

**NATIONAL PROGRAM SUPPORT TO ENVIRONMENT AND NATURAL
RESOURCES MANAGEMENT**

Status of Compliance with Loan Covenants

Tenth Implementation Review (June 6-20, 2012)

Status of Key Dated Covenants		
DUE DATE	STATUS OF COMPLIANCE	STATUS OF JUNE 2012
By December 31, 2007 , undertake a baseline study which <i>inter alia</i> would provide measures of client satisfaction with DENR's service delivery in the areas of information and regulatory processes and procedures.	Achieved.	Baseline client satisfaction survey completed. The contract also includes preparation of M&E Manual and gathering of baseline data for GEF supported watershed areas.
By December 31, 2007 , an Administrative Order would be issued and thereafter implemented, establishing the Procurement Unit consistent with RA9184.	Achieved.	The DENR Procurement Improvement Program approved for adoption per Memo Circular No. 2009-11 dated August 18, 2009. DENR's Procurement Improvement Plan (PIP) was also developed and approved by the DENR Top Management.
By December 31, 2007 , an Administrative Order would be issued and thereafter implemented, providing for the Internal Audit functions to report directly to the Secretary of DENR, in line with broader Government anti-corruption initiatives.	Achieved. (A.O. 2006-15 dated 02 November 2006 issued; S.O. 2008-01 dated 03 January 2008 issued designating IAS OIC Director).	17 Positions have been approved and 6 positions already filled for validation / updating.
By December 31, 2007 , develop and thereafter implement an Action Plan to improve the management information system (MIS) and public access to DENR's information database.	Achieved.	Integrated System Strategic Plan (ISSP) already approved by the National Computer Center (NCC). Various equipments have been delivered. Contracts for various IT Packages (with cost of Php 126.86 Million) and Voice Over Internet Protocol (VOIP) (with cost of Php 58.188 Million) signed by the Secretary on December 8, 2011 and February 2, 2012 respectively. The DOST approved the structure design of DENR VOIP as consistent with the envisioned National Broadband Network (NBN).
By December 31, 2007 , a 3-year Forward Planning and Budgeting strategy would be developed which, provides a vision and	Achieved.	The 3-yr forward planning and budgeting strategy submitted to DBM.

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benchmarks for key reforms in DENR's operations including protection of the environment, conservation of natural resources, rehabilitation		
By March 31, 2008 , engage a firm to strengthen DENR's internal audit services	Partially Achieved.	The IDF Grant has been restructured by the World Bank, hence, the ICS/IA Project, including the engagement of the consultant was put on hold. As part of restructuring, DBM gave a list of 13 consultants (long list) to choose from. A meeting to review the long list by the DENR and DBM and reduce this to six (6) consultants (short list) was scheduled in the first quarter of 2012 but has been delayed. The short list will be approved by the World Bank. DBM is now the lead agency implementing this activity as the budget for this activity is now being released to DBM.
By March 31 of each year , DENR would submit its annual work plan and budget for implementation of the project in the following fiscal year, including a report on the progress of implementing DENR's Rationalization Plan, for review and comment by the Bank	Achieved for CY 2009, CY 2010, 2011 and CY 2012.	2012 PAg approved by DENR and submitted to DBM and WB last February 07, 2012.
By March 31, 2008 , complete implementation of COA's 2005 audit recommendations in accordance with the Financial Management Action Plan	Achieved.	SO 2009-194 authorizes validation of procedures etc for strengthening internal financial controls at ROs, PENROs and CENROs. FMS, through the Management Division, provided the 2008 Consolidated Annual Audit Report (CAAR) which shows the result of monitoring of the regional and field compliance to the COA's recommendations and observations. To further strengthen financial controls at the field, a series of workshops on financial and procurement management for various DENR offices (central office), Bureaus, & Regional Offices, has been conducted.
By June 30 and December 31 of each year starting June 30 2008 , conduct a semi-annual audit of the project accounts and thereafter submit this to the World Bank	Partially Achieved.	Audit Plan for NPS-ENRMP approved by the DENR Secretary. IAS has conducted internal audit in Regions 3, 4A, 4B, 11 and CAR and have submitted its findings to DENR. Internal audit for the rest of the regions is scheduled this year

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		(2012). IAS is currently conducting pre-audit (i.e. gathering and review of documents).
By January 31, 2009 , implement the agreed 3-year Forward Planning and Budgeting Strategy	(a) Achieved.	(b) 2009 and draft 2010 DENR-National Expenditure Program incorporates the 3-yr Forward Plan
By December 31, 2009 , an Administrative Order would be issued and thereafter implemented, restructuring and staffing EMB (into function-based divisions) in line with the Rationalization Plan.	Not yet Achieved.	DBM ruled that the Administrative Order could not be issued until the Rationalization Plan is approved. DBM has also authorized pre-selection of staff but has to wait for the approval of the Rationalization Plan before actual filling of positions. The DBM informed that the Rationalization Plan is in its final stages of review prior to approval.
By June 30, 2010 , a mid-term review of DENR's performance and achievements under the project would be undertaken and the findings of that study discussed with DENR, DBM, NEDA and the Bank by October 31, 2010.	Achieved.	A Project Mid-Term Review completed in April, 2010. Presentation of results conducted for DENR and DBM last November 20, 2010.
By June 30, 2012 , undertake a follow-up study to the baseline study which, <i>inter alia</i> , would provide data and compare the effectiveness of measures undertaken by DENR during the project period to improve client satisfaction in regard to its service delivery.	Not yet due.	PPSO and FASPO <i>is preparing</i> the TOR for the follow-up CSS to be conducted before end of 2012.