

# Empowering Communities and Sustaining Forests: The Future of the Philippine Wood Industry

## BACKGROUND

The Philippines' economy has traditionally relied on its wood industry, which ranges from logging to furniture exports. However, this sector is now threatened by severe deforestation and the depletion of native hardwoods like narra and mahogany. Driven by illegal logging and land conversion, the country has become increasingly dependent on plantation forests and imported timber to meet its wood needs. To combat deforestation and revitalize its wood industry, the Philippine government has implemented key initiatives like the 2011 National Greening Program (NGP) and Community-Based Forest Management (CBFM). These programs focus on restoring forest cover, increasing timber production, and promoting sustainable livelihoods by actively involving local communities in forest conservation and management. While government initiatives are underway, the sustainability of the Philippine wood industry could be further enhanced by attracting investment in forest plantations and pursuing vertical integration. This strategy would help meet local timber demand, alleviate pressure on natural forests, and unlock new economic opportunities by capitalizing on the strong export demand for value-added products like furniture. Launched in July 2021, a six-year project is working to revitalize the Philippine wood industry by empowering local People's Organizations (POs) in CBFM areas. The initiative aims to integrate these communities into the entire value chain from timber production to marketing to create sustainable livelihoods while simultaneously promoting forest restoration and conservation. Led by the Philippines' Forest Management Bureau, this project empowers local cooperatives in Negros Oriental and Agusan del Sur to build a sustainable wood industry. Supported by AFoCO and partners, the initiative promotes environmental conservation and economic growth through community-based forest management.

### Key Messages

- 1. Enhancing sustainability through vertical integration:** The project enhances sustainable wood processing in Community-Based Forest Management (CBFM) areas, empowering local communities to strengthen their economic independence.
- 2. Strengthening technical capacity and economic growth:** The installation of wood processing equipment has improved local communities' skills, fostered the local wood industry scene and boosted local economic growth.
- 3. Advancing collaboration for sustainable development:** Collaboration between the national government, local communities, and local government units (LGUs) is essential, with LGU support being pivotal in facility construction and operation.
- 4. Building Infrastructure and Equipment Development:** The installation and operation of wood processing equipment have significantly increased the wood production capacity of local communities, securing the long-term sustainability of the Philippine wood industry.



Figure 1. Project Site (Visayas) @ AFoCO

## IMPACTS

### Building Advanced Technical Expertise

The project significantly boosted the technical skills of People's Organizations (POs) by supplying advanced wood processing equipment and specialized training.

This hands-on experience enabled communities to process wood more efficiently and sustainably, fostering long-term economic growth. By providing essential machinery, the initiative built a foundation for continuous technical development, empowering communities to manage forest resources effectively and support the sustainability of the Philippines' wood industry.

### Empowering Economic Independence through Vertical Integration

By integrating timber production, processing, and marketing, the project empowered local economies through vertical integration. This strategy enabled People's Organizations (POs) to control multiple stages of the value chain, capturing greater economic value and securing higher prices for processed products like lumber and veneer.

Consequently, communities achieved greater economic independence and sustained growth. With full control over their production processes, these groups are now better equipped to manage resources effectively, promoting both economic development and environmental sustainability.

### Driving Social and Environmental Impacts

Beyond economic gains, the project has significantly advanced social and environmental well-being by establishing new forest plantations that support carbon sequestration and help the Philippines meet climate goals like the Paris Agreement. By promoting sustainable forestry practices, it combats deforestation and strengthens the ecological resilience of forest-dependent communities. This approach ensures communities can continue benefiting from natural resources while actively contributing to broader environmental management objectives.

### Transforming Livelihoods through Value-Added Production

The project transformed local livelihoods by empowering People's Organizations (POs) to transition from selling raw timber to value-added wood processing. Equipped with new skills and machinery to produce items like lumber and veneer, communities now capture higher profits from their forest resources. This shift has significantly increased household incomes and created more sustainable livelihoods. By engaging in multiple stages of the wood value chain, POs benefit from better market prices, strengthening their economic stability and long-term sustainability.

### Scaling for National Impacts

The project's successful implementation in pilot regions demonstrates its potential for broader replication. The integration of sustainable timber production and processing can be extended to other CBFM areas, driving economic growth and environmental restoration on a national scale.

The project's best practices provide a roadmap for expanding its impact to other parts of the Philippines.

### Fostering Community-Led Employment and Growth

The project's establishment of local wood processing facilities has created new job opportunities for both PO members and neighboring community residents. These facilities have become central to local economic activity, allowing communities to retain more economic value from their timber and wood products.

The community-driven approach to processing has fostered a sense of ownership and collaboration, stimulated broader economic growth and helped to build a more resilient local economy.

By empowering communities to manage their own wood processing operations, the project has contributed to sustained employment and economic development, laying the groundwork for continued prosperity and collaboration among local stakeholders.



Figure 2. Building Capacities of Local Communities as Project Activities @ AFoCO



Figure 3. Community-led Wood Processing Facility in Philippine @ AFoCO

## FUTURE OPPORTUNITIES

### Strengthening the Role of Peoples' Organizations in Community Forestry

Through its focus on integrating local communities in vertical integration in wood processing, the project elevates POs from passive beneficiaries to proactive managers and entrepreneurs in the forestry sector. By providing access to trainings, machinery, market linkages, and financial support, the project addresses key challenges in community-based forestry, such as capacity gaps and economic vulnerability. This approach aligns with the Philippines' national strategy for sustainable forestry and social justice, fostering environmental stewardship and equity.

By securing tenurial rights and building organizational capacity, the project motivates POs to manage forest resources responsibly. Empowered POs are expected to continue implementing sustainable practices such as timber stand improvement, agroforestry, and reforestation. Additionally, the project mitigates challenges of resource abandonment and environmental degradation by emphasizing skill development and economic viability. This initiative positions POs as central actors in forest resource management, contributing to the dual goals of environmental sustainability and community resilience. Continued capacity-building efforts will also enhance the technical skills of local POs, ensuring they remain competitive in the market while adhering to sustainable forest management practices.

### Expanding Vertical Integration for Greater Economic Impact

The project's successful vertical integration model in pilot Community-Based Forest Management (CBFM) areas proved that environmental stewardship and economic development can coexist, creating a strong case for replication. Expanding this initiative to other CBFM areas across the Philippines would empower more People's Organizations to engage in value-added wood production and marketing. Such growth promises significant economic benefits for rural communities while simultaneously advancing sustainable forest management practices nationwide.

### Fostering Transition to a Bioeconomy

As the Philippines transitions to a bioeconomy, the wood industry is poised to lead by utilizing biomass and sustainable materials. The project demonstrates a replicable model for this shift by promoting biomass use in wood processing and building management capacity at community and local government levels. By enabling POs to practice sustainable harvesting, the initiative helps reduce reliance on fossil fuels and

supports global low-carbon goals. This move toward a circular bioeconomy creates opportunities for sustainable product innovation, drives economic growth, and strengthens environmental resilience through value-added wood products.

### Strengthening Public-Private Partnerships for Sustainable Development

The project's future success depends on strengthening partnerships with local government units (LGUs) and the private sector.

These collaborations are essential for overcoming infrastructure challenges, such as ensuring reliable power and market access.

Increased private sector engagement will accelerate the development of wood processing facilities and boost the industry's economic viability.

Together, these partnerships will help establish a robust and sustainable wood value chain that advances social, economic, and environmental goals.

### Ensuring Long-Term Environmental Sustainability through Forest Certification

The integration of forest certification into community forestry presents a transformative opportunity for the project's long-term impact.

Certification has proven to enhance forest management standards, legitimize land tenure rights, and improve access to global markets, offering both environmental and economic benefits.

There is immense potential to empower POs by addressing barriers to certification. Future project phases could pioneer innovations such as stepwise certification, modular approaches, or group certifications tailored to small-scale forest operations.

By aligning certification systems with the diverse income streams of forest-dependent communities and reducing associated costs, the project can position POs as central players in sustainable forestry.

This expansion would not only strengthen community livelihoods but also contribute significantly to global forest sustainability, ensuring that POs are equipped to meet the evolving demands of sustainable forest management and certified markets.

## THE WAY FORWARD

Building on a strong foundation, the project is scaling its successful vertical integration model to more Community-Based Forest Management areas to empower additional People's Organizations nationwide. This expansion aims to enhance rural economic independence while promoting sustainable forest management through expanded processing facilities and technical capacity building, particularly in underdeveloped regions. These efforts are reinforced by strengthened partnerships with local government units and the private sector to drive long-term investment. Looking ahead, a key priority is advancing the Philippines' transition to a bioeconomy by integrating biomass utilization and carbon sequestration into wood processing, supporting climate mitigation while creating new economic opportunities for forest-dependent communities. The project will promote agroforestry and sustainable practices to enhance the wood industry's long-term resilience. To sustain gains, it will develop a skilled workforce through ongoing training, ensuring People's Organizations remain competitive and adaptive to market demands while prioritizing worker health and safety. As expansion continues, lessons from pilot sites will guide replication efforts, with AFoCO refining the vertical integration model and incorporating innovations to maximize economic and environmental impacts.

Moving forward, priorities include enhancing community-based forest conservation, encouraging private investment in forest-based industries, and promoting inclusive social processes that ensure wider community and stakeholder participation in forest management and benefit-sharing.



Figure 4. Equipment Installation @ AFoCO



Figure 5. Project Assessment and Monitoring @ AFoCO

## ACKNOWLEDGEMENT

AFoCO sincerely acknowledges Philippine's national project directors, country project directors and key stakeholders for their hard works and contributions in implementing the project. Here, we examine the project's impacts on promotion of vertical integration in wood processing through people's organizations in community-based forest management areas in the Philippines (AFoCO/016/2020).

<https://afocosec.org/project/016/>



### Asian Forest Cooperation Organization (AFoCO)

AFoCO is a treaty-based intergovernmental organization that is committed to strengthening forest cooperation and taking concrete actions to promote sustainable forest management and address the impacts of climate change.

[www.afocosec.org](http://www.afocosec.org)

A Project Impact Brief is prepared by fellowship officials serving at the AFoCO Secretariat for six months to one year under the Fellowship Program. Designed as a sustainability-focused brief, it highlights selected projects with strong potential for scale-up, communicates the expected impacts and added value of expansion, and recaps key achievements. It also serves as a platform to encourage engagement and collaboration among relevant experts and partners.