

## **EXECUTIVE SUMMARY**

### **Overview**

For the year 2002, official development assistance continued to play a vital role in the implementation of the DENR's priority programs and projects. During the year, the Department implemented a total of forty-five (45) foreign-assisted projects (FAPs), including components of projects led by other implementing agencies like DA and DAR. Major thrusts of these projects were the rehabilitation of denuded watershed areas, implementation of an integrated approach to the management of upland and coastal ecosystems, improvement of air quality in urban areas, and conduct of studies to rationalize public land administration and management. Total budgetary appropriation for sixteen (16) of these projects, i.e. six loan-assisted and 10 grant-assisted FAPS, amounted to P1.46 Billion, or about 26% of the Department's total budget for the year. Of the total appropriation, loan proceeds consisted of P894 Million (61%), while GOP counterpart amounted to P567 Million (39%). Though not reflected in the Department's budget, the DENR also received technical assistance or grants-in-kind from various multilateral and bilateral funding institutions for about twenty-nine (29) projects.

### **FY 2002 Performance**

Overall weighted physical accomplishment of the sixteen appropriated DENR FAPs for CY 2002 was 79%. This is an improvement of five percentage points over last year's rating. The loan projects had an average physical accomplishment of 69%, while the grant projects had an average rating of 89%. Overall budgetary utilization of the actual amount released, which is P1.26 Billion, was P985 Million or 78%, an increase of 10 percentage points from the previous year's 68%. Key factors that affected the overall performance of FAPs were weak financial management, prolonged review and processing of procurement documents, and coordination and synchronization difficulties for multi-agency projects like MMAQISDP and SMICZMP.

### **FAPs Major Contributions**

The Forestry Sector Project (FSP), Reforestation Subcomponent of the Cordillera Highland Agricultural Resources Management Project (CHARM), Watershed Management Improvement Component of the Water Resources Development Project (WRDP), and the Debt-for-Nature Swap Initiative Project (DfNSIP) in Quirino pursued the rehabilitation of denuded forestlands through the establishment of plantations in watershed and mangrove areas as well as development of agro-forestry areas. Total area developed during the year was 6,193 hectares.

A number of FAPs likewise focused on strengthening the management of our coastal and marine resources through institutional strengthening and capacity building of local government units (LGUs) as well as coastal communities. The Southern Mindanao Integrated Coastal Zone Management Project (SMICZMP) commenced the construction of an environmental monitoring, research and training center designed to address the need for a permanent scientific information and data collection and monitoring system. It also accomplished the coastal resources management assessment for both the Sarangani and Malalag Bays. Through the NRMP-Coastal Resource Management Component, the MRDP-Coastal and Marine Biodiversity Conservation Component, and Partnership for Environmental Management of the Seas of East Asia (PEMSEA), selected LGUs were assisted in the preparation of their coastal resources management plans, development of feasibility studies for the implementation of environmental investment projects, and in building their capacities in the establishment and protection of marine sanctuaries/protected area seascapes.

Environmental management in the urban areas was also a primary concern. A number of policy guidelines and orders were formulated under the Metro-Manila Air Quality Improvement Sector Development Project (MMAQISDP) to support the implementation of the Clean Air Act and to address the deteriorating air quality in Metro Manila and in major cities in the country. In addition, the Ozone Depleting Substances Phase-Out Investment Program (ODS-PIP) has formulated the plan for the phase-out of chlorofluorocarbons consumption by small and medium enterprises in the industrial sector. Under the ADB-assisted Advisory TA on Metro Manila Solid Waste Management, orientation/trainings were conducted for Metro Manila LGUs on Solid Waste Management. Assessment of systems used in medical waste management has likewise been started.

To support the formulation of a long-term land administration and management program in the country, the Land Administration and Management Project (LAMP) completed four (4) policy studies aimed at providing structural reforms in the land management sector. Lessons learned from its prototype projects on land titling and land records management were also generated.

Biodiversity conservation continued to receive attention from foreign donors. Through the National Integrated Protected Areas Project (NIPAP), five (5) protected areas were proclaimed. Likewise, under the Samar Island Biodiversity Project (SIBP), the proclamation of the Samar Island Natural Park has been endorsed to the Office of the President and its corresponding bill was simultaneously filed in Congress. Further, with the assistance of the ASEAN Regional Centre for Biodiversity Conservation (ARCBC), institutional

links among ASEAN countries and between ASEAN and EU partner organizations was sustained through data base referral system and publication of training information, guidelines and reference materials on biodiversity conservation and protected area management in the Project website.

Again, institutional strengthening and capacity building activities to improve the management of our environment and natural resources continued to be a major component of foreign-assisted projects during the year. Production and distribution of more than 40,000 information materials on natural resources protection and management were made. Training programs on forest land-use planning, biodiversity conservation, coastal resources management and environmental management were provided to the LGUs, academe, industries, communities, and the DENR.

Other technical assistance/grants received from UNDP, WB and FAO also paved the way for the crafting of the ENR policy framework, Metro-Manila solid waste management program, updating of the forestry master plan, and conduct of three studies on NRM management to support the Governance and NRM Sector Study.

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*Project Profiles of Ongoing FAPs*

## DENR Foreign Assisted Projects CY 2002 Annual Report

### 1.0 Overview

Official development assistance continued to play a vital role in achieving the goals of sustainable development in the environment and natural resources sector. With a budgetary appropriation of P1.46 Billion for foreign-assisted projects in 2002, or about 26% of the Department's total budget for the year (*Figure 1*), the Department was able to implement six (6) loan-assisted and ten (10) grant-assisted projects aimed at addressing priority and critical concerns in the sector. Though not reflected in the DENR budget, another important source of foreign assistance is the technical assistance or grants-in-kind provided by various multilateral and bilateral funding institutions for the conduct of policy studies, formulation of master plans, project preparation, and resource inventory/assessment. Total number of foreign-assisted projects implemented during the year, including technical assistance/pure grants, and DENR components of projects implemented by other implementing agencies reached forty-five (45) projects (*Please see Tables 1a and 1b*).

### 2.0 Program Thrusts

A substantial portion of foreign assistance was directed towards the rehabilitation of denuded watershed areas, the implementation of an integrated approach to the management of upland and coastal ecosystems, the improvement of air quality in urban areas, particularly in Metro-Manila, and the conduct of studies to rationalize public land administration and management. This is reflected in the FY 2002 budgetary appropriation for FAPs, which was channeled to four major projects, namely: the JBIC-assisted *Forestry Sector Project* (P333 million or 23% of FAPs Budget) and the *Southern Mindanao Integrated Coastal Zone Management Project* (P389 million or 27%), the ADB-assisted *Metro-Manila Air Quality Improvement Sector Development Program* (P269 million or 18%), and the WB-assisted *Land Administration and Management Program* (P97 million or 7%). Two (2) other loan projects led by other agencies but with DENR components, i.e. *Water Resources Management Project-Watershed Management Improvement Component*, and the *Cordillera Highland Agricultural Resources Management Project-Reforestation Sub-Component*, likewise received substantial budgetary allocation for the year (*Figure 2*). Institutional development/capability building for DENR as well as its partners, such as the LGUs, People's Organizations, and local communities comprised a major component of foreign-assisted projects, in line with the central strategy of community-based resources management.

### 3.0 Physical and Financial Performance

For CY 2002, overall weighted physical accomplishment of DENR FAPs was posted at 79%, with loan projects obtaining 69% rating and grant projects with 89% rating. This is an improvement of five percentage points over last year's rating (*Table 2*). The top performing projects or those that met at least 90% of their physical targets for the year were the FSP (91%), CHARM-Reforestation Sub-component (90%), ARCBC (91%), SIBP (96%); PEMSEA (93%), PCEEM (96%) and ICRI (93%).

In terms of financial performance, overall budget utilization (obligated) of the amount actually released during the year, which is P1.26 Billion, is P985 Million or a utilization rate of 78% (*Table 3*). This is an improvement of 10 percentage points over last year's 68%. Key factors that affected the overall performance of FAPs are weak financial management/delayed liquidation, prolonged review and processing of procurement documents, coordination and synchronization difficulties for multi-agency projects like MMAQISDP and SMICZMP (*Table 4*).

#### **4.0 Highlights of Accomplishments of Ongoing FAPs**

- Under the JBIC-assisted **Forestry Sector Project**, a total of 2,282 hectares of watershed and mangrove plantations were established or 101% of the year's target, resulting to a 99% completion of the total target of 68,748.93 hectares of established plantations in watershed and mangrove areas nationwide. Strengthening of participating People's Organizations in the 36 subproject sites was pursued through the provision of technical assistance in livelihood development, forest resource/agro-forestry management, and project management. A total of 32, out of the total 38 contract packages, for infrastructure support such as farm-to-market roads, small water impounding, etc. amounting to P388.0 million have been bidded/awarded, of which 29 contract packages were awarded during the year. Construction of 30 infrastructure projects are on-going and are expected to be completed by June 2003.
- Other forestry development projects such as the **WRDP-Watershed Management Improvement Component** (WB), **Reforestation Sub-component of the Cordillera Highland Agricultural Resources Management Project** (ADB), and the German-assisted **Debt-for-Nature Swap Initiative Project** and **Community Forestry Project in Quirino**, established about 2,904 hectares of new plantations, developed 1,007 hectares as agro-forestry areas, maintained and protected 89,108 hectares of forest lands, and produced about 3,008,175 tree seedlings. Community organizing and capacity building for participating POs and LGUs were likewise undertaken by these projects.

- To enhance the implementation of the Community-Based Forest Management (CBFM) Program in the country and to support the implementation of the above-cited CBFM projects, the USAID-assisted **Natural Resource Management Program-Forest Resource Management** component, in close collaboration with the Community-Based Forest Management Office of the Forest Management Bureau, conducted an inventory of all on-going upland livelihood enterprises (ULEs). This inventory is expected to provide the database for planning and implementing ULE interventions in various CBFM areas and in designing nationwide ULE programs. The NRMP-FRM, which terminated in 2002, likewise completed two (2) draft guidelines for enhancing CBFM implementation, as follows:
  - ✓ *Guidelines on the Strengthening, Development and Management of CBFM Areas; and*
  - ✓ *Guidelines on the Implementation of Joint Venture and Similar Forest Management Agreements/Contracts concerning the Development, Protection and Utilization of Forestlands and/or Forest Reserve in CBFM Areas.*
- The integrated approach to managing the coastal and watershed ecosystems was pursued through the JBIC-assisted **Southern Mindanao Integrated Coastal Zone Management Project**, a pioneering project involving DENR-LGU-PO partnership. The construction of the Environmental Conservation and Protection Center (ECPC) in Saranggani Province commenced during the year. The ECPC, which shall serve as an environmental monitoring, research and training center designed to address the need for a permanent scientific information and data collection and environmental monitoring system is 55% complete as of December 2002. Also accomplished during the year was the CRM assessment for both the Saranggani and Malalag Bays and training on the detailed operational systems to be adopted in the ECPC. The establishment of a Sewage Treatment Plant (STP), another project component, experienced delays as the acquisition of site by General Santos City remains to be hampered by various issues at the local level. IEC activities, including multisectoral consultations were therefore intensified, to increase public support for the STP. Under the project's green component, comprehensive site development contracts amounting to P37.7 million and covering 2,513 hectares for forest areas were awarded to 13 POs.
- Other foreign-assisted projects that focused on coastal and marine-resources management are the **NRMP-Coastal Resources Management Project (CRMP)**, the GEF/UNDP-assisted **Partnership on Environmental Management for the Seas of East Asia (PEMSEA)**, GEF/WB-assisted **Mindanao Rural Development**

**Project-Coastal and Marine Biodiversity Component (MRDP-CMBC)**, SIDA-assisted **International Coral Reef Initiative (ICRI) Secretariat**, and the Project Preparation Technical Assistance on the **Integrated Coastal Resource Management Project (ICRMP)** provided by ADB. The **NRMP-CRM component** and **MRDP-CBMC** worked on improving local governance and management of coastal resources by helping selected LGUs prepare and adopt CRM plans for the sustainable management of their coastal resources, and in building their capacities in the establishment and protection of marine sanctuaries/protected seascapes. Through the **PEMSEA**, LGUs were assisted in the conduct of feasibility studies for environmental investment projects such as the setting up of integrated solid waste management system, development of park and ferry system, and establishment of hazardous waste facility. Through the **PPTA-ICRMP**, the project design and feasibility study of an investment project which would pave the way for the eventual implementation of sustainable coastal resource management, environmental protection and poverty reduction in seven (7) pilot coastal communities was completed.

- The DENR also contributed important diplomatic efforts in conveying useful recommendations during international meetings on improving the coral reefs worldwide. Through the hosting of the joint Philippine-Sweden **ICRI Secretariat**, the Department helped organize the Regional Workshop for Tropical Americas in Cancun, Mexico, during which a discussion on coral reef issues, status and management in the regions were made and regional recommendations and priority actions for implementation were formulated. Also during the year, it launched and published the Atlas on Philippine Coral Reefs in collaboration with PhilReefs/PCAMRD, UP-MSI, WWF-KKP and Goodwill Trading Co.
- In line with the growing concern to improve the overall air quality in Metro Manila, the **Metro Manila Air Quality Improvement Sector Development Project**, a project being implemented by DENR/EMB in close collaboration with other government agencies such as the DPWH, MMDA, DOTC-LTO, DOE, DOH, Land Bank of the Philippines and the private sector, formulated and issued guidelines to support the implementation of the Clean Air Act. Some of these issuances are: Designation of the Metro Manila Airshed and the Creation of its Interim Governing Board; Clarification on the Incinerator Ban in the Philippine Clean Air Act; and Operationalization of the Air Quality Management Fund.

Under the MMAQISDP's Point-Source Emission Sub-Component and Ambient Air Quality Monitoring Sub-component, the Project conducted industrial air emission test monitoring in 22 firms in Regions 3, 4A and NCR and issued Notices of Violation (NOVs) to industries violating air



quality standards. The contract for the rehabilitation and upgrading of nine (9) fixed ambient air quality monitoring stations and one (1) mobile station was finally awarded during the year. Likewise, nine (9) probable sites for the air quality monitoring stations have been identified and evaluated. These are: PAWB, Quezon City; Intramuros, Manila; UPLB, Laguna; EPZA Cavite; Clark, Pampanga; Batangas City; Baclaran; Valenzuela; NAMRIA in Taguig, Rizal; and Ateneo de Manila in Quezon City.

- In line with the country's commitment to the Montreal Protocol on Substances that Deplete the Ozone Layer, which was set into force on 9 January 1989, the DENR, through the EMB-Philippine Ozone Desk, continued to facilitate and coordinate the implementation of the **Ozone Depleting Substances (ODS) Phase-Out Investment Program**, which is funded by the Multilateral Fund of the Montreal Protocol. During the year, the project formulated the National Chlorofluorocarbon (CFC) Phase-out Plan (NCCP), which lays out the strategies for the phase-out of CFC consumption by small and medium enterprises in the manufacturing sector. The Plan was approved by the Multilateral Fund Executive Committee, and granted funding support amounting to US\$ 10.58M. Relatedly, an inter-agency Memorandum of Agreement (DTI, LTO, BFAD, TESDA) was drafted to define the roles and responsibilities of concerned agencies in the implementation of the NCCP. To date, it was reported that the consumption level of ODS has been reduced from 3,929.42MT in 1994 to 1,263.39 MT in 2002 or about 68% of the country's annual ODS consumption.
- In line with its design to assess the current policy, legal and institutional frameworks to come up with recommendations for the implementation of a long term land administration and management program in the country, the **Land Administration and Management Project** completed four (4) AusAid-financed studies during the year, namely: *Property Valuation, Finance and Fee Structure, Fragmented Laws and Regulations, and Institutional Structure*. An integration report which summarizes the findings and corresponding recommendations for action have likewise been done and will serve as a sound basis for defining the policy agenda for LAMP II. Another project component, which is the establishment of two prototype projects to test alternative approaches to accelerated land titling and land records management, likewise made significant progress but are still delayed. Valuable lessons have been generated from both the experiences of Prototype 1 in Leyte in the establishment of a one-stop-shop (OSS) for title issuance, and Prototype II in Quezon City for the improvement in land records management.

- Valuing biodiversity through the conservation of important and threatened ecosystems continued to receive much attention. Under the EU-assisted **National Integrated Protected Areas Project (NIPAP)**, the year witnessed the proclamation of five (5) Protected Areas (PAs) to ensure an enhanced biological diversity in the following areas: El Nido-Taytay Managed Resource Protected Area, Malampaya Sound Protected Landscape and Seascape, Mt. Guiting-Guiting Natural Park, Mt. Isarog Natural Park, and Mt. Malindang Natural Park. Corresponding PA Bills for these sites have been filed both at the Congress and Senate for subsequent approval to become part of the National Integrated Protected Areas System (NIPAS). Likewise, under the GEF/UNDP-assisted **Samar Island Biodiversity Project (SIBP)** the proclamation of the Samar Island Natural Park (SINP) has been endorsed to the Office of the President and its corresponding bill has been simultaneously filed in Congress.
- Strengthening institutional linkages among ASEAN countries and between ASEAN and EU partner organizations in the field of biodiversity conservation continued to be made possible through the EU-assisted **ASEAN Regional Centre for Biodiversity Conservation (ARCBC)** project, located in Los Baños, Laguna. During the year, the Centre published several training information, guidelines and reference materials on protected areas management and biodiversity conservation through the data base referral system and Project website. Under its Research Grant Programme, the Project approved 15 research grant projects proposed by qualified individuals in ASEAN countries. Also during the year, a Research Grantee completed the survey of coral reefs in the Philippines and reported the discovery of four coral species that were not previously reported in the country.
- Institutional strengthening and capacity building activities to improve the management of our environment and natural resources continue to be a major component of most FAPs. Through the **Philippines-Canada Environmental and Economic Management (PCEEM)** Project, for instance, the Watershed Management Framework for Davao has been developed to guide the inter-agency Watershed Management Board in operationalizing the approaches and mechanisms in supporting ecosystem-based and collaborative protection and management of watershed resources in Davao City. Further, all FAPs carried out intensive information, education and communication campaign through the production and distribution of a total of 46,687 information materials on forestry, coastal and marine resources, protected areas and environmental management. A total of 1,532 training/seminars on sustainable forest management, land administration, coastal resource management, livelihood programs,

biodiversity conservation, environmental management were conducted for project stakeholders.

- The Department has likewise received new technical assistance grants amounting to approximately US\$ 2.31 million to support the implementation of the following: ENR Shell Programme (*UNDP*), Updating/Revision of the Philippine Forestry Master Plan (*FAO*), Project Preparatory Technical Assistance (PPTA) for Metro Manila Solid Waste Management Program (*ADB*), and the Governance on Natural Resources Management Sector Study (*WB*).

Under the ***ENR Shell Programme***, the final draft of the ENR Framework Plan, which will provide the “road map” for the long-term planning in the ENR Sector, as well as, the National Policy Framework for Coastal and Marine, and Forestry Sectors have been completed. Under the ***PPTA Assistance for Metro Manila Solid Waste Management Program***, orientation/trainings were conducted for Metro Manila LGUs on Solid Waste Management. Assessment of systems used in medical waste management has likewise been started. Under the ***Governance and Natural Resources Management Sector Study***, two (2) case studies (protected area management study and CBRM case study) and one public expenditure study were started. The case studies focused on the experiences in Quirino, Palawan, Agusan del Sur, and Camarines Sur. Results of these studies will be used as basis for policy formulation or enhancement, institutional strengthening initiatives, and future investments by the WB in the NRM sector. The updating process of the ***Forestry Master Plan*** is still on-going. Review of the overall implementation of the Master Plan has been conducted and proposed plans and programs to address the changed environment and priorities in the Philippines and other emerging trends in local and international forestry, have been identified.

*Table 5 summarizes the FAPS’ major contributions under the different sectors.*

## **5.0 Prospects for FY 2003-2004**

For CY 2003-2004, the on-going and pipeline FAPs will support the 8-point development agenda of the current DENR administration for the environment, forestry, mines, lands, coastal resources and protected areas, special concerns, legal services and water resources management.

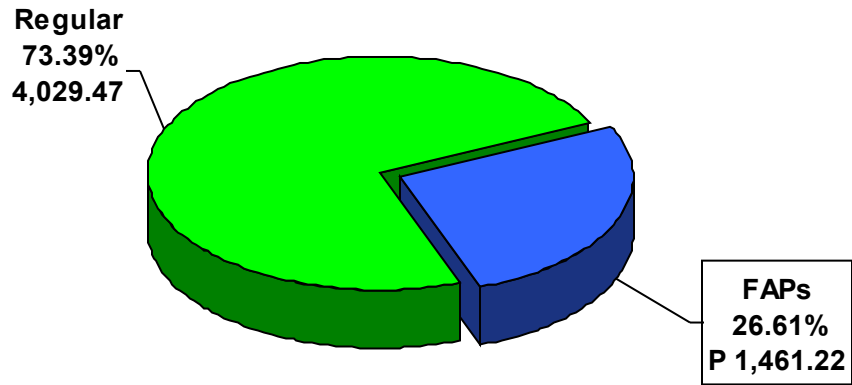
A substantial portion of our resources will be directed towards the implementation of solid waste management programs under the environment sector. For instance, at least four (4) funding agencies (i.e. JBIC, GTZ, ADB and USAID) have committed to assist DENR and LGUs to develop and

implement integrated solid waste management systems. Under the forestry sector, DENR will continue to provide substantial resources in the adoption of CBFM as the overriding strategy in the protection and management of forestlands. Majority of our ongoing FAPs included project activities addressing CBFM concerns (*Table 6*).

For CY 2003, the DENR hopes to receive a budgetary allotment of P998.32 Million to support the implementation of its ongoing FAPs, as well as, funding support for its pipeline projects. Our FAPs will continue to establish institutional partnerships with civil society, industry, LGUs and the international communities in the pursuit of sustainable management of our environment and natural resources.

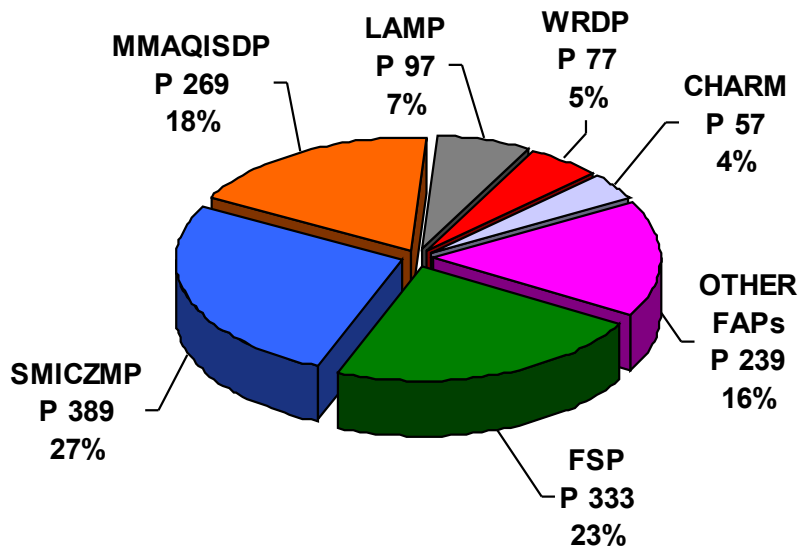
The DENR is also expecting to avail of a total investment of about US\$242.60 Million from various foreign funding institutions to implement the following pipeline projects that are currently under active processing. These are: Enhancement of Rural Livelihood in Mindanao Uplands (ADB); Integrated Coastal Resources Management Project (ADB); River Basin and Watershed Management Program (WB-GEF); Forestry Sector Project-Phase II (JBIC); Environmental Management Capability Building-Phase I (JICA); RP-Japan CBFM Enhancement Project (JICA); Camiguin Coastal Resource Management Project (New Zealand); Integrated Geo-Spatial Referencing Facility (France); and Feasibility Study on Law of the Sea (NORAD). *Table 7 shows the summary list of firm pipeline projects.*

**Figure 1. FAPs Budget as % of Total DENR Budget  
(In Million Pesos)**



Note: FAPs budget includes the appropriation of CHARM reflected under DA

**Figure 2. FY 2002 Budgetary Appropriation  
(In Million Pesos)**



**Table 1a: Ongoing Loan Projects  
As of FY 2002**

Project Title	Funding Agency	Total Project Cost (US\$'000)	FY 2002 Appropriation (P'000)	Location	Project Duration
<b>DENR LED</b>		<b>147,316.17</b>	<b>1,088,491.00</b>		
Forestry Sector Project (FSP)	JBIC	80,000.00	333,414.00	Nationwide	1993-2003 (3 yrs. Ext.)
Southern Mindanao Integrated Coastal Zone Mgt. Project (SMICZMP)	JBIC	30,340.17	389,154.00	Region 11	1999-2007
Land Administration and Management Program (LAMP)	WB	11,310.00	96,923.00	Nationwide	2000-2003
Metro-Manila Air Quality Imp. Sector Dev. Project (MMAQISDP) – DENR Component	ADB	25,666.00	269,000.00	NCR, Reg. 3 & 4	1999-2003
<b>LED BY OTHER GAS</b>		<b>55,855.39</b>	<b>271,762.00</b>		
Water Resources Dev. Project - Watershed Management Improvement Component (NIA)	WB	14,840.00	77,000.0,0	Regions 4 & 9	1997-2004
Cordillera Highland Agricultural Resource Mgt. Proj. (DA)	ADB	5,875.62	56,972.00 **	CAR	1999-2003
San Roque Multi-Purpose Proj. - Itogon Integrated Watershed Mgt. Project (NPC) *	ADB	21,532.00	137,790.00	Region 1	2001-2004
Community-Based Resource Mgt. Project – Evt'l. Tech. Transfer Comp. (DOF)	WB	5,000.00	8,917.93 **	Regions 5, 7 & 13	1998-2003
Southern-Phils. Irrigation Proj. – Watershed Mgt. Sub-Comp. (NIA)	ADB	4,807.77	11,960.00 **	Region 7 & CARAGA	1999-2005
Northern Mindanao Community Initiative & Res. Mgt. Proj. (DAR)	IFAD	3,800.00	-	Region 10 & CARAGA	2001-2005
<b>TOTAL</b>		<b>203,171.56</b>	<b>1,360,253.00</b>		

\* Payment of interest as per MOA

\*\* Reflected in budget of other agencies, i.e. DA, DOF, NIA

**Table 1b: Ongoing Grant Projects  
As of FY 2002**

Project Title	Funding Agency	Total Project Cost (US\$'000)	FY 2002 GOP Appropriation (P'000)	Location	Project Duration
<b>GRANTS w/ GOP Counterpart</b>		<b>166,074.14</b>	<b>100,966.00</b>		
Natural Resources Management Project II (NRMP II)	USAID	75,732.95	43,600.00	Reg.2,4,6,5,7, 9, 10, 11 & 13	1995-2003
Community Forestry Project in Quirino (CFPQ)	GTZ/KfW	8,589.00	7,000.00	Region 2	1994-2003 (2 yrs. Ext.)
National Integrated Protected Area Project (NIPAP)	EU	15,142.00	6,000.00	CAR, 4, 5 & 10	1995-2003
ASEAN Regional Centre for Biodiversity Conservation (ARCBC)	EU	12,430.00	11,900.00	Region 4	1997-2004
Partnership in Environmental Management for the Seas of East Asia (PEMSEA)	GEF/UNDP	3,387.00	7,240.00	Reg. 3 & 4, SEA	1999-2004
Samar Island Biodiversity Project (SIBP)	GEF/UNDP	12,882.89	3,000.00	Region 8	2000-2008
Mindanao Rural Development Project – Coastal & Marine Biodiversity Component (MRDP-CMBC)	GEF/WB	1,469.47	4,000.00	Region 12	2001-2003
Phils.-Canada Environmental & Economic Management Project (PCEEM)	CIDA	8,560.00	6,000.00	Regions 7 & 11	1998-2003
International Coral Reef Initiative Project (ICRI)	SIDA	2,426.83	12,226.00	Nationwide	2001-2003
Conservation of Priority Protected Areas Project (CPPAP)	GEF/WB	22,870.00	-	Reg.2,3,4,6,9, 10,11,13	1994-2002
Strengthening Local Environmental Planning and Management (Local-EPM)	UNDP	2,584.00	-	Regions 4 & 7	1998-2002
<b>PURE GRANTS (GOP Counterpart in-kind)</b>		<b>67,988.74</b>			
Ozone Depleting Substances Phase-Out (ODS)	Mult. Fund Montreal Prot.	30,000.00	-	Nationwide	1993-2010
Eco-Governance	USAID	8,860.00	-		2001-2004
Debt for Nature Swap Initiative Project in Quirino (DFNSIP)	KfW	2,690.00	-	Region 2	1998-2003
Developing Tropical Forest Resources through Community-Based Management (DTFR-CBFM)	ITTO	858.62	-	Region 2	1998-2002
Visayan Sea Coastal Res. & Fisheries Mgt.	GTZ	1,940.00	-	Regions 5, 6 & 7	2002-2004
Leyte Island Program	GTZ	4,750.00	-	Region 8	2001-2011
MM Solid Waste Mgt. Prog. - TA	ADB	1,250.00	-	NCR	2002-2003
Integrated Coastal Res. Mgt. Proj. - TA	ADB	930.00	-	Regions 1, 3, 4, 7, 8 & 9	2001-2003
Governance & NRM Sector	WB	50.00	-		2002-2003

Study - TA					
Ligawasan Marsh Biodiversity Cons. Proj. - TA	WB-GEF	350.00	-	Region 13	2000-2003
Dev't. of the Nat'l. Biosafety Framework - TA	UNEP-GEF	120.00	-		2002-2003
Initial Asst. to the Phils. to meet its Obl. Under the Stockholm Convention on Persistent Organic Pollutants (POPs) - TA	UNDP-GEF	500.00	-		2002-2003
Demonstration of Viability & Removal of Barriers that Impede Adoption & Effective Imp. Of available, Non-Combustion Tech. for destroying Persistent Organic Pollutants - TA	UNDP-GEF	180.00	-		2002-2003
Cap-B Biodiversity Conservation – TA	UNDP-GEF	160.00	-		2001-2002
ENR-Shell Programme	UNDP	650.00	-		2002-2004
Master Plan Study for Integ. Watershed Mgt. In Upper Magat & Cagayan River	JICA		-	Region 2	2000-2002
R-Japan Appl. of Integ. Explo. Strategy for Precious & Base Metal Mineralization in the North Bicol Area	JICA	2,000.00	-	Region 5	2000-2002
RP-JICA Cap-B for Env't. Mgt. in Mining	JICA	2,540.00	-	Regions 7 & 11	1999-2002
Research & Dev't. of Electronic Navigational Chart (ENC)	JICA	460.00	-	Manila Bay & North-Western coast of Luzon	2000-2003
The Study on Mapping & Land Cover Assess. of Mangrove Areas in the Phils.	JICA	1,810.00	-		1998-2002
The Coop. Study on the Appl'n. & Techniques using Remote sensing Data for Monitoring & Mapping & ENR in the Phil. Archipelago	ERSDAC	280.00	-	Regions 5 & 8	2000-2003
DOST-NASA PACRIM2 Proj., MGB Comp.: MASTER and AirSAR Data integration for Env't'l. Studies in Cebu	NASA	60.00	-	Region 7	2000-2002
TA-Develop GIS for Local Government Units	SIDA	400.00	-		1999-2002
MGB-NASDA ALOS Project: Analysis of Topographic & Geologic Terrain Features in Relation to Two Rapidly Developing Urban Areas in the Phils.	NASDA	No data	-	Regions 7 & 11	2001-2004
<b>TOTAL</b>		<b>234,064.88</b>	<b>100,966.00</b>		







Table 4. Issues/Concerns and Recommendations

Issues/Concerns	Causes	Action Taken/Recommendation
<p><b>Low Funds Utilization/ Delay in project implementation</b></p> <ul style="list-style-type: none"> <li>• Delayed procurement of goods/services</li> <li>• Slow processing of project documents</li> <li>• Delayed preparation of SOE/liquidation</li> </ul>	<ul style="list-style-type: none"> <li>• Prolonged review of documents</li> <li>• Unfamiliarity with procurement policies/procedures</li> <li>• Changes in leadership/ reconstitution of PBAC/ PEVAC</li> <li>• Prolonged review of documents</li> <li>• Limited authorities delegated to PD/PM</li> <li>• Unfamiliarity with disbursement procedures</li> <li>• Limited no. of acctg. personnel in regional/ field offices</li> </ul>	<ul style="list-style-type: none"> <li>• Orient PBAC/PEVAC members on procurement policies/procedures and timetable for project procurements</li> <li>• More pro-active monitoring/ processing by PBAC/PEVAC Secretariats</li> <li>• Minimize changes in PBAC/PEVAC membership, i.e. Ex officio</li> <li>• Delegation of authority to FAPs Director and PD/PMs.</li> <li>• Prepare simplified guide/handbook on disbursement/ procurement procedures for FAPs</li> <li>• Conduct continuous orientation training for all concerned</li> <li>• Beef up accounting personnel for FAPs in regional/provincial offices.</li> </ul>
<p><b>Weak project management</b></p>	<ul style="list-style-type: none"> <li>• No standard criteria for the selection of PDs/PMs</li> <li>• Frequent changes in PDs/PMs</li> <li>• Projects are sometimes used to hire personnel who are not qualified for the work required by projects</li> <li>• Lack of preparation/ unfamiliarity with GOP/ and donor agency policies/procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare a DAO on the selection of PD/PMs and staffing of FAPs</li> <li>• Identify/select personnel who could qualify for a PD/PM's pool</li> <li>• Design/implement a training program for PD/PMs</li> <li>• Strengthen FASPO's orientation/assistance program for PMOs/Field offices especially during mobilization stage</li> </ul>

<p><b><i>Unclear delineation of roles among DENR offices involved in the implementation of FAPs</i></b></p>	<p>Existence of a no. of circulars, SOs, and other orders concerning the management of FAPs, i.e. designation of PIO, designation of USECs as supervising officers for particular FAPs, USEC Legal as focal point for GEF, no standard guidelines for determining office/unit to implement FAPs</p>	<ul style="list-style-type: none"> <li>• Revisit DAO 97-19 and update roles of different offices concerned</li> <li>• Clarify classification of projects to be implemented by the different DENR offices</li> <li>• Define relationship/linkages of the different offices concerned in the implementation/mgt. of FAPs</li> <li>• Designate 1 USEC to supervise FASPO/FAPs</li> </ul>
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**Table 5. FAPs Major Contributions by Sector**

SECTOR/PROJECT	MAJOR ACCOMPLISHMENTS
<b>A. FORESTRY/UPLAND</b>	
FSP, WRDP, CFPQ, CHARM, SMICZMP	Established 5,186 hectares of plantation in the uplands and mangrove areas in the country
FSP, CFPQ, WRDP, CHARM	Maintained and protected 89,108 hectares of forest areas covered by the Projects
CFPQ	<p>Awarded 5 Community-Based Forest Management Agreements (CBFMAs) to organized Community Associations in the Province of Quirino. It has also federated participating People's Organizations (POs) and facilitated their registration at the Provincial and Regional levels.</p> <p>Prepared 13 thematic maps for the Quirino Provincial Atlas</p>
NRMP-FRM	<p>In collaboration with the Forest Management Bureau, conducted an inventory of all on-going upland livelihood enterprises (ULEs) and determined the level of development of each ULE. This activity will provide the initial database that will be used for planning and implementing ULE interventions on various CBFM areas and on designing nationwide ULE programs.</p> <p>Drafted 2 guidelines that are envisioned to further improve the implementation of the Community-Based Forest Management (CBFM) program in the country, to wit:</p> <ul style="list-style-type: none"> <li>• Guidelines on the Strengthening, Development and Management of CBFM Areas</li> <li>• Guidelines on the Implementation of Joint Venture and Similar Forest Management Agreements/Contracts concerning the Development, Protection and Utilization of Forestlands and/or Forest Resource in CBFM Areas.</li> </ul>
CBRMP	<p>In coordination with ERDB, packaged and reproduced six (6) CBRMP sourcebooks on Agro-forestry Technology. These were distributed to Partner LGUs to Supply the much-needed technology regarding NRM.</p> <p>Provided technical assistance and on-site coaching and mentoring to concerned LGUs in the implementation of natural resources management activities including approved special projects.</p>
WRDP, CHARM, SMICZMP	Developed 1,007 hectares of agro-forestry farms.

<b>B. PROTECTED AREA/BIODIVERSITY CONSERVATION</b>	
CPPAP	Deputized 1,361 volunteers who conducted protection works such as apprehension and confiscation of illegally gathered forest resources inside protected areas (PAs).
NIPAP	<p>Facilitated the proclamation of 5 PAs to ensure an enhanced biological diversity and protect the area from destructive human exploitation. Corresponding PA Bills for these sites have been filed both at the Congress and Senate for subsequent approval to be a part of the National Integrated Protected Areas System (NIPAS).</p> <p>Completed the terrestrial and marine PA boundary delineation covering a total of 750 kilometers. This is part of the protection process being adopted in protected areas.</p>
ARCBC	<p>Published several training information on protected areas management and biodiversity conservation through the Project website. The information consisted of regularly updated databases on training resources, specialists and institutions in the ASEAN.</p> <p>Approved 15 research grant projects for funding under the Research Grant Programme of the Project. Also, during the year, a Research Grantee has completed the survey of coral reef in the Philippines and reported the discovery of four coral species that were not previously reported in the Philippines.</p> <p>Developed a Biodiversity Monitoring Schemes and conducted in-house research projects on computerized tools for measuring bird richness and guide for bird identification.</p> <p>Developed guidelines, together with international experts, conservation specialists and practitioners from Europe, Japan, Korea and Southeast Asia, in promoting collaboration in planning and management of protected areas along national borders.</p>
<b>C. URBAN ENVIRONMENT</b>	
MMAQISDP	<p>Conducted industrial air emission test monitoring in 22 firms in Region 3, 4A and NCR and issued Notice of Violation (NOVs) to industries violating air quality standards.</p> <p>Prepared and facilitated the approval of the following Orders/guidelines in support to the implementation of the Clean Air Act:</p> <ul style="list-style-type: none"> <li>• DAO 2002-05: Initial Designation of the Metro Manila Airshed and the Creation of its Interim Governing Board</li> <li>• MC No. 2002-01: Initial Designation of Airshed for Metro Manila</li> <li>• MC No. 2002-03: Interim Guidelines for the Designation of an Airshed</li> <li>• MC No. 2002-05: Clarification on the Incinerator Ban in</li> </ul>

	<p>the Philippine Clean Air Act</p> <ul style="list-style-type: none"> <li>• DAO 2002-03: Implementing Guidelines on the Operationalization of the Air Quality Management Fund</li> </ul> <p>Identified and evaluated 9 probable sites for the ambient air quality monitoring. These are: PAWB, Quezon City; Intramuros, Manila; UPLB, Laguna; EPZA Cavite; Clark, Pampanga; Batangas City; Baclaran; Valenzuela; and Ateneo.</p> <p>Awarded the contract for the rehabilitation and upgrading of nine (9) fixed monitoring stations and one(1) mobile station.</p> <p>Conducted stack sampling test in 29 industrial firms as part of the ambient air quality monitoring being pursued by the project.</p>
<p>Ozone Depleting Substances (ODS) Phase-out Investment Program</p>	<p>Formulated the National Chloroflourocarbon (CFC) Phase-out Plan (NCCP) which lays out the strategies for the phase-out of CFC consumption by small and medium enterprises in the manufacturing sector. The Plan was already approved by the Multilateral Fund Executive Committee with a funding of US\$ 10.58 M.</p> <p>An inter-agency Memorandum of Agreement (MOA) (DTI, LTO, BDAD, TESDA) was drafted to define the roles and responsibilities of concerned agencies in the implementation of the NCCP. A MOA with the Fertilizer and Pesticides Authority (FPA) was also drafted to formalize and strengthen inter-agency partnership for the phase-out of Methyl Bromide.</p> <p>Established the working relationship with the Bureau of Customs (BoC) and the DENR-EMB, through a MOA, for the implementation of certain provisions in RA 6969 (i.e. Toxic and Hazardous Waste) and the Montreal Protocol, particularly on Substances that Deplete the Ozone Layer.</p>
<b>D. COASTAL AND MARINE</b>	
<p>ICRI-Secretariat</p>	<p>Organized the Regional Workshop for Tropical Americas in Cancun, Mexico to discuss coral reef issues, status and management in the region and formulated regional recommendations and priority actions for implementation.</p> <p>Carried out the planning, organization and development of program for the 2<sup>nd</sup> International Tropical Marine Ecosystems Management Symposium (ITMEMS 2), a global symposium for coastal managers and key players in the management of coral reefs and association ecosystems. It seeks to identify gaps in the current management of these ecosystems and identify priority actions in the implementation of the ICRI framework for Action and in response to the Plan of Implementation of the World Summit on Sustainable Development.</p>

	<p>Published and launched the Atlas on Philippine Coral Reefs in collaboration with PhilReefs/PCAMRD, UP-MSI, WWF-KKP and Goodwill Trading Co. The atlas is a rich compilation of site descriptions of more than 50 reefs around the country that will serve as a tool in understanding the challenges faced by the Philippines in coral reef protection and management. It also serves as a reference for current innovative actions developed and applied by coral reef researchers and environmental practitioners, and provides useful, popular and scientific information.</p>
PEMSEA	<p>Completed four (4) project proposals on environmental investment. These are: Integrated Solid Waste Management System in San Fernando, Pampanga; Malabon River Park and Ferry System Development Project; Integrated Solid Waste Management System in Bataan; and Hazardous Waste Facility in Region 4. These projects are in line with the strategy of promoting and developing investments in environmental improvement and management through public and private partnerships.</p>
NRMP-CRM	<p>Creation of the Coastal and Marine Management Office (CMMO) in the DENR which will be responsible in providing over-all policy direction and technical supervision of all coastal and marine-related programs/projects and activities of the Department.</p> <p>Completed 3 Coastal Resource Management (CRM) Plans in Region 7 which will provide the framework for the LGUs in the sustainable management of their coastal resources.</p> <p>Established 4 Marine Protected Areas (MPAs) in Region 11.</p>
MRDP-CMBC	<p>Organized two (2) barangay-based protection groups namely: Sangay Bantay Dagat Task Force and Paril Bantay Task Force Association. These groups conducted patrolling of more than 1,200 hectares of municipal waters covered by the Project.</p> <p>Established/strengthened Interim Protected Area Management Board (PAMB) for Paril-Sangay Protected Seascape.</p> <p>Designated four (4) areas within the Paril-Sangay Protected Seascape as "NO TAKE ZONE" or strictly protected zone for protection and rehabilitation purposes.</p>
LAMP	<p>Completed four (4) AusAID-financed policy studies aimed at providing structural reforms of the existing land management sector. These are: Property Valuation, Finance and Fee</p>



	<p>Structure, Fragmented Land Laws and Regulations, and Institutional Structure.</p> <p>Completed the draft report on “Forest Boundary Delineation Study”. The study proposes the formulation of Permanent Forest Estate Act and its Implementing Rules and Regulations.</p> <p>Produced cadastral index maps (CIMs) and plotted 22,839 lots against the 8,400 target.</p>
<b>F. MULTI-SECTORAL/INSTITUTIONAL STRENGTHENING</b>	
PCEEM	<p>Developed the Davao Watershed Management Framework which lays out the approaches and mechanisms in supporting ecosystem-based and collaborative protection and management of watershed resources in Davao City.</p> <p>Provided technical assistance to LGUs in the implementation of several pilot and demonstration projects dealing on solid waste management, agroforestry and sustainable agriculture.</p>
SMICZMP	Completed 55% of the construction works of the Environment Conservation and Protection Center (ECPC), an environmental monitoring, research and training center designed to address the need for a permanent scientific information data collection and environment monitoring system.
PCEEM, NIPAP, NRMP, CPPAP, ICRI, PEMSEA, ARCBC, CHARM, MRDP, SMICZMP, SIBP, LAMP, MMAQISDP	Produced and distributed 46,687 copies of information materials related to natural resources protection and management.
NRMP, PEMSEA, SIBP, MRDP, Local-EPM, SMICZMP	Conducted 1,532 training programs on forest land-use planning, biodiversity conservation, coastal resource management, integrated environmental management and pollution prevention/cleaner production. LGUs, academe, industries, communities and DENR C.O. and field personnel attended these training programs.

















**Table 7. List of Firm Pipeline Projects**

PROJECT NAME	FUND SOURCE	TOTAL PROJECT COST (In M US\$)	STATUS
<b>LOAN</b>		<b>226.73</b>	
Enhancement of Rural Livelihood in Mindanao Uplands	ADB	85.33	Still awaiting ICC Technical Board Deliberation.
Integrated Coastal Resources Mgt. Project	ADB	63.40	The Interim report which includes the draft project logframe has been submitted to both the ADB and the DENR.  The draft final report containing the design of the proposed investment project has been submitted to DENR and ADB.
River Basin and Watershed Mgt. Program * Bicol River Basin (US\$ 18 M) * Ligawasan Biodiversity Conservation Component) (US\$ 10 M)	WB-GEF	28.00	The contractor (Winrock) for the Phase II has submitted their technical and financial proposals. The Terms of reference (TOR) of the contractor has forwarded to WB for its approval.  Procurement of equipment for the project is now ongoing.
Forestry Sector Project-Phase II	JBIC	50.00	JBIC has sent a Special Assistance for Project Implementation (SAPI) to formulate the project design.
<b>GRANTS</b>		<b>15.87</b>	
Env'l. Mgt. Capability Bldg. – Phase I	JICA	5.97	NEDA already endorsed the project to DFA. JICA already endorsed the project to GOJ for final approval.
RP-Japan CBFM Enhancement Proj.	JICA	2.15	Results of the Fact-Finding Mission endorsed to NEDA for review and endorsement to GOJ.
Camiguin Coastal Resource Mgt. Project	New Zealand	0.70	Government of New Zealand is set to dispatch project design mission based on agreed Terms of Reference (TOR).
Integrated Geo-Spatial referencing Facility	France	6.80	Awaiting approval of France Development Agency for the Project Agreement to be signed by DENR/NAMRIA.
FS on Law of the Sea	NORAD	0.25	Grant Agreement already signed.
<b>TOTAL</b>		<b>242.60</b>	