.7)	84 (7.1)	211 (22.5)	146 (25.0)	150 (38.4)	684
Others[b]	0 (0.0)	5 (0.4)	20 (2.2)	11 (1.9)	10 (2.5)	46
Total	1069	1190	939	584	391	4173

Source: NEPC, "Statistical Report on EIA Projects," (unpublished report), Manila, 23 July 1986.

[a]Figures in parenthesis are percentages.

[b]These include applications for renewal of ECC and environmental impact documents for projects not within the scope of the EIS system.

Implementation Record for the Philippine EIS System

From 1981 to 1985, a total of 4173 environmental assessment documents (consisting of initial environmental examinations, project descriptions, and environmental impact statements) were evaluated by NEPC.[83] During the same period, 1330 projects received environmental compliance certificates (Table 5).

Based on these figure, a yearly average of about 835 environmental impact documents were generated form 1981 to 1985, a seemingly impressive compliance record. What appears even more impressive is the reported number of projects approved (1330), which is far below the number of documents reviewed. This makes it seems as if the system was effective in screening out projects with unacceptable environmental impacts.

A cursory interpretation of the figures above is that the total number of environmental documents rejected is 2843, the difference between the number of documents received (4173) and the number of environmental compliance certificates issued (1330). There are, however, several aspects of the compliance record that diminish the apparent effectiveness of the EIS system. Consider, for example, that from 1981 to 1985, only 36 projects were denied environmental compliance certificates, a strikingly low figure compared to the previously noted 2843 (the difference between the number of environ-

[83]No records are available at NEPC for the number of environmental impact documents processed and evaluated by lead agencies during the first phase of the EIS system.

Table 6

Distribution of Environmental Impact Assessment Documents[a] According to Project Type

	1981	1982	1983	1984	1985
Mining	307 (28.70	242 (20.3)	218 (23.2)	158 (27.1)	108 (27.6)
Sand and Gravel Quarrying	741 (69.3)	926 (77.8)	687 (73.2)	387 (66.3)	232 (59.3)
Other Project[b] Types	21 (2.0)	17 (1.4)	14 (1.5)	28 (4.8)	41 (10.8)
Total	1069	1190	939	584	391

Source: NEPC, "Statistical Summary Report on EIS Projects," (unpublished report), Manila, 23 July 1986.

[a]Figures in parenthesis are percentages.

[b]These include other resource-extractive projects, infrastructure, and heavy industry.

mental assessment documents reviewed and the number of ECCs issued). After accounting for the 36 projects denied ECCs, there are 2807 environmental assessment documents that were neither approved nor disapproved. NEPC reports this difference (2807) as the approximate number of projects for which environmental assessment documents were either awaiting action by NEPC or returned to project proponents for modification.[84] Part of the difference is also accounted for by the double submission of IEEs (or PDs) and EISs for some projects. Although the Council's tallying procedures on this point are not explicit, the actual number of projects reviewed is lower than the number of environmental documents evaluated. In view of possible inaccuracies in NEPC's accounting of environmental assessment documents, the figures here should be regarded as indicative, not exact.

The figures above can be disaggregated to clarify the state of compliance and answer the following questions: What is the distribution of environmental assessment documents into IEEs, PDs, and EISs? How many IEEs (and PDs) were followed by EISs? What is the distribution of documents by project types? Which projects were major and which were minor? And of the 36 proposed projects denied ECCs, how many were major?

Table 6 gives the distribution of environmental assessment documents (IEEs and EISs) from 1980 to 1985.[85] Table 7 shows the number of EISs submitted from 1980 to 1982, the time of the interim system. The disposition of these documents is broken down into those in which ECCs were issued or denied, and those

[84]See also: NEPC, "Accomplishment Report: Environmental Impact Statement System (1981-1984)", Office Report (Manila, nd.).

[85]No complete data were available for 1980, which marked the start of the interim EIS system. Partial records show that there were 254 environmental impact documents submitted for mining projects in 1980. Six environmental impact documents were submitted for industrial projects, and another 4 for infrastructure projects. No data are available for the number of sand and gravel quarrying projects during this year. Source: Unpublished records provided by NEPC, May 1984.

returned to proponents for additional work. Notably, only 23 EISs were submitted during 1980-82, a small fraction of the total number of documents submitted in that period.

Table 6 reveals the predominance of mining activities among projects for which environmental assessment documents were prepared. The prevalence of mining is even more striking if sand and gravel quarrying projects are placed in the mining sector, a reasonable inclusion since they are regulated by the Bureau of Mines and Geosciences (BMGS). Including sand and gravel projects, the mining sector accounts for about 96% of all environmental assessment documents submitted from 1981 to 1985.

Now consider the number of full-fledged EISs. Nine were submitted to NEPC in 1981, and two more were reported in 1982. The Council's records do not indicate if any of these EISs were re-submitted draft statements from previous years. Even without correcting for possible double counting, it is evident that only a small percentage of environmental assessment documents submitted to NEPC during 1980-82 were EISs.

The use of ECPs and ECAs to limit coverage of the EIS system took effect in 1983. As shown in Table 6, the number of environmental assessment documents decreased under this centralized EIS system with limited coverage. Mining and sand ang gravel projects continued to dominate. Collectively, they accounted for 93.5% of the 1914 documents submitted during 1983-85; sand and gravel projects alone accounted for 68.2%.

Table 7

Total Number and Disposition of EISs during the Interim Phase of the EIS System

	1980	*1981*	*1982*
Issued ECCs	7	1	1
Denied ECCs	0	0	0
Proponents requested to provide more information	5	8	1
Total	12	9	2

Source: Unpublished NEPC Records, May 1985.

Even allowing for possible discrepancies in the records, it is clear that mining and quarrying projects account for a disproportionate share of all environmental assessment documents submitted to NEPC between 1981 and 1985, and that IEEs and PDs are a large fraction of the total number of documents.

Evidence of the EIS System's Ineffectiveness

Despite the seemingly large number of environment assessment documents produced, the EIS system in the Philippines has not succeeded in regulating most development proejcts, with the notable exception of the mining sector. In 1982, out of the sixty major development projects approved by the National Economic Development Authority, only four had complied with the EIS system. The five-year national development plan for 1983-87 included 92 *"major" infrastructure projects.*[86] However, the total number of environmental assessment documents for infrastructure projects between 1981-82 (during which time environmental documents for the 92 projects should have been approved) was only 8—a mere 8.7% of the total number of approved infrastructure projects.[87]

The rate of rejection of projects on environmental grounds provides no evidence of the EIS system's effectiveness. From 1981 to 1985, only 36 proposed projects were denied ECCs, and none were in the category of major development projects. However, the denial of ECCs *may not, by itself, provide a complete picture* of NEPC's ability to stop environmentally damaging projects from being implemented. It can be argued that the mere act of returning documents to a proponent for additional information about the project's environmental impacts might influence the proponent's decision to proceed with the project. Indeed, the number of environmental assessment documents returned to proponents for "additional information" was quite large.[88] Although there

[86]NEDA, *Selected Major Development Projects* (Manila, June 1983).

[87]Of the eight environmental impact documents for infrastructure projects between 1981-82, five were EISs.

[88]But NEPC does not keep track of which, and how many, of the environmental impact documents returned to project proponents are resubmitted. Nor does it track projects that are voluntarily abandoned by the proponent.

is probably some form of deterrence introduced in asking proponents to elaborate on project impacts, it is not possible to characterize this potential deterrence because other factors (e.g., lack of financing) may influence a proponent's decision to abandon a project.

Absence of Public and Interagency Review

There is little evidence that the public was systematically involved in appraising environmental assessment documents. Between 1981 and 1985, only five public hearings were conducted by NEPC in conjunction with the EIS system. A public hearing could only be called if a full-fledged EIS was involved. Since few EISs were produced, the opportunity for public involvement was minimal.

Resource constaints prevented the Council from regularly disseminating environmental assessment documents for review by public interest groups.[89] These groups had to file formal requests and to bear the cost of reproducing EISs if they wanted to review draft EISs. This costly practice discouraged environmental groups from reviewing EISs.

There is no evidence that outside agencies were actively engaged in EIS review and comment procedures. The Council determined which agencies would be asked to comment on an EIS. There are no records to show that this opportunity to obtain comments was used systematically, a situation that is partially explainable by the limited number of EISs produced.

Exemptions from and Non-Compliance with the EIS System

As noted above, only a small percentage of major development projects approved by NEDA complied with the EIS system. One might suppose that projects without required environmental assessment documents had been exempted. The EIS rules and regulations allow NEPC to issue exemptions for certain projects upon recommendation of the minister responsible for the proposed project. However, from the time EIS review functions were centralized at NEPC to 1985, only two major development projects were given exemptions.[90] This suggests that other proponents failing to comply with EIS requirements had either ignored the EIS system without penalty or found valid excuses for non-compliance.

The most forceful excuse offered for non-compliance with EIS requirements is that feasibility studies for a proposed project were underway before the EIS system was in place. (Other projects might have been authorized even earlier and had implementation deferred to a time when EIS system rules applied.) The repercussions of this justification were serious in the context of another controversial question: the legal effectivity date for the EIS system. If the publication date of the EIS regulations in the Philippine Official Gazette is taken as the starting date, then formal effectivity for the EIS system occurred in 1982,[91] instead of 1978 as NEPC would have it. In fact, the question of when the centralized EIS system officially took effect has not been conclusively resolved.

The principal legislation on the EIS system (P.D. 1151 and P.D. 1586) did not indicate whether projects whose feasibility studies were underway before the effectivity date of the EIS system were required to comply with EIS procedures. In any case, it is difficult to disprove an agency assertion that planning for a certain project dates back before the earliest contended effectivity date of the EIS system (1978). Preparatory studies for major projects often start years before detailed feasibility studies are carried out. Notwithstanding this difficulty, who, other than NEPC, would have challenged an agency if it tried to justify non-compliance on the above grounds? NEPC's limited political clout prevented it from assuming potentially adversarial positions vis-a-vis the agencies.

What happened with those agencies who openly disregarded the EIS system? From 1977 to 1985, there was no case in which an agency

[89] Personal correspondence with Delfin Ganapin (22 August 1985). Ganapin was organizer and past President of the Philippine Federation for Environmental Concern.

[90] These exemptions were actually made by executive directive from the President in the form of a Letter of Instruction.

[91] This year is cited because it is when the Revised Rules and Regulations for the EIS System appeared in the Official Gazette.

suffered serious consequences from non-compliance. The NEPC did not choose to either set a precedent or assert its regulatory mandate by penalizing non-complying agencies.

Overall, the compliance data through 1985 shows that the EIS system did not institutionalize the regular submission of environmental assessment documents, with the notable exception of the mining sector.

The Unique Response of the Mining Sector

The motivation that sustained support for the EIS system in the mining sector appeared to stem from special interests served within the Bureau of Mines and Geosciences. Private proponents of mining projects directly employed Bureau personnel to prepare environmental assessment documents for submission to NEPC.

The BMGS required applicants for mining and quarrying rights to secure an environmental compliance certificate from NEPC. This forced all applicants to produce environmental assessment documents. The BMGS enforced this procedure in earnest, thereby affecting operations from large-scale mining to small-scale sand and gravel quarrying.

Though self-serving, there seemed to be nothing illegal about the BMGS's practice. If BMGS personnel were required to evaluate the documents, they would be appraising their own work. However, since NEPC reviewed the documents, the involvement of BMGS personnel in preparing them did not influence the objectivity of the evaluation. However, NEPC could not rely on the Bureau to provide comments on environmental assessment documents for mining and quarrying projects knowing, as NEPC did, that most such documents were prepared by BMGS personnel.

This unusual practice of the Bureau of Mines was not adopted by other agencies. The unique situation at the BMGS was abetted by the particular character of the mining sector. Practically all mining operations were undertaken by private firms and entities, with the BMGS coordinating and regulating their activities.[92] Since the Bureau did not undertake development projects, it was never in the position of a project proponent in the EIS process.

EXPLANATIONS FOR THE EIS SYSTEM'S INEFFECTIVENESS

Absence of Effective Controls

Analyzing why the Philippine EIS system was ineffective can assist in the design of other EIS systems. In seeking explanations, it is useful to borrow the concept of "control" from organization theory.[93]

In the context of EIS systems, control mechanisms consist of organizational structures and processes that encourage project proponents to account for environmental factors in planning and decision making. Three such mechanisms are relevant to the EIS system in the Philippines: judicial, procedural, and evaluative control.

Judicial control uses of a superordinate body (e.g., a court) to resolve disputes, evaluate complaints, and interpret laws. The U.S. experience with citizen litigation over implementation of the National Environmental Policy Act of 1969 demonstrates how the judicial control mechanism, combined with public activism, can yield a high rate of procedural compliance with EIS requirements.[94] However, in the Philippines, there are no environmental groups with the resources needed to bring environmental lawsuits against agencies. Moreover, there is no precedent for agencies being brought to court through third party litigation, something re-

[92]To some extent, the situation was similar in the industrial sector, which was regulated by the Board of Investments (BOI). However, the Board felt reluctant to impose EIS requirements, especially for medium-sized industries, because industries were already regulated heavily, e.g., by the National Pollution Control Commission. The logging industry was also in the hands of the private sector. The Bureau of Forest Development (BFD) regulated activities in this sector and it did not undertake development projects. Unlike the BMGS, however, the BFD did not require those applying for licences to conduct logging activities to obtain environmental compliance certificates. The BFD adopted its own regulatory procedure in which private developers who wished to conduct logging operations had to submit IEEs for evaluation by BFD's Environmental Division. See David, P. F., *op. cit.*, p. 237.

[93]Ortolano, L., B. Jenkins, and R. Abracosa, "Viewpoint: When and Why is EIA effective," EIA Review (December, 1987), in press.

[94]Liroff, R. A., *A National Policy for the Environment: NEPA and Its Aftermath,* Indiana University Press, Bloomington, 1976.

quired with EIS lawsuits. Also, the lack of a broadened concept of "standing" in the Philipine judicial system makes it difficult for environmental groups to use the courts to challenge agency decisions.

A second control mechanism useful in analyzing EIS system involves procedural control, whereby a central administrative unit promulgates rules and regulations describing tasks to be performed in carrying out environmental assessments. Systematic use of the EIS requirements promulgated by NEPC would make it difficult for agencies to ignore environmental issues in their planning and decision making. However, procedural control is only effective if agencies accept EIA regulations as valid. As shown herein, the Philippine agencies were motivated to resist the EIS system and vigorously challenge its validity.

Evaluative control includes EIS system procedural rules, but it goes further by including criteria for judging EIS compliance and sanctions for non-compliance. Evaluative control mechanism requires a centralized body, an environmental "watchdog", to formally appraise environmental assessments. An effective watchdog organization must have the resources and expertise to credibly review the premises and implications of agency plans and actions. Effectiveness also depends on the environmental watchdog unit's ability influence agency decisions and stop projects that fail to comply with EIS procedures.

In the Philippines, evaluative control of the EIS system was vested in the National Envrionmental Protection Council. In principle, projects that failed to receive environmental compliance certificates could have been stopped. The problem was that control was not exercised by the NEPC.

Absence of Political Power

Since the reasons for NEPC's failure to exercise its authorities have been treated at length, only the main points will be reviewed. In 1978, the fledgling NEPC was especially hard hit when it lost its political support base within the Ministry of Natural Resources by being placed under the Ministry of Human Settlements. Within the MHS, the Council became the victim of interagency tensions, fueled by fears that President Marcos' wife would use the MHS to bolster her own powers within the Philippine bureaucracy. What made matters worse was that MHS officials did not view NEPC's work as worthy of their political support.

The abrupt shift form a decentralized to a centralized implementation strategy only increased agency resistance to NEPC. Although the Council was given regulatory authorities under the centralized EIS system, it did not receive the political backing or budgetary support needed to use those authorities. Agencies to be regulated objected to NEPC's role, because it broke with the tradition of equality and non-interference among Philippine agencies. The agencies seized opportunities to avoid complying with the EIS system, especially those created by shortcomings in the legal instruments used to implement the system. NEPC's failure to penalize agencies that did not comply with EIS regulations only encouraged further resistance to the system.

POSTSCRIPT

The analysis herein covers the 1977-1985 period. In February 1986, the government of Ferdinand Marcos was toppled in a military-civilian uprising. The new government, under the leadership of President Corazon Aquino, chose to repeal the 1973 (martial law) constitution.

Following a constitutional convention, the populace ratified a new Philippine Constitution which contains several sections that concern the environment. Of special note is Article II, "Declaration of Principles and State Policies," which includes:

> Section 16. The State shall protect and advance the right of people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.

Since February 1986, the fate of both the NEPC and the EIS system have been unsettled.

A CORPORATE PLANNING STRATEGY FOR A BETTER IMPLEMENTATION OF THE PHILIPPINE ENVIRONMENTAL IMPACT (EIS) SYSTEM

by
Precioso F. David

INTRODUCTION

Background

Environmental impact assessment (EIA) in the Philippines was born out of a State policy to balance growth and development with environmental protection. It was established as a major environmental management strategy and a major State policy in a series of Presidential Decrees. In its inception in 1977, EIA served as a deliberate and systematic attempt to enable decision-makers to understand how their development activities affect the environment and how their concern for the environment should affect their activities. Patterned heavily after the U.S. EIA process, the Philippine EIS System has labored to adapt itself into the local setting for the past six years. As with other borrowed concepts, its local application has not been a painless experience. A review of its implementation will show that in fact, it has not been easy meeting the goals of the System.

The problems and difficulties encountered in EIA application in the Philippine experience have been documented by Tolentino (1983) and Cordero (1983). Although the authors differed in their perceptions of the measure of the level of its performance, both have nevertheless agreed that the EIS System is plagued by a set of institutional/administrative/legal problems which seriously undermine its implementation. In his paper, Tolentino took a very encouraging posture on the EIA experience while recognizing its various imperfections. He postulated that the Philippines had adopted the EIA process, perhaps unconsciously, through a process of learning by experience. Proof of this may be found in the modifications and innovations that have been introduced since the System's inception in 1977, in an effort to make the EIA process simpler and more operational.

In brief, Tolentino sums up the EIA experience in the Philippines as follows:

1. The initial scope of the EIA System which included practically all types of development projects was not realistic in terms of actual institutional and technical capabilities. The more selective declaration of environmentally-critical areas and projects was seen as a step in the right direction.
2. A major problem in the implementation of the EIS System is the lack of effective communication and coordination among the identified lead agencies and the National Environmental Protection Council (NEPC). A related issue is the lead agencies natural predilection toward promoting projects under their jurisdiction with little concern for regulating their environmental aspects the centalization of the processing system at the NEPC as well as the creation of Environmental Units in these agencies were seen as feasible solutions in overcoming these problems.
3. Another major constraint was the web of required permits and licenses of lead agencies which presented administrative difficulties vis-a-vis the EIS requirement. Memoranda of Agreements/Understanding among the agencies concerned to streamline the procedure were seen to eliminate these difficulties.

4. There is the obvious lack of guidelines for EIA, locally tested methodologies, and in general, adequate local experience inform and familiarize project proponents with the objectives and processes of EIA.
5. The few highly trained, experienced and qualified professionals who are most qualified to be members of the EIS Review Committee have been alarmingly lured away from the government service or the academe to join professional consulting firms.
6. The impact on the EIA decision-making of the limited experience with public participation in the EIA process could not be specifically determined.

The other significant study on EIA experience in the Philippines is contributed by Cordero (1983). Cordero deviates sharply from Tolentino's "learning process" observation as he concludes that the actual implementation of the EIS System has not come to pass. Cordero argues that the main problem affecting further developments in and full implementation of the EIS System is the lack of a real commitment from the part of most government agencies in complying with the EIS requirement. In fact, out of the 60 or so major development projects approved by NEDA for 1982-83 which fall under the scope of the EIS System, only four have so far submitted an EIS. Furthermore, he adds that NEPC, while mandated to enforce this requirement, lacks the required political and administrative power to do so.

In conclusion, Cordero recommends that lead agencies issuing permits and licenses should be made legally responsible for the EIA of private projects for which they issue permits and licenses. Serious attention must be given to the development of specific project guidelines and the gathering and processing of environmental information. Lastly, he notes that since lending and assistance institutions are committed to minimizing the negative environmental effects of projects receiving financial assistance, efforts should be made to integrate EIAs in project proposals, along with the financial and technical reports.

Objectives of the Study

This study is an attempt to provide a coherent, integrative and realistic management framework in confronting the EIS System's problems and difficulties. In so doing, it takes a critical approach to the experience of environmental management in the country in relation to the implementation of the EIS System.

It reviews the components of the EIS System and assesses its strengths and weaknesses. Such critical evaluation is necessary because the success of any policy recommendation depends on the accuracy of its problem identification and interpretation. The Study looks for satisfactory answers to the following questions:

1. What is the level of performance of the EIS System in relation to environmental management in the country?
2. What objectives should it pursue to make itself relevant and useful to the local planning and decision-making processes?
3. How is it going to achieve these objectives?

Within this context, the study consisted of the following:

1. Undertaking of an objective documentation and critical evaluation of the EIA experience in the Philippines as well as that of environmental management;
2. Formulation of a corporate planning strategy analysis in order to identify the problems and opportunities of environmental management as well as the strengths and weaknesses of the EIS System; and
3. Generating policy recommendations to strategically respond to these problems and constraints.

Methodological Approach

Framework

The study was undertaken within the broad framework of a strategic management process in pursuing a policy study of the EIS System. In brief, strategic management refers to the aspects of the management process that are concerned with ensuring the mobility of an organization and the adaptation of its resources to its environment in a way that would permit efficient achievement of the organization's goals. A corporate planning strategy represents both the "end" and the "guide" of the strategic management process.

The following have been the target outputs and their corresponding methodologies.

Target Output	*Methodology*
1. Documentation, review and assessment of the performance of environmental management in the Philippines	– gathering of secondary data from existing records, publications and available studies – primary interviews with key respondents from the various groups involved in the EIS system as well as in planning and decision-making – infusion of personal experience – critical analysis of the secondary data and the responses from the primary interviews and insights from personal experience
2. Identification of the Prospects and Problems of Environmental Management in the country	– analytical integration of the results of the review and assessment of environmental management in the Philippines
3. Documentation, Review and Assessment of the Implementation of the Philippine EIS System	– gathering of secondary data – primary interviews – infusion of personal experience – critical analysis of the secondary data, primary interviews and personal experience
4. Identification of the strengths and weaknesses of the EIS System	– analytical integration of the results of the review and assessment of the implementation of the EIS system
5. Generation of a strategic management framework	– analytical matching of the strengths and weaknesses of the EIS system with the prospects and problems of environmental management in the country.

One of the main tasks of this study is to rationalize the scope of the EIS System and in the process, include more urban projects under its scope. There are several environmental concerns associated with urban growth, namely loss or degradation of resources, threat to health or social well-being, reduction or loss of opportunity for resource use, and cumulative effects of resources utilization. These concerns will have to be addressed when deciding on projects, such as drainage and sewerage facilities, reclamation, shoreline developments, conversion of prime agricultural lands, etc. in addition to major roads and bridges and other industries which are now under the scope of the EIS System.

Limitations of the Study

The study suffered from the following limitations:

1. The policy analysis was limited by the author's subjectivity and "participant" role and experience in the implementation of both policies because there are very few available policy studies on the experience of environmental management and EIA in the country.
2. In some instances, some materials could not be found. Hence, discussion of their relevance was limited to respondent's perceptions and opinions. For example, the training

materials on a series of EIA training seminars in 1979 conducted at the National Science Research Council (NSRC) were not available either at the National Environmental Protection Council (NEPC) and NSRC.

3. Although the study focused on the problems and issues in implementation where the public sector plays a significant role, limited representation of the private sector (29% in the primary survey) has likewise contributed to the study's limitations.
4. The primary survey was also limited by the five substitutions made (respondents of equal credentials and/or lower position/rank but nonetheless of senior official level) and the failure to conduct the interviews with the last two respondents from the private sector.
5. The survey was also limited by NGO's representing the affected communities instead of the latter being directly interviewed.
6. The study was also confined to the events that took place from 1977 to June 1984.

Appraisal of the EIS System Implementation

Summary of Strengths and Weaknesses

1. The EIA experience in the Philippines has been governed by an ambitious regulatory system which did not have the necessary institutional and political support. There have actually been three EIS Systems, but for the most part, all three systems have been far from being success stories. NEPC does not have the financial and manpower resources as well as the political clout to effectively integrate EIA into the local setting. In contrast with the US model after which the System was adopted, EIA in the country developed not as an offshoot of the citizen's desire for a better environment but of the Government's perception that it was necessary. Proponents of EIA in the Philippines should have taken into serious consideration the local institutional, legal and financial administrative conditions before embarking on the program of such a grand scale. The neglect of these pre-conditions has manifested itself in the form of various problems in implementation.
2. After about eight years, it appears that EIA and the EIS System have remained government functions or activities within the strict purview of the agencies and committees in charge of implementing it. Even the lead agencies which are supposed to be an integral part of the administrative network are quite unfamiliar with EIA and the EIS System and how it actually works. Even if there is a strong acknowledgment of the need to assess the impacts of projects on the environment, such belief may not find concrete translation by the lack of a more than cursory knowledge of EIA and the EIS System. There has been no serious and deliberate campaign to disseminate information on the EIS System.
3. Such ambiguity and inadequacy of knowledge is compounded by a lack of management will to directly confront the legal questions on the enforceability of the EIS requirement. Although it would seem that legal impediments have resulted in non-compliance, their questionable bases should compel NEPC to test these legal questions. This legal vagueness could have been avoided had NEPC marshalled its resources to confront them. Ultimately, the question is not the ambiguous and general one of whether EIS System is already in effect or not, but the more pragmatic question of how to implement it.
4. There are also inherent flaws in the EIS System which make implementation unsuccessful and highly problematic. Primarily, its scope is too ambitious even after Proclamation 2146 has tried to limit it. Equally problematic for implementation are the lack and/or absence of a long list of technical and legal support mechanisms. Aside from the EIA handbook, there is no locally developed project–specific guidelines and locally tested methodologies to assist in EIA preparation and evaluation. Technical data base and researches in support of EIA evaluation are inadequate. The system also lacks the substantive and procedural pre-requisites for monitoring. Administratively, there is no strong body for appeals and adjudication. Lead agencies which are tasked to promote and implement EIA using their own internal systems and procedures have generally not been able to integrate EIA into their agency responsibilities. Generally, the Environmental Units mandated by law do not exist.
5. In a system plagued with all these inadequacies and imperfections, what is called for is for the management/administration of the

System to creatively adopt implementation to its strategic options. If indeed the EIA is the cornerstone of Philippine Environmental Policy, EIA should be the agency's focus of concern and the subject of strategic planning and management. Also, EIA administration must receive more substantial portion of the NEPC budget.

6. The consequences of such flaws and defects in the EIS System and its implementation are seen in the low degree of compliance as well as the limited degree of usefulness of EIA as a planning and decision-making tool.
7. The foregoing review of the EIS System's implementation as well as the perceptions of the key respondents have underscored the complex and overwhelming weaknesses of the EIS System and its implementation. This is not to say, however, that EIA in the Philippines can not be effectively implemented nor integrated in the local development process. The EIS System enjoys several resources or capabilities that can be used effectively.
8. For all the weaknesses of the System, EIA remains to be the cornerstone of Philippine Environmental Policy. As a potentially potent tool for planning and decision-making, the benefits associated with it urges one to promote it. If the perception of the key respondents is good indication there is a cross-sectional acceptance of EIA as a planning and decision-making tool for the protection of the environment (Refer to to Table 1). Further, if the experience with the Rizal rock aggregate case can be a good measure of the citizen's ability to organize themselves, public participation can be galvanized into mass action and consequently expand the usefulness of EIA. The usefulness of EIA has brighter prospects in the future since some degree of re-orientation of project proponents towards environmental considerations has already been achieved. Finally, the existence of a formal law and a system of procedure on EIA and the EIS System provides the process more solid legal and institutional grounds from where strategic initiatives could spin off. Such a law is absent and in fact being adapted by other developing countries.

Table 2 summarizes the existing situation and policy recommendation as formulated by the author.

*Public hearings were conducted involving the expropriation of land and evaluation of the rock-crushing plant in Antipolo.

Table 1

SUMMARY OF RESPONSES TO QUESTIONS ON ENVIRONMENTAL MANAGEMENT

Question	*Description/Categories*	*Response*	*No.*	*%*
1 Concept/Understanding of Environmental Management	– sustainable development/ tied-up with decision-making/towards a decent, healthful, clean and safe environment		37	95
	– did not answer		2	5
		Total	*39*	*100*
2 Environmental Management: Runs Counter to Development?	– Yes		3	8
	– No		36	92
		Total	39	100
3 Have Objections in following Environmental Regulations	– Yes		1	3
	– No		38	97
		Total	39	100

Question	Description/Categories	Response	No.	%
4 Impressions/ Opinions on Relevance and Effectiveness of				
4.1 Environmental Management Laws	– Adequate But Implementation is Weak		37	95
	– Not familiar with laws		2	5
			2	5
		Total	39	100
4.2 Environental Management Institutions	– No Effective Institutional Mechanism for Env. Mgmt.		36	92
	– Not familiar with institutions and their activities		3	8
		Total	39	100
5 Problem & Prospects (Identification)	– Bleak Future/No Catastrophic Environmental Problem But Trend Not Too Encouraging		32	(of 39)
	– Lack of Public Support/ Pressure/Need for Intensive Public Information		23	(of 39)
	– Need for Catastrophic Env. Event		23	(of 39)
	– Inability to enforce laws/ lack of manpower and services/political interference will continue		25	(of 39)

TABLE 2

SUMMARY OF EXISTING SITUATION AND POLICY RECOMMENDATION

Areas of Concern		*Existing Situation/ Problems*		*Short Term Policy Recommendations*		*Long Term Policy Recommendations*
I. Mode of Implementation	1.1	comprehensive	1.1	selective implementation; prioritization of ECPs	1.1	Regulation of ECPs; prioritization and identification of significant ecps; exclusion of ECAs
II. Institutional	2.1	weak institutional personality	2.1	linkage with NEDA	2.1	re-alignment with MNR (PD 112 set-up)
	2.2	lack of institutional control over projects and agencies	2.2	promote institutional credibility by advancing 'art' or 'science' of EIA	2.2	linkage with NEDA for project control; with office of Budget and Management for budget release with foreign banking institutions for loan approval; with research institutions for data and training
	2.3	Council met only once			2.3	NEPC to stand up on issues
	2.4	Lack of credibility			2.4	Restructure Council (Deputy Minister Level)
	2.5	Lack of support			2.5	Should assume *more active role of* Executive Officer
	2.6	Vague instituional linkage (MHS/MNR)			2.6	Deputization of Council, Chairman and Executive Officer powers to Executive Director
III. Legal Impediments	3.1	Vague legal stature; EIS system is said not to be implementable without such legal personality of technical definition of ECPs and ECAs.	3.1	Test case in court; adduce to broad mandate of NEPC	3.1	NEPC Secretariat to acquire stronger mandates to act independently (unlike with II 2.6)
			3.2	Set up a strong legal body to definitely act on these legal aspects	3.2	Use of NGOs for *monitoring*

Areas of Concern	*Existing Situation/ Problems*	*Short Term Policy Recommendations*	*Long Term Policy Recommendations*
IV. Functions	4.1 Procedures: no monitoring nor provisions for appeals	4.1.1 Selective monitoring as test cases	4.1.1 Built-in with EIS procedures
		4.1.2 Use of NGOs for monitoring	4.1.2 Use of NGOs for monitoring
	4.2 EIA preparation review and evaluation: lack of project specific guidelines	4.2 Advance the 'science' or 'art' of EIA progressively and selectively	4.2 Advance the 'science' or 'art' of EIA
	4.3 Lack of adequate manpower and financial resources		
	4.4 Public participation not advanced/promoted		4.4 Procedures must mandatorily require public hearings, and community surveys in EIS documents
	4.5 Information campaign/ training not consistently promoted		4.5.1 Bi-annual seminars and training programs for lead agencies and project proponents for project type
			4.5.2 News releases or information dissemination on the developments of EIA in the country
			4.5.3 Development of college curricula for college students
V. Management	5.1 No administrative control	5.1 Restructuring of the composition of Environmental Officers and Legal Officers committees	5.1 ditto
	5.2 Directionless	5.2 System of feedback instituted	5.2 ditto
	5.3 EIA group is undermanned and under financed	5.3.1 EOs role defined as technical info/ data provider and additional force to coerce compliance	5.3.1 ditto

Areas of Concern	Existing Situation/ Problems	Short Term Policy Recommendations	Long Term Policy Recommendations
		5.3.2 L.O. role defined as enforcement of EIS law and provision of legal opinions	5.3.2 ditto
		5.3.3 Provision of specific terms of reference for Review Committee (RevCom); Use of RevCom for generating EIA studies	5.3.3 ditto
		5.3.4 Direct and agressive communication with lead agencies and project proponents	5.3.4 Imposition of legal sanctions against erring lead agencies
	5.4.1 EIA not an agency priority	5.4.1 Top management commitment to strengthen and provide dynamic and creative manager	5.4.1 ditto
		5.4.2 Reorganization to make EIA group a full division	5.4.2 Reorganization to make EIAs a primary concern for NEPC
		5.4.3 Strengthening of Legal Division	5.4.3 Legal and Policy Division to be created and maintained to complement EIA initiatives
VI. Usefulness of EIA	6.1 Merely a requirement	6.1 Ensure timing at latter part of or after feasibility study	6.1 Ensure proper timing of EIA preparation
	6.2 Undertaken during construction phase		6.2 Submission of final blue prints of plans to NEPC before project implementation
	6.3 No substantial evidence to link EIA with any changes in project plans		

RURAL-RURAL INTERACTION MODEL: A MODEL FOR REGIONAL PLANNING IN DUALISTIC ECONOMIES IN CRISIS*

by

Cesar B. Umali, Jr.

". . . . Underdevelopment in Asian countries is, to an extent, due to the fact that these countries have too heavily relied on external development models and have shown too little creativity in evolving new models or appropriately relating the foreign models to meet local conditions." (Inayatullah, 1975)

THE CRISIS ECONOMIES: A NEW COUNTRY GROUPING

Indeed, conditions in many Less Developed Countries (LDCs) beckon Third World planners to seriously reflect on what Inayatullah had said many years ago. Certainly, all LDCs suffer from some form of chronic growth pain. What sets apart a particular group, however, is the fact that over the past decade, their socio-economic situation has continually been problematic if not deteriorating. Thus, we see the emergence of what may be called the "dualistic crisis economies of the 1980s."[1]

The Philippines, sad to say, is a prominent (but hopefully not permanent) member of this new subset of LDCs. Its colleagues include Brazil, Mexico, Argentina, and Venezuela.[2] The crisis economies are plagued by huge foreign debts, disturbing rates of inflation, high levels of unemployment and underemployment, and invariably, worrisome political instability. For this group of financially-strapped and debt-ridden LDCs, less and less resources are becoming available to finance development programs. The challenge then to contemporary planners is how to maximize use of whatever meager resources become available to address nagging growth and equity problems. More of the same capital-intensive programs and projects are no longer affordable. The Rural-Rural Interaction Model (RRIM) is an unconventional response to this present-day challenge – and to Inayatullah's admonition. Although the model was borne out of the Philippines' own experience, it may as well be adaptable to other crisis economies in the Third World.

CONCEPTUAL FRAMEWORK

Evolution of Development Models: Towards The Third Generation

Since the end of the Second World War, development planners have been formulating theories and models responsive to the special needs of the times. Initially, they were concerned with the speedy reconstruction of the war-ravaged nations. Thus prevailed *first generation growth models* from the early 1950s up to the late 1960s. Examples are the dual economy models of Lewis (1954), Jorgenson (1961), and Fei and Ranis (1964).[3] While

*This article is based on the author's master's thesis, bearing the same title, which he submitted to the School of Urban and Regional Planning, U.P. Diliman (Copyright 1987 by Cesar B. Umali, Jr.).

[1] In this paper, distinction is made between "dual" and "dualistic" societies. In a dual society, the traditional and modern secots are dichotonous, i.e., they exist independently of each other. In contrast, a dualistic society has the two sectors co-existing, interacting, and interlocked with each other.

[2] See, for example, Dan B. Canlas, *et.al.*, "An Analysis of the Philippine Economic Crisis (A Workshop Report)," June 1984.

[3] See, for example, Shirley W. Y. Kua, Gustav Ranis, and John C. H. Fei, *The Taiwan Success Story: Rapid Growth with Improved Distribution in the Republic of China, 1952-1978,* Westview Press, Inc., Colorado, 1981.

growth was incipient, however, income and wealth distribution remained uneven if not worsened. Thus, *second generation growth with equity models* such as those in Taiwan and in the Philippines became popular during the 1970s.[4] These models sought to reduce inequity without hindering overall growth. The growth model's macro (national) focus gave way to the growth with equity models' sub-macro (regional) focus. Up to now, however, equity – and growth – problems in many LDCs like the Philippines remain intractable. Inter-regional and inter-sectoral disparities have even widened. The situation turned for the worse (as if things were not bad enough) as growth rates plunged and many LDCs assumed a "crisis state" early in the present decade.[5] Evidently, neither the growth nor the growth with equity models can alleviate the woes of the crisis economies. In fact, these models – which invariably prescribe rural-urban interaction and integration – may themselves have abetted the crisis in these LDCs.

The RRIM will fall under an entirely new or *third generation* of development models, which will be called equity with growth models in this paper. Such models recognize that the LDCs' comparative advantage lies in people, because people are their most abundant, crucial, and promising development resource. Therefore, this third generation contends that growth processes in the crisis economies can be initiated only through massive social participation. Improved equity is an absolute prerequisite to sustainable growth. In contrast to growth with equity models, equity with growth models seek to reduce socio-economic disparities *even if overall growth temporarily declines.* Essentially, the basic question which equity with growth models address is: "How can growth processes finally be initiated and subsequently sustained in the case of persistently poor groups, sectors, and areas within LDCs?" The growth with equity models' regional focus is further narrowed down to the equity with growth models' sub-regional focus.

Rural-Urban Interaction Models

Belonging to the family of second generation growth with equity models are rural-urban interaction models under which fall very popular planning approaches including integrated area development (IAD). The fundamental assumption on which these models rest is that market forces operate and serve to widely distribute the fruits of development. This is not surprising because such models grew out of the uniquely pleasant experience to Western planner with respect to markets. The premise behind rural-urban interaction is that rural areas are poor because these are not adequately linked to progressive urban centers. Thus, an infrastructure-based, outward-looking rural development strategy is prescribed. The Philippines had invested heavily on roads, bridges, and ports so that the multiplier effects of urban economic activities could trickle down to and stimulate the rural periphery.

Theoretically, there can be a healthy, symbiotic relationship between rural and urban areas as assumed in rural-urban interaction models. Bert F. Hoselitz refers to a "generative city" as one where ". . . impact on economic growth is favorable, i.e., (if) its formation and continued existence and growth is one of the factors accountable for the economic development of the region or country. . ." (c.f. "parasitic cities").[6] This generative city can be viewed in the context of Walter Christaller's "ergansungsgebiet" or "complementary region."[7] Within such region, rural and urban areas exist in harmony and as shown in Diagram 1, effectively exchange economic resources through dynamic market mechanisms.

In reality, however, things are strikingly different, particularly in the case of crisis economies like the Philippines where we observe the following:

[a] *Serious Market Imperfections* – Oligopolistic/oligopsonistic as well as monopolistic/monopsonistic forces discussed in economics textbooks are historically and persistently pre-

[4] William M. Bateson, "Some Theoretical Underpinnings for Area Development Approaches," Regional Planning and Area Development Project, Madison, Wisconsin, 1980, p. 11.

[5] See, for example, Economic Commission of Latin America, "Preliminary Overview of the Latin American Economy 1985," Dec. 31, 1985.

[6] Bert F. Hoselitz, "Generative and Parasitic Cities" (essay written originally as a summary of the *Conference on the Role of Cities in Economic Development* held in Chicago in May 1954).

[7] Walter Christaller, *Central Places in Southern Germany,* Prentice-Hall, New Jersey, 1966 (translated by Carlisle W. Baskin).

Theoretical Rural-Urban Interaction Model

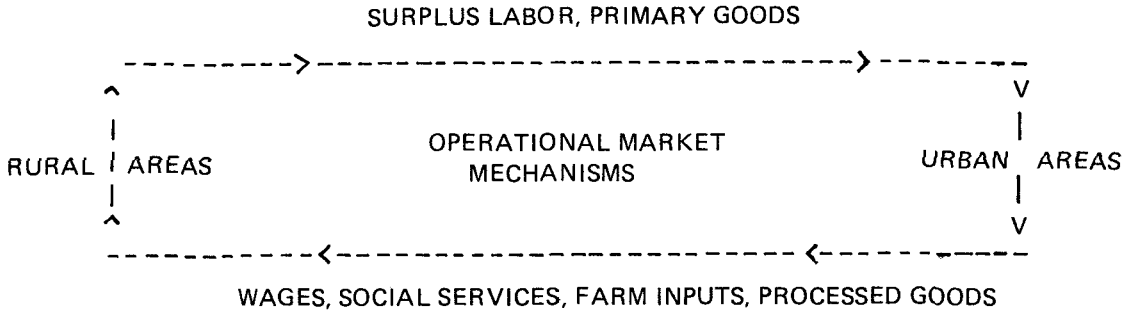

Diagram 1

valent, especially in rural areas outside primate city(ies). Among these market imperfections, it is particularly important to cite the absence, lack, or centralized control of market information — one of the weakest pillars of the market economy concept as far as LDCs like the Philippines are concerned. Consumers have little if any access to information about products and markets. Scant information about market opportunities and production technology is available to producers. Factors of production are therefore severely restricted in their ability to move in response to market information, and prices and interest rates do not reflect relative scarcities and opportunity costs.

In addition, there are market imperfections which are inadvertently created by government. In programs to stabilize the prices of agricultural commodities, for example, government deliberately intervenes in the market. Such interventions can aggravate the already uneven terms-of-trade between the rural/agricultural areas and the urban/industrial centers.

[b] *Near Non-Market Economies* — All of the various imperfections distorting the market in the Philippines and in other LDCs can be regarded as "structural problems". Beyond these structural problems, however, there exists an even more serious "essential problem," i.e., one which puts in question the basic idea behind the "market". The essential problem renders some lagging, rural areas virtual "non-market economies". In these areas, a significant portion of the population is at or below subsistence and therefore, would have very little, if any, to buy or sell in the market. Therefore, a market economy, by definition, is non-existent because of the absence of a *quid pro quo,* i.e., people regularly offering to buy and sell at a money price various amounts of a particular commodity. According to Sixto K. Roxas, ". . . for 70 percent of the Philippines. . . households primarily produce for their own consumption and can primarily consume only their own production."[8]

Of course, one cannot expect to come across perfectly closed local (rural) economies in the Philippines at this day and age. (However, certain countries in Africa, for example, may have people in this type of economy.) Thus, this paper refers to a "near non-market economy" instead of a "non-market economy." The main distinction is that in the former, majority of households produce primarily for their own consumption. Simultaneously, there are limited, intermittent, incidental, and exploitative trading activities.

[c] *Chronic Unemployment and Underemployment* — Urban/industrial centers have not been able to absorb the increasing surplus labor in agriculture. The Marxist "reserve army of unemployed labor" is just too great, resulting in a high level of unemployment and underemployment in rural areas, and extremely depressed wages for those few who find work in the cities.

In light of the foregoing observations, the actual relationship between rural and urban areas is more accurately depicted in Diagram The uneven rural-urban relationship can be

[8]Sixto K. Roxas, "Community-Based Organization and Management Technology" in *Alternative Futures,* Vol. II, No. 1, The Philippine Institute of Alternative Futures, Manila, 1985, p. 4.

Real World Rural-Urban Interaction Model

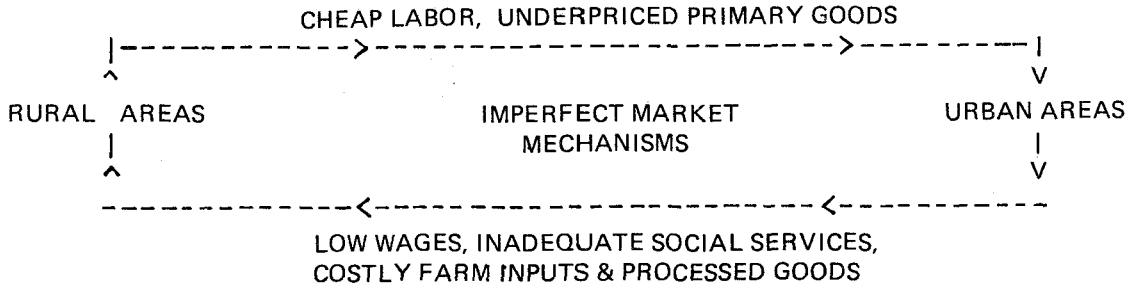

Diagram 2

better appreciated when viewed from the perspective of a "dualistic society". Indeed, the relationship between the traditional and modern sectors in LDCs has assumed a "pattern of dependency". It is interesting to note that all the major features of the dependency theory formulated by Latin American economists in the late 1960s and in the early 1970s are transmutable to the scale of rural-urban relations in contemporary Philippine society. The features are: [a] displacement, but not disappearance, of the indigenous (rural) political-economic structure; [b] emergence of an urban-dominated political structure; and [c] stagnation of the traditional economy.[9] Rural-urban interaction in a dualistic economy feeds two types of vicious cycles: [i] the vicious cycle of poverty in the rural areas, and [ii] the vicious cycle of wealth in the urban areas *vis-a-vis the rural areas.* (Underscoring is supplied in order to account for the fact that pockets of poverty do exist *within* the urban areas themselves.)

Rural-Rural Interaction Model

The uneven relationship between rural and urban areas serves as the take off point for the Rural-Rural Interaction Model. The main contention of the RRIM is that contrary to conventional thinking, the growth of certain lagging, rural areas in dualistic crisis economies will not result by vertically integrating these areas with higher-order urban areas in the spatial hierarchy. These rural areas need to rely upon and interact among themselves in order to achieve strategic first-order self-sufficiency objectives and therefore, finally break out of the vicious cycle of poverty. Only thereafter should efforts be made to reintegrate them with urban centers in pursuit of higher-order growth objectives. In crisis economies, rural areas are better off being temporarily disassociated from their urban "core" which is usually more severely affected by the economic malaise. Diagram 3 provides the essence of the RIIM.

The RRIM, above represented by the trapezoid formed by broken lines, involves a dynamic and multi-faceted interaction among various groups within the target rural area. The RRIM will "prime" the area by way of basic social goods and services. Once this is completed, the area will be in a better position to compete in exploitative markets and to participate in conventional growth — and market-oriented programs and projects. It is then ready to be re-integrated and to interact with urban areas, as shown by the bigger rectangle formed by solid lines in Diagram 3.

Conceptualization of the RRIM is anchored on the following observations concerning the operationalization in the Philippines of rural-urban interaction models, particularly in the case of the popular IAD approach:

First, there has been a neglect of the fragmented socio-economic structure typical of dualistic economies. For instance, the "Master Plan of the Bohol Integrated Area Development Project" states that ". . . . Bohol's economy is more or less a homogenous agricultural society in which no significant differen-

[9] James Weaver and Kenneth Jameson, *Economic Development,* University Press of America, Maryland, 1981, p. 87.

Rural-Rural Interaction Model

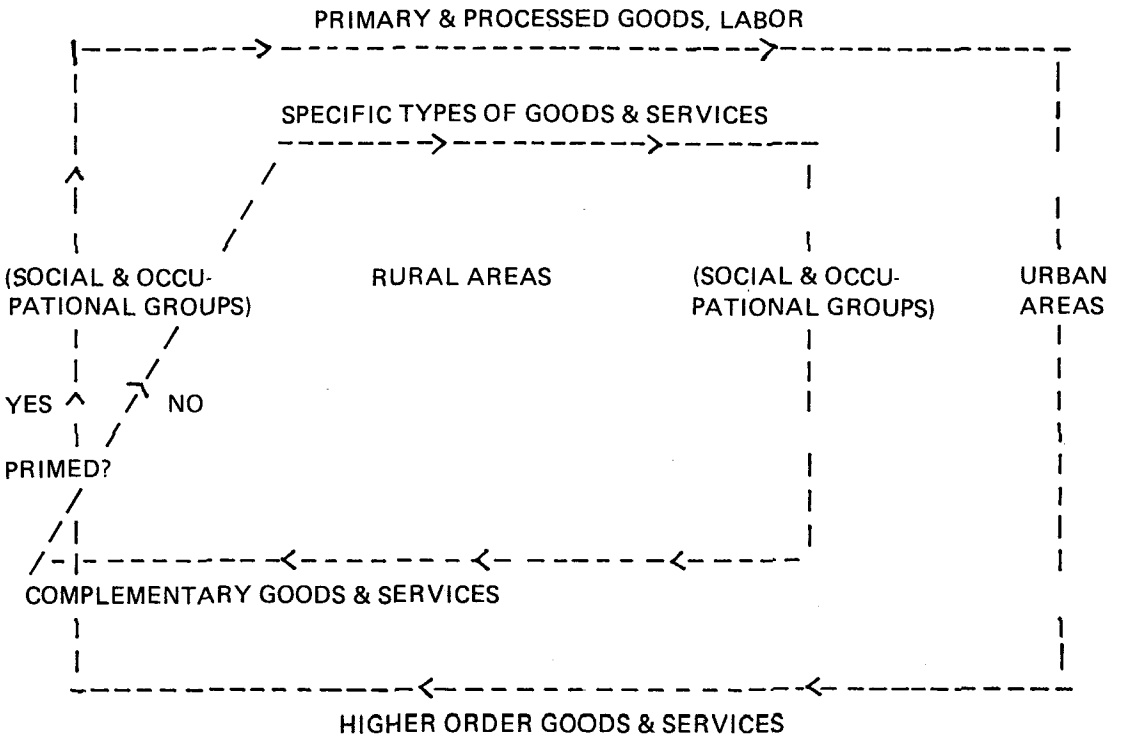

Diagram 3

ces exist in its socio-economic fabric. . ."[10] With such an undiscriminating perspective, coupled with a predominantly uneven rural-urban economic relationship, the rural, agricultural, and subsistence sectors stand to gain little economic benefits (if any) from IAD projects. Road projects, for example, are usually located in urbanizing areas, thereby primarily benefitting the already better off surplus producers.

Second, a Western-inspired free market orientation has been inappropriately transplanted to the Philippines where, as earlier pointed out, serious market imperfections exist and certain situations approach a non-market economy. Thus, projects prematurely aim for growth objectives, e.g. helping subsistence farmers produce for supposedly viable markets. At best, local markets are exploitative.

Third, IAD programs and projects, from the management and financial point of view, have been grossly over-extended sectorally and geographically. Since activities cover practically the entire spectrum of development concerns, implementation has been difficult and has required huge financial outlays. Close to P8.5 billion, about half from foreign sources, have been allocated to seven IAD projects in the Philippines.

Fourth, sufficient authority has not been decentralized to project management units, thereby making it even more difficult [if not impossible] for them to coordinate/integrate the wide range of local activities.[11]

[10] Japan International Cooperation Agency (JICA), "Master Plan Study of the Bohol Integrated Area Development Project (BIADP)," February 1980.

[11] Francisco G. Balitaan, "The Planning and Implementation of Integrated Area Development Projects in the Philippines," USAID, Manila, April 1983, p. 43.

Fifth, institutional and structural obstacles prevent trickle down effects even in the long run. This is because trickle down mechanisms will not work where market forces are weak.

THE ELEMENTS OF THE RURAL-RURAL INTERACTION MODEL

Ideological Framework

Filipino planners have a tendency to gloss over the ideological aspects of their profession. Since most of the models, theories, approaches, and strategies they work with are imported, there is the real danger of promoting a foreign ideology based on moral values which differ from, if not contradict, our very own. In the particular case of the RRIM, the following set of assumptions serves as backdrop:

1. Economic growth *per se* is unimportant where income and wealth distribution is alarmingly and increasingly inequitable.

2. Land is the Filipino's most cherished physical and psychological possession. Highest priority should be given by government to transferring land ownership to the landless.

3. The household is the foundation of Philippine society. Next comes the neighborhood, and then the larger community. Development programs should take cognizance of this social hierarchy.

4. Households *always* behave rationally. Subsistence households may seem irrational because ". . . . the main motivating force in the peasant's life (is) the maximization not of income but rather of his family's chances of survival. . ..."[12]

5. Community spirit is important because it foments the emergence of a "plural society"[13] where well-informed and politically active citizens' groups predominate. It has been shown that Filipinos can intricately blend introverted family life with extroverted community life.

6. In light of Points 3 and 4, households cannot be imbued with the abstract "community spirit" while they are at or below the subsistence level of existence.

7. Based on the principles of "self-determination" and "self-governance", rural development planning and management must be decentralized and participatory. Decentralization is also a practical necessity in view of the increasing inability of central government to act as "provider".

8. The system of education should be redesigned to impart not only appropriate skills and technology but also the indigenous "ideological" or "moral" motivation to stir the citizenry towards productive, concerted endeavor.

9. The planner's role is advocacy, not simply that of a bureaucrat or technician because ". . . appropriate planning action cannot be prescribed from a position of value neutrality, for prescriptions are based on desired objectives. . ."[14]

Distinctive Features

To provide a framework for discussing the RRIM in more concrete terms, what may be regarded as the "classical IAD approach" of rural-urban interaction models will be used as reference. This classical IAD approach will be compared with what will be labelled the "neo-classical IAD approach" of the RRIM. Twelve points of comparisons will be discussed.

[a] *Primary Objective.* That growth is the primary objective of the classical IAD approach stems from the goal which second generation models seek: to reduce socio-economic disparities without hindering overall growth. Growth is seen as catalyst or prerequisite for improved equity. Market and urban biases are notable.

On the other hand, the primary objective of the Neo-classical approach is derived from the goal of third generation models: to reduce socio-economic disparities even of overall growth temporarily declines. In the case of lagging, rural areas in the crisis economies, growth can be initiated and sustained only through improved equity resulting from massive social participation which, in turn, is unrealizable without self-sufficiency in basic needs. Households at or below the level of subsistence can-

[12] Michael P. Todaro, *Economics for a Developing World,* Longman Group Limited, London, 1977, p. 243.

[13] John Friedman, "The Active Community: Towards a Political-Territorial Framework for Rural Development in Asia" in R.P. Misra (ed.), *Rural Development: National Policies and Experience* (Vol. IV), UNCRD, Tokyo, 1981, pp. 231-257.

[14] Paul Davidoff, "Advocacy and Pluralism in Planning" in *Journal of the American Institute of Planners,* Vol. 31, November 1965.

Subsistence Threshold for Participation

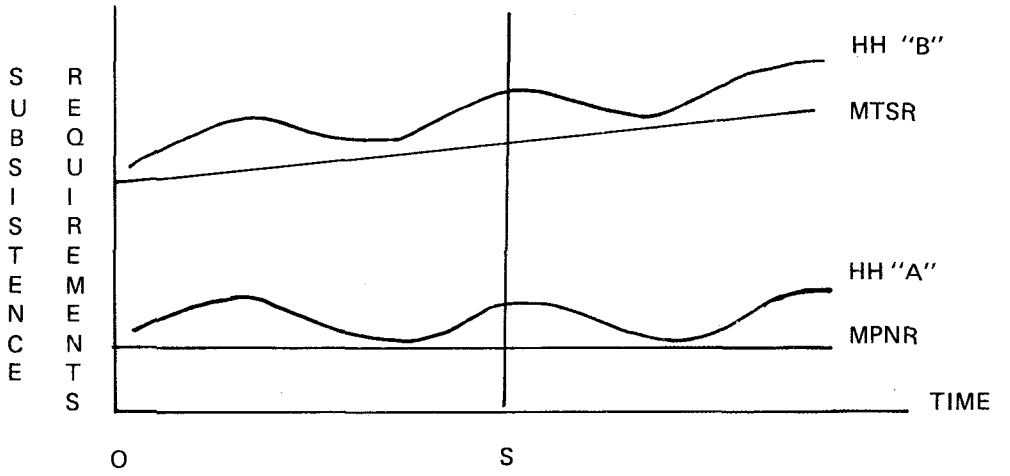

Diagram 4

not and will not meaningfully participate in and benefit from conventional market/growth-oriented programs and projects. Diagram 4 will be used to expound on this particular argument. The diagram is a modification of Marvin P. Miracle's risk attitude analysis.[15]

"MPNR" is the minimum physiologic nutritional requirement set by Mother Nature. "MTSR" is the minimum total subsistence requirement fixed by society and which includes social norms for food, clothing, shelter, education, and health care. The curve is slightly sloping upwards to reflect society's rising expectations over time. At Time S, Household A is not interested in social participation as it is engrossed in efforts to live up to social norms for a dignified human existence. It is physically, intellectually, and emotionally handicapped. Therefore, the neo-classical approach will initially concentrate resources to raise the Household beyond what may be called the "threshold for participation", i.e., to the level of Household B.

[b] *Sectoral Basis.* Given the market and urban biases in the classical IAD approach, an "infrastructure-induced rural development strategy" is pursued. Infrastructure accounts for close to 80 percent of the cost pf Philippine IAD projects.

In contrast, the neo-classical approach promotes a "social services-based rural development strategy," following the contention that for lagging, rural areas in crisis economies, growth processes can be initiated and sustained only through massive social participation founded on the satisfaction of basic needs.

De-emphasis on infrastructure results not only from questioning the validity of the view that rural areas are poor because they are not adequately linked to progressive urban centers. There is also a pragmatic basis: crisis economies cannot continue to afford the same high magnitude of public investments.

[c] *Factor Emphasis.* The infrastructure strategy of the classical IAD approach requires massive capital inputs, a substantial portion of which come from foreign sources. On the other hand, the social services strategy of the neo-classical approach puts emphasis on indigenous human and natural resources. People, rather than sectors or industries, will serve as the "engine of growth". Delivery of primary health care services, for example, will involve community members trained as "barefoot doctors" knowledgeable in the production and use of herbal medicine. If small-scale rural infrastructure projects are absolutely necessary, construction will be by labor-intensive methods em-

[15] Marvin P. Miracle, "Subsistence Agriculture: Analytical Problems and Alternative Concepts" in *American Journal of Agricultural Economics,* May 1968, pp. 292-310.

ploying locally available materials to the fullest extent possible.

[d] *Spatial. Strategy.* The rural-urban integration strategy of the classical IAD approach is quite distinctive. Cities are viewed as generative rather than parasitic.

As already pointed out, however, projects which seek to enhance rural-urban linkages only exacerbate the plight of the poorest groups, sectors, and areas. Thus, the neo-classical approach advocates the unconventional spatial strategy of "strategic rural isolation" to prime lagging, rural areas for eventual re-integration with exploitative urban centers. Of course, this does not mean total isolation. All it implies is that government development resources will not be devoted to enhancing rural-urban linkages.

[e] *Growth Source.* It is quite evident from the foregoing that the classical IAD approach follows an "externally-induced rural growth strategy." Rural growth is expected to be ignited by the external urban economy from which the fruits of public investments will trickle. Instead of benefiting the rural areas, however, this "dependency relationship" only serves to keep said areas in low-level bucolic equilibrium.

Therefore, the neo-classical approach prescribes an "inward looking rural growth strategy" requiring strategic rural isolation. Rural areas should maximize use of indigenous resources to finally start their economy rolling.

[f] *Scope.* The term "maxi-sectoral" perhaps best describes the scope of the classical IAD approach as it attempts to cover the entire spectrum of possible development interventions. IAD projects cover areas ranging from four to fifteen thousand square kilometers, with a population in 1980 of 400,000 to 1.2 million.

Owing to managerial and financial constraints, only key or propulsive sectors will be covered by the neo-classical approach. Initially, the locus of concentration will be on social services. The target area will be limited in terms of size and population. Specific parameters will be discussed below.

[g] *Changes Desired.* The classical IAD approach is mainly concerned with the enhancement of the functional roles of sectors and areas within the existing socio-economic structure. It usually aims for increases in sectoral productivity.

The neo-classical approach is more interested in basic structural and institutional changes in the following areas: [1] agrarian structure, [2] rural-urban economic relationships, [3] social relations, and [4] the political structure. (It might be noted that the neo-classical approach takes exploitative markets as given.) Therefore, unequivocal political will is required. The nature of these structural and institutional changes will be discussed below.

[h] *Resource Allocation.* Because of the assumption that the market works, the classical IAD approach concentrates resources in growth centers. On the other hand, the neo-classical approach will initially be non-market oriented. It will allocate development resources based on need instead of market demand. It recognizes, for example, that a poor community's demand for primary health care services would be low and therefore, the market by itself will not adequately provide these services.

[i] *Social Focus.* The classical IAD approach is primarily concerned with overall growth so therefore, does not discriminate among social groups. In contrast, the neo-classical approach involves a "targeting" of the poorest and most disadvantaged rural groups who may have never been in the mainstream of development. Targeting will require setting-up social service delivery centers in areas where priority groups are most concentrated.

[j] *Outlook.* Under the classical IAD approach, popular participation is effectively negated by countervailing pressures exerted by paternalism. "Popular participation" is herein defined as the substantial involvement of local institutions in the planning, implementation and evaluation of development activities. "Paternalism" is defined in terms of the relationship between central government and these local institutons.

The neo-classical approach adopts popular participation based on the following convictions: [1] nobody can understand local constraints and opportunities better than the local residents themselves; [2] nobody is more interested in understanding and managing local affairs than the local community whose survival and well-being are on the line; and [3] people are the lagging, rural areas' most valuable development resource which should be harnessed and developed.

[k] *Management Style.* With paternalistic instincts reigning over participatory aspirations, the management style in the classical IAD approach is naturally centralized. Adoption of popular participation in the neo-classical ap-

proach, on the other hand, requires nothing less than decentralized management.

[1] *Role of Government.* In light of paternalism and centralization, the government, particularly at the central level, serves as "provider" under the classical IAD approach. In crisis economies, the central government obviously can not keep up with this role. It should encourage the use of local resources and the participation of the private sector in rural development. Thus, its role shifts to that of "facilitator of change, growth, and development processes" under the neo-classical approach. This means that the central government will primarily serve to enhance linkages and interaction among groups, sectors, and areas.

The Planning Area

In spatial terms, the Rural-Rural Interaction Model translates into the Rural Town District (RTD). District boundaries will be defined by a "commuting radius" of not more than thirty minutes by reliable motorized public transportation. If a tricycle can travel from twenty five to thirty kilometers per hour on existing rural roads, this commuting radius will be twelve-and-a-half to fifteen kilometers. Therefore, the RTD will have a total area of 500 to 700 square kilometers.

In terms of resource endowment, all that is required is that the planning area is populated by more or less 200 persons per square kilometer.[16] The presence of people in itself means that an area has strong potential under the RRIM. With said population density, the planning area will have a population of 100,000 to 140,000 persons.

In real terms, the RTD will consist of two to three contiguous Philippine municipalities. It can be a grouping of any of the 163 minor urban centers identified by the National Economic and Development Authority (NEDA) or the 1,276 satellite municipalities under the Ministry of Human Settlements (MHS) Plan.[17] Using the MHS figure, there are 500 to 700 probable RTDs nationwide. Client "lagging rural areas" will include existing IAD areas; huge tracts planted to export crops like coconut and sugar which are no longer profitable; vast upland areas which are subjected to destructive swidden agriculture; sequestered, foreclosed, and foreclosurable idle lands; tenanted or leased lands; and island economies like Catanduanes and Masbate in the Bicol Region.

Just how will an RTD look like? To answer this question, it would be useful to portray the "before" and "after" situations. The "before" situation will consist of the area's initial economic, social, and political conditions which will serve as benchmarks for monitoring and assessing change. Ironically, these so-called "initial conditions" have for ages persisted in many a rural town in the Philippines. On the other hand, the "after" situation will consist of the area's "normative" conditions, i.e., how the area should look like.

Economic Conditions. Initially, the target area is strikingly pastoral in contrast to the urban centers in the province or region where it is situated. Even the supposedly urban "poblaciones" within the RTD, when compared to urban areas outside the district, are essentially rural with nothing more than small-scale and intermittent trading activities taking place. A sizeable majority of the population is at, if not below, subsistence. The economy is near non-market since production is primarily consumption-oriented and affords households with no more than marginal and unstable income. With access to productive resources being monopolized by elite groups, income and wealth distribution is statistically skewed.

If the RRIM is successfully applied surplus production and income will increasingly be generated, thus stimulating both factor and product markets. A stable cash income flow will slowly generate household savings and thereafter, domestic capital formation. Regular brisk trading is expected. The area's comparative advantages will be developed and it will be in a better position to compete in exploitative urban markets as the residents get organized and gain increasing access to crucial market information. Access to productive resources especially land will be diffused. The RRIM will strongly complement an agrarian reform program under a sincere government. What it will do is to prepare non-traditional clients (e.g. "sacadas") for land ownership.

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[16] Friedmann, *op. cit.*

[17] See National Economic and Development Authority, *Five Year Philippine Development Plan 1978-1982,* Manila, September 1977 and Ministry of Human Settlements, *National Multi-Year Human Settlements Plan: A Physical Development Framework,* Makati, 1978.

Social Conditions. Corresponding to the initial depressed economic conditions in the target area, certain social conditions follow: [1] basic needs are being inadequately met; [2] most residents are egocentric as they concentrate on the survival and well-being of household members, particularly children; and [3] social relations are semi-feudal, i.e., a patron-client relationship binds landowners with tenants/lessees/landless workers.

A social transformation of the area will result from a successful application of the RRIM. Satisfaction of basic needs, coupled with increases in income, will enable the population to break-out of mundane survival prerequisites and finally appreciate the virtues of community life. Beneficiary organization should set the stage for active and meaningful social participation and the gradual erosion of semi-feudal social relations.

Political Conditions. Initially, politics within the area is "elitist". The socio-economic elites are the very same people who dominate politics. The vast majority, being engrossed in day-to-day survival, is apathetic. There are no political organizations except those established by the paternalistic central government to influence if not direct local level politics. Political dissent is discouraged if not outlawed.

Successful application of the RRIM will result in a broad-based "popular democracy" replacing the narrow-based "elitist democracy". A pluralistic society will take the place of the oligarchical society. The traditional socio-economic-political elites will continue to exist; however they will now be only one of the political forces in the community. The government will cease to behave in a paternalistic manner.

MANAGEMENT AND IMPLEMENTATION

The Style of Planning

Complementing the RRIM is a planning style which is transactive, iterative, and targeted. Each of these three characteristics is briefly discussed below.

Transactive. John Friedmann describes transactive planning as a planning style based on an "unbroken sequence of interpersonal relations".[18] It involves continuing dialogue to synthesize the planner's processed knowledge" and his client's "experiential knowledge". This synthesis will take time to achieve because processed knowledge is abstract and expressed through formal language, while experiential knowledge is concrete and expressed through informal language. Transactive planning takes place through a "mutual learning process": the planner learns from his client's actual experiences, and the client from the planner's technical expertise.

Iterative. With transactive planning goes an interative style. Indeed, the major steps in the planning process can be identified, as done in the next section. However, the steps will not always come about in linear sequence. Backtracking will occur as the need to re-examine or re-formulate decisions arise as a result of incremental learning and experience. Mistakes will be viewed positively rather than as a sign of failure or weakness. A transactive and iterative style is naturally more tedious than the blueprint style. However, it is necessary where little information is available and where maximum participation of clients is desired.

Targeted. While other planning models focus on sectors and areas, the RRIM focuses on the poorest and most disadvantaged groups in the rural areas. David Korten and George Carner explain that targeted planning views the creative initiative of people as the primary development resource and their material and spiritual well-being as the end that the development process serves. Conventional approaches have lumped the poor together as a faceless, placeless aggregate.[19] Hence, we see yet another aspect of the evolutionary process through which planning models have gone. Growth models had a sectoral (agricultural-industrial focus); growth with equity models assumed a spatial (especially regional) focus; and finally, equity with growth models shifted to a poverty group focus.

The Planning Process

[a] *Selection of the Planning Area.* The RRIM was designed for application in lagging,

[18] John Friedmann, *Retracking America: A Theory of Transactive Planning,* Anchor Press/Doubleday, New York, 1973.

[19] David C. Korten and George Carner, "Planning Frameworks for People-Centered Development," in David C. Korten and Rudi Klauss (eds.), *People-Centered Development: Contributions Toward Theory and Planning Frameworks,* Kumarian Press, Connecticut, 1984, pp. 201-209.

rural areas where the economic, social, and political conditions earlier discussed exist. For purposes of identifying specific target areas (Rural Town Districts) esoteric and expensive techniques are unnecessary. All that is needed is a "threshold decision" (i.e., go or no-go) based on some rough indicator like overall household income. If the income figure falls below the poverty threshold, then the area is suitable because a significant portion of the population would be at or below subsistence.[20]

This first step in the planning process will be undertaken exclusively by planners from the IAD project office or where there is no IAD project in the area, by planners working with the provincial government. It would be useful for the central planning body (NEDA) to be involved from the start so that it can effectively serve as advocate of successful innovative planning approaches.

[b] *Review of Secondary Data.* Having identified the RTD, the next step is to review municipal and provincial socio-economic profiles to validate the threshold decision in Step [a] and to establish baseline information. Given the RRIM's first order objective of self-sufficiency and its social services-based strategy, basic needs parameters are important. These will include food, shelter, education, and health care (including availability of safe drinking water). In addition, we should cover indicators reflecting the RRIM's institutional concerns which were enumerated earlier.

At this early stage in the planning process, local participation should come in. The planners concerned should ensure the active involvement of municipal government officials and staff who can serve as resource persons and management trainees at the same time.

[c] *Poverty Study.* Using the secondary data in Step [b] to the maximum extent possible, supplemented by necessary primary data, a study will be jointly undertaken by the planners and their municipal counterparts to:

[i] determine the predominant poverty groups and their spatial distribution;

[ii] understand their constraints and opportunities; and

[iii] gain an insight into their survival strategies.

The study is limited to poverty groups because: [i] it is the well-being of these groups which is our primary concern; and [2] there is usually scant if any information available to systematically address the unique problems of each group. It should be pointed out, however, that poverty groups cannot be studied in total isolation from the socio-economic milieu within which they exist. It should be pointed out further that the poverty study is not intended simply to determine who the poorest people are because practically everyone in a crisis economy may be regarded as "poorest".

The poverty study should neither be complicated nor comprehensive because it is never in "final". It is continually updated, refined, and/or expanded as new information becomes available. We do not want to be victims of "paralysis by analysis".

[d] *Framework Plan Formulation.* Based on the study conducted in Step [c], a multi-year (probably three-year) Framework Plan will be collaboratively formulated by the IAD project/provincial planners, their municipal counterparts, and representatives from the target groups. The Plan will translate the abstract RRIM into operational terms. It will describe specific strategic objectives, major activities to be introduced, and detailed approaches to be followed. Like the poverty study, it should neither aim to be complicated nor attempt to be comprehensive. It should be readily understandable not only by professional planners but more so by municipal officials and staff as well as by the target beneficiaries.

[e] *Implementation.* This will be based on the Framework Plan and phased as necessary. The RRIM's operational phases are discussed immediately below. There will be annual work plans to spell-out specific activities. The organizational structure of the RTD will be discussed in the last section of this paper. Involvement of the larger community will begin at this point in the planning process.

[f] *Evaluation and Re-design.* Unlike conventional projects which require time-bound evaluation exercises, activities under the RRIM will involve continuous self-evaluation with the planners and their clients engaged in transactive relationship, constantly converting mistakes into lessons and knowledge into action.

[20] For poverty thresholds, see Emmy Huan, "Estimation of Regional Poverty Incidence," Philippine Institute for Development Studies, April 1985.

RRIM Operational Phases

Humanization. This first phase of operationalizing the Rural-Rural Interaction Model is an immediate, initial response to the pressing problem of pushing subsistence households beyond the threshold for participation, i.e., uplifting persistently poverty-stricken households to a socially acceptable level of human existence. Thus, the term "humanization" is apt. This will be done by helping them meet their most basic needs. This is a period of strategic rural isolation during which development activities will be in the subsistence food production and social services sectors. The strategic first-order objectives are: [a] to enable each neighborhood unit (five to ten households) to produce enough food to meet nutritional requirements, and [b] to establish and sustain low-cost generation and delivery systems and mechanisms for housing, education, and health care for which the local community will assume eventual responsibility. Given political will, these mutually reinforcing objectives should be attainable in one to two years.

The first objective will entail the provision of technological, commodity, and nutritional assistance to households. A good example are "food gardens". In contrast to conventional development activities, we are at this point not interested in marketing our produce. Of course, we cannot and should not prevent the production of a marketable surplus if certain households have the resources and capability to do so.

With respect to the second objective, distribution of social goods and services will initially be based on need rather than on the almost perfectly imperfect market. The bottom line, though, is that generation and delivery systems are sustainable. This can only be possible if delivery systems, goods, and services are of the low-cost "Third World Type" rather than the sophisticated "Western type". Examples are primary health care systems and very low-cost housing projects.

The Humanization Phase will be highly labor-intensive as community development (CD) workers from the IAD project office, provincial government, or municipal governments have to work at the household level in order to establish a transactive relationship with their clients. The participation of CD workers from the Department of Local Government might be sought. With the delivery of basic services organized on the basis of neighborhood requirements, the concept of "commonality" is introduced, something which will pave the way for the introduction of the abstract community spirit during the next phase. Satisfaction of basic needs standards will signal the completion of the Humanization Phase.

Consolidation. The Consolidation Phase is concerned with helping poor households maintain normative levels of human existence. Unlike Phase 1, however, it centers on more fundamental and longer-terms structural and institutional changes in pursuit of the strategic second-order objective of complementing and solidifying socio-economic improvements incipient during the previous phase. Thus, this phase is called "consolidation".

The structural and institutional concerns of the RRIM were discussed earlier. At this point, management concerns will shift to structural parameters. Basic needs indicators will continue to be monitored for routinary reporting purposes only. Again given political will, this phase should be completed in one to two years.

The second phase is the period during which "conscientization" and community organizing efforts will set in. Having attained self-sufficiency objectives during the first phase, the community is ready for social participation. The abstract community spirit can now be introduced. The social focus will transcend the introverted confines of the household and expand into the immediate community.

Assistance on food production will shift to improving production technology to prepare households for external trade during the next phase. It should be noted however that this phase is still a transition period during which important structural and institutional adjustments are still being made. Thus, the RTD remains isolated from its urban core. The second phase will be over as soon as the desired structural adjustments are in place.

Maturity. This is the third and final phase of operationalizing the RIIM and can be concluded in one to two years. At his point, the RTD is primed for re-integration with urban centers and for participation in exploitative markets. The target groups are ready to participate in conventional growth-oriented programs and projects. Thus, this third phase marks the end of strategic rural isolation and represents the nexus between the RRIM and conventional planning approaches.

The spatial focus now transcends the RTD. The sphere of rural-urban interaction will cover the entire province or region. Development interventions will be in terms of identifying new markets, promoting trade through fairs and exhibits, expediting the registration of firms, and facilitating exchange transactions. Here, we see that the role of government has change from "provider" to "facilitator". The local community would have assumed full management responsiblity at the end of the Maturity Phase.

Once the Maturity Phase is reached, the RTD can maintain its socio-economic well-being regardless of intimate interaction with exploitative markets and urban centers. The probability that the RTD will be contaminated by sick urban centers no longer exists. The RTD has been immunized, so to speak. From the equity with growth model's standpoint, crucial interests are now being articulated and protected and massive social participation should engender economic multiplier effects. Rural-urban interaction will continually result in net economic benefits to rural areas because of self-adjustment mechanisms built into the RTD's management structure which will be the final topic of this paper.

District Organizational Structure

The convention is to discuss organizational structure beginning from the apex. In line with bottom-up planning espoused by the RRIM, the RTD's structure will be described starting from the bottom.

To establish the foundation of the RTD, "sectoral assemblies" (SAs) will be formalized during the Consolidation Phase. Each SA will consist of households engaged in a particular occupation and therefore share a common resource base. For example, members of the upland farmers' assembly all depend on the vast upland areas for their sustenance. We cannot expect everyone to be neatly classified into a particular group because subsistence households engage in a wide range of economic undertakings to supplement income from a primary source and to spread risk. The upland farmer can be a part-time fisherman. What is important is that in the aggregate, the economic interests of the poorest groups are protected. The upland farmer-fisherman can join the upland farmers' assembly and rest assured that his interests as a fisherman are being protected by the fishermen's assembly.

Each SA shall elect a small "sectoral committee" (SC) to manage its day-to-day affairs. The SC will be headed by a Chairman. It will be responsible for translating the SA's desires and aspirations into program actions. It will ensure that members receive adequate goods and services, that production (and later marketing) programs are coordinated, that local human and natural resources are fully utilized, and that internal conflicts are settled amicably. Once operational, the SC will serve as counterpart of planners from the IAD project office, provincial government, and municipal governments.

The Chairman of the respective SCs will sit in the Rural Town District Governing Council (RTDGC) which will include the mayors of the

Rural Town District Structure

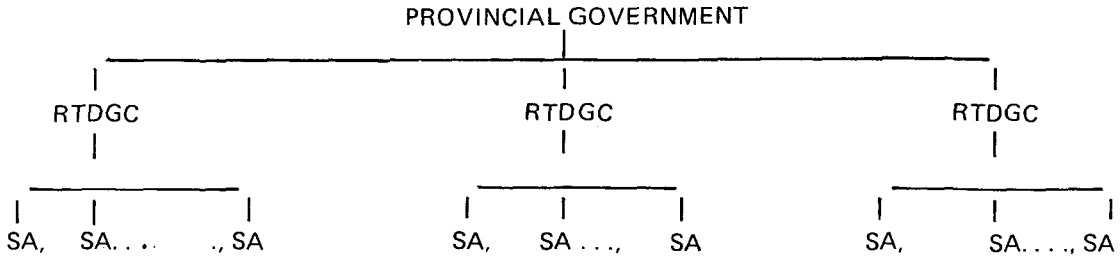

Diagram 5

municipalities within the district. It will serve as the policy-making body of the RTD and will have authority to decide on all local issues or problems. The RTDGC will also have full authority to secure and disburse public funds as well as to generate and manage its own resources. It will be headed by an overall chairman who will represent the district at the provincial level. The district's organizational structure is show in Diagram 5.

Two points may be noted with respect to the diagram. First, the number of organizational levels is at a minimum to balance organizational effectiveness and the potential for direct participation of households. Second, the organization runs up to the provincial level only because the RRIM has local level application and is intended to converge with more conventional planning models at the provincial level.

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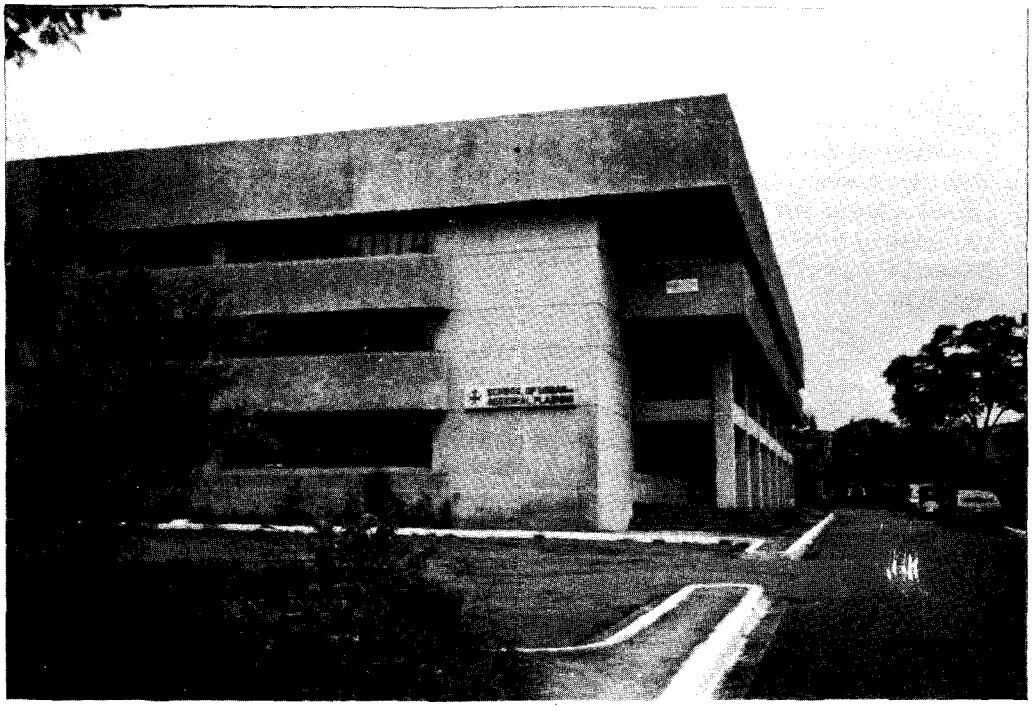

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