

PHILIPPINES
NATIONAL PROGRAM SUPPORT FOR ENVIRONMENT AND NATURAL
RESOURCES MANAGEMENT PROJECT

Twelfth Implementation Support Mission
June 17-28, 2013

I. Introduction

1. The National Program Support for Environment and Natural Resources Management Project (NPS-ENRMP) is now 5.5 years into implementation with a scheduled closing date of December 31, 2013. The main focus now is to complete the pending activities and begin the assessment of the project's impact, including steps being taken to ensure the sustainability of achievements under the project.

2. This Aide Memoire reflects the agreements reached between the mission¹ and DENR at the wrap-up meeting chaired by Director Edwin G. Domingo on June 27, 2013. Meetings were also held with the Department of Environment and Natural Resources (DENR), representatives of the Foreign Assisted Projects Office (FASPO), Financial Management Service (FMS), Manila Bay Coordinating Office (MBCO), DENR representatives from the participating Regions encompassing the Kanan, Libmanan-Pulantunan and Bago watersheds, and Ligawasan Marsh, Department of Budget and Management (DBM) and the Municipal Development Fund Office (MDFO). Prior to the mission, meetings had been held with the Mines and Geosciences Bureau (MGB) and Environmental Management Bureau (EMB). A meeting with the Forest Management Bureau (FMB) was held and a visit was made to Caraga region to review implementation aspects of the National Greening Program, including the effectiveness of geo-tagging. The Bagacay mine site was also visited.

II. SIM Loan and GEF grant Utilization

3. As of June 2013 disbursements are US\$ 46.96 M (93.9% of SIM loan), and US\$6.32M (90% of GEF grant) (Table 1). This represents another substantial improvement in the pace of disbursement. The projection is for full loan disbursement by December 31, 2013. The GEF grant may have an undisbursed balance of some US\$300,000 at loan closing due to delays in the release of allotment by DBM. Although twenty six (26) Livelihood subprojects of eleven LGUs have been submitted for funding, the delayed issuance of Certificate of Availability of Funds (CAF) could prevent up to nine of these sub-projects from being implemented in the remaining six (6) months of the project. The Bank Review team met with MDFO who agreed to provide an advance of US\$300,000 for the GEF sub-projects if DENR can assure timely liquidation and accounting of the funds. DENR is following up with MDFO.

Table 1: Actual & Projected Loan & GEF grant disbursements through June 30, 2013.

	Loan Amount (US\$ M & % of loan)	GEF Grant (US\$ M & % of Grant)
Approved Project Loan and GEF Grant ²	50.00 (100%)	7.00 (100%)
Actual Disbursements (May 2013)	46.96 (93.9%)	6.32 (90%)

¹ The mission comprised Josefo Tuyor (Senior Operations Officer and co-TTL), Felizardo Virtucio (Operations Officer); Noel Sta. Ines (Procurement Specialist), Aisha De Guzman (Financial Management Specialist); Victoria Florian Lazaro; (Operations Officer) & Douglas Forno (Institutions Specialist). Mr. Tuyor led the mission on behalf of the Task Team Leader, Samuel Wedderburn, who was unable to travel to the Philippines but provided support from Washington.

² Key Project dates: Board Approval-6/26/2007; Effectiveness-11/27/2007; Closing Date-12/31/2012; Revised Closing Date-12/31/2013

Projected Disbursement (December 2013)	50.00 (100%)	6.70 (96%)
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4. As shown in Table 2 (based on partial data when disbursements stood at around US\$40 M) the bulk of expenditures under the loan have been used for Forest Boundary Delineation (33%), followed by Cadastral Survey (21%), National Greening Program (19%), Development of the MIS System (12%), EMB strengthening (2%), Manila bay Clean-up (4%), and remediation measures at Bagacay Mine (2%). Other aspects supported as shown below were around 1% or less.

Table 2: Loan Proceed Cumulative Disbursement by Major Activity from CY2008 to May 15, 2013

ENRMP Activity supported	In Php Million	% of Loan
Forest Boundary Delineation and Land Use Allocation	593.091	33
Data Management including System Development	217.444	12
Conduct of Cadastral Survey	392.741	21
National Greening Program	350.889	19
Procurement of Equipment; Intensification of Environmental Compliance Monitoring; Improvement of Water Quality; Toxic Substances and Waste Management	52.525	2
Manila Bay Rehabilitation	68.633	4
Implement Rehabilitation of Bagacay Mines and Assessment of Abandoned and Inactive Mine site - Ecosystem Research and Development	30.528	2
Biodiversity Conservation Program	27.561	1
Conduct of Special Studies	44.996	2
Soil Conservation and Watershed Management	9.500	0.5
Protected Areas and Wildlife Management	0.913	<0.1
Total based on partial data	1,788.820	100

Data source: DENR FMS

III. Implementation Achievements and Issues

5. As the project enters its final phase of implementation, the following provides an initial assessment of the project outcomes, pending actions, and the key policy and strategic issues that will need to be addressed to sustain and expand achievements of the project.

6. **Project & GEO Development Objectives:** The project was designed to assist the Department of Environment and Natural Resources improve efficiency and effectiveness in its service delivery. More specifically, the project aimed to strengthen the allocative efficiency of DENR's limited budget resources through better prioritization and partnership arrangements, facilitating scaling-up and better linking of plans and budgets. The design of the project sought to address two sets of issues:

- i) Build credibility, both within government and with the general public, as to DENR's accountability for resource use and transparency in implementing ENR policies and regulations, as well as to strengthen governance over its operations, and;
- ii) Strengthen the manner and efficiency by which core functions are implemented.

7. Project interventions were designed to support compliance with key policies and regulations through enhanced transparency, and through strengthened partnerships with stakeholders. At the watershed level, the project supported a shift away from sub-sectoral interventions (forestry, protected

areas, water etc), towards an integration of ENR functions, in partnership with LGUs and communities. There was a close linkage with the GEF grant supported aspects as noted below.

8. **Global Environment Objective:** This was to enhance ecosystem services for global and local benefits. The project was designed to;

- i) Apply an integrated ecosystem management (IEM) approach in priority watershed areas and selected sites of global significance, and
- ii) Establish livelihood models and payment for environmental service approaches incorporating carbon finance as a possible source of funds for sustaining the carbon stock.

9. **PDO & GEO Outcomes vis-à-vis the Outcome Indicators for the Project:**

- i) Implementation of DENR's reform agenda, which includes timely actions on the dated covenants, achievement of the key milestones and continued progress in implementing the Rationalization Plan: While DENR's Rationalization Plan has been through several iterations and "accepted" by DBM, it has not yet been approved. The project design however saw this as a risk and implementation of the project was not directly linked to approval of the Plan. Key institutional reforms which were covenanted under the project were achieved to the extent they were within DENR's control i.e., conduct of Baseline Client Satisfaction Survey, establishment of the Procurement Unit for Foreign-Assisted Projects, creation of the Internal Audit Service within the Department, updating and implementation of a 3-year Forward Planning and Budgeting strategy, submission of annual work plan and budget, and conduct of project Mid-Term Review.
 - a) Procurement capacity was significantly strengthened. In keeping with interim arrangements for the establishment of a unified DENR Procurement Unit, A.O. 2007-32 dated November 14, 2007, provided for a Procurement Unit under FASPO to fulfil the functions as defined under IRR of RA 9184, including overall oversight of procurement functions for the entire DENR. A Procurement Improvement Plan developed with World Bank support was implemented during the third year of the project and significantly improved the pace and quality of procurement. Likewise, the Community Driven Development (CDD) Manual developed under the project has facilitated procurement and proved particularly helpful in providing guidance for field offices in the procurement for the National Greening Program (NGP). The CDD Manual, now renamed as 'Community Participation Procurement Operations Manual (CPPOM) is in its final approval stage by the Government Procurement Policy Board (GPPD). Geo-tagging of investments, including tree planting under the NGP was also introduced and represents a significant innovation in facilitating both the monitoring of investments during implementation and their subsequent maintenance. Despite these substantial achievements, further strengthening of DENR's procurement capacity is needed, particularly in regard to the limited interest of qualified bidders participating in DENR procurement. The conduct of consultation meetings/dialogues with private sector groups as bidders needs to be continuously undertaken to help ensure successful procurement of goods, works and services.

An Internal Audit (IAS) Unit was established. The plan to engage a firm to strengthen internal audit services was taken over by DBM. After some delay as a result of restructuring of the World Bank assisted ICS/IA Project, the consultant has now been hired. The IAS has been functioning effectively and has conducted internal audits in Regions 3, 4A, 4B and 11 with reports on the audit results submitted to World Bank. For CY 2013, two regions covered by the Forestland Boundary Delineation Assessment is targeted to be subjected to audit appraisal. To date, the IAS has already conducted audit appraisal in one Region (Region 8) and another Region is set to be

- audited by the 3rd quarter. In addition to this, the IAS is undertaking audit on CY 2011 NGP activities wherein they already covered five Regions (i.e. Regions II, IVA, VIII, XIII and CAR)
- b) DENR's 3-yr Forward Plan National Expenditure Program was approved. The budget trends by MFO were for MFO 1 (Plans and Policies) to decrease while the budget share of MFO 2 (Ecosystems and Natural Resources Management) would increase. For MFO 3 (Environmental Regulations and Standards), a slight increase in budget share was projected. Overall there was little in the 3-year Forward Plan to indicate any significant change in DENR's business or prioritization of its approaches. That said, the major expenditure items for MFO 1 support surveys, data base and information systems development were in line with the NPS-ENRMP planned outcomes of improved client satisfaction with the delivery of services, and access to information. Likewise the major expense items for MFO2 and 3 are also consistent with NPS-ENRMP outcome indicators i.e., for MFO2, the major expense items cover the rehabilitation of watersheds, forestlands and protected areas as well as land disposition (e.g., land patent issuance, identification of school sites and socialized housing, as well as disposition of land cases). For MFO 3, the implementation of the Clean Air and Water Acts are the top priorities.
- c) The restructuring and staffing of EMB (into function-based divisions) was undertaken at the regional level in line with the Rationalization Plan although formalization and staff hiring through issuance of an Administrative Order is subject to approval of EMB's Rationalization Plan. But while staffing issues remain a central concern, the larger issue is the need for institutional strengthening of EMB. This is seen as critical for building DENR's credibility, both within government and with the general public, in terms of accountability for resource use, transparency in implementing ENR policies and regulations, and the need to strengthen governance over its operations.
- ii) 30% improvement in overall client satisfaction with DENR service delivery by type of client e.g. LGU/communities: The base line survey, although finalized in the third year of the project, showed reasonable levels of satisfaction as shown below. At the time, however, concerns were raised as to the methodology that raised questions as to the reliability of results.³ The findings of the follow-up survey will be important to further assess the perception of DENR's service delivery, accountability and transparency.

Table 3: Levels of Client Satisfaction Based on the Baseline Survey Conducted in CY 2010.

Indicators	Baseline (June 2010) levels of satisfaction
Transparency	68%
Accountability	64%
Participation	67%
DENR services	74%
MFO 2 Services, all regions	83%
MFO 3 Services, all regions	64%

- iii) 15% of reduction of total suspended particulate matter levels in Metro Manila over the 2007 baseline levels:- As of CY 2012, there has been a decrease of 16% from 142ug/Ncm to 119 ug/Ncm compared

³ Reflections, Major Findings and Recommendations. E.S. Guiang (DENR-FASPO's Internal Assessment). The report lists a number of short-comings in the survey methodology and a need to better reflect the types and distribution of various ENR clients by region, ENR attributes by region, and what ENR services that each client would require or demand from DENR.

to the 2006 baseline. The decrease is primarily attributed to the inclusion of strategies such as implementation of color coding scheme to reduce traffic for public utility buses and private cars, measures to ensure compliance with emission testing and other important initiatives undertaken by EMB in coordination with other government agencies such as DOTC-LTO, DILG and LGUs/MMDA. Despite this reduction in suspended particulate matter, levels are still 32% above the standard set for the Philippines of 90ug/Ncm. Much still remains to be done to reduce pollution levels in Metro Manila.

- iv) 80% of the Project's investment targets in rehabilitation, ecosystem development and assessments being met: This indicator was achieved. Of the 26 Result Indicators for the project (Schedule 2 of Legal Agreement) 21 have been substantially achieved and 5 partially achieved. The Key outputs that contributed directly to the PDO and GEO are summarized below together with some of the challenges that now face DENR if gains made are to be consolidated and expanded.

10. GEO outcomes vis-à-vis the Outcome Indicators for the Project

- i) 106,000 hectares of protected areas, protection forest and wetlands in GEF supported sites under effective management by the end of the Project. 131,886 ha out of a total area of 158,713 ha are under effective management in the four GEF assisted sites in terms of having:
- a) Management frameworks with corresponding budgets adopted by WMCs and LGUs;
 - b) Subprojects under implementation.
 - c) LGU ordinances/resolutions and law enforcement under implementation, and
 - d) A baseline METT information (2010) to be repeated in 2013.
- ii) 35% of ecologically sensitive forests (outside protected areas) under effective protection. Of the 358,222 ha of non-protected areas in the four GEF assisted sites, 125,377 ha. (35%) are under effective protection in terms of having:
- a) Management frameworks with corresponding budgets adopted by WMCs and LGUs;
 - b) Subprojects under implementation.
 - c) LGU ordinances/resolutions and law enforcement under implementation.
- iii) 25% decline in the area under kaingin (as measured by no. of plots) as a result of project interventions. This indicator proved to be un-measurable. However to the extent that "Other woodlands/brushlands/grasslands" can be considered as the kaingin areas, the total of such areas based on IEM framework for the four GEF assisted sites was 69,984 ha. The achievement of a 25% reduction in such activities is expected to result from implementation of the IEM plans and management activities.

11. Outputs vis-à-vis Results Indicators for the Project Components

- i) Component/MFO1: Policy, Planning, Monitoring and Evaluation (total cost US\$30.14 M; of which GEF US\$1.90 M): A key thrust was the support for DENR's institutional reform agenda based on the draft Rationalization Plan. At project completion the Rationalization Plan has still not been approved by DBM, as has been the case for most other Government Departments.
- a) Subcomponent 1.1: Rationalization of ENR Plans and Policies: This supported strengthening the efficiency of DENR's organization and operations and its service delivery in the provision of data, information and M&E.

- b) Subcomponent 1.2: Surveys and Mapping: This supported the demarcation of forest lands, watersheds, protected areas, foreshores, geo-hazards (high risk areas for landslides and flood-run-off) & groundwater.
- c) Subcomponent 1.3: Watershed Development Planning: Support was provided for the characterization of land-use patterns, delineation of forest and protected areas, focused on the watersheds identified for support under Component 2.
- d) Subcomponent 1.4: Remediation of Risks: Support was provided for rehabilitation and remediation plans for selected abandoned mines and mitigation and remediation measures for the abandoned Bagacay mine site.
- e) Subcomponent 1.5: Public Awareness and Environmental Education: Support was provided for identifying best practices in ENR for dissemination and replication.

Table 4: Loan Agreement Targets *vis a vis* Results for Component 1

Loan Agreement Targets Component 1	Results
Framework for the rationalization of ENR policies & legislation	<u>Partially Achieved:</u> Framework developed and being updated in line with new priorities. Inconsistencies or overlaps in existing policy legislations are also being addressed. Several joint issuances by DENR with DAR, LRA, DILG and NCIP were made to clarify respective jurisdictions, policies, programs and projects, harmonize the implementation of Indigenous People’s Reform Act (IPRA) and ENR laws and policies, and reconcile NIPAS Act of 1992 and IPRA law.
Key databases on-line for public access,	<u>Partially Achieved:</u> Connection of DENR offices and bureaus through Voice Over Internet Protocol (VOIP) is nearing completion (expected June 2013). The system will facilitate monitoring and reporting as well as updating of databases, land records etc. Construction of a “Green Data Center” designed to house and integrate all DENR data bases is pending. The enhancement of “Service Delivery” through on-line public accessibility to databases e.g., relating to industrial use, forests and protected areas has yet to be established. Likewise, the service orientation of DENR has yet to evolve to enable on-line permit application, fee schedules and transparent publication of processes, as well as comprehensive and timely environmental reporting. DENR Management needs to revisit its strategy for the MIS system and to provide specific guidance on the content and format of management reports, on-line services etc., to ensure the technical aspects of the MIS can deliver on expectations.
Improved tenure instruments	<u>Achieved:</u> Two key activities have been done; i) Cadastral maps have been prepared for 814 (50%) of municipalities in the country. These maps provide the cadastral information for alienable and disposable public lands and are essential for resolving the many competing claims on A&D lands. Completion of cadastral mapping is scheduled for 2015. The maps will be of considerable value to LGUs and are inputs to the Bank assisted LAMP2 project (additional financing). ii) Forest boundary delineation has been completed for 75 provinces and two cities, encompassing 79,245 Square Km. DENR has been proactive in following-up/advocacy for 68 draft bills to define forest boundaries. The maps were required by the legislature as a prerequisite for the legal definition of forest boundaries.
PA rules & regulations. update & policy	<u>Achieved:</u> Revised IRR’s for the National Protected Area System (NIPAS) were issued in 2008 (DAO 2008-26). These include the procedure for the issuance of Protected Area Community Based Management Agreement (PACBRMA) which <i>inter alia</i> addressed harvesting rights and tenure for those people living within protected areas. The revised IRR has also streamlined the procedures for the establishment and disestablishment of PAs, in particular with respect to the boundary demarcation and zoning, and has further clarified specific provisions that would help improve PA management in general.

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Mapping of priority geo-hazard areas completed	<u>Achieved:</u> All of the planned 1,634 geo-hazard maps at a scale of 1:50,000 have been completed along with 485 maps at 1:10,000. Completion of smaller scale maps should be completed in 2014. The maps are increasingly being used to help prepare LGUs and national agencies through information on flood/landslide prone areas, especially in advance of typhoons as part of risk mitigation measures.
Rehab. plans for 5 abandoned mines	<u>Achieved:</u> Assessments have been finalized for all 5 sites (encompassing soil & water analysis, geotechnical/geo-hazard assessment, information, education & communication, flora & fauna, air quality and acid mine drainage). Based on the experience acquired under the project in undertaking mine rehabilitation, MGB now plans to undertake interim rehabilitation of the 5 mine sites at the rate of one new site/year, commencing 2013. (There are reportedly some 22 significant abandoned mine sites in the country. The issue this raises is the extent to which DENR should be utilizing its scarce resources for abandoned mine rehabilitation <i>vis-vis</i> ensuring environmental risks and rehabilitation needs are complied with by the responsible party. (See follow-up actions below- Interim Rehab of Bagacay mine.
Forward Planning & Budgeting	<u>Achieved:</u> The 2010-2012 Medium Term Expenditure Program was completed. Overall there was little in the 3-year Forward Plan to indicate any significant change in DENR's business or prioritization. That said, the major expenditure items for MFO 1 support surveys, data base and information systems development were in line with the NPS-ENRMP planned outcomes of improved client satisfaction with the delivery of services, and access to information. Likewise the major expense items for MFO2 and 3 are also consistent with NPS-ENRMP outcome indicators.
Interim Rehab of Bagacay mine	<u>Achieved:</u> Interim rehabilitation has been largely achieved through construction of a diversion channel/pipeline, maintenance of limestone dam and ore/waste stockpile dam, construction of laboratory building as well as research on phytoremediation and maintenance of the 70-hectare reforestation area around the site. Ongoing activities include: (i) completion of Geo-technical Study, (ii) implementation of the Environmental Management Plan, and (iii) revegetation/reforestation of 100 ha (to be completed in 2016). Other areas needing follow-up by MGB based on the project outcomes are: i) Undertake cost-benefit analyses of mine rehabilitation as a basis for establishing DENR policy and guidelines on mine rehabilitation including DENR/MGBs direct involvement in such activities. ii) Review environmental safeguard policies to ensure the risks/costs associated with mine abandonment and rehabilitation are adequately covered, and iii) Document the experiences in rehabilitating Bagacay mine and prepare manuals & protocols to guide future rehabilitation of mine sites.

i) Component/MFO 2: Integrated Ecosystem Management (total cost US\$14.09m; of which GEF US\$4.43m)

Subcomponent 2.1 Integrated Ecosystems Management: This supported participatory watershed management, strengthening of LGUs to undertake ENR management, and habitat rehabilitation and restoration in convergence watersheds⁴ (GEF) and non-convergence watersheds (SIL).

Subcomponent 2.2 Agro-Forestry and Livelihood Support: Communities were supported to implement demand driven livelihood activities supporting sustainable land management and/or biodiversity conservation identified in micro-catchments.

⁴ Convergence: This referred to the specific watersheds selected for support Non-convergence referred to watersheds outside those specifically supported (i.e., i) Kanan, ii) Libmanan-Pulantuna , iii) Ligawasan Marsh, and iv) Bago).

Table 5: Loan Agreement Targets vis a vis Results for Component 2

Loan Agreement Targets Component 2	Results
Rehab. 30% degraded forest in GEF sites with native species	<u>Partially Achieved:</u> Of the 215,315 ha of degraded forest in the GEF sites, it was recognized early in the project's implementation that achieving the 30% target (64,000 ha) was overly optimistic given the resources available under the GEF assisted component. Under the project some 4,666 ha were rehabilitated of which 1,266 ha were done by DENR and 3,400 ha by LGUs. Further plantings are being undertaken as part of the NGP. The Community Participation Procurement Operations Manual (CPPOM) has been approved by the GPPB and is awaiting formal endorsement. Feedback from where this manual has been used in support of GEF assisted operations suggest it has greatly assisted the procurement process by providing clear guidelines as to what is permitted and what is not.
Rehab. >30% degraded forest outside GEF sites *Core Indicator: Area restored or re/afforested (ha)	<p><u>Achieved:</u> The National Greening Program (NGP) was launched in 2011 with a target of planting 1.5m ha by 2016. As of 2013, some 311,581 has. have been planted. Of the 100,000 ha planned for support under NPS-ENRMP, 71,807 ha (71.8%) have been planted. Geo tagging introduced under the project has been used to monitor accomplishments and is being extended to cover all NGP sites. The NGP is an ambitious program that is fraught with implementation & sustainability issues, many of which have been encountered in prior reforestation/replanting schemes with poor sustainability outcomes. Assessments by the Bank during the current review have reinforced earlier findings, recommendations, i.e.:</p> <ul style="list-style-type: none"> a) Given the importance of being able to show results from the substantial investments under NGP, it is recommended that the NGP build upon watershed protection activities already underway in the four GEF assisted sites. The substantial achievements could be expanded to “showcase” the results of the NGP, while further consolidating the experience and support for the IEM approach. b) The experience in achieving community stewardship/buy-in through the IEM approach under the NPS-ENRMP suggests the approach to NGP should be broadly aligned with the IEM framework, and c) The incentive framework for enhancing stewardship of tree plantings could be addressed by providing field offices with a menu of options for providing various types of livelihood type activities in conjunction with the NGP. This would address community/stakeholder needs for more short-term sources of income and be used to encourage their support for maintaining plantings. Ample implementation experience and operational manuals already exists under programs such as MRDP2 and the new nationwide PRDP program which could be drawn upon for such devolved, livelihood programs.
GEF protected area adopt METT	<u>Achieved:</u> METT has been implemented/adopted in all four GEF Sites
60% Protected Areas adopt METT *Core Indicator: Forest area brought under management plans (ha)	<u>Achieved:</u> METT is now being implemented in 64 of the Protected Areas in the country.
60% GEF communities have	<u>Achieved:</u> 23 or (78%) of LGUs/communities in GEF supported sites implementing

<p>“micro-catchment” plans</p>	<p>ENR/micro-catchment Plans.</p> <p>Summary of DENR-led Rehabilitation Activities (as of May 2013)</p> <table border="1" data-bbox="532 285 1360 499"> <thead> <tr> <th>GEF-assisted Watershed</th> <th>Target (Ha)</th> <th>Achievement (ha)</th> </tr> </thead> <tbody> <tr> <td>Kanan-Agos River Watershed</td> <td>307</td> <td>307</td> </tr> <tr> <td>Libmanan-Pulantuna Watershed</td> <td>230</td> <td>195</td> </tr> <tr> <td>Bago River Watershed</td> <td>284</td> <td>284</td> </tr> <tr> <td>Liguasan Marsh</td> <td>480</td> <td>480</td> </tr> <tr> <td>TOTAL</td> <td>1301</td> <td>1,266</td> </tr> </tbody> </table>	GEF-assisted Watershed	Target (Ha)	Achievement (ha)	Kanan-Agos River Watershed	307	307	Libmanan-Pulantuna Watershed	230	195	Bago River Watershed	284	284	Liguasan Marsh	480	480	TOTAL	1301	1,266
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<p>30 % households in GEF sites adopt livelihood practices.</p>	<p><u>Partially Achieved:</u> 17 livelihood activities of 9 LGUs in GEF sites are currently being undertaken in conjunction with the revegetation undertaken as part of the watershed rehabilitation activities. Such activities included nursery development, planting of fruit trees, pili nut, coffee, cacao, tiger grass (for brooms), mangrove and bamboo. Collectively these have helped demonstrate to communities the opportunities and benefits from revegetation and sustainable maintenance of such. Due to delays/non-issuance of the corresponding allotment/budget cover for CY 2012, 9 livelihood activities of 3 LGUs are still not being implemented. Collectively it is estimated 6,810 households benefited from livelihood activities (8.8% of the est. 77,152 households within the GEF assisted sites).</p>																		
<p>75% of activities in GEF sites implemented by LGUs /stakeholders *Core indicator: People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forests (number)</p>	<p><u>Achieved:</u> All IEM activities implemented in the GEF sites were implemented with the active participation of LGUs/stakeholders. Some 23 LGUs were involved together with an estimated 6,810 households.</p>																		
<p>Watershed Mgt Councils & MOAs</p>	<p><u>Achieved:</u> Watershed Management Councils exist for all of the GEF assisted sites along with MOAs defining their functions</p>																		
<p>Best management practices replicated in at least 2 non GEF sites *Core Indicator: Reforms in forest policy, legislation or other regulations supported (Yes/No)</p>	<p><u>Achieved:</u> The IEM approach is being replicated as part of the National Convergence Initiative (DENR-DA-DAR) and is being undertaken in the watersheds of Quinali R-5, Pola & Bongabong R-4B. Other foreign assisted project are also adopting the approach e.g., USAID supported Biodiversity and Watersheds Improved for Stronger Economy and Resiliency Project (B+WISER) & GiZ’s EnRD Project in Region 8.</p> <p>Best practices have been documented to facilitate dissemination i.e.,</p> <ol style="list-style-type: none"> i) Protocols and Processes for incorporating IEM and Forest Land Use Plans (FLUPs) NNs in ADSDDPs (draft prepared) ii) Province Led Integrated Ecosystem Management: The Case of Bago River Watershed in Negros Occidental: DENR Primer. iii) Getting stakeholders to contribute Toward Common Goals: a PES compendium. DENR Primer on Governance Oriented IEM. iv) Abridged Version of the Integrated Ecosystem Management Framework of Ligawasan Marsh as Wetlands Biodiversity Reserve. v) Primer on Formulating IEM-Consistent Investment Programs in Watersheds and Highly Diverse Areas. vi) Primer for Results Based Monitoring and Evaluation for Integrated Ecosystem Management. vii) Roadmap to Sustain IEM Replication and Scaling Up in the Philippines. viii) Guidelines for the Process Documentation of IEM Projects. ix) Integrated ecosystems Management: collecting individual efforts together to 																		

	overcome challenges and achieve joint benefits in ENR management. DENR Primer
ENR fees/royalties operational in at least 2 watershed areas	<u>Partially Achieved.</u> TA on PES has been provided (though yet to be implemented) for: i) Negros Occidental and Region 6. Opportunities to generate revenues from use of water for irrigation, industrial/commercial, and recreational purposes. ii) Infanta, Quezon. PES opportunities from mangroves and fishponds from among the CBFMA and FLA holders. iii) DSB, Negros Occidental, the on-going FLUP_CLUP process will help identify “sub-zoning” in the Multiple Use Zones for PES opportunities from vacation/ecotourism facilities.

ii) Component/MFO 3: Strengthening Environment and Natural Resources Management (total cost US\$4.77m: of which GEF US\$0.67m): This Component targeted the regulatory and oversight functions of DENR.

Subcomponent 3.1 Monitoring Systems for ENR Laws and Regulations: Support was for strengthening regulatory and compliance functions related to the issuance of tenure instruments, encroachment into forest areas and air, water, solid waste management, and environmental impact assessments, along with capacity-building for volunteer natural resource monitoring and enforcement.

Table 6: Loan Agreement Targets vis a vis Results for Component 3

Loan Agreement Targets Component 3	Results																																										
10%/yr increase in compliance (baseline: Air 55% Water 37%) *Core Indicator: Particulate matter reduction achieved under the project)	<p><u>Achieved:</u> Air: There have been significant improvements in both the number of company smoke stacks monitored and the level of compliance as shown below.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>No. Companies monitored</th> <th>% Compliance</th> </tr> </thead> <tbody> <tr><td>2007</td><td>9,519</td><td>55%</td></tr> <tr><td>2008</td><td>9,519</td><td>61%</td></tr> <tr><td>2009</td><td>10,923</td><td>62%</td></tr> <tr><td>2010</td><td>10,923</td><td>65%</td></tr> <tr><td>2011</td><td>11,746</td><td>80%</td></tr> <tr><td>2012</td><td>11,746</td><td>84%</td></tr> </tbody> </table> <p>Water: There have been significant improvements in both the number of company water discharges monitored and in the level of compliance as shown below. <i>(Data still needs updating for 2012)</i></p> <table border="1"> <thead> <tr> <th>Year</th> <th>No. Companies monitored</th> <th>% Compliance</th> </tr> </thead> <tbody> <tr><td>2007</td><td>3,747</td><td>37%</td></tr> <tr><td>2008</td><td>3,747</td><td>45%</td></tr> <tr><td>2009</td><td>4,088</td><td>54%</td></tr> <tr><td>2010</td><td>4,088</td><td>58%</td></tr> <tr><td>2011</td><td>4,067</td><td>63%</td></tr> <tr><td>2012</td><td>4,067</td><td>63%</td></tr> </tbody> </table>	Year	No. Companies monitored	% Compliance	2007	9,519	55%	2008	9,519	61%	2009	10,923	62%	2010	10,923	65%	2011	11,746	80%	2012	11,746	84%	Year	No. Companies monitored	% Compliance	2007	3,747	37%	2008	3,747	45%	2009	4,088	54%	2010	4,088	58%	2011	4,067	63%	2012	4,067	63%
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Operationalize at least 3 water quality management areas	<u>Achieved:</u> 3 WQMAs established i) Meycauayan-Marilao-Obando- R3, (ii) Jaro-Tigum-Aganan R-6 & (iii) Sarangani Bay-R12. Each has a Governing Board and 10-year WQMA action plan.																																										

Twelfth Implementation Review: Aide Memoire

(WQMA)	<p>Benefits associated with increased attention to Water Quality monitoring under the project include:</p> <ul style="list-style-type: none"> i) Facilitated implementation of the Adopt-an-Estero Program. ii) Improved implementation through the provision of materials and equipment iii) Expanded assistance in engaging the LGUs and communities 																					
<p>128 LGUs implement 3 aspects of ecological solid waste mgt. *Core Indicator: Industrial or municipal solid waste reduced or recycled under the project (tons/year)</p>	<p><u>Achieved:</u> Out of 128 LGUs, 97.4% are implementing segregation at source; 83% practice segregated collection; and 82% operate Material Recycling Facilities.</p> <p>Benefits associated with increased attention to Solid Waste Management under the project Air Quality include:</p> <ul style="list-style-type: none"> i) Helped and encouraged the LGUs and the general public, particularly the Homeowners Associations to undertake effective solid waste management by providing/appropriating funds for the project. ii) LGUs have been better able to implement R.A. 9003 through IEC campaigns and development of strategies/systems for the target stakeholders. 																					
<p>Monitor 179 Emissions test stations</p>	<p><u>Achieved:</u> The number of PETCs monitored has increased to 273 with 100% compliance.</p> <table border="1" data-bbox="496 772 1203 1058"> <thead> <tr> <th>Year</th> <th>No. of Private Emission Test Centers monitored</th> <th>% Compliance</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>179</td> <td>98%</td> </tr> <tr> <td>2008</td> <td>179</td> <td>98%</td> </tr> <tr> <td>2009</td> <td>210</td> <td>67%</td> </tr> <tr> <td>2010</td> <td>210</td> <td>100%</td> </tr> <tr> <td>2011</td> <td>210</td> <td>100%</td> </tr> <tr> <td>2012</td> <td>273</td> <td>100%</td> </tr> </tbody> </table> <p>Benefits associated with increased attention to air quality under the project Air Quality include:</p> <ul style="list-style-type: none"> i) Strengthened Anti-Smoke Belching (ASB) campaign by fielding additional ASB teams ii) Reduced vehicle smoke emissions through seminars/lectures on Vehicle Maintenance iii) Better air quality evaluation/analysis by establishing more AQM stations iv) Formulation of science-based air quality policies/abatement measures/strategies v) Enhanced IEC campaign on air pollution control from area sources 	Year	No. of Private Emission Test Centers monitored	% Compliance	2007	179	98%	2008	179	98%	2009	210	67%	2010	210	100%	2011	210	100%	2012	273	100%
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2008	179	98%																				
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2010	210	100%																				
2011	210	100%																				
2012	273	100%																				
<p>Monitor 4700 Permits to Operate</p>	<p><u>Achieved:</u> Both the number of companies issued permits to operate and their compliance with requirements have increased significantly as shown below.</p> <table border="1" data-bbox="496 1423 1203 1709"> <thead> <tr> <th>Year</th> <th>No. of Companies issued Permits to Operate</th> <th>% Compliance</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>1,337</td> <td>80%</td> </tr> <tr> <td>2008</td> <td>1,337</td> <td>80%</td> </tr> <tr> <td>2009</td> <td>2,219</td> <td>89%</td> </tr> <tr> <td>2010</td> <td>2,724</td> <td>91%</td> </tr> <tr> <td>2011</td> <td>3,489</td> <td>94%</td> </tr> <tr> <td>2012</td> <td>4,700</td> <td>100%</td> </tr> </tbody> </table>	Year	No. of Companies issued Permits to Operate	% Compliance	2007	1,337	80%	2008	1,337	80%	2009	2,219	89%	2010	2,724	91%	2011	3,489	94%	2012	4,700	100%
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<p>Monitor 1600 companies along water bodies draining into Manila Bay</p>	<p><u>Achieved:</u> Both the number of companies monitored and their compliance with requirements has improved as shown below.</p> <table border="1" data-bbox="496 1772 1203 1894"> <thead> <tr> <th>Year</th> <th>No. of Companies monitored along water bodies</th> <th>% Compliance</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>1,566</td> <td>94%</td> </tr> </tbody> </table>	Year	No. of Companies monitored along water bodies	% Compliance	2007	1,566	94%															
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	2012	1,744	100%																						
Monitor 101 bathing beaches for bacterial levels/safety. (It was agreed early in project implementation this was accumulative total)	<p>Achieved: The target of measuring a total of 101 beaches was achieved. Safety levels in terms of bacterial load are a concern as shown below with only 50-60% of beaches monitored meeting the water quality criteria suitable for bathing. This is clearly a priority for EMB follow-up.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>No. of bathing beaches monitored</th> <th>% meeting the Water Quality Criteria Suitable for Bathing</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>NA</td> <td></td> </tr> <tr> <td>2008</td> <td>23</td> <td>60%</td> </tr> <tr> <td>2009</td> <td>23</td> <td>61%</td> </tr> <tr> <td>2010</td> <td>26</td> <td>69%</td> </tr> <tr> <td>2011</td> <td>26</td> <td>58%</td> </tr> <tr> <td>2012</td> <td>26</td> <td>50%</td> </tr> </tbody> </table>				Year	No. of bathing beaches monitored	% meeting the Water Quality Criteria Suitable for Bathing	2007	NA		2008	23	60%	2009	23	61%	2010	26	69%	2011	26	58%	2012	26	50%
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4,216 environmentally critical projects (ECP) obtained Environmental Compliance Certificate (ECC)	<p>Achieved: Both the number of ECPs monitored and their compliance with ECCs has improved as shown below.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>No. of ECP projects issued with ECC.</th> <th>% Compliance.</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>4,216</td> <td>80%</td> </tr> <tr> <td>2008</td> <td>4,216</td> <td>80%</td> </tr> <tr> <td>2009</td> <td>4,380</td> <td>80%</td> </tr> <tr> <td>2010</td> <td>4,380</td> <td>80%</td> </tr> <tr> <td>2011</td> <td>4,380</td> <td>90%</td> </tr> <tr> <td>2012</td> <td>4,380</td> <td>100%</td> </tr> </tbody> </table>				Year	No. of ECP projects issued with ECC.	% Compliance.	2007	4,216	80%	2008	4,216	80%	2009	4,380	80%	2010	4,380	80%	2011	4,380	90%	2012	4,380	100%
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IV. Procurement

12. The review found procurement under the project to be reasonably on track and that processing of procurement during the review period has generally been in compliance with the agreed procedures. Procurement implementation during the last six months is substantial due to continued good progress in procurement actions in the Cadastral Survey and the NGP. Progress to date would indicate that the remaining procurement will be completed before the amended Loan closing date. The procurement concern raised during the previous mission concerning the Sanchez Mira cadastral survey contract has been clarified and from the bank's perspective the issues raised do not warrant further action. The review also noted that DENR's use of the Community Participation Procurement Operations Manual (CPPOM) has been found useful in providing guidance and flexibility in the implementation of NGP by the field offices. Likewise the use of geotagging has provided an effective mechanism for providing transparency and supervision control through GPS-based monitoring of NGP areas.

V. Financial Management

13. The designed FM system of the project remains the same. It is to be noted that the project is due to close on December 31, 2013 and as such, the mission recommends that special attention be given to the following in order to ensure complete and proper utilization of funds in time for the project close:

- a. Timely liquidation of all funds transferred to the Regions and LGUs
- b. Coordinate with DBM the release of the Special Allotment Release Order (SARO) to enable use of the grant funds for LGU subprojects
- c. DENR CO should closely coordinate with EMB CO reconciliation of reciprocal accounts. Due from NGAs in the books of DENR CO amounted to PhP64.856 million representing amount downloaded to EMB while its reciprocal account, Due to Other NGAs, maintained by EMB has a balance of PhP46.880 million.
- d. EMB CO, in close coordination with DENR CO, should reconcile records and settle the unliquidated balance of downloaded funding checks totaling to PhP52.525 million taken from DENR CO Designated Account to cover EMB CO's allotment of PhP28.335 million in 2008 and PhP24.19 million in 2009. As of the mission date, the amount has not yet been fully liquidated.
- e. Resolve FM issues noted in previous missions as follows 1) Fiduciary issues and ineligible expenditures in Region 4-B and EMB CO; 2) Liquidation report from the Philippine Women's University (PWU) of PhP480,000; and 3) Completion of reconciliation of physical count with the accounting records for property, plant and equipment for both DENR and EMB

Review of compliance with the financial covenants.

- a. Financial Monitoring Reports (FMRs) – The most recent submission of FMRs is for the first quarter of 2013 which was received by the Bank on May 29, 2013. The Bank is pleased with the Agency's timely submission of the reports which were found to be in order.
- b. Audited financial statements – The 2012 Project Audited Consolidated Financial Statements and Management Letters for both the SIM Loan and GEF grant are due on June 30, 2013.

VI. Safeguard Compliance

14. There are no Safeguards issues at this time.

VII. Preliminary Overall Assessment and Follow-up Actions

15. The number of outcome and result indicators for this project was quite extensive, with 7 PDO/GEO outcome indicators and 26 Results indicators. Of these 6 of the PDO/GEO indicators were met; the remaining one on reduction in Kaingin activity in protected areas being un-measurable, though probably met to some extent. Of the 26 result indicators, it seems that 21 will be achieved, and 5 partially achieved.

16. The overall question is to what extent the Project Development Objective of "Improving efficiency and effectiveness in DENR's service delivery" has been achieved. The goal was to i) build credibility, both within government and with the general public as to DENR's accountability for resource use, transparency in implementing ENR policies and regulations, and need to strengthen governance over its operations, and ii) strengthen the manner and efficiency by which core functions are implemented.

17. The preliminary assessment is that while progress has been made, much remains to be done at an institutional level. The achievements under the project notwithstanding, much depends on what is done to replicate and/or expand upon the accomplishments and experiences. This, it is suggested, will require DENR's Management Committee to take more collective and proactive responsibility for the implementation of future projects and programs. The following elaborates on this point and highlights key areas for DENR management attention.

- i) Feed-back Survey on DENRs Service Delivery: This is an important activity to be completed prior to loan closing. The survey conducted earlier in the project suffered from a number of methodological issues. A transparent and credible survey of client satisfaction with DENR services remains a priority. At the wrap-up meeting it was agreed that the process of contracting for the survey would commence immediately to enable completion by December 2013. The design of the survey should take account of the feedback and suggestions for improvement, based on the design of the first survey (see Footnote 4).
- ii) Integrated Ecosystem Management IEM. The approach developed under the project for collective actions in managing watershed-ecosystems has been effectively captured in the draft DENR Administrative Order "Guidelines on the Adoption of the Integrated Ecosystems Management Approach in the Formulation and Implementation of ENR Plans and Programs". But to the extent this is a new way of doing business and in some respect at odds with other DENR forestry and protected area mainstream activities, it will require the proactive support of DENR management. Concerns as to the risks of devolvement to LGUs with limited capacity/experience are well founded. On the other hand the benefits of engaging LGUs and communities have also been well established. This remains a complex but important issue for DENR to resolve at an institutional level. That said, to the extent experiences from past tree planting efforts have amply demonstrated survivability of tree planting depends on active LGU and community support/stewardship, it is recommended that activities under the National Greening Program should be aligned with the IEM approach/framework.
- iii) National Greening Program. This is an ambitious program of DENR and its degree of success will impact significantly on public and government perception as to DENR's credibility and accountability for resource use and protection of the environment. Lessons from past tree planting programs have been well documented, but early feedback points to a number of lessons from the past needing further attention. Assessments by the Bank during the current review have reinforced earlier findings and recommendations, notably: a) DENR oversight of the NGP has undoubtedly been strengthened and at the field level there the sense of accountability for achievement of seedling production/planting targets. But it is recommended that further reinforcement of accountability is needed in terms of shifting the mindset from "seedlings produced" to areas planted and maintained, including seedling replacement, and b) more attention needs to be given to strengthening community stewardship/ownership of the program. Feedback suggests commitment to maintain plantings is marginal; linked more to DENR payment for maintenance than a commitment to ensure the survival of trees or replanting of losses. While the environmental value may be appreciated by communities, the potential benefits are seen as too long-term to be attractive. This raises concerns as to the long-term sustainability of the plantings. In light of this feedback, the following suggestions are provided:
 - a) Given the importance of being able to show results from the substantial investments under NGP, it is recommended that the NGP build upon watershed protection activities already underway in the four GEF assisted sites. The substantial achievements could be expanded to "showcase" the results of the NGP, while further consolidating the experience and support for the IEM approach.

- b) The experience in achieving community stewardship/buy-in through the IEM approach under the NPS-ENRMP suggests the approach to NGP should be broadly aligned with the IEM framework, and;
- c) The incentive framework for enhancing stewardship of tree plantings could be addressed by providing field offices with a menu of options for providing various types of livelihood type activities in conjunction with the NGP. This would address community/stakeholder needs for more short-term sources of income and be used to encourage their support for maintaining plantings. The proposals under consideration by DENR as presented by Dr. Bonita are along similar lines. In that context DENR is advised to look at the substantial implementation experience and operational manuals that already exist in the Philippines under Department of Agriculture programs such as MRDP2 and now to be expanded nation-wide under PRDP. Considerable scope exists for cross-fertilization of ideas from those on-going programs.
- iv) Information Access, Efficiency & Service Delivery: The MIS upgrading supported under the project is undoubtedly an important achievement. To this point emphasis has been directed primarily at the procurement aspects and technical IT aspects. The vision and leadership as to what the system needs to be delivering by way of such things as i) concise and regular management reports, ii) comparative and timely data reports from various databases, iii) public access to ENR data and regulatory compliance information, iv) on-line services (procedures, fee schedules, applications etc). How effectively the system will be used to strengthen the management of DENR and improve its service delivery remains a challenge that will require management oversight and inputs from experienced operational staff to spell out what the system should be able to deliver. It is recommended the next Information Systems Strategic Plan (ISSP) should enunciate the management oversight, information accessibility (external and internal), and service delivery the MIS will provide, together with the time frame for its operationalization. Without more guidance from management on what the MIS should be delivering in both substance and form, the outcome will undoubtedly fall far short of expectations.
- v) Environmental Monitoring and Compliance: The project contributed to greater discipline in the setting of targets and timely reporting of environmental parameters. It also highlighted issues surrounding the quality of the data, especially in regard to a need for better information on the “universe” of pollution point-sources that should fall under monitoring and regulatory compliance of EMB. A major concern that goes to the issue of credibility is that while EMB may be monitoring and following-up on compliance with many companies, it is unclear as to how many are not being monitored or not operating in accordance with their permits. Other issues relate to public access to information and the inherent conflict in EMBs role as both an environmental monitoring/reporting agency and as a regulator accountable for compliance. The monitoring results of bacterial levels at ‘bathing beaches’ (see earlier) provide just one example of the inherent conflicts faced in undertaking timely monitoring and transparent reporting, while also being accountable for enforcement of compliance. These are important challenges for DENR to confront and which go to the core of what will be needed to strengthen efficiency, build credibility and service delivery.
- vi) Clean-up of Manila Bay and its waterways: The Operational Plan for Manila bay Coastal Strategy still lacks the necessary level of strategic focus, sequencing of interventions, inter-agency convergence and budget commitment. While DENR has been designated as the lead agency by the Supreme Court, this coordinating function falls far short of the level of Leadership, Oversight, Policy Direction and Resource commitments that this long term program will require. Likewise the limited institutional status of the MBCO and as provided for in the current draft of DENRs Rationalization Plan, neither adequately recognizes the critical role of the MBCO nor enables it to operate effectively in an inter-agency coordination capacity. Until the level of commitment and inter-agency leadership for the program is established, the somewhat *ad hoc* types of interventions are likely to persist, with

negligible perceived impact on water quality in Manila Bay and its waterways. For DENR management, the issues are both the extent to which a) it advocates for the level of Oversight/Management needed and b) the manner and cost-effectiveness of resources it allocates to “clean-up” activities, monitoring and regulatory compliance. The planned World Bank support for the longer term Manila Bay Integrated Water Quality Program is dependent on the appropriate level of program leadership and commitment being established. Without strong advocacy and leadership from DENR, the appropriate institutional framework and coordinated efforts needed to clean-up Manila Bay and its waterways will not eventuate.

- vii) Abandoned mine rehabilitation & mitigation measures: Considerable experience has been gained by MGB under the project through the rehabilitation of Bagacay mine and in the development of rehabilitation plans for five other abandoned mine sites. Plans for MGB to rehabilitate the five sites beginning in 2013 would seem to raise issues for DENR as to its policy for direct involvement in “rehabilitation works” and adequacy of measures to both mitigate future risks surrounding mine abandonment and ensure clear assignment of responsibilities for rehabilitation works. The experience under the project would seem to offer the opportunity to a) Undertake cost-benefit analyses of mine rehabilitation as a basis for establishing DENR policy and guidelines on mine rehabilitation including DENR/MGBs direct involvement in such activities, b) Review environmental safeguard policies to ensure the risks/costs associated with mine abandonment and rehabilitation are adequately covered, and c) Document the experiences in rehabilitating Bagacay mine and prepare manuals and protocols to guide future rehabilitation of mine sites.
- viii) Project Implementation: The relative success of the project can be largely attributed to the efforts and strong support for the project goals from FASPO and FMS. But while designed to support the core programs and institutional strengthening of DENR, the project was largely left the FASPO and FMS to manage. Both Offices have had an important role in assisting DENR attract and effectively implement foreign assisted projects under circumstances where limited capacity/experience existed in other implementing units/bureaus. This has served DENR well and indeed the implementation of NPS-ENRMP benefited greatly from FASPO and FMS’s expertise in project management. But an issue for DENR management is whether this, inadvertently, may now be stifling development of institutional capacity and initiative by other implementing units within DENR. It is suggested DENR’s Management Committee needs to take more collective responsibility for project and program implementation. Likewise individual bureaus/implementing units need to be more proactively engaged in planning and implementation in line with their institutional responsibilities.
- ix) Project Completion Report: DENR-FASPO is encouraged to initiate the completion review of the project with the view to enabling the key findings to be discussed at the next/final World Bank review in December 2013. While the project still has six-months to run, the outcomes of most project aspects are already quite clear. In preparing TORs for the Completion Report, it is suggested that key areas to be addressed should include: i) assessment of results in terms of the challenges, policies and strategies this presents for DENR management if the achievements of the project are to be expanded and sustained, ii) cost-benefit (ERR) analysis of IEM and rehabilitation measures for abandoned mines, as a basis for formulating policies and strategies for expanded DENR investments in these areas, iii) assessment of achievements under the project vis-a vis the rationalization plan iv) assessment of issues vis-a-vis the Rationalization Plan and the functions of MBCO and EMB as suggested by findings in this Aide-Memoir, v) verification of results and achievement of performance indicators, and vi) recommendations as to Next Steps. At the wrap-up meeting it was agreed that DENR-FASPO would proceed immediately to hire a consultant(s) to undertake the completion report.

IX. Next Review Mission

18. The final full review of the project will be in December 2013 when the Bank will undertake its Completion Report Review of the project.

List of Annexes

- Annex 1: Progress Report (June 2013-prepared by DENR)
- Annex 2: Status of Key Dated Covenants
- Annex 3: Disbursement Schedule
- Annex 4: Mines and Geosciences Bureau
- Annex 5: Environmental Management Bureau and Manila Bay

NATIONAL PROGRAM SUPPORT TO ENVIRONMENT AND NATURAL RESOURCES MANAGEMENT

Twelfth Implementation Review (June 17-28, 2013)

Progress Report (June 2013-prepared by DENR)

Project Profile

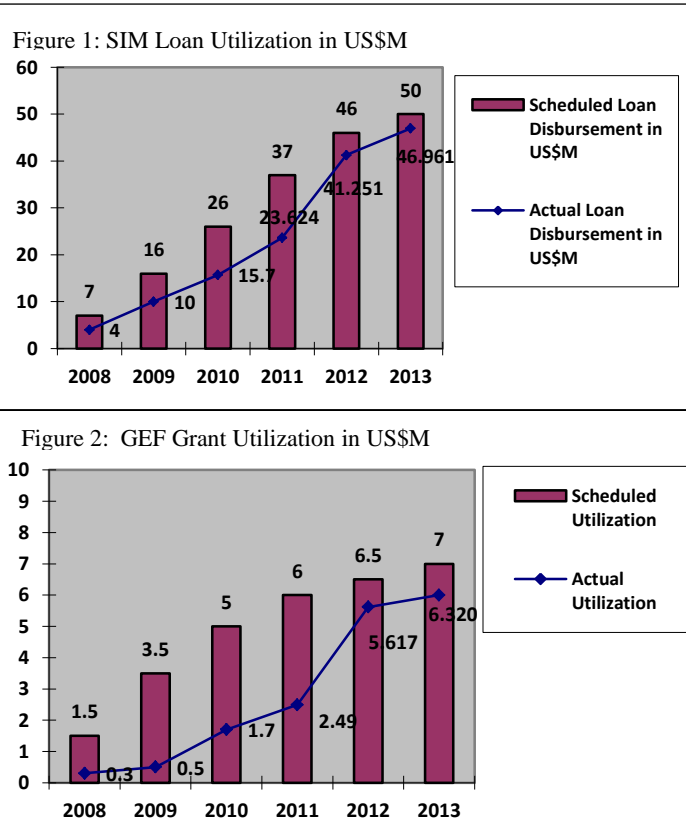
Project Title	:	National Program Support to Environment and Natural Resources Management Project (NPS-ENRMP)
Fund Source(s)	:	World Bank (WB) and Global Environment Facility (GEF)
Loan/Grant	:	US\$ 50M (Sectoral Investment and Maintenance Loan)
Grant Amount	:	US\$ 7M (Global Environment Facility)
Interest Rate (%)	:	LIBOR for the Loan Currency plus (+) Fixed Spread
Front-End Fee	:	1% of Loan Amount
Commitment Charge	:	¾ of 1%
Signing Date	:	30 August 2007
Effectivity Date	:	30 November 2007
Closing Date	:	31 December 2012
Revised Closing Date	:	31 December 2013
Implementing Agency	:	Dept. of Environment and Natural Resources (DENR)
Sector/Sub-sector	:	AARNR/Natural Resources
Region(s)	:	All Regions for the WB-SIM loan component; Regions 4A, 5, 6, 12, ARMM for GEF grant component
Beneficiaries	:	General public, particularly beneficiaries of DENR services

Objective(s)

The Project aims to (1) improve DENR efficiency and effectiveness in implementing its core functions and service delivery and (2) assist the GOP in enhancing ecosystem services for additional global and local benefits.

I. Status of SIM and GEF Disbursement

The level of disbursement as of May 31, 2013 is US\$ 46.961 Million (93.9%) for SIM Loan and US\$ 6.320 Million (90.0%) for GEF grant. Full utilization of SIM loan of US\$50M is likely to be achieved by the end of the extension period of December 31, 2013. For the GEF Grant, on the other hand, pending issuance of allotment by the DBM, amounting to PhP 19M (or US\$450,000, ForEx @ US\$1= PhP 42) may cause delays in the implementation of additional LGU subprojects that would result to underutilization of the US\$7M by end of this year. (please see Figures 1 and 2).



II. Status of Implementation

Component 1: Policy, Planning, Monitoring and Evaluation

1. Database Establishment/Management: Procurement of ICT Equipment

Distribution of various IT Packages to the Regional Offices, PENROs, CENROs and Bureaus to support build-up of their focal databases has been completed. Interconnection of all DENR offices through the installation of Voice Over Internet Protocol (VOIP) is nearing completion. To date, all DENR Regional Offices (except Region 9 due to absence of telecommunications provider in the area), FMB and PAWB have likewise been installed with VOIP. Moreover, preparatory activities for the installation of VOIP at LMB and ERDB are currently being done by the respective Bureaus. For LMB, entrance facility to connect is being set up while ERDB is waiting for the issuance of permit for the “right of way” of the telecommunication provider from the UPLB, since ERDB office is located within the vicinity of the university. Completion of VOIP installation is expected to be done by end of June, 2013.

Identified initial benefits of the VOIP include an improved interconnectivity between and among DENR Regional offices, Bureaus, and Central Office, particularly with respect to transmittal of reports, which aided the monitoring of accomplishments of projects and activities from the CENRO level up to the Region and Central Office. The installation of VOIP also provided the means for further capacitation of regional personnel in computer applications. It also provided support to DENR in the computerization of land records and in monitoring and reporting of plantation accomplishments (NGP).

To provide full on-line public accessibility of DENR key databases relating to industrial use, forests and protected areas, which is an outcome indicator for NPS-ENRMP, the DENR, is currently undertaking activities pertaining to the establishment of DENR Green Data Center. Said Data Center will house all databases, applications and will serve as an intensive repository of global information within the DENR Central Office Compound. A Memorandum of Agreement between the DENR and DPWH for the construction of said facility is recently finalized by the DPWH for approval by the DENR Secretary and the DPWH-NCR officials.

Moreover, the Microsoft Technology Consultant is currently undertaking preparatory activities for applications development for DENR. The application development is expected to integrate all individual databases of DENR Central and regional offices.

Mapping of Priority Geo-Hazard Areas

DENR has completed the geo-hazard maps of 1,634 municipalities, with a scale of 1:50,000. With regard to the preparation of geo-hazard maps with a scale of 1:10,000 with the overall target of 1,634 municipalities as well, 485 maps have been completed. The completion of all 1,634 maps is targeted to be achieved by MGB in CY 2014, which will be funded under the Bureau’s regular fund.

2. Rehabilitation and/or Decommissioning of Abandoned/Inactive/Closed Mines

All programmed activities with regard to on-site assessment in the five (5) abandoned mines (e.g. soil and water sampling/analysis, geotechnical/geo-hazard assessment, information, education and communication (IEC), terrestrial survey of flora and fauna, air quality assessment and acid mine drainage (AMD)), have been completed.

The individual Mine Environmental Management Plan (MEMP) of each abandoned/inactive mines, which is the output of the study conducted by Axeltechs, Inc., were submitted in CY 2012 and are planned to be implemented by MGB at one site every year starting in 2013.

As regards the activities in Bagacay Mines Rehabilitation (Hinabangan, Samar) all engineering mitigating measures such as construction of diversion channel/pipeline, maintenance of limestone dam and ore/waste stockpile dam and construction of laboratory building as well as research on phytoremediation were completed in CY 2012. Care and maintenance of the 70-hectare reforestation project within the periphery of the site is continuously being undertaken by DENR-Region 8. Remaining activities include: (i) completion of Geo-technical Study by Lichel Technology, Inc. (LTI), (ii) implementation of Environmental Management Plan, which is dependent on the Geotechnical Study being conducted by LTI, and (iii) revegetation/reforestation of 100 ha mine area to be conducted by ERDB and DENR VIII. For this year, target area for reforestation is 60 ha and the remaining 40 ha is targeted for 2014. Protection, maintenance and monitoring of the reforested area will be undertaken in 2015-2016.

3. Cadastral Survey

For CY 2011, a total of 59 contracts (98%) out of the targeted 60 contracts for the survey of Municipalities have been awarded as of May 31, 2013. The awarded contracts amounted to Php222.29 Million. One contract (in NCR) is still to be awarded. The awarded contracts are broken down as follows: Category A (complete Cadastral Survey) – 14 Municipalities; Category B (Political Boundary) – 40 Municipalities; and Category C (Lot Survey) – 5 Municipalities.

For CY 2012, the total number of contracts awarded as of May 31, 2013 totals to 190 (97%) which amounted to Php 803.082 Million. This is out of the total target of 195 contract packages. The original target was 217 but 22 have been untagged.

As a result of the bidding processes both for the CY 2011 and CY 2012, the project was able to generate savings. The savings were then utilized to support additional twenty-nine (29) contracts, with 28 contracts already awarded which amounted to Php 71.263 Million.

Of the total target area to be surveyed covering all contracts awarded for CY 2011 and 2012 as well as savings generated, 3,448,933.66 ha (55%) has been surveyed.

Target completion of all CY 2011 and 2012 cadastral survey projects is by end of June and September, 2013, respectively. This was the commitment of LMB during the 1st quarter assessment of Cadastral Survey Projects (CSPs).

Component 2: Integrated Ecosystem Management

1. National Greening Program (NGP)

Out of the total 47,363,598 seedlings targeted to be produced (based on the target seedling production issued with No Objection Letters from the Bank including target under the DENR-PTFCF/FPE Partnership), a total of 45,650,900 seedlings (96%) have been reportedly produced. The remaining target for seedling production is under the DENR-PTFCF/FPE Partnership which is targeted to be completed by the end of the 2nd quarter of CY 2013.

As for plantation establishment, out of the total target plantation area of 100,000 ha, 71,807.20 ha (71.8%) has been completed. The 29.2% area for completion is the remaining target of Regions III, IVB, under the DENR-PTFCF/FPE Partnership.

The use of geotagging technology to monitor accomplishments of NGP was introduced to the DENR in CY 2012. Since then, the NGP office has been conducting trainings on the use of the technology nationwide. As of to date, geotagged NGP sites include 913 out of the 5361 sites (17%) and 1041 out of the 8085 sites (13%), for CY 2011 and 2012, respectively. The DENR field offices are likewise being capacitated on the web-based monitoring system for NGP.

The final draft of the DENR Community Participation Procurement Operations Manual (CPPOM) has already been approved by the GPPB. The DENR is just awaiting formal endorsement of the approved CPPOM.

2. Integrated Ecosystem Management (IEM)

Below are the completed and ongoing activities with regard to IEM implementation from January-June 2013:

A. Mainstreaming the IEM Approach in DENR

1. Final version of the IEM DAO has been submitted to the DENR Planning and Policy Studies Office (PPSO) and DENR Policy Technical Working Group (PTWG) for further review and DENR Secretary's actions. The final version has undergone series of consultations with concerned DENR offices/units.
2. As an interim action, the DENR PPSO issued IEM-consistent budget guidelines in formulating programs, activities, and projects (PAPs) for priority watersheds and highly diverse areas in their 2014 budgetary submissions.

B. Disseminating the IEM Approach with Other Related Initiatives

1. In collaboration with NCI (in February and early April 2013), the IEM approach was adopted as a framework in developing investment strategies in selected convergence areas (NCI priority watersheds).
2. During the project's work planning in late April and early May 2013, the new USAID-supported B+WISER Project (Biodiversity and Watersheds Improved for Stronger Economy and Resiliency Project) has started adopting the IEM approach for implementing their site-level activities.
3. In early May, the IEM approach was also discussed with the local government counterparts of GiZ's EnRD Project in Region 8.

C. Supporting LGUs and land resource management units for implementing sustainable IEM in GEF sites

1. Continuing support for Region 4A (General Nakar and Infanta) and Region 6 (Don Salvador Benedicto) on how IEM concerns are built into the FLUPs, updating CLUPs to ensure that the "Non-Negotiable Zones" are part of the LGU zoning regimes.
2. A workshop conducted between NCIP, LGUs, and DENR, the ENRMP/GEF helped facilitate and map out strategies on how ancestral domain holders in IEM sites through their ADSDPP and FLUPs/CLUPs can partner in conserving biodiversity, protecting forests, regulating activities in highly hazardous areas, and enforcing ENR policies and regulations in their areas of responsibility.
3. Prepared a draft MOA between NCIP and LGU/General Nakar on how they can work together to harmonize the FLUP/CLUP and the ADSDPP preparation.

4. Assisted the Bago River Watershed Management Council in reviewing and discussing various resolutions and draft ordinances in support of the IEM approach by incorporating the Non-Negotiables in the LGUs' CLUPs, and joint management of the watershed area.
5. Continuing TA support on PES:
 - For the Province of Negros Occidental and DENR Region 6 in setting up PES to generate revenues from use of water for irrigation, industrial/commercial, and recreational purposes.
 - For the ecosystems goods and services from mangroves and fishponds from among the CBFMA and FLA holders in Infanta, Quezon.
 - For DSB, Negros Occidental, the on-going FLUP_CLUP process will help identify proper "sub-zoning" in the MUZ for PES opportunities from vacation/ecotourism facilities.
 - In Region 5, the DENR and the LGUs continue to work together for the gradual transition of IEM implementation through the DENR Bicol River Basin Office in partnership with LGUs and the province especially in Albay.
 - In Quinali, the NCI agencies have decided to formulate IEM-consistent investment strategies. DENR has already budgeted support for ensuring that the NNs are rehabilitated and protected through the NGP in 2013 and 2014.

D. Piloting RBME as a Performance Management Tool for IEM Sites

1. Continued the process in setting up governance-based RBME systems in Kanan and Libmanan-Pulantuna sites.
2. Refinement of the RBME from the initially-identified outputs and outcomes for the Bago River Watershed site.

E. Supporting sustainable IEM approach through the knowledge products

Completed and drafted the following knowledge products:

1. Draft Protocol and Processes in incorporating the IEM and FLUP NNs in ADSDDPs
2. Write up of Bago River Watershed on how the LGUs and DENR adopted the IEM framework for individual and collective implementation.
3. Primer on Governance Oriented IEM: Getting Each Stakeholder to Contribute Toward Common Goal
4. PES compendium
5. Abridged Version of the Integrated Ecosystem Management Framework of Ligawasan Marsh as Wetlands Biodiversity Reserve (LMWBR IEM).
6. Primer on Formulating an IEM-Consistent Investment Programs in Watersheds and Highly Diverse Areas.
7. Primer for Results Based Monitoring and Evaluation for Integrated Ecosystem Management.
8. Roadmap to Sustain IEM Replication and Scaling Up in the Philippines.
9. Guidelines for the Process Documentation of IEM Projects.

Furthermore, planned activities for the next three months include:

1. Facilitate review, approval, and issuance of the DAO on IEM.
2. Organize national and regional consultations or IEM orientations, and workshop for sharing and discussion of lessons, best practices, draft policy and operational guidelines, and recommendations from the ENRMP/GEF sites.
3. If needed, assist the regions develop their capacities to replicate IEM in selected sites as part of the capacity building support of ENRMP.

4. Complete the review, editing, and publication of knowledge products for IEM replication and scaling up.

Other Specific Accomplishments in GEF-Supported Sites

Kanan-Agos River Watershed

Integrated Ecosystems Management (IEM) Framework Plan. For the 1st Quarter of CY 2013, the Kanan Watershed Management Project, thru the ENR Specialist focused on the integration of the FLUPs of the LGUs of Infanta and Gen. Nakar in their respective CLUPs to ensure the sustainable implementation of the Integrated Ecosystems Management (IEM) Framework Plan. The Project personnel also attended the Working with Indigenous People’s Seminar Workshop conducted by Atty. Ferdinand Quicho, as the Socio-anthropologist Specialist; and the RBME seminar conducted by the GEF Specialists contracted by DENR-FASPO with Dr. Gem Castillo, as the M&E Specialist.

Operationalization of WMC – The Expanded PAMB for Presidential Proclamation No. 1636 which conducted its first regular meeting on March 7, 2013, focusing among other things in the action planning in relation to the results of the METT.

Restoration and Rehabilitation of Ecologically Sensitive Areas in the Project – The DENR-led Assisted Natural Regeneration (ANR) subproject had been completed by the partner barangays and LGU. The only remaining ANR implementation is the 30-ha of the LGU of Infanta and is also nearing its final completion and payment.

The remaining activities for completion are the Riverbank Rehabilitation/Stabilization Project under the Brgys. Maigang, Batangan and Pesa. The activities are on the 3rd release of the tranche payment, accounting for the 80% of the completion of the said activity.

Also under the same level of completion is the 10-ha agroforestry project for the LGU of Infanta and Brgy. Mahabang Lalim, Gen. Nakar, Quezon. The past scorching climate in the area hampered the progress of the activities. The said projects are expected to be completed before the end of July 2013.

Conduct of Forest Patrol, Apprehensions and Transport of Apprehended Forest Products – The CENRO Real had been conducting the initial stages of the clearing operations of the Marikina-Infanta Road, within the Kanan Watershed Management Project. However, stiff resistance from the affected informal settlers *cum* land speculators had been drastic. The settlers had filed complaint against CENRO Real personnel at the Commission on Human Rights level. The matter is being resolved at the moment.

For the status of GEF rehabilitation implementation (DENR-led) in KWMP, please refer to Table 3 below.

Table 1: Status of DENR-led Rehabilitation Activities (As of May 31, 2013)

Rehabilitation Activity	Area (hectare)	Implementing Organization	Municipality	Status
1. ANR	36	LGU of Infanta/MENRO	Infanta	Completed, fully disbursed
2. Mangrove Rehabilitation	8	LGU of Infanta/MENRO	Infanta	Awaiting report as basis for 3 rd release of payment

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3. ANR	30	Brgy. LGU of Magsaysay	Infanta	Completed and fully disbursed
4. ANR	35	Brgy. LGU of Maigang	Gen. Nakar	Completed and fully disbursed
5. ANR	35	Brgy. LGU of Mahabang Lalim	Gen. Nakar	Completed and fully disbursed
6. ANR	35	Brgy. LGU of Batangan	Gen. Nakar	Completed and fully disbursed
7. ANR	35	Brgy. LGU of Pesa	Gen. Nakar	Completed and fully disbursed
8. Agroforestry	10	LGU of Infanta/ MENRO	Infanta	Awaiting report as basis for 2 nd release of payment
9. Agroforestry	10	Brgy. LGU of Mahabang Lalim	Gen. Nakar	Completed and fully disbursed
10. ANR	30	LGU of Infanta/ MENRO	Infanta	Awaiting report as basis for 3 rd release of payment
11. Riverbank Rehab.	10.71	Brgy. LGU of Maigang	Gen. Nakar	Awaiting report as basis for 3 rd release of payment
12. Riverbank Rehabilitation	18.9	Brgy. LGU of Pesa	Gen. Nakar	Awaiting report as basis for 3 rd release of payment
13. Riverbank Rehabilitation	13	Brgy. LGU of Batangan	Gen. Nakar	Awaiting report as basis for 3 rd release of payment

TOTAL: 306.61

Libmanan-Pulantuna Watershed (Region 5)

A joint WMC and TWG Special Meeting was held on April 2, 2013 at Sipocot Activity Center. During the meeting, clarifications regarding the EDC projects and programs were brought out by EDC representatives who attended the meeting. The Sustainability Plan of Libmanan-Pulantuna Watershed was also discussed. A follow-up monitoring on the findings of the recent DENR-MDFO Project Review was conducted by the Regional Management Office on April 11-12, 2013 to ensure that necessary actions are being done in compliance to the recommendations of the team.

In addition, a joint workshop for Kanan-Agos River and Libmanan-Pulantuna Watersheds, was held on April 16-18, 2013 regarding Results-Based Monitoring and Evaluation (RBME) for the pilot testing of the IEM-RBME Framework. Participants include MPDCs, MENROs, and representatives from DENR 4A and Planning and Management Division, as well as technical staff of the Regional Management Office.

The Regional Project Management Office conducted an impact assessment on social, institutional, economic, and environmental aspects of LPWMP.

Bago River Watershed (Region 06)

The status of GEF rehabilitation implementation (DENR-led is shown in Table 4 below:

Table 2: Status of DENR-led Rehabilitation Activities (As of May 31, 2013)

Rehabilitation Activity	Area (hectare)	Implementing Organization	Municipality	Status
1. Agroforestry	40	Agotonoy, Mayupo, & Aguikit Bago Watershed (AMMA-BWIFAI)	San Carlos City	15% Mobilization Fund released
2. Nursery establishment	500 sq.m.		San Carlos City	15% Mobilization Fund released
3. Nursery establishment	500 sq.m.	Calatrava	Calatrava	15% Mobilization Fund released
4. Nursery establishment	500 sq.m.	Campuestuhan Upland Farmers Association	Talisay City	100% accomplished. For payment.
5. Nursery establishment	500 sq.m.	Bago City	Bago City	15% Mobilization Fund released
6. Nursery establishment	500 sq.m.	Pulupandan	Pulupandan	100% accomplished. For payment.
7. Nursery establishment	1,000 sq.m.	Don Salvador Benedicto	DSB	15% Mobilization Fund
8. Agroforestry	40	Pinowayan Developers Farmers Asso.	DSB	100% accomplished. For payment.
9. Agroforestry	20	Bago ISF Upland Farmers Association	DSB	100% accomplished. For payment.
10. Nursery establishment	500 sq.m.	Binitinan Tree Growers Asso.	Murcia	100% accomplished. For payment.
11. Nursery establishment	1,000 sq.m.	Binitinan Tree Growers Asso.	Murcia	100% accomplished. For payment.
12. ANR	38	Agro Green Farmers Asso.	Murcia	100% accomplished. For payment.
13. ANR	60	Canlandog Pilot Agro Forest Farmers Asso.	Murcia	100% accomplished. For payment.
14. Agroforestry	36	Binitinan Tree Growers Asso.	Murcia	Ongoing Activities
15. Rainforestation	50	Binitinan Tree Growers Asso.	Murcia	Ongoing Activities
TOTAL:		284*		

**Note: nursery establishments not included*

Liguasan Marsh Watershed (Region 12)

The Wetland Management Council (WMC) conducted their 11th regular meeting and considered the following: (i) ratification and approval of the minutes of the previous WMC meeting, (ii) changed the name of the council into Liguasan Marsh Wetland Management Alliance, (iii) cross visit to Candava Swamp to expose LGUs counterparts with the existing management of wetland area, and (iv) presentation of sustainability plan of LGU TWG for the subprojects.

In connection to the sustainability plan of subprojects, the PMO has started extending technical support for the field facilitation in the preparation of LGU sustainability plan. Schemes and strategies identified were the following: (i) formulation of sustainability planning and development of policy, SB resolution and ordinances, (ii) stewardship contract, (iii) mainstreaming/strengthening of People’s Organizations, and; (iv) initiation of capacity building programs responsive to the development and sustainability of the Liguasan Marsh.

Moreover, inspection and validation of project rehabilitation activities have been undertaken by the Composite Inspection and Validation Team (CIVTs) in the Municipalities of Kabacan and Tulunan, this quarter. Aside from inspection and validation activities, the Project also conducted on-the-ground validation activities as part of regular monitoring of the Monitoring and Evaluation (M&E) Team using the stratified 20% sampling method to collect relevant data as input to management decision-making.

Regarding the status of GEF rehabilitation implementation (DENR-led) in Liguasan Marsh Watershed, please refer to Table 5 below.

Table 3: Status of DENR-led Rehabilitation Activities (As of May 31, 2013)

Rehabilitation Activity	Area (hectare)	Implementing Organization	Municipality	Status
	100	Liguasan People’s Multi-Purpose Association	Lower Dungos, Tulunan, Cotabato	Submitted Statement of Work Accomplished (SOWA); Validated by Composite Inspection & Validation Team (CIVT)
	100	Pulaan River Farmer’s Association		Submitted SOWA; Validated by CIVT
	100	Lower Dungos Rural Workers Association		Submitted SOWA; Validated by CIVT
1. Plantation establishment	100	Dilampong People’s Organization	Darampua, Sultan sa Barongis, Maguindanao	Central Nursery established; Submitted SOWA; Validated by CIVT
2. ANR	40	Pagatin People’s Organization	Pagatin, Datu Salibo, Maguindanao	Central Nursery established; Survey, Mapping & Planning (SMP) completed; on-going activities on plantation establishment & maintenance. Validated by CIVT

4. ANR	40	Malala Samahang Nayon People's Organization	Malala, Datu Paglas, Maguindanao	Central Nursery established; Submitted SOWA; Validated by CIVT; on-going activities on plantation establishment & maintenance.
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TOTAL: 480

Below is the summary of rehabilitation activities of the four (4) GEF-assisted sites.

Table 4: Summary of DENR-led Rehabilitation Activities (As of May 2013)

GEF-assisted Watershed	Total Target (Hectare)	Accomplishment (Hectare)
Kanan-Agos River Watershed	306.61	306.61
Libmanan-Pulantuna Watershed	230	195
Bago River Watershed	284	284
Liguasan Marsh	480	480
TOTAL	1,300.61	1,265.61

LGU Led Subproject Status per Watershed

As of to date, the total amount of Certificate of Availability of Funds (CAF) issued by the Municipal Development Fund Office to the active twenty four (24) LGUs is now Php159.215 Million. All the 24 LGUs have been released with Funds totaling to Php123.693 Million. Moreover, submitted liquidation reports which total to Php73.001 Million, represents an overall liquidation rate of 66%.

However, it is to be noted that rehabilitation activities of LGU Calatrava, Negros Occidental with a Php3,812,290.00 CAF issued by MDFO has not progress due to the LGUs failure to prepare the IEM linked ENR Plan and to adopt and integrate the same to its Municipal Development Plan.

Thus, on April 8, 2013, RED Adeluisa G. Siapno, Ph.D., CESO II issues a formal letter to Hon. Araceli T. Somosa of LGU Calatrava regarding the Cancellation of the Memorandum Agreement (MOA) between the LGU and DENR Regional Office VI for the implementation of ENRMP GEF activities.

In relation to this, FASPO have also requested MDFO on May 20, 2013, to provide instruction/guidelines to LGU Calatrava on how to refund the initial GEF Grant released last May 8, 2012 amounting to Php1,978,000.00 and still remains to be undisbursed by the LGU.

Table 5: Subproject Status Per Watershed (As of May 31, 2013)

MILESTONES	GEF SITES				TOTAL
	Region 4-A Kanan Watershed	Region 5 Libmanan/Pulantuna Watershed	Region 6 Bago Watershed	Region 12/ ARMM Ligawasan Marsh/Wetland	
1.Total No. of LGUs	2	8	6	8	24

2. Certificate of Availability of Fund (CAF) Issued by MDFO	P 13.590 M	P 68.531 M	P 38.111 M	P 38.983 M	P 159.215M
3. Amount Contracted by LGUs with POs	P 13.502 M	P 66.365 M	P 26.757 M	P 38.983 M	P 145.607 M
4. Amount Released by MDFO to LGUs	P 13.411 M	P 51.121 M	P 22.706 M	P 36.455 M	P 123.693 M
5. LGU Subprojects with reported liquidations	P 10.436 M	P 29.799 M	P 16.438 M	P 25.057 M	P 81.730 M
6. Percentage (%) of LGU Liquidation (item 5/item 4)	77%	58%	72%	69%	66%

Identified additional Subprojects/Livelihood activities of five (5) LGUs (Table 8), still awaiting issuance of Certificate of Availability of Funds from MDFO. In relation to this, the Department of Budget and Management (DBM) Bureau C has not yet responded to DENR and MDFO's request for release of the corresponding CY2012 Allotment. It is to be noted that said request has been submitted to the DBM since October, 2012 and follow-up communication letters have also been submitted to support said request.

Table 6: LGU led Subprojects/Livelihood activities awaiting CAF

LGU	Subproject	GEF Requirement
Gen. Nakar, Quezon	Establishment of Woodlot for Fuelwood and Charcoal	P800,000.00
	Arabica Coffee intercropping in existing Coconut Plantations	1,314,500.00
Infanta, Quezon	Expansion of Tigergrass Production	402,000.00
	Establishment of Woodlot for Fuelwood and Charcoal	1,200,000.00
	Nipa Lambanog Production from Rice-hull fed Distillery	516,404.00
	Hydrometeorological Automatic Weather Station	2,450,000.00
Lupi, Camarines Sur	Swine Breeding and Dispersal	500,000.00
Don Salvador Benedicto, Negros Occidental	Hydrometeorological Automatic Weather Station	2,450,000.00
	Goat Production	500,000.00
Pulupandan, Negros Occidental	Eco-Tourism	1,760,750.00
	TOTAL	P11,893,654.00

3. Biodiversity Conservation

The consulting firm, REECS, which is providing technical assistance to PAWB on sustainable financing in protected areas, has completed the five (5) clusters of training-workshop in business planning

from March to May, 2013 to cover 18 Protected Areas. Below is the list of workshop clusters and schedule and sites:

Table 7: Business Planning Workshops

Cluster/Date/Venue	PA Involved
1 st cluster: March 25-27, 2013 (Manila)	Ninoy Aquino Parks and Wildlife Center Bataan Natural Park Manleluag Spring Protected Landscape Mts. Palay Palay Mataas na Gulod
2 nd cluster: April 3-5, 2013 (Legaspi City)	Mts. Banahaw-San Cristobal Protected Landscape Bulusan Volcano Natural Park Mt. Isarog Natural Park
3 rd cluster: April 10-12, 2013 (Batangas City)	Mt. Mantalingahan Protected Landscape Apo Reef Natural Park Naujan Lake Natural Park
4 th cluster; May 22-24, 2013 (Bacolod City)	Mt. Kanlaon Natural Park Northern Negros Natural Park Sagay Marine Reserve Central Cebu Protected Landscape
5 th cluster: May 28-30, 2013 (Cagayan de Oro City)	Mt. Kitanglad Range Natural Park Mt. Kalatungan Range Natural Park Mt. Malindang Natural Park Mt. Apo Natural Park

Target submission of report on the business planning workshops for 18 PAs is by end of June, 2013.

As regards the updating of Protected Area Management Plan, a total of eighteen (18) PA Management Plans out of the targeted 29 has been completed as of March, 2013 while twelve (12) are currently being finalized. Eighteen (18) capacity-building activities in support of the implementation of PA Management Plans have been undertaken.

Survey and Registration of Protected Area Occupants (SRPAO) are also being undertaken in forty-two (42) PAs. Out of the 42, forty (40) PAs have completed survey and registration. The two (2) remaining PAs not yet surveyed include Central Cebu Protected Landscape in Region 7 (survey and registration of occupants still ongoing) and Mt. Balatukan in Region 10 which is still into mapping and report preparation.

4. Protected Area Management

Siargao Islands Protected Landscape and Seascape (SIPLAS)

With regard to Siargao Islands Protected Landscape and Seascape (SIPLAS) implementation, all target activities have been accomplished during the reporting period. As of to date, the patrolling and information, education and communication (IEC) activities undertaken by the Project with the cooperation of LGUs and the community have resulted to confiscation of 3,850.49 board foot (bd. ft.) of assorted lumbers and 15 sacks of charcoal. Although illegal activities (timber and mangrove cutting and illegal fishing) remain an issue in SIPLAS since these involve the very livelihood of most members of the community, Project implementation has minimized/mitigated these activities.

The implementation of livelihood projects could further reduce the illegal activities in the area. Livelihood projects were presented to the SIPLAS PAMB during the Execom Meeting on June 6, 2013. It was resolved by the PAMB to implement the mangrove reforestation and livelihood projects even without the vulnerable assessment results as long as the identified Peoples Organizations (POs) beneficiaries will accept the project together with the support of the Local Government Units (LGUs). Concerned POs and LGUs is currently being mobilized. Necessary documents for the Community Participatory Procurement method for livelihood and mangrove reforestation such as WFP, letter of invitation for PO, etc. are being prepared and for obligation of continuing fund until June 30, 2013.

Penablanca Protected Landscape and Seascape (PPLS)

A PAMB meeting was conducted last April 10, 2013. Updates for PhilCCAP were presented to the Protected Area Management Board (PAMB) of PPLS and members of Sangguniang Bayan of Peñablanca, Cagayan.

Four trainings have been conducted together with OIDCI on January 21-25, 2013 (Local and International Best Practices), March 13-15, 2013 (Agroforestry Workshop), April 10-12 (Vulnerability Assessment), and last May 6-8 (Sustainable Financing).

5. IEM Replication in Pola, Mindoro Oriental (Soil Conservation and Watershed Management Program) and Quinali Watershed, Albay

Pola Watershed (Oriental Mindoro)

The Pola Watershed (Oriental Mindoro, Region 4) is considered as one of the two (2) “replication areas” for the Project.

All watershed restoration, rehabilitation and management activities (i.e. forest nursery establishment, reforestation/assisted natural regeneration of degraded and inadequately stocked forestland areas, agro-forestry establishment, GIS survey and mapping, farm lot development, model farm development, etc.) have also been completed. The PO has also exceeded the target of 24,250 seedlings by 8,477 seedlings (actual accomplishment is 32,727 seedlings) without additional cost due to savings from competitive bidding. To support these activities, the Project also completed construction of multi-purpose building (shed/bunkhouse), water reservoir (including pipe installation, farm-to-market road (rehabilitation only) and procurement of IT and mobility equipments.

The IEM Plan of Pola has been completed but still for formal adoption by the WMC. Two of the Municipalities in Pola (Pola and Pinamalayan) are being assisted in the preparation of their respective Forest Land Use Plans (FLUPs), using the IEM plan as basis.

Quinali ‘A’ Watershed, Albay and Bicol River Basin

A workshop on the preparation of Convergence Area Development Plan (CADP) adopting IEM strategy for Quinali A Watershed was conducted together with the members of the convergence team. Inputs from the different agencies were consolidated to come up with a strategic plan for the watershed.

Component 3: Strengthening Environment and Natural Resources Management

1. Implementation of the Operational Plan for the Manila Bay Coastal Strategy (OPMBCS) pursuant to Supreme Court Decision

1.1 Solid Waste Management

In support of the Ten (10) - Year Solid Waste Management Plan (SWMP), waste analysis and characterization study for one (1) City and nine (9) Municipalities in the Province of Cavite have been conducted.

Waste to energy recovery facilities will be established as demonstration/model sites in District 1, Manila and Municipality of Marilao, Bulacan.

1.2 Liquid Waste Management

MBCO, through the assistance of EMB, continues to undertake monitoring of industrial/commercial establishments. For the year 2012, out of the 664 industries monitored, 380 (57.23%) were found to be in compliance with the DENR-EMB effluent standard.

For the Adopt-a-Estero Program, a total of 33 esteros have been adopted by various industries, companies and private sectors for this year. Monitoring for the fifteen (15) esteros adopted in CY 2011 continues to be undertaken.

Through the Hazardous Waste Tracking System, tracking of 7,517 hazardous waste generator registration has been undertaken. The result shows that only 88 or 1.17% hazardous waste generator has Treatment Storage and Disposal (TSD) facilities and 269 or 3.58% are registered as hazardous waste transporters. Monitoring the manufacture, production, transport, storage and disposal of hazardous wastes by hazardous waste generators and transporters in order to avoid environmental contamination is required under the Revised Procedural Manual on Hazardous Waste Management of the Philippines.

Two (2) units of in-situ water quality monitoring equipment is under procurement process for the installation in the Pasig River mouth and Luneta Station to improve the water quality sampling collection and result analysis.

Other activities for Liquid Waste Management being lined-up for CY 2013 include the construction of communal treatment plan for tanneries and jewelries as pilot demonstration areas at Marilao, Bulacan (which is still under negotiation with the DBM).

Procurement of, 20 trash boats and trash skimmers is ongoing. Evaluation of bid proposals is being conducted by the Technical Working Group (TWG). Target date of award is on July, 2013.

2. Environmental Management

The hiring of consultants for the three policy studies on air, water, and solid waste is currently underway. The consultancy services for waste analysis and characterization for reposting due to absence of interested applicants, while negotiation has already been concluded with the consultant for emission load modeling and emission data analysis). The consultants for the emission load modeling and analysis are targeted to be on board before the end of June, 2013.

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The identified initial benefits of WB support fund to the Bureau are enumerated below:

Air Quality

- Strengthened Anti-Smoke Belching (ASB) campaign by fielding additional ASB teams
- Reduced vehicle smoke emissions through seminars/lectures on Vehicle Maintenance
- Better air quality evaluation/ analysis by establishing more AQM stations
- Formulation of science-based air quality policies/abatement measures/strategies
- Enhanced IEC campaign on air pollution control from area sources

Solid Waste Management

- Helped and encouraged the LGUs and the general public, particularly the Homeowners Associations to undertake effective solid waste management by providing / appropriating funds for the project.
- The LGUs could better implement R.A. 9003 because the fund was used for their IEC, and development of strategies/system for the target stakeholders.

Water Quality

- Facilitated the implementation of the Adopt-an-Estero Program.
- Improved implementation through the provision of appropriate materials and equipment
- Expanded assistance in engaging the LGUs and communities

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Status of Key Dated Covenants**

Of the thirteen (13) Dated Covenants, ten (10) have been achieved, two (2) partially achieved and one (1) not yet achieved.

DUE DATE	STATUS OF COMPLIANCE	STATUS OF JUNE 2013
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. A Final Progress Report has been completed.
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.	Partially Achieved.	Collection of data as inputs in the updating of the Information Systems Strategic Plan (ISSP) completed at the Regional Offices. A workshop for the gathering of MIS requirements at the Central Office level is scheduled in July. Expected date of submission of the revised/updated ISSP to the National Computer Center is on in August 2013, Distribution of various IT Packages to the Regional Offices, PENROs, CENROs and Bureaus has been completed. Interconnection of all DENR offices through the VOIP is nearing completion. Remaining offices for installation of VOIP include DENR Region 9, LMB, and ERDB. The Memorandum of Agreement between DENR and DPWH for the construction of Green Data Center was transmitted to DENR on June 10, 2013 for signature of the Secretary.
By December 31, 2007 , a 3-year Forward Planning and Budgeting strategy would be developed which, provides a vision and benchmarks for key reforms in DENR's operations including protection of the environment, conservation of natural resources, rehabilitation	Achieved.	The 3-yr forward planning and budgeting strategy submitted to DBM.
By March 31, 2008 , engage a firm to strengthen DENR's internal audit services	Achieved.	The IDF Grant has been restructured by the World Bank, hence, the ICS/IA Project, including the engagement of the consultant which is now being handled by DBM. The consultant has already been engaged and will submit its final report to DBM before end of June 2013.
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, CY 2012, CY 2013	CY 2013 Work Program approved by DENR and submitted to WB last May 14, 2013.

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DUE DATE	STATUS OF COMPLIANCE	STATUS OF JUNE 2013
<p>By March 31, 2008, complete implementation of COA's 2005 audit recommendations in accordance with the Financial Management Action Plan</p>	<p>Achieved.</p>	<p>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.</p>
<p>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</p>	<p>Achieved.</p>	<p>Audit Plan for NPS-ENRMP approved by the DENR Secretary. IAS has conducted internal audit in Regions 3, 4A, 4B and 11. A report on the audit results has been submitted to World Bank on February, 2012. Additional 2 Regions covered by the Forestland Boundary Delineation Assessment (FLBDA) will be subjected to audit appraisal in CY 2013.</p>
<p>By January 31, 2009, implement the agreed 3-year Forward Planning and Budgeting Strategy</p>	<p>Achieved.</p>	<p>2009 and draft 2010 DENR-National Expenditure Program incorporates the 3-yr Forward Plan</p>
<p>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.</p>	<p>Partially Achieved.</p>	<p>EMB Rationalization Plan for final approval by DBM Secretary. DBM ruled that the Administrative Order could not be issued yet until the Rationalization Plan is approved. DBM has already authorized pre-selection of staff but has to wait for the approval of the Rationalization Plan before actual filling of positions. DENR is in the process of formulating the guidelines for the placement of personnel based on approved Rationalization Plan.</p>
<p>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.</p>	<p>Achieved.</p>	<p>A Project Mid-Term Review completed in April, 2010. Presentation of results conducted for DENR and DBM last November 20, 2010.</p>
<p>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.</p>	<p>Not yet Achieved.</p>	<p>A Follow-up study will be undertaken in CY 2013. PPSO will pursue the engagement of consultant who will carry out this activity.</p>

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**Disbursement Schedule
(Original vs Actual based on World Bank FY (July1 thru June 30))**

FY	7	8	9	10	11	12	13	14 extended
Original Estimate	2.00	5.00	9.00	10.00	11.00	9.00	4.00	NA
Original Cumulative	2.00	7.00	16.00	26.00	37.00	46.00	50.00	50.00
Actual Cumulative	0	4.0	10.14	14.2	20.26	25.81	41.38	46.96 as of June 30, 2013

FY	7	8	9	10	11	12	13	14 extended
Original Estimate	0.50	1.00	2.00	1.50	1.00	0.50	0.50	NA
Original Cumulative	0.50	1.50	3.50	5.00	6.00	6.50	7.00	7.00
Actual Cumulative	0	0.3	0.35	1.50	2.19	3.33	5.04	6.32 as of June 30, 2013

Original Project implementation period: Start November 1, 2007 End: June 29, 2012

Effectiveness date: October 31, 2007

Original Closing date: December 31, 2012; Revised Closing Date: December 3, 2013

**NATIONAL PROGRAM SUPPORT TO ENVIRONMENT AND NATURAL
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Mines and Geosciences Bureau

1. During the life of the project, MGB has enrolled under NPS-ENRMP the following activities: (i) interim rehabilitation of the abandoned mine site in Bagacay, Hinabangan, Samar; (ii) development of the rehabilitation and remediation plan of other five priority abandoned mine sites; (iii) construction of laboratory at MGB Region VIII to support the rehabilitation of the interim rehabilitation of Bagacay mine site. MGB has not done a groundwater assessment under the project and is doing and has completed the geohazard mapping using its own resources.

2. **Interim rehabilitation of Bagacay mine.** The interim rehabilitation of this abandoned mine site is one of the successful activities supported under the project. The objective of the interim rehabilitation is to contain the immediate danger posed by the abandoned mine to the immediate communities and communities downstream while serving as a demonstration site for MGB and building its capacity to undertake mine rehabilitation while documenting the experiences, processes and lessons learned for future application/scaling up in other five priority abandoned mine sites for which the rehabilitation plan was also prepared under the project. With few months left from project closing, MGB has completed the construction of a number of limestone interceptor/dam to neutralize acid water passing through the mine site before emptying into Taft river. The same structure is also being used as siltation measure and sediment trap. MGB and ERDB have also conducted experimentation on species suitability for its vegetative rehabilitation of the mine site focusing on the acid mine drainage (AMD) areas and the peripheries of the mine site. To date, tree seedlings planted in most of the AMD areas have survived and are growing well, while those planted along the peripheries of the mine site are even performing better. MGB has also completed the bypass of the spring water draining into the AMD area that causes the acidity of the Taft river by diverting the spring water for use by the community. The diversion reduces/minimizes the volume of water passing through the AMD area while benefiting the residents of Barangay Bagacay, who are using the water for drinking. MGB has mobilized the conduct of geotechnical study of the area to evaluate the stability of the tailings ponds and found that the ponds are more or less stable. The MGB now is documenting the processes, the experiences and the lessons learned for implementing the interim rehabilitation, which they can replicate in five other abandoned mine sites for which a rehabilitation plan is being carried out with the support of the project.

3. **Construction of the MGB Region Laboratory.** To support the rehabilitation and monitoring of the effect of interim rehabilitation of the Bagacay mine, the project also supported the construction of a laboratory for MGB in Region 8, which has now been completed. Tissue and water analyses have been done in the laboratory.

4. **Formulation of the rehabilitation plan for five other priority abandoned mine sites.** MGB has also completed the geo-environmental risk assessment and the formulation of the rehabilitation and decommissioning plan for the five other priority abandoned sites as follows: (i) Dizon Cu-Ag Mines in San Marcelino, Zambales; (ii) CDCP Basay Mines in Basay, Negros Oriental; (iii) Benguet Antamok Mine in Antamok, Itogon, Benguet; (iv) Black Mountain Mine in Tuba, Benguet; and (v) Consolidated Mine in Mogpog, Marinduque. The interim rehabilitation of these mine sites, which will be based on the

Bagacay experience, have already been budgeted until 2016. MGB made a good business case that interim rehabilitation can be effectively and more efficiently done.

5. **Moving forward beyond NPS-ENRMP.** The MGB has gained adequate experience in undertaking interim rehabilitation of an abandoned mine site and is in fact documenting the process, the experience and the lessons learned. It has also gained some ideas on the types of baseline and monitoring studies that can be done to support and monitor the environmental impacts of interim rehabilitation. The experience under NPS-ENRMP can be used by MGB to pursue the interim rehabilitation works and studies to be conducted in other priority abandoned mine sites in the future. In the next 6 months, it is critical for MGB to finalize the rehabilitation and decommissioning plans of the five priority mine sites and to also finalize the documentation of the experience and lessons learned in the interim rehabilitation of Bagacay mine site and the protocol for undertaking interim rehabilitation.

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Environmental Management Bureau and Manila Bay

Implementation of the Operational Plan for the Manila Bay Coastal Strategy (OPMBCS) pursuant to Supreme Court Decision

1.3 Solid Waste Management

In support of the Ten (10) - Year Solid Waste Management Plan (SWMP), waste analysis and characterization study for one (1) City and nine (9) Municipalities in the Province of Cavite have been conducted.

Waste to energy recovery facilities will be established as demonstration/model sites in District 1, Manila and Municipality of Marilao, Bulacan.

1.4 Liquid Waste Management

MBCO, through the assistance of EMB, continues to undertake monitoring of industrial/commercial establishments. For the year 2012, out of the 664 industries monitored, 380 (57.23%) were found to be in compliance with the DENR-EMB effluent standard.

For the Adopt-a-Estero Program, a total of 33 esteros have been adopted by various industries, companies and private sectors for this year. Monitoring for the fifteen (15) esteros adopted in CY2011 continues to be undertaken.

Through the Hazardous Waste Tracking System, tracking of 7,517 hazardous waste generator registration has been undertaken. The result shows that only 88 or 1.17% hazardous waste generator has Treatment Storage and Disposal (TSD) facilities and 269 or 3.58% are registered as hazardous waste transporters. Monitoring the manufacture, production, transport, storage and disposal of hazardous wastes by hazardous waste generators and transporters in order to avoid environmental contamination is required under the Revised Procedural Manual on Hazardous Waste Management of the Philippines.

Two (2) units of in-situ water quality monitoring equipment is under procurement process for the installation in the Pasig River mouth and Luneta Station to improve the water quality sampling collection and result analysis.

Other activities for Liquid Waste Management being lined-up for CY 2013 include the construction of communal treatment plan for tanneries and jewelries as pilot demonstration areas at Marilao, Bulacan (which is still under negotiation with the DBM).

Procurement of, 20 trash boats and trash skimmers is ongoing. Evaluation of bid proposals is being conducted by the Technical Working Group (TWG). Target date of award is on July, 2013.

Environmental Management

The hiring of consultants for the three policy studies on air, water, and solid waste is currently underway. The consultancy services for waste analysis and characterization for reposting due to absence of interested applicants, while negotiation has already been concluded with the consultant for emission load modeling and emission data analysis. The consultants for the emission load modeling and analysis are targeted to be on board before the end of June 2013.

Benefits/contributions of the project to EMB and Manila Bay Coordination Office's Program

EMB and MBCO identified the following benefits and improvements on their programs under NPS-ENRMP:

Air Quality

- Strengthened Anti-Smoke Belching (ASB) campaign by fielding additional ASB teams
- Reduced vehicle smoke emissions through seminars/lectures on Vehicle Maintenance
- Better air quality evaluation/ analysis by establishing more AQM stations
- Formulation of science-based air quality policies/abatement measures/strategies
- Enhanced IEC campaign on air pollution control from area sources

Solid Waste Management

- Helped and encouraged the LGUs and the general public, particularly the Homeowners Associations to undertake effective solid waste management by providing / appropriating funds for the project.
- The LGUs could better implement R.A. 9003 because the fund was used for their IEC, and development of strategies/system for the target stakeholders.

Water Quality

- Facilitated the implementation of the Adopt-an-Estero Program.
- Improved implementation through the provision of appropriate materials and equipment
- Expanded assistance in engaging the LGUs and communities

Budget/Allocation

- Increase in budget allocation both for EMB and MBCO is also another benefit that the project brought to these two offices within the DENR. Specifically, EMB's allocation has more than doubled under the project, i.e., from 4% to around 8-10% under the project. MBCO's allocation has also increased both for MOOE and PS expenditures.

Moving forward

EMB. As the project closes, it is critical for EMB to develop a good database of all the baseline and monitoring results and made these data available to the DENR Management in a timely fashion to inform decision-making within the Department. It is also critical that EMB's database gets connected to the database and the MIS of the DENR, which is also supported under the project. Finally, EMB can strive to continue strengthening its monitoring program and reporting while at the same time expand its database of regulated communities.

MBCO. MBCO's future is still unclear especially that the Manila Bay cleanup program seems to be not a priority for the oversight agencies (NEDA, DBM and DOF). Nevertheless, the MBCO can continue to undertake its role, which is to focus the coordination work among the mandamus agencies, and to also firm up and improve on the Operational Plan for Manila Bay Coastal Strategy, which has been submitted to the Supreme Court already. MBCO can work on the improvement of the OPMBCS on an incremental basis. It is also critical for MBCO to develop a good database and monitoring system of all the interventions done and to be done to clean-up the Manila Bay in response to the SC mandamus decision. Finally, MBCO needs to be clothed with authority within DENR and among the mandamus agencies to make it a more effective.

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Financial Management Review

1. **Objective and scope of review.** A financial management (FM) project support mission was carried out for the National Program Support to the Environment and Natural Resources Management Project (NPS ENRMP) on June 3 - 25, 2013 by Olidan Cesar Galvez, Financial Management Consultant, supervised by Aisha Lanette de Guzman, Financial Management Specialist, at the Central Office (CO) of the Department of Environment and Natural Resources (DENR), including the Environmental Management Bureau (EMB), and the Municipal Development Fund Office (MDFO). The review covered the following:
 - a) Discussion with project FM officers and staff on the changes, if any, on the procedures and processes of the project;
 - b) Review of selected project transactions to ascertain compliance with the FM arrangements for the project;
 - c) Review of project's overall compliance with the financial covenant of the loan and the grant agreements;
 - d) Follow up on the status of the issues and implementation of recommendations during the last supervision mission.
 - e) Field mission at Caraga region with particular emphasis on the agency's practice of geotagging for the national greening program.

2. **Status of disbursements** - Status of loan and grant utilization against loan and grant allocations as of June 6, 2013 is shown below.

LN7470

Total disbursements under the loan amounted to USD 46.961 million (including the advances made to the Designated Accounts of the DENR and the EMB amounting to USD 10 million and USD 0.23 million, respectively) or 93.92% of the total approved loan of USD 50 million.

*Details of disbursement by category of expenditure
Status of Fund Utilization/Disbursement Against Allocation (In USD)*

Particulars	Goods, Civil Works, Consulting Services, Incremental Operating Cost	Designated Account	Total
Loan allocation (a)	50,000,000.00		50,000,000.00
Amount withdrawn from the Bank	36,728,676.68	10,232,760.66	46,961,437.34
WAs in process at PIUs	0.00		0.00
Total withdrawals, including balance in DA (b)	36,728,676.68	10,232,760.66	46,961,437.34
Total actual expenditures, excluding balance in DA (c)	36,728,676.68		36,728,676.68
Amount undisbursed from the Bank (a - b)	13,271,323.32	(10,232,760.66)	3,038,562.66
Amount undisbursed by Agency (a - c)	13,271,323.32		13,271,323.32
Disbursement rate (b/a)1			93.92%
Utilization rate (c/a)2			73.46%

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1 Disbursement rate is the rate of the amount of withdrawal applications paid by the Bank divided by the loan amount.

2 Utilization rate is the rate of the amount of withdrawal applications paid by the Bank (net of Designated Accounts) and those in process, divided by the loan amount.

TF90073

Total disbursements under the grant amounted to USD 6.320 million (including the USD 0.3 million and USD 0.5 million of the DENR and the MDFO or 90.29% of the total approved grant amount.

Details of disbursement by category of expenditure Status of Fund Utilization/Disbursement Against Allocation (In USD)

Particulars	Goods, Civil Works, Consulting Services	Training	Designated Account	Total
Loan allocation (a)	6,400,000.00	600,000.00		7,000,000.00
Amount withdrawn from the Bank	4,921,503.40	598,674.04	800,000.00	6,320,177.44
WAs in process at PIUs	0.00	0.00		0.00
Total withdrawals, including balance in DA (b)	4,921,503.40	598,674.04	800,000.00	6,320,177.44
Total actual expenditures, excluding balance in DA (c)	4,921,503.40	598,674.04		5,520,177.44
Amount undisbursed from the Bank (a - b)	1,478,496.60	1,325.96	(800,000.00)	679,822.56
Amount undisbursed by Agency (a - c)	1,478,496.60	1,325.96		1,479,822.56
Disbursement rate (b/a)1				90.29%
Utilization rate (c/a)2				78.86%

1 Disbursement rate is the rate of the amount of withdrawal applications paid by the Bank divided by the grant amount.

2 Utilization rate is the rate of the amount of withdrawal applications paid by the Bank (net of Designated Accounts) and those in process, divided by the grant amount.

The Department of Budget and Management (DBM) has not yet released the Special Allotment Release Order (SARO) which DENR and MDFO requested totaling to PhP 19 million. The amount is intended to finance LGU sub-projects. With the delay in the issuance, the grant funds cannot be fully utilized.

- Adequacy of accounting staff.** There had been no significant changes to the FM organization. The assigned regular staff at the Financial Management Services (FMS) Division of the DENR CO is being assisted by two (2) contractual employees in handling the FM arrangements for the loan that include management of the Project's financial transactions; facilitation of the timely release and disbursement of funds in the CO and to field offices; evaluation and analysis of claims for payments; preparation of consolidated Statement of Expenditures (SOE) for review and submission by the FASPO to the Bank with Withdrawal Application (WA); maintenance of separate books of accounts using eNGAS; and preparation of the financial statements. The Finance Unit at the regions is led by Chief Finance Officer and assisted by the regional accountant and the financial analyst.

At the EMB CO, the Chief of Accounting Section, assisted by two (2) financial analysts are responsible in implementing FM arrangements in relation to its separate Designated Account as well as the downloaded funds from the DENR CO.

As for the grant, the designated regular staff from the FMS of the DENR CO maintains the separate books of accounts using eNGAS, while the assigned account officer from FASPO manages the financial transactions, including the downloading of funds to regional offices and the submission of SOE and WA to the Bank for replenishment. MDFO, on the other hand, assigned a financial analyst,

who is supervised by the Planning Officer to handle the financial management arrangements of the project.

4. Maintenance of accounting records.

For DENR CO, financial reports, such as the Bank Reconciliation Statements and DENR CO Trial Balance are as of April 30, 2013, while the consolidated trial balance is dated as of March 31, 2013. On the other hand, EMB CO and MDFO provided financial reports as of March 31, 2013. The review disclosed the following:

DENR CO

- a) Due from National Government Agencies (NGA) account amounted PhP 64.856 million representing amount downloaded to EMB while its reciprocal account, Due to Other NGAs, maintained by EMB has a balance of PhP 46.880 million.

Action required: DENR CO should closely coordinate with EMB CO to reconcile the reciprocal accounts and in ensuring timely liquidation so as to maintain the account at a reasonable level.

- b) In 2008 and 2009, DENR CO downloaded funding checks totaling to PhP 52.525 million taken from DENR CO Designated Account to cover EMB CO's allotment of PhP 28.335 million in 2008 and PhP 24.19 million in 2009. As of the mission date, the amount has not yet been fully liquidated.

Action required: EMB CO, in close coordination with DENR CO, should reconcile their records and settle the unliquidated balance.

EMB CO

- c) Based on the records of EMB CO, total project disbursements amounted to PhP 34.156 million where PhP 33.007 million was claimed and subsequently replenished by the Bank. The difference of PhP 1.148 million represents unliquidated advances, ineligible expenditures, and adjustments to subsequent withdrawal applications. The ineligible expenditures amounted to PhP 716,465.72.

Action required: EMB CO, in close coordination with its Regional Offices, should ensure that only expenditures eligible for loan financing are charged against the project funds. In addition, EMB CO should advise the Regional Offices to substitute with eligible expenditures those that were identified to be ineligible.

- d) To comply with the Commission on Audit's Audit Observation Memorandum, DENR set up the Due from NGOs/POs amounting to PhP480,000 representing the contract amount with Philippine Women's University (PWU). While the activity has been completed and the amount has been fully disbursed, PWU has not yet submitted its liquidation report.

Action required: DENR, in coordination with the Manila Bay Coordinating Office (MBCO), should ensure PWU's compliance in the submission of the liquidation report.

MDFO

- e) Unliquidated balance of funds transferred to LGUs to finance the various sub-projects aggregated to PhP 58.091 million, of which PhP 48.356 million corresponds to more than 90 days.

Action required: MDFO should closely coordinate with the LGUs to ensure timely liquidation of funds.

- 5. Internal controls.** The designed system of internal controls at DENR and EMB is sufficient given the size and nature of the implementing agency. There were no significant changes in the internal controls system for the project. There is adequate segregation of duties, approval processes from procurement to disbursement and reporting. Levels of review are considered adequate to provide reasonable assurance that policies and procedures for recognition and recording of revenues and expenses are observed. Physical and other internal control systems over cash, documents and records are considered adequate.

The DENR Internal Audit Services (IAS) has included the project in its priority for the audit. The IDF Grant for the Strengthening of the Capacity of the Public Sector Internal Audit being implemented by the Department of Budget and Management (DBM), which would technically improve the performance of the DENR IAS, is however currently being restructured. The Bank, on May 29, 2013, received the Internal Audit Report issued on January 11, 2012.

As with the reconciliation of physical count with the accounting records for property, plant and equipment, DENR has yet to complete its reports on the physical count aggregating to PhP 418.485 million and PhP 29.237 million for the SIM loan and GEF, respectively. EMB, on the other hand, is yet to instruct the Regional Offices to perform the physical count.

Action required: The Agency should complete the reports and reconcile the balances with the accounting records to ensure accuracy, existence and validity of the related property, plant, and equipment accounts. The reconciliation report should be submitted to the Bank.

- 6. Results of review of selected expenditures.** Supporting documents for selected expenditures reported in the statement of expenditures were reviewed for adequacy of controls over payment processing and recording. The review included determination of the adequacy of supporting documents and compliance with the loan and the grant agreements. The review disclosed that disbursements were properly checked, the payments were approved by responsible Agency officials and that the transactions were duly recorded in its books. No significant issues noted.
- 7. Results of field visit.** The mission visited DENR Regional office in Caraga, including the EMB and PENRO Office of the said region. Discussions were held with Finance officers and staff specifically the Chief Finance Officer (DENR RO), Administrative and Finance Division (EMB RO), the Regional accountants, the Financial Analysts, and the bookkeepers. Financial records and transaction documents were also inspected and examined. The mission is pleased with the financial records maintained and the proactivity of FM personnel in resolving fiduciary issues.

As part of the field visit, the mission included the validation of the geotagging tools and monitoring of the agency regarding the national greening program. The mission is supportive of the agency in its position to use geotagging as an effective tool to monitor the progress of reforestation activities. It is suggested that the Agency further maximize the tool by using it as a means for FM personnel to validate existence of projects and include in the data on geotagging financial information on the various contracts with the people's organizations.

8. Compliance with the financial covenants.

- a) *Financial Monitoring Reports (FMRs)* – The most recent submission of FMRs is for the first quarter of 2013 which was received by the Bank on May 29, 2013. The Bank is pleased with the Agency's timely submission of the reports which were found to be in order.

- b) *Audited financial statements* – The 2012 Project Audited Consolidated Financial Statements and Management Letters for both the SIM Loan and GEF grant were received last July 9, 2013.

9. Summary of Agreed Actions.

	Agreed Actions	Responsible Unit/s	Due Dates
1	Reconciliation of Due from NGAs/Due to Other NGAs and ensure timely liquidation of accountabilities	DENR CO FMS / EMB CO Accounting Section	Continuing
2	Review of expenditures to ensure that only those eligible for loan financing are charged to the project funds	EMB CO / EMB Region 6	Continuing
3	Conduct the physical count for the current year and reconcile the balances with the accounting records to ensure accuracy, existence and validity of the related property, plant, and equipment accounts. The reconciliation report should be submitted to the Bank.	DENR / EMB CO and ROs	September 2013
4	Ensure that the consultant, Philippine Women's University, submits the required documentation as stipulated in the contract prior to releasing the final payment.	DENR CO FMS / MBCO	Immediately
5	Enforce proper review of financial reports, timely updating of subsidiary ledgers, and/or monitoring of accountabilities of PENROs.	DENR Region 4-B / DENR Region 6 / EMB Region 6	August 2013 and continuing
6	Exhaust legal measures to recover the amount paid to AM Paragas Engineering Consultancy since the contract can no longer be executed. There being no physical accomplishment, the payment is considered ineligible; thus, DENR RO should substitute this with other eligible expenditures.	DENR Region 4-B	August 2013
7	Submit appropriate and acceptable supporting documents to substantiate the disbursement of PhP 5.254 million. Otherwise, DENR RO should discuss with DENR CO on the necessary actions to be taken to resolve the matter.	DENR CO FMS / DENR Region 4-B	August 2013
8	Submit supporting documents to substitute the ineligible expenditure related to Global Tenets Consultancy with a valid expenditure. If the PhP 1.791 million payment is intended to replace the ineligible expenditure, then DENR RO should properly account for the receipt of GOP funds to correct the cash balance of ENRMP and to ensure that the payment is indeed eligible for loan financing.	DENR CO FMS / DENR Region 4-B	August 2013
9	Ensure contract management schemes are in place to track timely delivery of contractors' outputs	DENR Region 4-B / DENR Region 6 / PENRO Negros	Continuing

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10	Expedite the release of progress payments and ensure sufficiency of funds to cover project disbursements.	PENRO Negros / PENRO Iloilo	July 2013
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**NATIONAL PROGRAM SUPPORT TO ENVIRONMENT AND NATURAL
RESOURCES MANAGEMENT
Twelfth Implementation Review (June 17-28, 2013)**

Results Monitoring Framework

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	<i>November 26, 2012</i>	As of June 17, 2013
PDO (SIM)		
i) Implementation of the Reform Agenda, which includes timely actions on the dated covenants, achievement of the key milestones, and continued progress in implementing the Rationalization Plan		
	Rationalization Plan prepared and submitted to DBM for review	MGB Rationalization Plan is already approved. Preparatory activities for nationwide orientation on placement of personnel (3 batches - one each in Luzon, Visayas and Mindanao), including the preparation of guidelines, are currently being undertaken.
		DENR Rationalization Plan (latest version) still at DBM for review, but reforms generally in line with the plan.
	Dated covenants provided in the loan for key actions	Out of 13 dated covenants, ten (10) have been achieved, two (2) partially achieved, and one (1) not yet achieved (See attached list and status of dated covenants)

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	November 26, 2012	As of June 17, 2013
<p>ii) 30% improvement in overall client satisfaction with DENR service delivery by type of client e.g. LGU/communities</p>	<p>Baseline Client Satisfaction Survey (CSS) conducted March-June 2010 by REECS.</p> <p>Satisfaction Indicators/overall results:</p> <p>1) Transparency= 68% satisfied;</p> <p>2)Accountability= 64% satisfied;</p> <p>3) Participation=67% satisfied;</p> <p>4)DENR services in general= 74% satisfied;</p> <p>MFO 2 Services, all regions: Overall analysis: 83% satisfied;</p> <p>MFO 3 Services, all regions: Overall analysis: 64% satisfied</p>	<p><u>Partially Achieved.</u> Baseline study on client satisfaction (CSS) finalized/ accepted by DENR in April 2011.</p> <p>CSS follow-up to be done in CY 2013. PPSO to resume the engagement of the consultant.</p>
<p>iii) 80% of the Project's investment targets in rehabilitation, ecosystem development and assessment met</p>		<p><u>Partially Achieved.</u> A total of P123.692M or 77% out of 159.22M has been downloaded to 24 LGUs for GEF funded activities.</p>

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	November 26, 2012	As of June 17, 2013
<p>iv) 15% reduction of total suspended particulate matter levels in Metro Manila over the 2006 baseline level.</p>	<p><u>Air Quality</u> 142ug/Ncm (2006)</p>	<p><u>Achieved.</u> As of CY 2012, there is a decrease of 16.20% from 142ug/Ncm to 119 ug/Ncm compared to 2006 baseline.</p> <p>Decrease is primarily attributed to the inclusion of strategies such as implementation of color coding scheme to reduce traffic for public utility buses and private cars, measures to ensure compliance with emission testing and other important initiatives undertaken by EMB in coordination with other government agencies such as DOTC-LTO, DILG, LGUs/MMDA.</p>
<p>PDO (GEF-Global Environment Facility)</p>		
<p>i) 106,000 ha. of protected areas, protection forest and wetlands in GEF supported sites under effective management by PY5</p> <p><i>(Parameters for effective management are the PA plan, implementation of rehab/refo/protection activities, sustainable financing, active PAMB/watershed council)</i></p>	<p>Total area of PAs/protection forests/wetlands in 4 GEF sites estimated at 158,713.45 ha. Management Effectiveness Tracking Tools (METT) administered in the 4 sites in 2010 but score not available</p>	<p><u>Achieved.</u> 131,886 ha. (based on the IEM framework of all GEF supported sites) are under effective management, which means that all sites have the following:</p> <ol style="list-style-type: none"> 1. Management framework plan with corresponding budget adopted by WMC and LGUs; 2. With subprojects being implemented; 3. With LGU ordinances/resolutions; and 4. With law enforcement plan being implemented.

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	November 26, 2012	As of June 17, 2013
		Follow up METT to be undertaken in 2013 to determine if there are improvements from the baseline METT in 2010.
<p>ii) 35% of ecologically sensitive forests (outside protected areas) under effective protection (35% =125,377 ha.)</p> <p><i>(Effective protection indicators: approved plan, legal instrument e.g. co-management, LGU budget, actual enforcement activities)</i></p>	<p><i>Total area of Non-PAs based on the IEM framework of GEF supported sites= 358,222 ha. (35%=125,377 ha.)</i></p>	<p><u>Achieved.</u> 125,377 ha. (35% of total Non-PAs) are under effective protection which means that all sites have the following:</p> <ol style="list-style-type: none"> 1. Management framework plan with corresponding budget adopted by WMC and LGUs; 2. With subprojects being implemented; 3. With LGU ordinances/resolutions; and 4. With law enforcement plan being implemented.

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	<i>November 26, 2012</i>	As of June 17, 2013
<p>iii) 25% decline in the area under kaingin (as measured by no. of plots) as a result of project interventions</p>	<p>Based on the assumption that "Other woodlands/ brushlands/grasslands" can be considered as the kaingin areas, <i>actual total ha. based on IEM framework is 69,984 ha. (Kanan, Libmanan-Pulantuna, and Bago) (17,496=25%)</i></p>	<p>It is assumed that kaingin activities were arrested due to the project interventions resulting to effective management and protection. Parameters of effective management consist of the following:</p> <ol style="list-style-type: none"> 1. Management framework plan adopted by WMC and LGUs; and with budget allocation; 2. With subprojects being implemented; 3. With LGU ordinances/resolutions; and 4. With law enforcement plan being implemented.
<p>Intermediate Results from Each Component</p>		
<p><i>Component 1: Policy, Planning & M&E</i></p>		
<p>Framework developed for the rationalization of environment and natural resources management policies and legislation</p>	<p>Various studies available highlighting inconsistencies in legislation, policy and implementation</p>	<p><u>Achieved.</u> DENR Policy Development Framework prepared in January 2010 but being updated in line with new priorities.</p>
<p>Forward Planning and Budgeting strategy being implemented</p>	<p>DBM instruction has been issued requiring OPIFs to be prepared by all Depts.</p>	<p><u>Achieved.</u> Completed 2010-2012 Medium Term Expenditure Program by Sector.</p>

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	<i>November 26, 2012</i>	As of June 17, 2013
<p>Key databases relating to: a) Industrial use; b) forests, and; c) protected areas available on-line or public access, including links to forms, procedures and fee schedules relating to regulatory processes and service contracts.</p>	<p>Databases are of variable quality, not regularly mainstreamed and not readily available for public access</p>	<p><u>Partially Achieved.</u> Distribution of various IT packages to the Regional Offices, PENROs, CENROs and Bureaus to support built-up of their focal databases has been completed. Installation of VOIP in all regions (except Region 9), FMB and PAWB has been completed, while prerequisites for the installation of VOIP (e.g. server location, etc.) in LMB and ERDB are currently being set up to respective Bureaus. Completion of VOIP installation is expected to be done by end of June 2013. To support the full provision of on-line public accessibility of DENR key databases relating to industrial use, forests and protected areas, the DENR is currently undertaking activities pertaining to the establishment of DENR Data Center and applications development. At present, the Memorandum of Agreement of DENR and DPWH for the construction of Data Center Building is now for approval by DENR Secretary.</p>
<p>Procedures and responsibilities for issuance of tenure instruments standardized and streamlined.</p>	<p>Lack of clarity in procedures for CBRMA/CBFMA and NIPAS virtually resulted in a cessation of this instrument.</p>	<p><u>Achieved.</u> NIPAS-IRR updated and streamlined and revised policy issued.</p>

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	<i>November 26, 2012</i>	As of June 17, 2013
National Integrated Protected Areas System/implementation rules and regulations updated and, streamlined and revised policy issued.		<u>Achieved.</u> Achieved through the issuance of Revised IRR for NIPAS in 2008 (DAO 2008-26), which already includes procedure for the issuance of PACBRMA.
<p>Mapping of priority geo-hazard areas completed</p> <p>- Total of 1,634 maps/municipalities at a scale of 1:50,000</p> <p>-Total of 1,634 maps/municipalities at a scale of 1:10,000 (<i>Geohazard mapping at scale of 1:10,000 would extend beyond project life, so the target could be less under NPS-ENRMP</i>)</p>	<p>1,321 municipalities with geohazard maps at a scale of 1:50,000</p> <p>None for 1:10,000 scale</p>	<p><u>Achieved.</u> <u>1:50,000 scale:</u> completed for 1,634 municipalities</p> <p><u>Partially Achieved.</u> <u>1:10,000 scale:</u> 229 municipalities surveyed and assessed or 105% out of a target of 218 municipalities for 2012. Rough maps produced in the field to be validated and digitized.</p>
Comprehensive rehabilitation and remediation plans for 5 abandoned mines completed	No plan	<u>Achieved.</u> The consultant submitted the final report and the Mine Environmental Mgt. Plan (MEMP) for the 5 mine sites last December 28, 2012. The MEMP will be implemented in one site every year, starting in CY 2013.

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	<i>November 26, 2012</i>	As of June 17, 2013
<p>Interim measures for the rehabilitation of Bagacay mines implemented</p>	<p>None</p>	<p><u>Partially Achieved.</u> Construction of diversion channel is already completed. The contractor will conduct dry run test to ensure the proper installation of pipeline and full function of the system. The construction of laboratory building with perimeter fence in Region 8 was completed in October 2012. Care and maintenance of the 70-hectare reforestation project within the periphery of the site is ongoing. For the Geotechnical study and preparation of Environmental Management Plan (EMP) structure at Bagacay Mine, the drilling activity has been completed on December 21, 2012. The 2nd status report was submitted by the contractor to include Geotechnical and Hydrological investigation and terrestrial survey. EMP of Bagacay Mine can be implemented upon completion of Geotechnical study.</p>

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	<i>November 26, 2012</i>	As of June 17, 2013
<p>Political boundary established in 217 municipalities covering 4,455,812 hectares (cadastral survey category B)</p> <p>2011 Total Target: 1,127,302 ha.</p> <p>Category A: 188,152 ha. Category B: 915,511 ha. Category C: 23,639 ha</p>		<p><u>Partially Achieved.</u> 98% or 277 contracted (out of the total target of 284 contracts for 2011 and 2012) covering 5,489,438 has.</p> <p><u>CY 2011:</u> 59 Contracts (98%) of the targeted 60 contracts (originally 66, 6 contracts untagged) awarded covering 1,256,417 has. Remaining 1 contract (NCR) for awarding.</p> <p><u>CY 2012:</u> 190 Contracts (97%) of the targeted 195 (originally 217, 22 contracts untagged) municipalities/contracts for CY 2012 awarded covering 3,841,427 has.</p> <p>28 Contracts awarded out of the targeted 29 Contracts covering 391,594 has. (from 2011 and 2012 savings).</p> <p>Total actual area surveyed (CY 2011 and 2012) is 3,448,933.66 has. (64% of the target)</p>
<p>Operational Plan for the Manila Bay Coastal Strategy Pursuant to Supreme Court Decision (OPMBCS) updated/ enhanced.</p>		<p><u>Achieved.</u> Final draft of the OPMBCS was presented and submitted to the Manila Bay Advisory Council and Supreme Court.</p>
<p>Component 2: Integrated Ecosystem Management</p>		

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	<i>November 26, 2012</i>	As of June 17, 2013
<p>i) 30% of degraded forest in GEF supported sites rehabilitated with native species representing the bio-geographic region as clarified in the WMP (64,000 ha.)</p>	<p>215,354.59 ha. total extent of degraded forest determined per survey conducted by REECs in 2010.</p>	<p><u>Partially Achieved:</u> Out of the total 47,363,598 seedlings targeted to be produced in 2013 (based on the target seedling production issued with No Objection Letters from the Bank including target under the DENR-PTFCF/FPE Partnership), a total of 45,650,900 seedlings (96%) have been produced as of May 31, 2013.</p> <p>Rehabilitation activities completed in 4,665.61 ha. (DENR led: 1,265.61, LGU led: 3,400).</p>
<p>ii) At least 30% of degraded forest lands in non-convergence watershed rehabilitated with native species by the end of the project.</p>		<p><u>Achieved:</u> A total of 311,581.39 ha. rehabilitated (NGP National less the GEF sites DENR-led 1,265.61 and LGU led- 3,400).</p>
<p>iii) 100% of GEF supported protected areas (PA) mainstreamed PA management effective tool</p>	<p>None of the PAs have mainstreamed METT. Survey conducted by REECs subject to validation by Regions</p>	<p><u>Achieved.</u> METT has been implemented/adopted in all (four 4) GEF Sites</p>

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	<i>November 26, 2012</i>	As of June 17, 2013
<p>iv) Use of PA management effectiveness tool replicated in 60% of proclaimed PAs nationally</p>	<p>None of the 105 PAs based on Survey by REECS in 2010.</p>	<p><u>Achieved:</u> Out of 105 PAs, 64 or 61% are using METT.</p>
<p>v) 60% of targeted communities in GEF supported sites implementing micro-catchment plans by the end of the project.</p> <p><i>Total= 29 LGUs 60%= 18 LGUs</i></p> <p><i>micro-catchment plans=ENR Plans</i></p>	<p>None of the 144 target communities/ barangays based on survey by REECS in 2010.</p>	<p><u>Achieved.</u> Total of 24 LGUs/communities in GEF supported sites implementing ENR/micro-catchment Plans.</p>
<p>vi) 30% of households in communities in GEF supported sites adopted livelihood practices promoted by the fourth year of project</p>	<p>None of the 77,152 households inside the GEF area based on survey conducted by REECS in 2010.</p> <p>30% of households=23,145 households (estimated)</p>	<p><u>Partially Achieved.</u> Livelihood interventions amounting to PhP38,565,729 will benefit an estimated 3,200 Households in the four (4) GEF Sites.</p>
<p>vii) 75% of funded activities (by \$ value) in GEF supported sites implemented by the LGUs and/or other stakeholders</p>	<p>No funded activities</p>	<p><u>Partially Achieved.</u> A total of \$2.953M or 74% out of the \$4.00M GEF funds intended for LGUs sub-projects was released to GEF sub-projects activities being implemented by 24 LGUs.</p>

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	<i>November 26, 2012</i>	As of June 17, 2013
viii) Best practices of integrated ecosystem management being replicated through information education campaign in at least 2 non GEF supported watershed areas.	No baseline	<u>Achieved.</u> IEM being replicated in Quinali R-5, Pola & Bongabong R4B and adopted as part of the National Convergence Initiative (DENR-DA-DAR).
ix) Payment for ecosystem services schemes operational in at least two watershed areas and generating ENR related service fees and royalties.	Fee collection for all regulatory services are low, an indicator of the low priority and other difficulties associated with this	<u>Partially Achieved.</u> The PES is expanded to include other ENR resources of alternative financing mechanism such as user fee, charges, etc. On-going works for implementing alternative sources of financing in 3 GEF sites conducted and identified potential PES opportunities in the following areas: 1) Region 4-User Fee System as part of the MOA with BFAR and DENR for mangrove areas and fishponds. 2) Region 6- setting up of PES to generate revenues from use of water for irrigation. 3) Region 6 (DSB) - on-going FLUP-CLUP process will help identify proper 'sub-zoning' in the MUZ for PES opportunities from vacation/ecotourism facilities.
<i>Component 3: Strengthening ENR Management</i>		
i) 10% per annum increase in companies complying with environmental standards compared to baseline.		

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	<i>November 26, 2012</i>	As of June 17, 2013
<p>-Total number of companies 10,923</p>	<p>-Air Standards: Baseline: 55.32% compliance Yr. 1 level: 60.48% compliance</p>	<p><u>Achieved.</u> 84.39% or 9,913 companies complied out of 11,746 companies monitored in 2012. This is 5.80% higher than the 2011's reported compliance of 79.76%.</p> <p>Compliance: 2007=55.32% or 5,266 companies complied out of 9,519 companies monitored</p> <p>2008=61.25% or 5,830companies complied out of 9,519 companies monitored</p> <p>2009=62.17% or 6,791 companies complied out of 10,923 companies monitored</p> <p>2010=65.03% or 7,103 companies complied out of 10,923 companies monitored</p> <p>2011=79.76% or 9,369 companies complied out of 11,746 companies</p>

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	<i>November 26, 2012</i>	As of June 17, 2013
-Total number of companies 4,088	-Wastewater Standards: Baseline: 37.47% compliance Yr. 1 level: 46.14% compliance	<p>For review and assessment data for 2012.</p> <p>Compliance: 2007=37.74% or 1,414 companies complied out of 3,747 companies monitored</p> <p>2008= 45% or 1,686 companies complied out of 3,747 companies monitored</p> <p>2009=53.99% or 2,207 companies complied out of 4,088 companies monitored</p> <p>2010= 58.46% or 2,390 companies complied out of 4,088 companies monitored</p> <p>2011= 62.95% or 2,560 companies complied out of 4,067 companies monitored.</p>
ii) Designation and operationalization of at least 3 water quality management areas (WQMA)	None	<p><u>Achieved.</u> Three (3) Water Quality Management Areas were established and operationalized (Meycauayan-Marilao-Obando River System in Region 3, Jaro-Tigum-Aganan in Region 6, and Sarangani Bay in Region 12.</p> <p>Each has Governing Board and 10-year WQMA action Plan.</p>

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	<i>November 26, 2012</i>	As of June 17, 2013
<p>iii) 128 LGUs are implementing three aspects of ecological solid waste management.</p>	<p>48 LGUs</p>	<p><u>Achieved.</u> 128 LGUs implementing three aspects of ecological solid waste management. Out of 128 LGUs, 97.36% implements segregation at source; 82.95% practices segregated collection; and 81.74% operates MRF.</p>
<p>iv) Monitor 179 PETCs (Private Emission Testing Centers)</p>	<p>Yr.1 level: 179 PETCs with 98% compliance</p>	<p><u>Achieved.</u> 100% compliance of 210 PETCs as of December 2012.</p> <p>CY 2008= monitored 179 PETCs with 98% compliance CY 2009= monitored 210 PETCs with 66.67% compliance CY 2010 and 2011 monitored 210 PETCs with 100% compliance CY 2012 (as of October)= monitored 273 PETCs with 100% compliance</p>
<p>v) Monitor 4,700 industries issued with permit to operate</p>	<p>Yr. 1 level: 1,337 companies with 80% compliance</p>	<p><u>Achieved.</u> 100% compliance of 4,700 industries issued with permit to operate as of December 2012.</p> <p>CY 2008= monitored 1,337 companies with 80% compliance CY 2009= monitored 2,218 companies with 88.87% compliance CY 2010= monitored 2,724 companies with 91.3% compliance CY 2011= monitored 3,489 companies with 94.04% compliance</p>

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	<i>November 26, 2012</i>	As of June 17, 2013
<p>vi) Monitor 1,600 companies along waterbodies (draining into Manila Bay)</p>	<p>1,566 companies with 94% compliance</p>	<p><u>Achieved.</u> 100% compliance of 1,744 companies along waterbodies as of December 2012.</p> <p>CY 2008= monitored 1,566 companies with 94% compliance CY 2009= monitored 1,744 companies with 78% compliance CY 2010= monitored 1,744 companies with 94.5% compliance CY 2011=monitored 1,744 companies with 91.23% compliance</p>
<p>vii) Monitor 101 priority bathing beaches for bacterial levels/safety</p>	<p>Baseline: 53 bathing beaches Yr. 2 (2009) compliance level: 23 bathing beaches monitored, 60% passed standards</p>	<p><u>Achieved.</u> A total of 101 bathing beaches were monitored as of December 2012.</p> <p>2009=23 bathing beaches monitored (14 Passed (61%) and 9 failed (39%))</p> <p>2010=26 bathing beaches monitored (18 passed (69%) and 8 failed (31%))</p> <p>2011=26 bathing beaches monitored (15 passed (58%) and 11 failed (42%))</p> <p>2012=26 bathing beaches monitored (13 bathing beaches passed or 50% while the other 13 or 50% bathing beaches failed the standards)</p>

Outcome Indicators	Updated Baseline Information	Accomplishment Description (Quantitative/Qualitative)
Project Life Target By Component	<i>November 26, 2012</i>	As of June 17, 2013
<p>viii) Monitoring of 4,216 ECP projects issued with ECC</p>	<p>Yr. 1 level: 4,216 projects with 80% compliance</p>	<p><u>Achieved.</u> 100% compliance of 4,380 ECC projects monitored as of December 2012. CY 2008= monitored 4,216 Projects with 80% compliance CY 2009= monitored 4,380 Projects with 80.14% compliance CY 2010= monitored 4,380 Projects with 80.00% compliance CY 2011= monitored 4,380 Projects with 90.36% Compliance</p>