

**PHILIPPINES**  
**NATIONAL PROGRAM SUPPORT FOR ENVIRONMENT AND NATURAL**  
**RESOURCES MANAGEMENT PROJECT**

**Thirteenth Implementation Review**  
**December 3-13, 2013**

**I. Introduction**

1. The National Program Support for Environment and Natural Resources Management Project (NPS-ENRMP) is scheduled for Loan and GEF grant closing on December 30, 2013. The main focus of this review mission was therefore to assess achievements under the project, discuss how the outcomes are to sustained, and to clarify the remaining steps needed to fully utilize and liquidate the loan and GEF grant funds.

2. This Aide Memoire reflects the agreements reached between the mission<sup>1</sup> and DENR at the wrap-up meeting chaired by **Usec. Analiza R. Teh** on December 13, 2013. Meetings were also held with the DENR representatives of the Foreign Assisted Projects Office (FASPO), Financial Management Service (FMS), MBCO, MGB, EMB, FMB, DENR Region 3 and Regional staff involved with watershed management aspects of the project in Kanan, Libmanan-Pulantunan and Bago, and in Ligawasan Marsh. Visits were also made to Region 3, 5 and 6 to review implementation of the National Greening Program with a view to develop recommendations for DENR management on ways to further strengthen the program.

**SIM Loan and GEF grant Utilization**

**II. SIM Loan and GEF grant Utilization**

3. Total disbursements under the SIM loan as per Bank records amounted to USD 50 million or 100% of the total approved loan. It is to be noted that the designated account of the DENR and the EMB still has a remaining balance of USD 6.098 million and USD 0.2 million, respectively which are still to be reported for liquidation to the Bank. As for the GEF grant, disbursements amounted to USD 6.677 million (including the USD 0.223 million and USD 0.5 million of the DENR and the MDFO) or 95.38% of the total approved grant amount.

**Table 1. Actual & Projected Loan & GEF grant disbursements through December 30, 2013.**

|  | <b>Loan Amount</b><br><b>(US\$ M &amp; % of loan)</b> | <b>GEF Grant</b><br><b>(US\$ M &amp; % of Grant)</b> |
|--|---|--|
| Approved Project Loan and GEF Grant <sup>2</sup> | 50.00 (100%)  | 7.00 (100%)  |
| Actual Disbursements (December 2013)             | 50.00 (100%)  | 6.67 (95%)   |

<sup>1</sup> The mission comprised Samuel Wedderburn (Task Team Leader), Leo Paat (Senior Environmental Specialist), Felizardo Virtucio (Operations Officer); Noel Sta. Ines (Procurement Specialist), Aisha De Guzman (Financial Management Specialist); Victoria Florian Lazaro; (Operations Officer); Kiran Pandey (Economist), Douglas Forno (Institutions Specialist), Gilbert Braganza (Natural Resource Management Specialist), and Takayuki Hagiwara, Senior Natural Resources Management Officer (FAO/CP).

<sup>2</sup> 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%) |
|--|--------------|------------|

4. At appraisal it had been anticipated that the US\$50 SIM loan would be allocated between Components/MFOs as follows: MFO1-US\$36.24M (72%), MFO2-US\$ 9.66M (19%) and MFO3-US\$ 4.10M (8%). Although as previously noted, DENR used its regular budget to fund many activities that were eligible under the loan, especially up to about mid-term, the actual distribution of the loan proceeds between MFOs was not greatly different than the appraisal estimates i.e., MFO1-US\$35 M (70%), MFO2- US\$11M (22%) and MFO3-US\$4 M (8%). The bulk of expenditures under the loan were used for Forest Boundary Delineation (43%), followed by Data Management including System Development (15%), conduct of Cadastral Survey (14%), National Greening Program (12%), EMB strengthening (7%), Manila bay Clean-up (4%), and remediation measures at Bagacay Mine (2%). Other aspects supported as shown below were around 1% or less.

5. GEF-Grant allocation between components was largely as anticipated at appraisal i.e., MFO1 US1.9 M (27%-actual --%), MFO2 US\$ 4.43M (63%-actual--%), and MFO3 US\$ 0.67 M (10%-actual --%).

**Table 2: Loan Proceed Cumulative Disbursement by Major Activity from CY2008 to December 15, 2013 {Update Table}**

| Enrolled Activities under ENRMP  | Total Cumulative Disbursement (Peso) | % Disbursement |
|--|--------------------------------------|----------------|
| 1. Forest Boundary Delineation and Land Use Allocation   | 593,835,901.78                       | 43%            |
| 2. Data Management including System Development  | 208,788,465.50                       | 15%            |
| 3. Conduct of Cadastral Survey   | 194,865,767.61                       | 14%            |
| 4. National Greening Program   | 170,850,640.97                       | 12%            |
| 5. Procurement of Equipment; Intensification of Environmental Compliance Monitoring; Improvement of Water Quality; Toxic Substances and Waste Management | 97,881,009.66                        | 7%             |
| 6. Manila Bay Rehabilitation   | 58,419,894.28                        | 4%             |
| 7. Implement Rehabilitation of Bagacay Mines   | 23,047,600.92                        | 2%             |
| 8. Biodiversity Conservation Program   | 18,458,877.12                        | 1%             |
| 9. Conduct of Special Studies  | 14,562,062.34                        | 1%             |
| 10. Soil Conservation and Watershed Management   | 9,500,000.00                         | 1%             |
| 11. Protected Areas and Wildlife Management  | 529,323.58                           | 0%             |

|   |                         |    |
|---|-------------------------|----|
| 12. Assessment of Abandoned and Inactive Minesite | -                       | 0% |
| 13. Ecosystem Research and Development            | -                       | 0% |
| <b>GRAND TOTAL</b>                                | <b>1,390,739,543.76</b> |    |

Data source: DENR FMS

### III. Overall Assessment

6. As the project nears completion, the following provides an assessment of the project outcomes, and the key issues that will need to be addressed to sustain and expand achievements of the project. The findings have been discussed and confirmed with DENR and will be used as the basis for preparing the respective completion reports of DENR and the Bank.

**7. 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.

#### **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: Although a draft of DENR's Rationalization Plan was available at the time of appraisal it was not approved until October 16, 2013, virtually at the end of the project. In the short period since approval of the plan, implementation has already been initiated in regard to placement of personnel and preparation of related guidelines. The project design saw the delay in approval of the Rationalization

Plan 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., 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 and the alignment of annual work plan and budget submissions with this strategy, and restructuring of EMB along functional lines. These reforms are elaborated below.

- a) Procurement capacity was significantly strengthened and this is seen by DENR as a significant outcome. 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 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 CCD 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 DENRs 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.
- b) 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 various Regions with reports on the audit results submitted to World Bank. For CY 2013, two regions covered by the Forestland Boundary Delineation Assessment are targeted to be subjected to audit appraisal. At the time of project completion IAS was also undertaking audit on CY 2011 NGP activities.
- c) 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 DENRs business or prioritization of its approaches. Although a goal of the project was the strengthening of allocative efficiency through better prioritization and partnership arrangements, the only specific indicators provided at appraisal related to meeting the project's investment targets in rehabilitation, ecosystem management and assessments. That said, the major expenditure items for MFO 1 in developing Decision Support Systems, surveys, data base and information systems development were in line with the NPS-ENRMP goals 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 were the top priorities. Clearly partnership arrangements with LGUs were strengthened as part of strengthening eco-system management and MFO based budgeting has strengthened the linking of plans and budgets. But the three-fold increase in DENR’s budget also lifted a lot of the constraints on DENR’s budget that had existed at appraisal. The extent to which allocative efficiency has improved is therefore not clear, although feedback suggests that regulatory activities are still under resourced.

d) The organization of regional staff of EMB along functional lines was achieved early in the project in keeping with the spirit of a dated covenant under the NPS-ENRMP. With the approval of the Rationalization Plan, the restructuring of EMB from a sectoral to functionally based institution has now been formalized. The Rationalization Plan also provides for a significant increase in EMBs staffing. Nevertheless, 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 need to strengthen governance over its operations.

i) 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. However concerns were raised both by FASPO and the Bank as to the methodology used for the survey<sup>3</sup>. The sample size was felt to be both limited and biased in that it was focussed on clients who had received DENR services, rather than being representative of the views of the broader population. While DENR is committed to undertaking a follow-up survey using its own resources in 2014, the results will not be available within the time frame for completing this ICR. The findings of the follow-up survey will be important to further assess the perception of DENR’s service delivery, accountability and transparency. However the methodological issues that cast some doubt on the validity of the first survey results will need to be corrected. Table 3 presents the main findings of the initial survey which, due to the bias in sampling, were felt to represent more of a best case scenario.

**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%   |

ii) 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 to 2006 baseline. The decrease is primarily attributed to the inclusion of strategies such as implementation of

<sup>3</sup> 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.

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. 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 the Philippines.

iii) 80% of the Project's investment targets in rehabilitation, ecosystem development and assessments being met: This indicator was achieved. Of the 33 Result Indicators for the project (Schedule 2 of Legal Agreement), 28 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.

## **9. 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/brush-lands/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.

## **10. Intermediate Outcomes 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. While the Rationalization Plan was only approved in October 2013 (a delay that has also affected other Government Departments), the key elements of the reform agenda were implemented as summarized in Table 2.

- 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<br>Component 1                           | Results  |
|---|--|
| Framework for the rationalization of ENR policies & legislation | <u>Achieved.</u> Framework developed and being updated in line with new priorities. Inconsistencies or overlaps in existing policy legislations are being also 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 largely completed. The system will facilitate monitoring and reporting as well as updating of databases, land records etc. Procurement for construction of a “Green Data Center” designed to house and integrate all DENR data bases is underway. 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. This is felt to be an important area for development. DENR management will need 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;<br>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).<br>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.  |
| Mapping of  | <u>Achieved:</u> All of the planned 1,634 geo-hazard maps at a scale of 1:50,000 have been   |

| <b>Loan Agreement Targets Component 1</b> | <b>Results</b>  |
|---|---|
| priority geo-hazard areas completed       | completed. Completion of smaller scale maps (1:10,000) 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        | <p><u>Achieved:</u> Assessments have been finalized for all 5 sites (encompassing soil &amp; water analysis, geotechnical/geo-hazard assessment, information, education &amp; communication, flora &amp; fauna, air quality and acid mine drainage).</p> <p>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.</p>  |
| 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 DENRs 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             | <p><u>Achieved.</u> Interim rehabilitation has been largely achieved through construction of diversion channel/pipeline, maintenance of limestone dam and ore/waste stockpile dam, construction of laboratory building as well as research on phyto-remediation and maintenance of the 70-hectare reforestation area around the site. Ongoing activities include: (i) completion of Geo-technical Study, (ii) implementation of Environmental Management Plan, and (iii) re-vegetation /reforestation of 100 ha (to be completed in 2016).</p> <p>Other areas needing follow-up by MGB based on the project outcomes are;</p> <ul style="list-style-type: none"> <li>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.</li> <li>ii) Review environmental safeguard policies to ensure the risks/costs associated with mine abandonment and rehabilitation are adequately covered, and</li> <li>iii) Document the experiences in rehabilitating Bagacay mine and prepare manuals &amp; protocols to guide future rehabilitation of mine sites.</li> </ul> |

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



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 watersheds<sup>4</sup> (GEF) and non-convergence watersheds (SIM).

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.

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

| Loan Agreement Targets<br>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.  |
| Rehab. >30% degraded forest outside GEF sites<br>*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. Planting is ongoing for the remaining area with the expectation this will be fully completed. 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 &amp; 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 that: i) further promotion of the CDD approach is required, ii) a “forest-business” approach should be pursued to provide incentives for communities to plan and maintain trees, i.e., moving away from conservation as being the primary focus, iii) support is need for value-chain and technology development, iv) convergence between agriculture and forestry should be fostered, v) greater provision is needed for the longer term maintenance of re-forested areas.</p> <p>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.</p> <p>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</p> <p>c) The incentive framework for enhancing stewardship of tree plantings</p> |

<sup>4</sup> 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 ).

| Loan Agreement<br>Targets<br>Component 2   | Results  |                        |             |                  |                            |     |     |                              |     |     |                      |     |     |                |     |     |              |             |              |
|--|--|------------------------|-------------|------------------|----------------------------|-----|-----|------------------------------|-----|-----|----------------------|-----|-----|----------------|-----|-----|--------------|-------------|--------------|
|  | 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<br>*Core Indicator: Forest area brought under management plans (ha)   | <u>Achieved:</u> METT is now being implemented in 64 of the 105 Protected Areas in the country (61%).  |                        |             |                  |                            |     |     |                              |     |     |                      |     |     |                |     |     |              |             |              |
| 60% GEF communities have “micro-catchment” plans   | <p><u>Achieved:</u> 24 of the 29 LGUs (83%) in GEF supported sites implementing ENR/micro-catchment Plans.</p> <p>Summary of DENR-led Rehabilitation Activities (as of May 2013)</p> <table border="1" data-bbox="480 848 1312 1066"> <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><b>TOTAL</b></td> <td><b>1301</b></td> <td><b>1,266</b></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 | <b>TOTAL</b> | <b>1301</b> | <b>1,266</b> |
| 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                    |             |                  |                            |     |     |                              |     |     |                      |     |     |                |     |     |              |             |              |
| <b>TOTAL</b>   | <b>1301</b>  | <b>1,266</b>           |             |                  |                            |     |     |                              |     |     |                      |     |     |                |     |     |              |             |              |
| 30 % households in GEF sites adopt livelihood practices.   | <u>Partially Achieved</u> 17 livelihood activities of 9 LGUs in GEF sites are currently being undertaken in conjunction with the re-vegetation 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 re-vegetation and sustainable maintenance of such. Collectively it is estimated 3,200 households benefited from livelihood activities (4% of the est. 77,152 households within the GEF assisted sites). In retrospect this indicator was overly optimistic given the level of resources available and time needed to develop suitable livelihood subprojects) |                        |             |                  |                            |     |     |                              |     |     |                      |     |     |                |     |     |              |             |              |
| 75% of activities in GEF sites implemented by LGUs /stakeholders<br>*Core indicator: People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forests (number) | <u>Achieved:</u> All IEM activities implemented in the GEF sites were implemented with the active participation of LGUs/stakeholders. Some 24 LGUs participated, collectively representing some 77,152 households.   |                        |             |                  |                            |     |     |                              |     |     |                      |     |     |                |     |     |              |             |              |
| Watershed Mgt Councils & MOAs  | <u>Achieved:</u> Watershed Management Councils exist for all of the GEF assisted sites along with MOAs defining their functions  |                        |             |                  |                            |     |     |                              |     |     |                      |     |     |                |     |     |              |             |              |
| Best management practices replicated in at least 2 non GEF sites   | <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   |                        |             |                  |                            |     |     |                              |     |     |                      |     |     |                |     |     |              |             |              |

| Loan Agreement<br>Targets<br>Component 2  | Results   |
|---|---|
| *Core Indicator:<br>Reforms in forest policy, legislation or other regulations supported (Yes/No) | <p>projects are also adopting the approach e.g., USAID supported Biodiversity and Watersheds Improved for Stronger Economy and Resiliency Project (B+WISER) &amp; GiZ's EnRD Project in Region 8.</p> <p>Best practices have been well documented to facilitate dissemination i.e.,</p> <ul style="list-style-type: none"> <li>i) Primer on Governance-Oriented Integrated Ecosystem Management (IEM): Getting Each Stakeholder to Contribute towards common goals</li> <li>ii) Formulating IEM-Consistent Investment Programs in Watershed and Highly Diverse Landscapes.</li> <li>iii) Guide for Planning and Conducting Process Documentation in the IEM Framework and LGU ENR Planning and Implementation.</li> <li>iv) Payment for Ecosystem Services: A Compendium of Relervant Literature</li> <li>v) Incorporating Integrated ecosystem Management with Local Development Plans: The case of General Nakar and Infanta Municipalities in Quezon Province: An IEM Story</li> <li>vi) Libmanan-Pulantuna Watershed: Replicating Integrated Ecosystem Management for Socioeconomic Development: An IEM Story</li> <li>vii) Province-led Integrated Ecosystem Management: The Case of Bago River Watershed in Negros Occidental: An IEM Story</li> <li>viii) Healing Nature and Contributing to Local Community Development: The Story of Barangay Batangan, General Nakar, Quezon: An IEM Story</li> </ul> |
| ENR fees/ royalties operational in at least 2watershed areas                                      | <p><u>Partially Achieved.</u></p> <p>TA on PES has been provided, and a Compendium of Case studies prepared. While user fees/environmental service fees are being collected in a number of Protected Areas, difficulties have been experienced in implementing PES suggesting more policy guidance is needed. An important development has been the passage of a law requiring 75% automatic retention by DENR of earnings from Protected Areas, providing both a source of funds for maintaining PAs and an incentive mechanism to promote PES. Additionally, the DENR and Dept. of Tourism have entered into an agreement that would promote ecotourism in some 78 sites that cut across some 238 Protected Areas. Opportunities for PES in the watersheds supported by the project have been developed but not yet implemented: e.g.,</p> <ul style="list-style-type: none"> <li>i) Region 4-Through a MOA with BFAR for mangrove areas.</li> <li>ii) <b>Region 5-For Bamboo harvesting in Libmanan-Pulantuna Watershed</b></li> <li>iii) <b>Region 6. Opportunities to generate revenues fr water usein Bago Watershed.</b></li> </ul>  |

12. Component/MFO 3: Strengthening Environment and Natural Resources Management (total cost US\$4.77 M: of which GEF US\$0.67): 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<br>Component 3   | Results   |              |                         |              |      |       |     |      |       |     |      |        |     |      |        |     |      |        |     |      |        |     |      |                         |              |      |       |     |      |       |     |      |       |     |      |       |     |      |       |     |      |              |     |
|---|---|--------------|-------------------------|--------------|------|-------|-----|------|-------|-----|------|--------|-----|------|--------|-----|------|--------|-----|------|--------|-----|------|-------------------------|--------------|------|-------|-----|------|-------|-----|------|-------|-----|------|-------|-----|------|-------|-----|------|--------------|-----|
| <p>10%/yr increase in compliance (baseline: Air 55% Water 37%)<br/>*Core Indicator: Particulate matter reduction achieved under the project)</p>                              | <p><u>Achieved:</u><br/><b>Air:</b> 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" data-bbox="613 394 1323 646"> <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>* 2013 data not yet available</p> <p><b>Water:</b> 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" data-bbox="613 768 1323 1020"> <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><b>4,067</b></td> <td>63%</td> </tr> </tbody> </table> <p>* 2013 data not yet available</p> | 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 | <b>4,067</b> | 63% |
| 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  | <b>4,067</b>  | 63%          |                         |              |      |       |     |      |       |     |      |        |     |      |        |     |      |        |     |      |        |     |      |                         |              |      |       |     |      |       |     |      |       |     |      |       |     |      |       |     |      |              |     |
| <p>Operationalize at least 3 water quality management areas (WQMA)</p>  | <p><u>Achieved:</u> 3 WQMAs established i) Meycauayan-Marilao-Obando- R3, Jaro-Tigum-Aganan R-6 &amp; Sarangani Bay-R12. Each has a Governing Board and 10- year WQMA action plan.</p> <p>Benefits associated with increased attention to Water Quality monitoring under the project include:</p> <ul style="list-style-type: none"> <li>i) Facilitated implementation of the Adopt-an-Estero Program.</li> <li>ii) Improved implementation through the provision of materials and equipment</li> <li>iii) Expanded assistance in engaging the LGUs and communities</li> </ul>  |              |                         |              |      |       |     |      |       |     |      |        |     |      |        |     |      |        |     |      |        |     |      |                         |              |      |       |     |      |       |     |      |       |     |      |       |     |      |       |     |      |              |     |
| <p>128 LGUs implement 3 aspects of ecological solid waste mgt.<br/>*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"> <li>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.</li> <li>ii) LGUs have been better able to implement R.A. 9003 through IEC campaigns and development of strategies/systems for the target stakeholders.</li> </ul>   |              |                         |              |      |       |     |      |       |     |      |        |     |      |        |     |      |        |     |      |        |     |      |                         |              |      |       |     |      |       |     |      |       |     |      |       |     |      |       |     |      |              |     |

| Loan Agreement Targets<br>Component 3   | Results   |                             |  |      |  |                             |      |       |     |      |       |     |      |       |     |      |       |      |      |       |      |      |       |      |
|---|---|-----------------------------|--|------|--|-----------------------------|------|-------|-----|------|-------|-----|------|-------|-----|------|-------|------|------|-------|------|------|-------|------|
| Monitor 179 Emissions test stations   | <p><b>Achieved:</b> The number of PETCs monitored has increased to 273 with 100% compliance.</p> <table border="1" data-bbox="613 323 1321 611"> <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>*2013 data not yet available</p> <p>Benefits associated with increased attention to air quality under the project Air Quality include:</p> <ul style="list-style-type: none"> <li>i) Strengthened Anti-Smoke Belching (ASB) campaign by fielding additional ASB teams</li> <li>ii) Reduced vehicle smoke emissions through seminars/lectures on Vehicle Maintenance</li> <li>iii) Better air quality evaluation/ analysis by establishing more AQM stations</li> <li>iv) Formulation of science-based air quality policies/abatement measures/strategies</li> <li>v) Enhanced IEC campaign on air pollution control from area sources</li> </ul> |                             |  | 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% |
| 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%                        |  |      |  |                             |      |       |     |      |       |     |      |       |     |      |       |      |      |       |      |      |       |      |
| Monitor 4700 Permits to Operate   | <p><b>Achieved:</b> 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="613 1005 1321 1293"> <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> <p>* 2013 data not yet available</p>  |                             |  | 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% |
| 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%                        |  |      |  |                             |      |       |     |      |       |     |      |       |     |      |       |      |      |       |      |      |       |      |
| Monitor 1600 companies .along water bodies draining into Manila Bay   | <p><b>Achieved:</b> Both the number of companies monitored and their compliance with requirements has improved as shown below.</p> <table border="1" data-bbox="613 1383 1321 1671"> <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> <tr><td>2008</td><td>1,566</td><td>94%</td></tr> <tr><td>2009</td><td>1,744</td><td>78%</td></tr> <tr><td>2010</td><td>1,744</td><td>95%</td></tr> <tr><td>2011</td><td>1,744</td><td>91%</td></tr> <tr><td>2012</td><td>1,744</td><td>100%</td></tr> </tbody> </table> <p>* 2013 data not yet available</p>   |                             |  | Year | No. of Companies monitored along water bodies  | % Compliance                | 2007 | 1,566 | 94% | 2008 | 1,566 | 94% | 2009 | 1,744 | 78% | 2010 | 1,744 | 95%  | 2011 | 1,744 | 91%  | 2012 | 1,744 | 100% |
| Year  | No. of Companies monitored along water bodies   | % Compliance                |  |      |  |                             |      |       |     |      |       |     |      |       |     |      |       |      |      |       |      |      |       |      |
| 2007  | 1,566   | 94%                         |  |      |  |                             |      |       |     |      |       |     |      |       |     |      |       |      |      |       |      |      |       |      |
| 2008  | 1,566   | 94%                         |  |      |  |                             |      |       |     |      |       |     |      |       |     |      |       |      |      |       |      |      |       |      |
| 2009  | 1,744   | 78%                         |  |      |  |                             |      |       |     |      |       |     |      |       |     |      |       |      |      |       |      |      |       |      |
| 2010  | 1,744   | 95%                         |  |      |  |                             |      |       |     |      |       |     |      |       |     |      |       |      |      |       |      |      |       |      |
| 2011  | 1,744   | 91%                         |  |      |  |                             |      |       |     |      |       |     |      |       |     |      |       |      |      |       |      |      |       |      |
| 2012  | 1,744   | 100%                        |  |      |  |                             |      |       |     |      |       |     |      |       |     |      |       |      |      |       |      |      |       |      |
| Monitor 101bathing beaches for bacterial levels/safety. (It was agreed early in project implementation this was accumulative total) | <p><b>Achieved:</b> 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" data-bbox="613 1824 1321 1887"> <thead> <tr> <th>Year</th> <th>No. of bathing beaches monitored</th> <th>% meeting the Water Quality</th> </tr> </thead> <tbody> </tbody> </table>  |                             |  | Year | No. of bathing beaches monitored               | % meeting the Water Quality |      |       |     |      |       |     |      |       |     |      |       |      |      |       |      |      |       |      |
| Year  | No. of bathing beaches monitored  | % meeting the Water Quality |  |      |  |                             |      |       |     |      |       |     |      |       |     |      |       |      |      |       |      |      |       |      |

| Loan Agreement Targets<br>Component 3  | Results  |   |                                  |
|--|--|---|----------------------------------|
|  |  |   | Criteria Suitable<br>for Bathing |
|  | 2007   | NA  |                                  |
|  | 2008   | 23  | 60%                              |
|  | 2009   | 23  | 61%                              |
|  | 2010   | 26  | 69%                              |
|  | 2011   | 26  | 58%                              |
|  | 2012   | 26  | 50%                              |
|  | * 2013 data not yet available  |   |                                  |
| 4,216 environmentally<br>critical projects (ECP)<br>obtained<br>Environmental<br>Compliance Certificate<br>(ECC) | <u>Achieved:</u> Both the number of ECPs monitored and their compliance with ECCs has improved as shown below. |   |                                  |
|  | Year   | No. of ECP<br>projects issued wit<br>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%                             |
|  | * 2013 data not yet available  |   |                                  |

### 13. Additional Project Components

With regard to the two additional programs included for support under the NPS-ENRMP, both of these programs developed as core programs of the DENR during the course of the project. To the extent they further enhanced achievement of the PDO for the project and particularly the goals of “Component/MFO2: Subcomponent 2.1 Integrated Ecosystems Management”, and “Component/MFO 3 Strengthening Environment and Natural Resources Management,” the provision of funding under the project was fully consistent with their inclusion in the project and Schedule 2 of the Legal Agreement. As such the modifications did not require Board approval. Inclusion of these two programs under the project was particularly motivated by need to accelerate the utilization of loan funds which had fallen far short of appraisal projections by mid-term. The main outputs of these programs under the project are discussed below.

14. Clean-up of Manila Bay and its Inland Waterways (Operational Plan for Manila Bay Coastal Strategy). The project supported initial activities of the Manila Bay Coordinating Office (MBCO) of DENR. That office had been established in response to a Supreme Court Directive requiring Government agencies to take action to clean up Manila bay. DENR was designated as the lead agency by the Supreme Court. Support under the NPS-ENRMP was designed to be catalytic in paving the way for planned World Bank follow-on assistance for a “Manila Bay Integrated Water Quality Management Project” which *inter alia* would require long-term programmatic support, considerable inter-agency collaboration and investment, and an institutional framework capable of providing the sustained policy guidance, oversight and leadership that such an ambitious and long term program will require. The NPS-ENRMP funded procurement of “trash barges” as a stop-gap measure to help clean up the many waterways flowing into Manila bay. More importantly the NPS-ENRMP intervention provided a platform for discussion with DENR on the required institutional arrangements. While at project closing such institutional arrangements have not been resolved, the process is moving forward viz; i) a draft Executive Order establishing the institutional arrangements for Manila bay is under discussion and expected to be submitted to the Office of the President in early 2014, and ii) a draft bill is under

discussion that would provide the longer –term legal basis for such oversight institutional arrangements. In that context, the catalytic role of the NPS-ENRMP in moving the process forward was achieved. .

15. The National Greening Program. This program was initiated by DENR in 2011 as a national tree planting program with the target of planting 1.5m ha by 2016. Of this some 100,000 ha were planned for support under NPS-ENRMP, with the objective of scaling-up the IEM approach developed under the project, and in particular the use of Peoples’ Organization to develop the nurseries and undertake the planting and maintenance of trees. Inclusion under the project also provided a platform for engaging with DENR on ways to strengthen the program which was seen as ambitious and fraught with implementation & sustainability issues, many of which have been encountered in previous tree planting programs. As of project completion some 311,581 has had been planted under the NGP. Of the 100,000 ha planned for support under NPS-ENRMP, 71,807 ha (71.8%) had been planted with the expectation the remaining target area would be accomplished. Geo tagging introduced under the project has been used to monitor accomplishments and is being extended to cover all NGP sites. In keeping with the goal of the project to help strengthen the approach, a review was undertaken by the Bank at project closing to provide feedback to DENR management. The key findings of the review are given in Annex 4 and have reinforced earlier recommendations that: i) further promotion of the CDD approach is required, ii) a “forest-business” approach should be pursued to provide incentives for communities to plan and maintain trees, i.e., moving away from conservation as being the primary focus, iii) support is need for value-chain and technology development, iv) convergence between agriculture and forestry should be fostered, v) greater provision is needed for the longer term maintenance of re-forested areas.

### **III. Procurement**

16. The review found that all procurement under the project will be completed by the Loan and Grant Closing Dates, and that processing is generally in compliance with the agreed procedures. Procurement implementation under the Loan during the last six months is substantial due to good progress in procurement actions in the Cadastral Survey (CS) and the National Greening Program (see Annex 6).

17. As found during the Joint FM-Procurement Review of NGP enrolled activities, the use of geo-tagging had been effective in locating the actual reforestation sites, calculating the land area, number of seedlings planted, and monitoring the progress of implementation. Also, the joint review found that transparency in procurement was very apparent during the focus group discussions and examination of documents with the members of the People’s Organization (POs). It was also evident that the POs have reasonably good ownership of the reforestation subprojects and that the DENR staff has a good rapport with the community.

18. While geotagging was initially targeted to be used for the monitoring of the Bank financed contracts, it was expanded to cover all NGP activities regardless of source of fund. As such the use of geotagging is mandated by the DENR Secretary under DENR Memorandum Circular No. 2012-01 dated May 2, 2012. It is now mainstreamed into various DENR programs and linked with other GIS-based applications, e.g. geohazards, watersheds, cadastral surveys, and delineation of forest lands.

### **IV. Financial Management**

19. Financial Monitoring Reports (FMRs) – The most recent submission of FMRs is for the second quarter of 2013 which was received by the Bank on August 30, 2013. The FMR for the third quarter is still to be submitted.

20. Audited Financial statements – The 2012 Project Audited Consolidated Financial Statements and Management Letters for both the SIM Loan and GEF grant were submitted on July 9, 2013. On the financial statements, COA rendered a qualified opinion for both the SIM Loan and the GEF grant. It is recommended that DENR ensure prompt resolution of the issues noted by COA to obtain a clean opinion on the 2013 audited financial reports

## **V Safeguard Compliance**

21. Safeguard compliance has been rated satisfactory throughout the project. Environmental assessments were an integral part of the preparation of Watershed Management Plans for each of the sites covered by the project, as well as in the preparation of abandoned mine rehabilitation plans. No issues triggered by natural habitats, forests or safety of dams safeguard policies were encountered.

22. Each of the four watersheds selected for IEM activities under the project have indigenous cultural communities. The Kanan watershed overlaps with ancestral domains of the Dumagats covered by recognized certificates of ancestral domain claims. The Ligawasan Marsh is predominantly populated by the Maguindanaon, while the Libmanan-Pulantuna watershed is visited by nomadic tribes for food gathering, although not part of any ancestral domain. The Bago Watershed has a small enclave of IP communities. Throughout the project there was satisfactory compliance with the Indigenous Policy Framework established for the project. Among the actions taken to ensure the concerns of indigenous communities were taken into account were i) a social anthropologist was contracted to assist the Indigenous Peoples in the watersheds of Bago and Libmanan-Pulantuna to participate meaningfully in the watershed planning process and in the preparation of the IP Social Assessment and Plans, ii) the formulation and piloting of procedures for engaging IPs in watershed management was coordinated with the National Commission on Indigenous Peoples (NCIP), and iii) a seminar on Working with Indigenous Peoples on Natural Resource Management was conducted for DENR and LGU officers, drawing upon NCIP and NGO resource persons.

23. Completion of the IP plan expected to be integrated in the integrated ecosystem management plans of the 4 pilot watersheds and the implementation of the identified alternative livelihood activities is still pending. Lesson Learned from the project in addressing the concerns of indigenous communities are ; i) the services of social anthropologists need to be secured at an early stage in the process, ii) Rather than use a conflict resolution approach in working with IPs, a better strategy is to get them meaningfully involved in activities of common interests to parties involved in the conflict such as livelihood projects etc., and iii) workshop on working with IPs need to be conducted early in the implementation process to facilitate greater understanding and appreciation of the special needs and approaches.

## **VI Actions Pending**

24. With the loan and GEF grant due to close on December 31, 2013 attention needs to be given to the following:



- a) Timely submission of financial monitoring reports and 2013 audited financial statements as required by the loan and grant agreements. Also, ensure resolution of COA issues noted in the 2012 financial reports to obtain a clean opinion on the 2013 audited financial reports.
- b) Ensure the smooth workflow in accounting and proper turnover of documents should there be personnel working on the project affected by the rationalization plan.
- c) Consistent monitoring by the MDFO, DENR CO and the EMB CO to facilitate timely liquidation and reporting of expenditures by the Regions and LGUs;
- d) Ensure complete submission of financial reports especially by the Regional Offices. It was noted that Regional Office 4-B did not submit reports rendering the consolidated report to be inaccurate;
- e) Review of property, plant and equipment by performing a physical count and reconciliation;
- f) Ensure consistent reconciliation of accounting records specifically the reciprocal accounts;
- g) Address issues with DBM and LGUs on the release of remaining funds to ensure delivery of goods and services on or before December 31, 2013, and
- h) Provide to the Bank no later than April 30, 2014, supporting documentation on the use of loan and grant funds for expenditures on goods and services incurred prior to the Closing Date, that have not yet been accounted for.

## **VII Next Steps**

23. Completion Reports now need to be undertaken both by the Bank and by the Borrower (DENR). It was agreed that DENR would forward to the Bank the Borrowers Project Completion Report by January 10, 2014. Once the Bank's Implementation Completion Report is cleared by Bank management, it will be shared in draft with DENR as the basis for discussion and reconciliation of any outstanding data.

26. When the Borrowers Project Completion Report is finalized, the key findings will be recorded in the Bank's Implementation Completion Report.

### ***List of Annexes***

Annex 1: Progress Report (December 2013-prepared by FASPO-DENR)

Annex 2: Status of Compliance with Loan Covenants

Annex 3: Disbursement Schedule

Annex 4: NGP Review and Recommendations

Annex 5: Financial Management Implementation Review

Annex 6: Joint FM-Procurement Review of the NGP Component

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

**Thirteenth Implementation Review (December 3-13, 2013)  
Progress Report (December 2013-prepared by FASPO-DENR)**

**Project Profile**

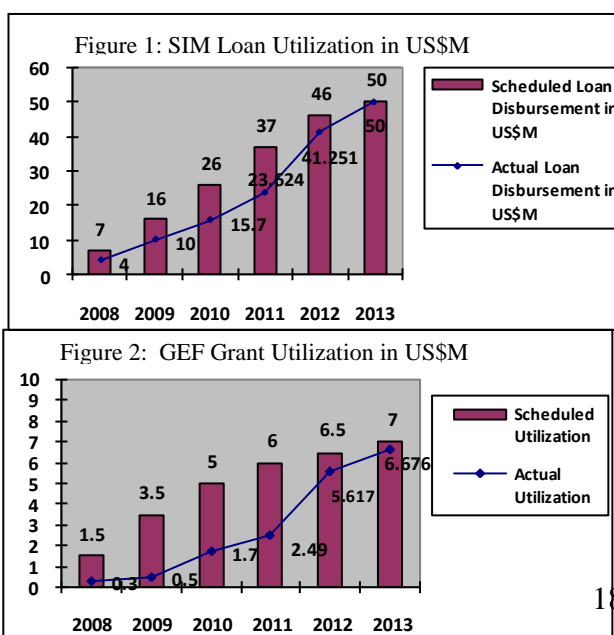
|                      |   |
|----------------------|---|
| Project Title        | : National Program Support to Environment and Natural Resources Management Project (NPS-ENRMP)  |
| Fund Source(s)       | : World Bank (WB) and Global Environment Facility (GEF)   |
| Loan/Grant           | : US\$ 50M (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**

Total fund drawdown of US\$50.00M or 100% utilization of the SIM Loan has been achieved by the Project as of November 30, 2013, having a remaining of only US\$ 4.548M (0.09%) for liquidation to the Bank. For the GEF Grant, on the other hand, a total of US\$6.676M or 95% of the total GEF Funds of US\$7.00M has been utilized both by the DENR and MDFO.



Until Project Closing of December, 2013, full utilization of the US\$4.0M GEF funds intended to LGU Subprojects could not be guaranteed due to non-issuance by the DBM of the CY2012 SARO amounting to P3.800M. Said SARO has been requested by the DENR and MDFO since October, 2012.

## **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 LMB have likewise been installed with VOIP. Moreover, preparatory activities for the installation of VOIP at ERDB, is currently being negotiated between UPLB and PLDT. Completion of VOIP installation is expected to be done by 1<sup>st</sup> quarter 2014.

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-NCR for the construction of said facility has been signed by both agencies and pre-procurement activities are being conducted by DPWH-NCR

Moreover, the Microsoft Technology Consultant has completed setting up the required infrastructure/network services and collaboration tools/software for the applications development for DENR. The application development is expected to integrate all individual databases of DENR Central and regional offices.

With regards to the enhancement of “Service Delivery” through on-line accessibility to various information systems / databases with features and capabilities such as i) concise and regular management reports, ii) comparative and timely data reports from various databases, iii) public access to ENR data, iv) on-line services (procedures, fee schedules, permit applications etc) is already in the pre-procurement stage of the DBM Procurement Service.

#### **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 with 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. The draft report of Geotechnical Study and Preparation of Environmental Management Plan of various structures at Bagacay Mine were already prepared by the Lichel Technology, Inc.

This project enables MGB to gain considerable experience in the implementation of rehabilitation measures of Bagacay Mine as well as in the implementation of rehabilitation plans for five other mine sites.

The rehabilitation measures in Bagacay Mine were undertaken through the combined ecosystem development and improved forestation approach that simulate the process of ecological succession by modifying and improving the site conditions that enable vegetation growth. The unfertile barren land in the mine site was ameliorated using organic material that enabled phytoremediation species to survive in the area.

The rehabilitation in Bagacay Mines was carried out in a holistic manner in partnership and coordination with partner agencies. Hence, it served as a reference point for MGB in replicating the measures for the remaining abandoned/inactive mine sites in the country.

## **3. Cadastral Survey**

For CY 2011, a total of sixty nine (69) contracts out of the sixty nine (69) targeted contracts have been contracted out. Of the sixty nine (69) project contracted out thirty three (33) of which are already approved (AS), twenty four (24) are under Office Verification and the remaining twelve (12) projects are ongoing field work by the contractor. The awarded contracts amounted to Php 259,010,552.87.

For CY 2012, Two hundred seventeen (217) contracts were targeted but only two hundred ten (210) contracts have been contracted out. The contracts awarded amounted to Php

844,017,826.72. Twenty-two (22) projects in Region 9 have been untagged from the original target of two hundred seventeen (217) due to peace and order situation in the area.

As a result of the bidding processes both for the CY 2011 and CY 2012, the project was able to generate savings amounted to PhP 62.9 M. The savings were then utilized to support additional twenty-four (24) contracts, with 21 contracts already awarded. Of these, 4 has been approved, 11 under office verification, and 2 fieldwork in progress.

Identified benefits of undertaking cadastral survey projects include: (i) Provided comprehensive and accurate data on land resources of the country; (ii) Facilitated land disposition; (iii) Accelerated the settlement of claims and adjudication of land cases and conflicts; (iv) Delineated the boundaries of all political subdivisions of the country; (v) provided economic data for land-based development studies of the country; (vi) Provided map-based data for zoning and land use programming.

The WB support to the implementation of cadastral survey activities has contributed 16.5% out the total requirement nationwide. DENR-LMB has likewise noted their perception on the mode of procurement used for WB-funded CSPs, i.e. National Competitive Bidding (NCB) to include:

1. It provides a more transparent bidding process which reduces corruption;
2. It is more efficient in terms of the use of funds (savings were generated); and
3. It promotes competition among cadastral contractors resulting in best value for money on the part of the agency.

### **Conclusions and Lessons in Component 1**

1. DENR is now currently implementing the new MFOs that focus on “ecosystems” as basis of integrating sectoral programs and projects and for forward budgetary planning.
2. Policies on moratorium for logging natural forests, providing tenure security in PAs, and nationwide greening programs have been issued. These are now currently anchoring current DENR’s programs and strategies.
3. Databases on geo-hazards, watersheds, cadastral surveys and delineation of forest lands are providing information to various end users of ENR data.
4. Model for assessing abandoned mines for rehabilitation with the use of engineering mitigating measures and phyto-remediation has been piloted and could be used for other areas and as basis for imposing mitigating measure of existing and future mining areas.
5. DENR is now currently implementing the approved Rationalization Plan.

### **Challenges**

1. Aligning existing programs and projects along the lines of the new MFOs that are going to be carried out by the revitalized under the DENR Rationalization Plan.
2. Assistance to LGUs in the preparation of their CLUPs by providing the geo-hazard maps.
3. Accelerating DENR’s issuance of tenure and domain rights to legitimate occupants in the lands of the public domains as a result of the forest delineation and cadastral surveys.
4. Advocacy for the enactment of the forest delineation bills in the Congress.
5. Identifying and prioritizing target “ecosystems” by each region and province as basis in focusing PPAs under the new DENR MFOs.

6. Incorporating the lessons on “abandoned mine remediation” in Bagacay as part of the EIA requirements for existing and potential mining areas

## ***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 still being complied with by the partner institutions.

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 and MIS have been conducting trainings on the use of the technology and web-based monitoring system nationwide. For this year, applications of geotagging technology have been used by field offices. As a strategy for uniformity and consistency in reporting, the NGP office has assigned numerical geographical codes to planting sites. As of to date, compiling of geotagged photos submitted by the Regions is ongoing.

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-September 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 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.

## **Conclusions and Lessons**

1. Sub-project grants incentivized LGUs to assist their communities rehabilitate degraded forest lands and engage in livelihoods/enterprises provide.
2. Sub-grants opened opportunities for DENR field units to demonstrate how they can be effective partners of LGUs to support various resource management units in conservation, protection, and development activities.
3. The IEM pilots and replication sites provided various models on how “IEM” may be planned and implemented in watersheds, protected areas, highly diverse habitats, ancestral domains, or combinations of these types of lands within a landscape.
4. Together with LGUs, IEM provides a framework for the collaborative management of a watersheds or a highly diverse areas to:
  - Assist resource management units in their conservation, protection, and development activities
  - Align investments and land uses over landscapes in order to increase ecosystem resiliency, and minimize risks and damages to lives, crops, livelihoods, enterprises, and industries
  - Direct and coordinate investments for enhancing the ecosystem’s comparative advantages that will increase the competitiveness of various goods and services
5. Governance and partnership are key for effective IEM; and
6. IEM requires public investments in planning, capacity building, communication campaigns and social marketing, coordination, and database development

## **Challenges and Opportunities**

1. The need to generate, consolidate, and standardize IEM databases by region and by province for:



- ❖ planning,
  - ❖ results-based monitoring and evaluation,
  - ❖ Investments and financing
  - ❖ collaboration,
  - ❖ linking ENRM activities with relevant “clients and customers”
2. The need to intentionally link the PPAs from MFOs with the IEM priority areas for coordinated and complementary planning, implementation, monitoring, and evaluation
  3. The need for DENR and DILG to establish clear guidelines for long-term institutional arrangements between DENR field units and LGUs as partners in IEM planning and implementation
  4. IEM requires a stable policy environment as it is a long-term strategy of partnership between the DENR and LGUs especially in:
    - ❖ setting up sustainable co-financing or co-investment arrangements,
    - ❖ carrying out output and outcome-based monitoring and evaluation system, and
    - ❖ Improving local governance to incentivize investments of various resource management units, land owners, and private sector
  5. The POs in the IEM pilots have federated and will need support to help them coordinate with LGUs and DENR, advocate policy changes, strengthen enforcement, carry out communication campaigns, and assist in RBME.

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

Table 6. Summary of DENR-led Rehabilitation Activities (As of September 30, 2013)

| <b>GEF-assisted Watershed</b> | <b>Total Target (Hectare)</b> | <b>Accomplishment (Hectare)</b> |
|-------------------------------|-------------------------------|---------------------------------|
| Kanan-Agos River Watershed    | 306.61                        | 306.61                          |
| Libmanan-Pulantuna Watershed  | 230                           | 195                             |
| Bago River Watershed          | 284                           | 284                             |
| Liguasan Marsh                | 480                           | 480                             |

**TOTAL - 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 Php 160.215 Million. All the 24 LGUs have been released with Funds totaling to Php 133.497 Million. Moreover, submitted liquidation reports which total to Php 96.483 Million, represents an overall liquidation rate of 72%.

However, it is to be noted that rehabilitation activities of LGU Calatrava, Negros Occidental with a P3,812,290.00 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. The initial GEF fund amounting to P1,978,000.00 downloaded to LGU Calatrava was duly refunded by the LGU to the MDFO last August 22, 2013.

Said amount was then re-allocated as additional funds to support the Establishment of HHydro Meteorology – Automatic Weather Station Subprojects of LGU Infanta, Quezon.

**Table 7. Subproject Status Per Watershed (As of September 30, 2013)**

| MILESTONES  | GEF SITES                         |   |                               |  | TOTAL       |
|---|-----------------------------------|---|-------------------------------|--|-------------|
|   | Region 4-<br>A Kanan<br>Watershed | Region 5<br>Libmana<br>n/<br>Pulantun<br>a<br>Watershed | Region 6<br>Bago<br>Watershed | Region<br>12/<br>ARMM<br>Ligawasa<br>n Marsh/<br>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 69.031 M  | P 34.799 M                    | P 38.983 M   | P 160.215M  |
| 3. Amount Contracted by LGUs with POs                       | P 13.502 M                        | P 66.365 M  | P 26.757 M                    | P 38.983 M   | P 154.111 M |
| 4. Amount Released by MDFO to LGUs                          | P 13.492 M                        | P 59.867 M  | P 22.706 M                    | P 36.455 M   | P 133.497 M |
| 5. LGU Subprojects with reported liquidations               | P 12.731 M                        | P 36.709 M  | P 18.553 M                    | P 28.490 M   | P 96.483 M  |
| <b>6. Percentage (%) of LGU Liquidation (item 5/item 4)</b> | <b>94%</b>                        | <b>61%</b>  | <b>64%</b>                    | <b>69%</b>   | <b>72%</b>  |

As of to date, only four (4) out of the ten (10) identified additional Subprojects/Livelihood activities of five (5) LGUs (Table 8), have been of Certificate of Availability of Funds from MDFO. In relation to this, the Department of Budget and Management (DBM) Bureau C have 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 8: LGU led Subprojects/Livelihood activities awaiting CAF**

| LGU                | Subproject   | GEF Requirement | CAF ISSUED |
|--------------------|--|-----------------|------------|
| Gen. Nakar, Quezon | Establishment of Woodlot for Fuelwood and Charcoal | P800,000.00     | Dropped    |
|                    | Arabica Coffee intercropping                       | 1,314,500.00    | Dropped    |

|   |  |                       |                      |
|---|--|-----------------------|----------------------|
|   | in existing Coconut Plantations                        |                       |                      |
| Infanta, Quezon                           | Expansion of Tigergrass Production                     | 402,000.00            | Dropped              |
|   | Establishment of Woodlot for Fuelwood and Charcoal     | 1,200,000.00          | 1,200,000.00         |
|   | Nipa Lambanog Production from Rice-hull fed Distillery | 516,404.00            | Dropped              |
|   | Hydrometeorological Automatic Weather Station          | 2,450,000.00          | 2,000,000.00         |
| Lupi, Camarines Sur                       | Swine Breeding and Dispersal                           | 500,000.00            | 500,000.00           |
| Don Salvador Benedicto, Negros Occidental | Hydrometeorological Automatic Weather Station          | 2,450,000.00          | Dropped              |
|   | Goat Production  | 500,000.00            | 500,000.00           |
| Pulupandan, Negros Occidental             | Eco-Tourism  | 1,760,750.00          | Dropped              |
|   | <b>TOTAL</b>   | <b>P11,893,654.00</b> | <b>P3,200,000.00</b> |

## 1. Biodiversity Conservation

The consulting firm, REECS, which is providing technical assistance to PAWB on sustainable financing in protected areas, has prepared draft of the targeted 18 business plans for 18 PAs, which is currently being reviewed for finalization. Target completion is on December 31, 2013. As regards the updating of Protected Area Management Plan, a total of twenty (20) PA Management Plans out of the targeted 29 has been completed as of September, 2013 while twelve (9) 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.

## 2. 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).

### **3. 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 Bureau (EMB)**

The consultants for the three policy studies on air, water, and solid waste are already on board. 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

**Challenges and Opportunities**

- DENR with EMB need to link the improvements of air and water quality and solid waste management with MDG indicators that are relevant to the LGUs, DSWD, DOT, and DOTC, and DOH.
- Establishment of a governance-oriented output and outcome-based RBME for air and water quality improvement and solid waste management which can be used in providing incentives to LGUs and other partners for their compliance and enforcement activities
- 

**3. 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.

**TABLE 9. Status of Key Dated Covenants**

| DUE DATE   | STATUS OF COMPLIANCE | STATUS OF JUNE 2013   |
|--|----------------------|---|
| By December 31, 2007, undertake a baseline study which <i>inter alia</i> would | Achieved.            | Baseline client satisfaction survey completed. The contract also includes |

**TABLE 9. Status of Key Dated Covenants**

| DUE DATE   | STATUS OF COMPLIANCE   | STATUS OF JUNE 2013   |
|--|--|---|
| provide measures of client satisfaction with DENR's service delivery in the areas of information and regulatory processes and procedures.  |  | preparation of M&E Manual and gathering of baseline data for GEF supported watershed areas. A Final Progress Report has been completed.   |
| <b>By December 31, 2007</b> , an Administrative Order would be issued and thereafter implemented, establishing the Procurement Unit consistent with RA9184.  | <b>Achieved.</b>   | 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.   |
| <b>By December 31, 2007</b> , 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. | <b>Achieved.</b> (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.   |
| <b>By December 31, 2007</b> , develop and thereafter implement an Action Plan to improve the management information system (MIS) and public access to DENR's information database.   | <b>Partially Achieved.</b>   | 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.<br>A Memorandum of Agreement between the DENR and DPWH-NCR for the construction of said facility has been signed by both agencies and pre-procurement activities are being |

**TABLE 9. Status of Key Dated Covenants**

| DUE DATE   | STATUS OF COMPLIANCE  | STATUS OF JUNE 2013   |
|--|---|---|
|  |   | conducted by DPWH-NCR.  |
| <p><b>By December 31, 2007</b>, a 3-year Forward Planning and Budgeting strategy would be developed which, provides a vision and benchmarks for key reforms in DENRs operations including protection of the environment, conservation of natural resources, rehabilitation</p> | <p><b>Achieved.</b></p>   | <p>The 3-yr forward planning and budgeting strategy submitted to DBM.</p>   |
| <p><b>By March 31, 2008</b>, engage a firm to strengthen DENR’s internal audit services</p>  | <p><b>Achieved.</b></p>   | <p>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.<br/>The consultant has already been engaged and will submit its final report to DBM before end of June 2013.</p>   |
| <p><b>By March 31 of each year</b>, 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</p>   | <p><b>Achieved for CY 2009, CY 2010, 2011, CY 2012, CY 2013</b></p> | <p>CY 2013 Work Program approved by DENR and submitted to WB last May 14, 2013.</p>   |
| <p><b>By March 31, 2008</b>, complete implementation of COA’s 2005 audit recommendations in accordance with the Financial Management Action Plan</p>   | <p><b>Achieved.</b></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, &amp; Regional Offices, has been conducted.</p> |



**TABLE 9. Status of Key Dated Covenants**

| DUE DATE  | STATUS OF COMPLIANCE            | STATUS OF JUNE 2013   |
|---|---------------------------------|---|
| <p><b>By June 30 and December 31 of each year starting June 30 2008</b>, conduct a semi-annual audit of the project accounts and thereafter submit this to the World Bank</p>   | <p><b>Achieved.</b></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><b>By January 31, 2009</b>, implement the agreed 3-year Forward Planning and Budgeting Strategy</p>  | <p><b>Achieved.</b></p>         | <p>2009 and draft 2010 DENR-National Expenditure Program incorporates the 3-yr Forward Plan</p>   |
| <p><b>By December 31, 2009</b>, 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><b>Achieved.</b></p>         | <p>EMB Rationalization Plan has been approved by DBM which already defines the restructured EMB and new staffing pattern.</p>   |
| <p><b>By June 30, 2010</b>, 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><b>Achieved.</b></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><b>By June 30, 2012</b>, 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><b>Not yet Achieved.</b></p> | <p>Per the Secretary's initial instruction, Client Satisfaction Survey will be undertaken in CY 2014 as per DENR's compliance to DBM requirement.</p>   |



**NATIONAL PROGRAM SUPPORT TO ENVIRONMENT AND NATURAL  
RESOURCES MANAGEMENT  
Thirteenth Implementation Review (December 3-13, 2013)  
Status of Key Dated Covenants**

Of the thirteen (13) Dated Covenants, ten (11) have been achieved, two (1) partially achieved and one (1) has not been achieved.

| DUE DATE   | STATUS OF COMPLIANCE   | STATUS OF JUNE 2013   |
|--|--|---|
| <b>By December 31, 2007</b> , 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.   | <b>Achieved.</b>   | 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.   |
| <b>By December 31, 2007</b> , an Administrative Order would be issued and thereafter implemented, establishing the Procurement Unit consistent with RA9184.  | <b>Achieved.</b>   | 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.   |
| <b>By December 31, 2007</b> , 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.                   | <b>Achieved.</b> (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.   |
| <b>By December 31, 2007</b> , develop and thereafter implement an Action Plan to improve the management information system (MIS) and public access to DENR's information database.   | <b>Partially Achieved.</b>   | Connection of DENR offices and bureaus through Voice Over Internet Protocol (VOIP) is largely completed. The system will facilitate monitoring and reporting as well as updating of databases, land records etc. Procurement for construction of a "Green Data Center" designed to house and integrate all DENR data bases is underway. 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. |
| <b>By December 31, 2007</b> , a 3-year Forward Planning and Budgeting strategy would be developed which, provides a vision and benchmarks for key reforms in DENRs operations including protection of the environment, conservation of natural resources, rehabilitation | <b>Achieved.</b>   | The 3-yr forward planning and budgeting strategy submitted to DBM.  |
| <b>By March 31, 2008</b> , engage a firm to strengthen DENR's internal audit services  | <b>Achieved.</b>   | 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.<br>The consultant has already been engaged and will submit its final report to DBM before end of June 2013.   |
| <b>By March 31 of each year</b> , 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   | <b>Achieved for CY 2009, CY 2010, 2011, CY 2012, CY 2013</b>   | CY 2013 Work Program approved by DENR and submitted to WB May 14, 2013.   |
| <b>By March 31, 2008</b> , complete implementation of COA's 2005 audit recommendations in accordance with the Financial Management Action Plan   | <b>Achieved.</b>   | SO 2009-194 authorizes validation of procedures etc for strengthening internal financial controls at ROs, PENROs and CENROs.<br>FMS, through the Management Division, provided the  |

*Thirteenth Implementation Review: draft Aide Memoir*

| DUE DATE   | STATUS OF COMPLIANCE | STATUS OF JUNE 2013  |
|--|----------------------|--|
|  |                      | 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. |
| <b>By June 30 and December 31 of each year starting June 30 2008</b> , conduct a semi-annual audit of the project accounts and thereafter submit this to the World Bank.   | <b>Achieved.</b>     | Audit Plan for NPS-ENRMP approved by the DENR Secretary.<br>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.<br>Additional 2 Regions covered by the Forestland Boundary Delineation Assessment (FLBDA) will be subjected to audit appraisal in CY 2013.                                 |
| <b>By January 31, 2009</b> , implement the agreed 3-year Forward Planning and Budgeting Strategy   | <b>Achieved.</b>     | 2009 and draft 2010 DENR-National Expenditure Program incorporates the 3-yr Forward Plan   |
| <b>By December 31, 2009</b> , an Administrative Order would be issued and thereafter implemented, restructuring and staffing EMB (into function-based divisions) in line with the Rationalization Plan.  | <b>Achieved.</b>     | With the approval of EMBs Rationalization Plan in October 2013, the restructuring of EMB along functional lines has been formalized and the process is underway. No Administrative Order is needed..   |
| <b>By June 30, 2010</b> , 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.   | <b>Achieved.</b>     | A Project Mid-Term Review completed in April, 2010. Presentation of results conducted for DENR and DBM last November 20, 2010.   |
| <b>By June 30, 2012</b> , 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. | <b>Not Achieved.</b> | The time frame for completing the follow-up study will be beyond that of this ICR. DENR is however committed to DBM to complete the study in 2014 and has budget for this accordingly.   |

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

**Thirteenth Implementation Review (December 3-13, 2013)**

**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 | 50.00       |

| 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 | ??          |

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  
RESOURCES MANAGEMENT  
Thirteenth Implementation Review (December 3-13, 2013)  
NGP Review and Recommendations**

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

**Thirteenth Implementation Review (December 3-13, 2013)**

**Financial Management Implementation Review**

1. Objective and scope of review. A financial management (FM) implementation review was carried out for the National Program Support to the Environment and Natural Resources Management Project (NPS ENRMP) on November 18 - December 4, 2013 by Olidan Ceasar 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.
  
2. Status of disbursements - Status of loan and grant utilization against loan and grant allocations as of December 5, 2013 is shown below.

LN7470

Total disbursements under the loan amounted to USD 50 million (including the advances made to the Designated Accounts of the DENR and the EMB amounting to USD 6.098 million and USD 0.2 million, respectively) or 100% of the total approved loan.

*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                         | 43,701,114.35   | 6,298,885.65       | 50,000,000.00 |
| WAs in process at PIUs                                 | 0.00  |                    | 0.00          |
| Total withdrawals, including balance in DA (b)         | 43,701,114.35   | 6,298,885.65       | 50,000,000.00 |
| Total actual expenditures, excluding balance in DA (c) | 43,701,114.35   |                    | 43,701,114.35 |
| Amount undisbursed from the Bank (a - b)               | 6,298,885.65  | (6,298,885.65)     | (0.00)        |
| Amount undisbursed by Agency (a - c)                   | 6,298,885.65  |                    | 6,298,885.65  |
| Disbursement rate (b/a)1                               |   |                    | 100.00%       |
| Utilization rate (c/a)2                                |   |                    | 87.40%        |

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 6.677 million (including the USD 0.223 million and USD 0.5 million of the DENR and the MDFO) or 95.38% 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                         | 5,355,113.71                            | 598,674.04 | 723,083.95         | 6,676,871.70 |
| WAs in process at PIUs                                 | 0.00                                    | 0.00       |                    | 0.00         |
| Total withdrawals, including balance in DA (b)         | 5,355,113.71                            | 598,674.04 | 723,083.95         | 6,676,871.70 |
| Total actual expenditures, excluding balance in DA (c) | 5,355,113.71                            | 598,674.04 |                    | 5,953,787.75 |
| Amount undisbursed from the Bank (a - b)               | 1,044,886.29                            | 1,325.96   | (723,083.95)       | 323,128.30   |
| Amount undisbursed by Agency (a - c)                   | 1,044,886.29                            | 1,325.96   |                    | 1,046,212.25 |
| Disbursement rate (b/a)1                               |   |            |                    | 95.38%       |
| Utilization rate (c/a)2                                |   |            |                    | 85.05%       |

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.

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 3.8 million. The amount is intended to finance LGU sub-projects. With the limited time before the closing date, even if the same is released, the same is unlikely to be fully utilized.

3. 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. Rationalization Plan. The DENR Rationalization Plan (RatPlan) was approved by the Department of Budget and Management (DBM) on October 16, 2013. Under the RatPlan, DENR intended to strengthen planning and budgeting processes to enhance optimization of resources. DENR views that improvements in the process may result in more effective linkage of the Department's plans with the budget and ensure that the priority programs and activities have the necessary resources to achieve its objectives and goals.

The Internal Audit Service (IAS) will be under the Office of the Secretary and will include the Operations Audit Division and the re-named Management Audit Division consistent with DBM CL No. 2011-05 (National Guidelines on Internal Control Systems) dated May 18, 2011. A total of 17 plantilla positions comprise the IAS.

On the other hand, the Financial and Management Service (FMS) will retain three (3) divisions: Budget, Accounting, and Management Divisions. Centralization of internal support functions such as legal, financial, and administrative services will be implemented, i.e., staff bureaus shall no longer maintain their own financial and administrative services units. The Cashiering Unit will be retained under the General Services Division (GSD) of the Administrative Service.

The EMB RatPlan had been approved as well on October 16, 2013. Under the RatPlan, the Administrative, Financial, and Management Division is formally established with 22 manpower complement. Included in the Division are the Human Resources, Records, Budget, Cashiering, Supplies, and Accounting. Mirroring from the DENR RatPlan, EMB collapsed the Administrative, and Financial and Management Services into one division. Rationale of such should be carefully reviewed as this may have operational implications. In addition, it was noted in the DENR RatPlan that the proposed transfer of the Cashiering Units from GSD to FMS was declined pursuant to the Administrative Code of 1987 which provides that cashiering operations are administrative in nature. It was further mentioned that the retention of the Cashiering Unit under the GSD would provide a system of check and balance between the custody of funds and processing of the financial transactions, and strengthen the Department's internal control in the process. Apparently, this has not been considered in the EMB RatPlan since Cashiering and Accounting Sections report to the same Division Chief; thus, exhibiting lack of structural independence which is deemed a threat to a sound internal control system.

5. Maintenance of accounting records.

For DENR CO, financial reports, such as the Bank Reconciliation Statements, DENR CO Trial Balance, and Consolidated Trial Balance, as well as those reports provided by EMB CO, are as of September 30, 2013. On the other hand, MDFO provided reports as of November 30, 2013. The review disclosed the following:

DENR

- a) Regional Office IV-B failed to submit its financial report as of September 30, 2013; hence, consolidated financial reports only reflected amounts as of its last submission (June 30, 2013). This rendered the consolidated report to be inaccurate due to timing differences.
- b) As of September 30, 2013, DENR's *Due from NGAs, LGUs, NGOs/POs and Regional Offices Accounts* amounted to PhP66,026,168.83. On the other hand, EMB accounts for *Due*

*from NGAs, LGUs, and Regional Offices/Staff Bureaus* aggregating to PhP10,721,851.69. DENR and EMB should coordinate with the concerned offices to ensure timely liquidation of the advances.

- c) EMB's *Due to Other NGAs Account* amounted to PhP28,825,453.60. This represents the outstanding amount received from DENR CO due for liquidation. DENR CO reflects a *Due from NGAs Account of PhP56,540,827.70*. DENR CO and EMB are advised to reconcile their books to reflect an accurate balance.
- d) Regional Office VIII was badly affected by Typhoon Yolanda. As of June 30, 2013, unliquidated disbursements amounted to PhP25,414,786.9, cash balance is PhP15,299,655.03, and property and equipment aggregated to PhP5,815,169.70. With documents being washed out during the storm surge, the Regional Office is unlikely to provide full documentation of the disbursements as well as full accounting of the property and equipment. It is suggested that DENR CO review the transactions concerning Region VIII and identify the valid expenditures that can be charged to the project.
- e) EMB mentioned that a total of PhP19,000,000 is to be refunded to DENR CO representing unutilized funds for Vitas Slaughter House and Establishment of Material Recovery Facilities. Of the amount, PhP15,000,000 was taken as an advance from Fund 101. EMB should immediately inform DENR CO of its intention to refund to prompt DENR CO to take appropriate actions with the refund of unutilized funds given the imminent closing date.

#### MDFO

MDFO issued Certificates of Availability of Funds (CAFs) for a total of PhP159,604,215.56 to various LGUs. Of this amount, PhP138,499,402.44 had been released; however, it was noted that as of November 30, 2013, there were five (5) sub-projects where fund releases are still to be made - the largest amounted to PhP4,000,000 pertaining to San Carlos City, Negros Occidental's sub-project on Integrated Woodlots for Charcoal and Fuelwood where the CAF was issued on September 3, 2012.

As of November 30, 2013, total unliquidated releases amounted to PhP47,997,201.53, 80.69% represents those outstanding for over 90 days.

MDFO, in close coordination with DENR and LGUs, should look into the status of the completion of these subprojects to ensure that these can be delivered by the closing date to become eligible for financing. In addition, MDFO should closely coordinate with the LGUs to ensure timely liquidation of funds.

6. 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.

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. The Bank, through a letter dated

September 6, 2013, sought clarifications on certain matters which DENR properly addressed on a letter dated October 11, 2013 and received by the Bank on October 24, 2013.

As of September 30, 2013, consolidated property and equipment amounted to PhP 252,739,433.66, PhP17,772,828.41 and PhP6,465,951.58 under SIM Loan, GEF and EMB, respectively. As of the mission date, no physical count has been performed. DENR advised that a Special Order creating the team is still being processed.

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.

7. 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.
8. Compliance with the financial covenants.
  - a) Financial Monitoring Reports (FMRs) – The most recent submission of FMRs is for the second quarter of 2013 which was received by the Bank on August 30, 2013. The Bank is pleased with the Agency’s timely submission of the reports and they were found to be in order. However, the FMR for the third quarter, which already past due, has not yet been submitted.
  - b) Audited financial statements – The 2012 Project Audited Consolidated Financial Statements and Management Letters for both the SIM Loan and GEF grant, due on June 30, 2013, were submitted on July 9, 2013. We noted that the submission is delayed. On the financial statements, COA rendered a qualified opinion for both the SIM Loan and the GEF grant. LN7470’s qualification is based on the following:
    - i. Property, Plant and Equipment (PPE-CO) accounts amounting to PhP98.94 million is overstated because of (a) the inclusion of transferred/donated PPE’s valued at P14.69 million; (b) the book values of depreciable assets are overstated due to insufficient provision of allowance for depreciation totaling PhP0.339 million;
    - ii. Accounts Payable balance of PhP140.784 million was overstated because the PhP120.064 million recorded obligation was directly paid by the foreign lending institution but Management failed to obtain the Non-Cash Availment Authority (NCAA) from the Department of Budget and Management;
    - iii. Due from NGAs and Other MOOE were both overstated by PhP0.096 million and PhP0.284 million, respectively, because the fund transferred to Philippine Women’s University (PWU) amounting to PhP0.480 million was erroneously debited to these accounts instead of debiting Due from NGOs/POs; and,
    - iv. Construction in progress - Reforestation account in Cordillera Autonomous Region (CAR) amounting to PhP13.051 million was inaccurate due to (a) non-transfer of completed projects to Reforestation-Upland account, and (b) charges made to Fund 101 for Reforestation projects amounting to PhP1.610 million contracted under Fund 102.

It is recommended that DENR ensure prompt resolution of the issues noted by COA to obtain a clean opinion on the 2013 audited financial reports

**9. Summary of Agreed Actions.**

|    | Agreed Actions   | Responsible Unit/s           | Due Dates        |
|----|--|------------------------------|------------------|
| 1  | Submit Financial Monitoring Report for the quarter ending September 30, 2013   | DENR CO                      | Immediately      |
| 2  | Reconciliation of Due from NGAs/Due to Other NGAs and ensure timely liquidation of accountabilities  | DENR CO FMS / EMB CO         | January 31, 2014 |
| 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        | January 31, 2014 |
| 4  | Closely monitor the submission of liquidation of releases of funds to various entities (NGAs, LGUs, NGOs/POs, Regional Offices)  | DENR / EMB / MDFO            | May 31, 2014     |
| 5  | Coordinate with Region 4-B to resolve pending issues on liquidation of releases, ineligible expenditures and delay in the submission of financial reports  | DENR CO FMS /DENR Region 4-B | Immediately      |
| 6  | Coordinate with Region 8 on the extent of damage implicated by Typhoon Yolanda on accounting records and prepare the necessary action plans to properly address any issue  | DENR CO FMS /DENR Region 8   | Immediately      |
| 7  | 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                  | Immediately      |
| 8  | Ensure the smooth workflow in accounting and proper turnover of documents should there be personnel working on the project affected by the rationalization plan.   | DENR / EMB                   | Continuing       |
| 9  | Ensure resolution of COA issues noted by COA to obtain a clean opinion on the 2013 audited financial reports   | DENR / EMB                   | February 2014    |
| 10 | Address issues with DBM and LGUs on the release of remaining funds to ensure delivery of goods and services on or before December 31, 2013   | DENR / EMB / MDFO            | Continuing       |

## NATIONAL PROGRAM SUPPORT TO ENVIRONMENT AND NATURAL RESOURCES MANAGEMENT

### Thirteenth Implementation Review (December 3-13, 2013)

#### Joint FM-Procurement Review of the NGP Component

##### 1. Introduction

A joint Financial - Procurement supervision was carried for the NGP component of the project between June 24 and July 17, 2013.

The joint review examined the fiduciary arrangement in place for the seedling production relative to the implementation of a portion of the CY 2011 to 2013 National Greening Program<sup>5</sup> activities financed under the project, by visiting the selected subproject sites including the manner on how geotagging is in use to locate the actual reforestation sites, calculate the land area and the number of seedlings planted, and monitor the progress of implementation (Php 1.25 bn was enrolled under the Loan out of the Php 6 bn NGP).

The Joint Review found that procurement and FM arrangements in place for the sample sites visited are reasonably in accordance with the procurement and FM procedures indicated in the Loan Agreement including the agreed CDD Manual.

Aside from verifying procedural compliance, the findings of the review are important in outlining the lessons learned from the application of geotagging in the implementation of NGP.

The review comprised the: (i) random identification of the site to be visited, (ii) actual visit to the sites and focus group discussions with the member of the People's Organization, (iii) examination of evaluation reports, signed contracts, financial and payment records, and (iv) physical inspection and counting of seedlings in the geotagged polygons of the randomly sampled reforestation sites.

The review found that while the procurement and FM arrangements for the NGP under the NPSENRMMP was generally in compliance with the provisions of the Loan Agreement there were a number of weaknesses noted on the technical aspect of this activity under the project.

#### **A. Conformity to the provisions of the Loan Agreement and the Procurement Guidelines**

##### A.1 Contracts were in accordance with the agreed procedures.

A.1.1. *Reasonable compliance with NPSENRMMP CDD procurement procedures.* The procurement procedures and documentation including Request for Quotations, evaluation reports, award recommendations, and contract forms undertaken by the People's Organizations for the sampled NGP sites were generally in accordance with the provisions of the NPSENRMMP Loan Agreement.

##### A.2 Transparency in procurement very apparent in the sub-project sites

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<sup>5</sup> National Greening Program is one of the Philippine President Aquino's banner program which seeks to plant 1.5 billion trees in 1.5 million hectares of forest lands during 2011 to 2016.

A.2.1 Transparency in procurement was very apparent during the focus group discussions and examination of documents with the members of the People's Organization. It was also evident that the POs have reasonably good ownership of the subprojects and that the DENR staff has a good rapport with the community.

A.3 Improvement in NGP procurement and sub-project monitoring / supervision through the use of Geotagging Technology

A.3.1 *Geotagging module of DENR FMB website now up and running.* As a transparency measure put in place by the DENR, all the polygons or land area of all the NGP sites, regardless of source of funds, that will be planted are disclosed to the public through the DENR website: <http://ngp.denr.gov.ph/index.php/tree-seedlings/maps/r2-maps>. Each of the geotagged polygon contained basic information as: Philippine Standard Geographic Code (PSGC), name of People's Organization, type of the instrument, land area.

A.4 Mainstreaming of the Geotagging in the NGP Implementation

A.4.1 *Incorporation of Geotagging as requirements in the NGP Implementation.* While geotagging is initially targeted to be used for the monitoring of the Bank financed contracts it was eventually expanded to cover all NGP activities regardless of source of fund. As such the use of geotagging is mandated by the DENR Secretary under DENR Memorandum Circular No. 2012-01 dated May 2, 2012. Accordingly, staffed were trained on the details of the web-based monitoring system for transparency and accountability of accomplishment reports.

A.4.2 Massive Training and Workshop on Geographic Information System (GIS), Global Positioning System (GPS) and Geo-Tagging were provided to central and field level staff handling NGP including those from Internal Audit, Finance & Accounting, and Information Technology.

**B. Weakness Noted**

B.1 Poor targeting

B.1.1 *Poor targeting.* While procurement and FM are reasonably in accordance with the Bank's Guidelines, there appear an issue on whether the funds are efficiently used particularly in the case of two out of the four sites visited. In Morgado, most of the seedlings are either dead or stunted primarily because the site is a mineral area. In Carles, while the previously survival rate as 90%, immediately around one to two months after planting, the survival rate at the time of the site visit is less than 20 as most of the planted mangrove seedlings perished due to barnacle attack.