

## EXECUTIVE SUMMARY

The year 2001 saw the realization of some of the major commitments of our foreign-assisted programs and projects (FAPs), despite some political and economic realignments that occurred during the year. With financial support coming from Official Development Assistance (ODA), the DENR resource requirement for pursuing its mandate and thrusts was augmented. Through its FAPs, the DENR implemented its priority programs and developed policy reforms geared toward sustainable development and people empowerment; optimal use of land and resources; forest, coastal and marine protection and rehabilitation of degraded ecosystem; biodiversity conservation; and effective environmental management.

### **Overview of DENR ODA**

During the year, the Department's ODA portfolio consisted of 33 on-going projects with a total investment cost of about US\$433 million. Of this, 39% came from loan proceeds, and 42% from grant proceeds. Top providers of ODA were the Japan Bank for International Cooperation (JBIC), Asian Development Bank (ADB), United States Agency for International Development (USAID), World Bank (WB), Global Environment Facility and the European Union. On the other hand, GOP counterpart funds represented about 19% of the total investments. The FAPs' share in the total DENR budget for FY 2001 was 17%.

In terms of sectoral distribution, the forestry sector obtained the highest fund support with US\$212 million total investment, followed by the environment sector with US\$75 million, and the protected area/biodiversity sector as third with US\$64 million.

### **Major Accomplishments**

Improving the forest cover to ensure ecological balance and a healthier environment remained a primary concern of majority of DENR FAPs, such as FSP, CHARM, CFPQ, and WRDP. Total area reforested during the year was 18,130 hectares, exceeding the annual target by 4%. Agroforestry farms developed in the uplands covered about 816 hectares. Various protection and management activities were also undertaken by local communities to ensure the maintenance and protection of 2,162,971 hectares of forest, marine and wildlife resources.

Through the CPPAP and NIPAP, the year also saw the proclamation of 17 recommended sites as Protected Area (PA). Of these, 13 were already legislated by Congress as part of the National Integrated Protected Area System (NIPAS).

The NRMP and MMAQISDP supported the implementation of the Clean Air Act and the promotion of Environmental Management Systems, through the following activities: encouragement of 297 firms and other organizations to implement Environmental Management Systems and Pollution Prevention/Cleaner Production; updating of the Air Quality Action Plan; outlining the different interventions required to improve air quality; regular monitoring of ambient air

quality in fixed stations (manual sampling) in NCR, Region 3 and 4; and issuance of 1,718 permits to operate to several industries who have complied with environmental quality standards and other environmental management requirements.

To help protect and manage critical coastlines in the Philippines, coastal resource management initiatives were also put in place. Through the Partnership in Environmental Management for the Seas of East Asia (PEMSEA) Project, the Department launched the Manila Bay Declaration, which outlines the commitment of all stakeholders to protect and develop the resources of Manila Bay. The Manila Bay Coastal Strategy was also finalized to provide a comprehensive environmental management framework, targeted outcomes and action programs involving the participation of both government and non-government sectors. Under the Coastal Resources Management Project, 41 CRM plans were prepared covering different municipalities in Regions 4, 7, and 11. A total of 11 marine sanctuaries were also established and maintained.

In an effort to improve the present system of land titling, administration and management, the Land Administration and Management Program (LAMP) completed the construction of a One-Stop-Shop (OSS) Building in Palo, Leyte. The OSS building is intended to provide sufficient requirements of government and the communities with regard to land disposition and management. It has likewise requested Congress to re-instate the Free Patent Law to be able to continue the issuance of land titles.

This year, the activity pendulum of almost all FAPs also moved towards an intensive information, education and communication campaign to reach a wide range of clientele. About 215,472 copies of various information materials on topics related to forest resources, coastal and marine, protected areas and environmental management, among others, were produced and distributed. A total of 553 seminars/training/symposia on sustainable forest management, land administration, biodiversity conservation and livelihood programs were also conducted.

To complement these development efforts, major policy studies were conducted and relevant systems and guidelines were formulated for more effective management and sustainable development of the environment and natural resources.

### ***FY 2001 Performance***

During the year, the performance of FAPs was affected by the re-enactment of the DENR budget from the previous year's level, delayed approval of special budget request, late releases of allotment, and the prolonged transition period resulting from the change in government leadership, among others. As such, physical accomplishment of FAPs registered an average rating of 74%, with loan projects posting a 64% rating and grant projects with 84% rating. As to the financial performance, only 68% of the total budgetary allotment for FY 2001 was utilized.

Based on NEDA standards for assessing ODA performance, which focus on the ability of implementing agencies to utilize ODA, grant projects showed an average performance rating of 78%, while loan projects managed to get an average rating of 63%. This gives the Department an overall performance rating of 70%, which is below the rating considered as satisfactory, which is 75%.

### ***New and Pipeline Projects***

FY 2001 also marked the signing of two new grant agreements for the implementation of the following projects: *Protection of Productive Life Sustaining Natural Resources through Improved Environmental Management Enforcement* (USAID) and *Liguasan Marsh Biodiversity Conservation Project* (UNDP-WB-GEF). Further, DENR's participation in the 2001-2004 Country Assistance Programming Exercises of the multilateral and bilateral institutions resulted to the inclusion of a number of DENR proposed projects in the donors' programming lists.

As of FY 2001, there were 25 projects on firm pipeline with an aggregate investment cost of US\$ 103.220 million. An amount of about US\$ 18.3 M shall come from loans, while about US\$ 84.92 M shall come from grants. The environment sector is expected to receive a major portion of forthcoming foreign investments (56%), followed by the forestry sector (28%).

Indeed, the year 2001 proved to be both challenging and fulfilling for FAPs. In keeping with the development agenda of the ENR sector, FAPs had embarked on the critical activities and major policy reforms needed to pursue the sustainable development of the environment and natural resources, with the increasing support and partnership of the local government units, non-government organizations, the local communities, and of course, our foreign donors.

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## INTRODUCTION

Official Development Assistance (ODA), or soft loans and grants extended to developing countries by other government or multilateral institutions, has continually supported the development agenda of the DENR by filling the funding gap for the implementation of priority programs and projects toward effective environment and natural resources management for sustainable development.

From about four (4) ODA projects in the 1970's at a cost of US\$23.7 million, it grew to 48 projects in the 1980's with an infusion of about US\$449 million to the ENR sector. By the 1990's there were 112 ODA projects implemented and an aggregate investment of US\$760 million.

As of CY 2001, the DENR has availed of more than 173 ODA projects in the fields of forestry, coastal resources and environmental management, protected area management, local government and community partnerships in ENR management, institutional and capacity building, among many concerns, with a combined cost of about US\$1.2 billion.

These investments roughly translate to about 373,605 hectares of lands reforested, 25,876 hectares developed for agro-forestry, 68,426,939 seedlings produced, 213 livelihood projects initiated, 201 major policy studies and researches conducted, 292 multi-purpose buildings and 1,163 kms. of farm-to-market roads constructed, 660,550 copies of IEC materials produced and distributed, 456,076 trainings/workshops/seminars provided to project stakeholders, and more than 2.4 million hectares of forest, marine and wildlife areas protected.

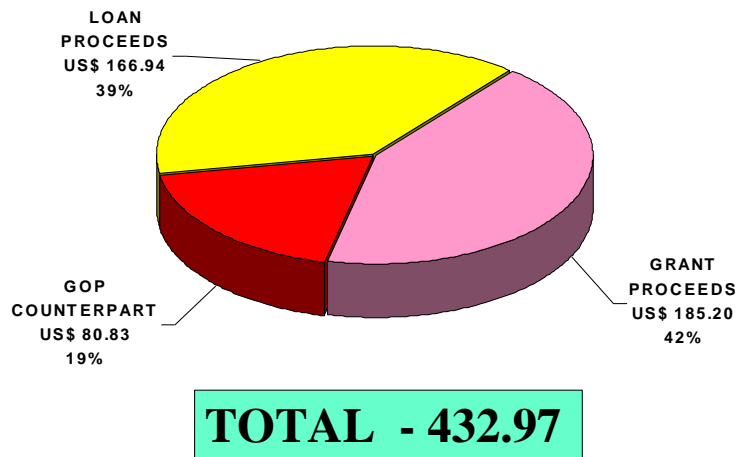
### 1.0 OVERVIEW OF FAPs PORTFOLIO

#### 1.1 On-going Projects

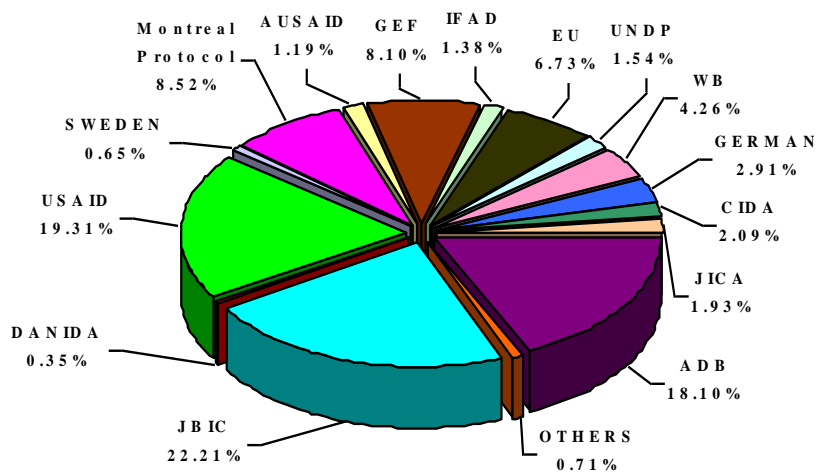
The DENR's ODA portfolio as of FY 2001 consisted of 33 ongoing foreign-assisted projects with a total investment cost of about US\$432.97 million. Financing from loan proceeds amounted to US\$166.94 million or 39%, while grant proceeds covered US\$185.20 million or 42%. GOP counterpart represented US\$80.83M or 19% (See Figure 1 and Tables 1a & 1b).

In terms of *funding source*, the top three providers of loans were the Japan Bank for International Cooperation or JBIC (22% of total investments and 47% of the total loans), the Asian Development Bank (18% of total investments and 38% of the loans), and the World Bank (4% of total investments and 12% of total loans). A substantial portion of the grants, on the other hand, came from the USAID with 19% of total investments ( or 37% of total grant proceeds), the Global Environment Facility with 8% (or 16% of total grant proceeds), and the European Union with 7% (or 13% of total grant proceeds). Please refer to Figure 2.

**Figure 1. Ongoing FAPs by Funding Type  
As of December 2001  
(US\$ in Millions)**



**Figure 2. Ongoing FAPs by Funding Source  
As of December 2001  
(US\$ in Millions)**



**Table 1a: Ongoing Loan Projects  
As of FY 2001**

Project Title	Funding Agency	Total Project Cost (US\$'000)	FY 2001 Allotment (P'000)	Location	Project Duration
<b>LOANS</b>		<b>223,453.79</b>	<b>970,429.21</b>		
Forestry Sector Project (FSP)	JBIC	80,000.00	247,708.00	Nationwide	1995-2003 (3 yrs. Ext.)
Southern Mindanao Integrated Coastal Zone Mgt. Project (SMICZMP)	JBIC	30,340.17	152,741.00	Region 11	1999-2005
Water Resources Dev. Project - Watershed Management Improvement Component (WRDP-WMIC)	WB	14,840.00	66,571.00	Regions 4 & 9	1997-2002
Land Administration and Management Program (LAMP)	WB	10,300.00	138,778.41	Nationwide	2000-2003
Metro-Manila Air Quality Imp. Sector Dev. Project (MMAQISDP)	ADB	25,666.00	155,800.00	NCR, Reg. 3 & 4	1999-2002
San Roque Multi-Purpose Project-DENR Component (SRMPP) *	ADB	21,532.00	137,790.00	Region 1	2001-2004
Low Income Upland Community Project (LIUCP)	ADB	29,900.00	6,444.00	Region 4B	1990-2001
Cordillera Highland Agricultural Resource Mgt. Proj. (CHARMP) – DENR Component	ADB	5,875.62	56,972.00	CAR	1999-2003
Community-Based Resource Mgt. Project (CBRMP)– DENR Component	WB	5,000.00	7,624.80	Reg. 5, 7 & 13	1998-2003

\* Payment of interest as per MOA



**Table 1b: Ongoing Grant Projects  
As of FY 2001**

Project Title	Funding Agency	Total Project Cost (US\$'000)	FY 2001 Allotment (P'000)	Location	Project Duration
<b>GRANTS w/ GOP Counterpart</b>		<b>166,074.14</b>	<b>376,016.22</b>		
Natural Resources Management Project II (NRMP II)	USAID	75,732.95	41,650.00	Reg.2,4,6,5,7, 9, 10, 11 & 13	1995-2002
Community Forestry Project in Quirino (CFPQ)	GTZ/KfW	8,589.00	6,000.00	Region 2	1994-2003 (2 yrs. Ext.)
National Integrated Protected Area Project (NIPAP)	EU	15,142.00	27,900.00	CAR, 4, 5 & 10	1995-2002
ASEAN Regional Centre for Biodiversity Conservation (ARCBC)	EU	12,430.00	117,383.00	Region 4	1997-2004
Partnership in Environmental Management for the Seas of East Asia (PEMSEA)	GEF/UNDP	3,387.00	6,141.18	Reg. 3 & 4, SEA	1999-2004
Samar Island Biodiversity Project (SIBP)	GEF/UNDP	12,882.89	41,734.00	Region 8	2000-2008
Conservation of Priority Protected Areas Project (CPPAP)	GEF/WB	22,870.00	24,887.31	Reg.2,3,4,6,9, 10,11,13	1994-2002
Mindanao Rural Development Project – Coastal & Marine Biodiversity Component (MRDP-CMBC)	GEF/WB	1,469.47	6,124.70	Region 12	2001-2003
Strengthening Local Environmental Planning and Management (Local-EPM)	UNDP	2,584.00	21,246.00	Regions 4 & 7	1998-2001
Phils.-Canada Environmental & Economic Management Project (PCEEM)	CIDA	8,560.00	77,138.02	Regions 7 & 11	1998-2002
International Coral Reef Initiative Project (ICRI)	SIDA	2,426.83	5,812.01	Nationwide	2001-2002
<b>PURE GRANTS</b>		<b>43,443.74</b>	<b>14,132.92</b>		
Debt for Nature Swap Initiative Project in Quirino (DFNSIP)	KfW	2,690.00	14,132.92	Region 2	1998-2002
Tech. Assistance for Biodiversity Conservation (TABC)	WB	315.00	No data	Region 2	1999-2002
Private Sector Participation in Managing the Env. (PRIME) - DENR Component	UNDP	1,743.00	No data	NCR	1998-2001
Ozone Depleting Substances Phase-Out (ODS)	Mult. Fund Montreal Prot.	30,000.00	No data	Nationwide	1993-2008
Developing Tropical Forest Resources through Community-Based Management (DTFR-CBFM)	tropic	858.62	No data	Region 2	1998-2001
Mines Projects (5 TAs)	JICA, ERSDAC, etc.	4,881.78	No data	NCR,4,5,7,8,11	
NAMRIA Projects (3 TAs)	JICA, SIDA	2,955.34	No data	Reg. 1,2,4, 6,8,13, NCR	
<b>TOTAL</b>		<b>432,971.67</b>	<b>1,360,578.35</b>		

In terms of geographical location of FAPs, Region 4 had the most number of FAPs followed by Regions 2, 7, and 11.

In terms of sectoral distribution, the forestry sector obtained the highest fund support with US\$212 million or 49% of total investments. The environment sector came in second with US\$ 75 million or 17%, and the protected area/biodiversity sector was third with US\$64 million or 15%. The coastal and marine sector received a funding of US\$61 million or 14%. The lands and mines sector had a total investment of US\$ 10 million and US\$ 5 million, respectively. Projects cutting across the different sectors received a total funding of US\$ 5 million or only 1% of the total investments (See Figure 3).

Of the thirty-three (33) ongoing FAPs, 9 are loan projects, 3 of which are with grant components, and 24 are grant projects. Nine (9) loan projects and 11 grant projects have a peso or GOP counterpart. The others are purely grants (these are small projects, usually technical assistance or studies). Only those with GOP counterparts or a total of twenty (20) foreign-assisted projects in FY 2001 are reflected in the General Appropriations Act. Implementation of two of these FAPs (i.e. CHARM and CBRM) are supported by GOP funds coming from DA and DOF.

Based on the GAA for FY 2001, the *FAPs' share in the total DENR budget* of P5.5 billion was P961 million or 17%. This is a reduction of 41% from the FY 2000 level of P1.6 billion or 26% of total DENR appropriation. The reduction was largely due to the decrease in the budget of four projects which were approaching their completion dates. The share of FAPs, however, is expected to increase to at least 28% of DENR's FY 2002 appropriations. (See Figure 4).

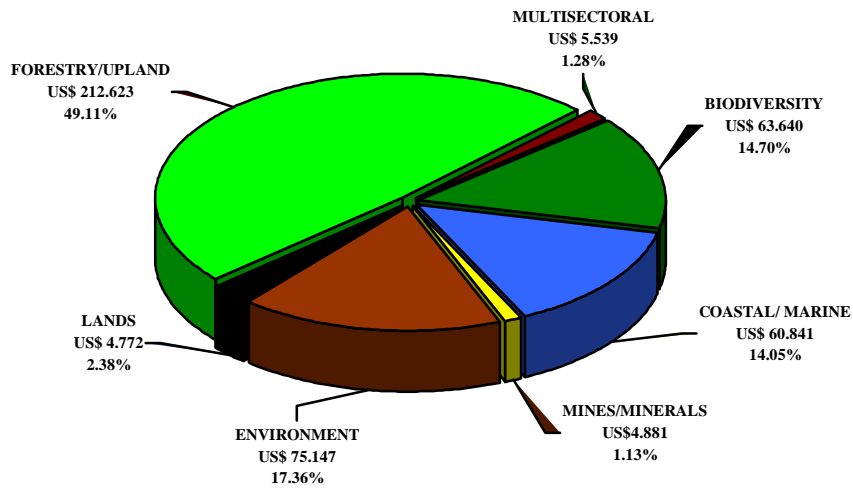
## 1.2 Pipeline Projects

As of FY 2001, there were 25 projects on firm pipeline. Of the pipeline projects, multilateral institutions have committed to fund 14 projects, while 6 projects shall be funded from bilateral sources.

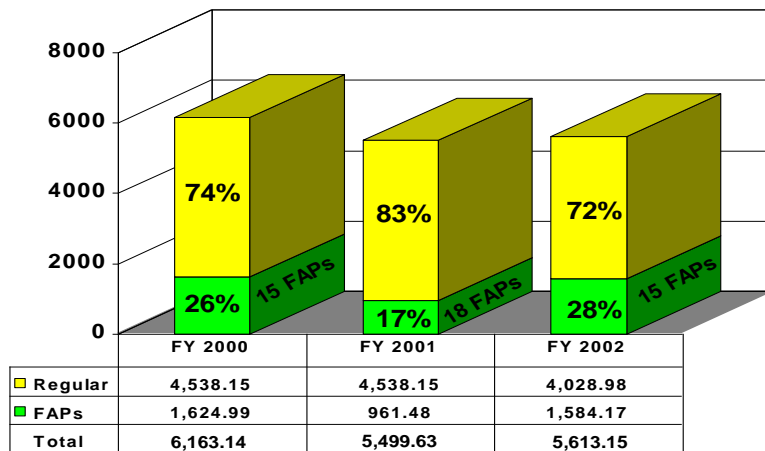
Total upcoming investments from various financing institutions amount to approximately US\$103.220 million. An amount of about US\$18.3 shall come from loans, while about US\$84.92 shall come from grants. ADB shall fund one (1) loan project and three (3) grant projects, while the World Bank shall provide grants for two projects. Substantial portion of grants shall come from the Swedish International Development Agency with US\$33.40 million, JICA with US\$26.396 million, and GEF with US\$ 1.132 million (See Figure 5 and Table 2).

In terms of geographical location, Mindanao, particularly regions 10 and 11 will have the most number of projects, followed by regions 4 and 7. The rest of the projects in the pipeline will be implemented nationwide.

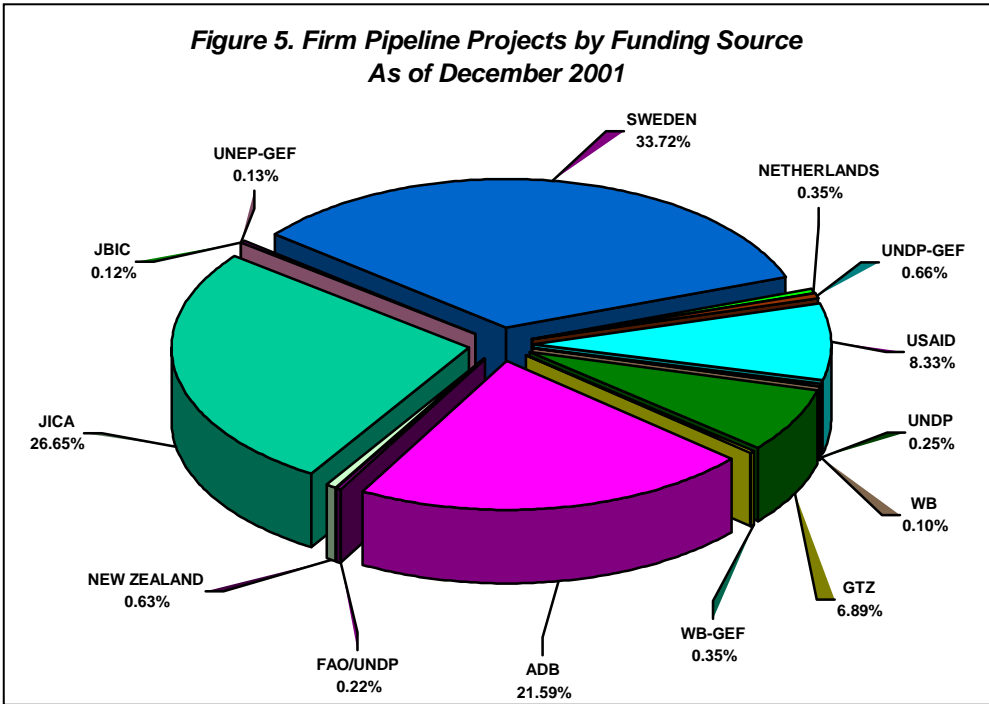
**Figure 3. Ongoing FAPs by Sector  
As of December 2001  
(in Million)**



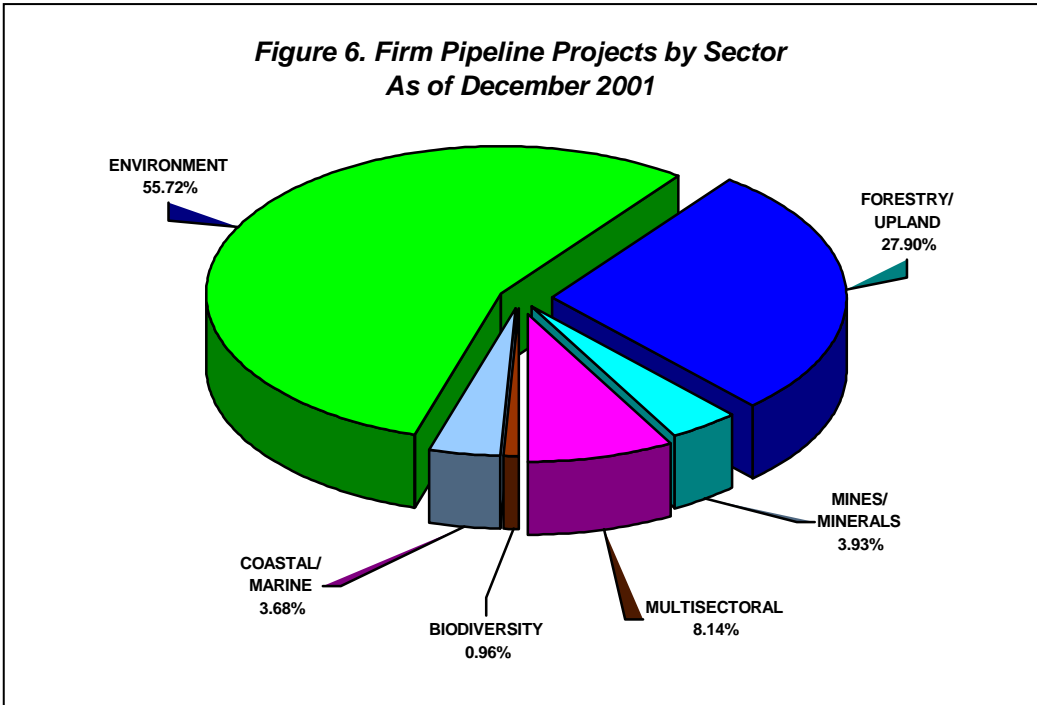
**Figure 4. FAPs Budget as % of Total DENR Budget  
( In Million Pesos)**



Note: Does not include funds from other Bureaus/Agencies



The environment sector is expected to receive a major portion of forthcoming foreign investments (56%), followed by the forestry sector (28%). See Figure 6.



**Table 2: List of Firm Pipeline Projects  
As of December 2001**

Donor Agencies/ Countries	Sector	Projects	Amount of Assistance/ Investment (US\$Million)	Location
<b>LOANS</b>				
ADB	Forestry/ Upland	Enhancement of Rural Livelihood in Mindanao Forest Land (formerly Mindanao Community Based Forest Resources Management Project)	18.300	Bukidnon, Saranggani, Davao del Norte, Davao del Sur and Zamboanga del Sur
<b>SUB-TOTAL</b>			<b>18.300</b>	
<b>GRANTS</b>				
ADB	Environment	Metro-Manila Solid Waste Management Program (Support to RA 9003)	1.250	Metro Manila
	Coastal/ Marine	Integrated Coastal Resources Management Project	0.930	Regions 1, 3, 4, 7, 8 & 9
	Forestry/ Upland	Upland Communities Development Project (LIUCP II)	0.900	Mindoro, Bicol, Cagayan de Oro
FAO/UNDP	Forestry/ Upland	Updating/Revision of the Phil. Forestry Master Plan	0.214	Nationwide
WB-GEF	Biodiversity	Liguasan Marsh Biodiversity Conservation Project	0.350	Liguasan, Ebpanan and Libungan Marshes in Cotabato
	Forestry/ Upland	River Basin and Watershed Mgt. Program	TBD	TBD*
UNDP	Coastal/ Marine	Support to the Formulation and Development of an Integrated Coastal Management Policy Framework	0.250	Nationwide
WB	Forestry/ Upland	Natural Resources Management Strategy Policy Note	0.100	TBD *
UNEP-GEF	Environment	Development of a National Biosafety Framework (in accordance with the Cartagena Protocol on Biosafety)	0.125	TBD *
UNDP-GEF	Environment	Initial Assistance to the Philippines to Meet its Obligations under the Stockholm Convention on Persistent Organic Pollutants	0.500	TBD *
UNDP-GEF	Environment	Demonstration of Viability & Removal of Barriers that Impede Adoption and Effective Implementation of Available, Non-Combustion Technologies for Destroying Persistent Organic Pollutants	TBD *	TBD *

Donor Agencies/ Countries	Sector	Projects	Amount of Assistance/ Investment (US\$Million)	Location
UNDP-GEF	Biodiversity	Assessment of Capacity Building Needs for Biodiversity Conservation and Management in the Phil.	0.157	TBD *
JICA	Environment	Strengthening the Marine Environmental Monitoring Assessment and Conservation Program of DENR	17.800	Nationwide
	Mines/ Mineral	Capacity Building Project for Environmental Management in Mining-Phase II	4.041	MGB Offices
	Environment	Environmental Management Capability Building – Phase I	4.330	TBD *
	Forestry/ Upland	Master Plan Study for Watershed Management in Upper Magat and Cagayan River Basin	0.219	CAR – Ifugao R-2 – Quirino, N. Vizcaya, Isabela
JBIC	Multi-sectoral	Establishment of a National Common Database and a Comprehensive Geospatial Information Network in the Phil.	0.120	Nationwide
Sweden	Environment	Air Quality Management Project	33.400	Metro Manila
Netherlands	Biodiversity	An In-depth Assessment of the Implementation of the NIPAS Law	0.350	TBD *
New Zealand	Coastal/ Marine	Camiguin Coastal Resource Management Project	0.627	Camiguin Island, Mindanao
USAID	Multi-sectoral	Protection of Productive Life Sustaining Natural Resources through Improved Environmental Management Enforcement (Eco-Gov)	8.250	Luzon, Visayas & Mindanao
IFAD	Forestry/ Upland	Northern Mindanao Community Initiatives and Resource Management Project	3.800	Region 10 & CARAGA
GTZ	Forestry/ Upland	Leyte Island Program for Sustainable Management of Natural Resources	4.84	Leyte (Leyte, Southern Leyte & Tacloban)
	Coastal/ Marine	Visayan Sea Coastal Resources and Fisheries Management Project	1.980	Reg. 5 - Masbate Reg. 6 - Iloilo, Negros Occidental Reg. 7 - Cebu
<b>SUB-TOTAL</b>			<b>84.540</b>	
<b>GRAND TOTAL</b>			<b>102.840</b>	

\* TBD – to be determined

## 2.0 MAJOR ACCOMPLISHMENTS OF FAPs BY DENR THRUST

Following are the major accomplishments of FAPs, as they relate to the DENR's Thrusts for FY 2001:

- Thrust No. 1 - Pursue proactive environmental sensitivity building and awareness
- 2 - Expand forest cover to ensure ecological balance, improve and ensure healthier and safer environment, and provide materials for domestic needs
- 3 - Poverty alleviation, asset reform and wealth creation at the grass root level
- 4 - Pursue and improve the air and environmental quality in major urban cities
- 5 - Promote private sector participation and investments in economically-viable environmental projects or undertakings
- 6 - Generate additional revenues to assist in addressing the budget deficit of the national government
- 7 - Institutionalize "Good Governance" in the management and implementation of environmental programs, projects and activities

SECTOR/ PROJECT	MAJOR ACCOMPLISHMENTS	DENR THRUST(S) SUPPORTED
<b>A. FORESTRY/UPLAND</b>		
FSP, CFPQ, LIUCP, WRDP, CHARM, DFNSIP	Established 18,130 hectares of plantation through reforestation in the upland and mangrove areas, exceeding the total target of 17,472 hectares by 4%.	2
LIUCP, WRDP, CHARM, DFNSIP	Developed 816 hectares of agro-forestry farms in the uplands.	2, 3
WRDP, FSP	Mobilized and strengthened 17 People's Organizations (POs) who were involved in the planning and implementation of project activities.	2, 3
CFPQ	Established a clonal nursery and produced quality seedlings of premium forest tree species out of rooted cuttings.	2
FSP	Prepared the draft guidelines for the Establishment of Production Sharing System in CBFM Projects for the Operationalization, Management and Utilization of CBFM Special Account.	3, 7
CFPQ, CPPAP, NIPAP	Ensured the maintenance and protection of 2,162,971 hectares of forest, marine and wildlife through various protection and management activities undertaken in close collaboration with the local government units and the communities.	1, 5, 7

SECTOR/ PROJECT	MAJOR ACCOMPLISHMENTS	DENR THRUST(S) SUPPORTED
<b>B. PROTECTED AREA (PA) BIODIVERSITY CONSERVATION</b>		
ARCBC	<p>Completed the following in-house research projects:</p> <ul style="list-style-type: none"> <li>➤ Comparison of Sampling Methods in Estimating Floral Diversity in the Philippines</li> <li>➤ Compendium of Extant Plant Collections in the Philippines</li> </ul> <p>Finalized the ASEAN framework and protocol on access to biological and genetic resources.</p> <p>Drafted the following guidelines:</p> <ul style="list-style-type: none"> <li>➤ Guidelines and Criteria for the Selection and Establishment of ASEAN Heritage and Parks</li> <li>➤ Guidelines on Minimizing the Impact of Forest Fire on Biodiversity in ASEAN.</li> </ul>	<p>7</p> <p>7</p> <p>7</p>
CPPAP	<p>Established and operationalized the Integrated Protected Area Fund (IPAF) in 9 PAs. The IPAF, amounting to about P1,660,607.00 was generated from entrance fees collected from trekkers, divers, tourists and students. About 75% of these funds can be used in financing activities concerning protection, maintenance, administration and management of the PAs.</p> <p>Finalized the guidelines for the “Establishment and Management of Community-Based Forest Management Program in Protected Areas”.</p> <p>Conducted a study on “Resource User Fee” for Mt. Kanlaon, Apo Reef and Mt. Kitanglad. The study aims to determine the appropriate mechanism in the system of generation/collection of corresponding fees for the use and development of resources within the PA.</p> <p>Completed the installation of Biodiversity Monitoring System (BMS) in 9 PAs. The BMS focuses on identifying trends in biodiversity and its use so as to guide action in PA management and conservation.</p>	<p>6</p> <p>3, 7</p> <p>6, 7</p> <p>7</p>
NIPAP	<p>Initiated the DENR-Shell Philippine Exploration’s collaboration in the environmental management of the Malampaya Sound Landscape and Seascape in Northern Palawan.</p> <p>Tapped the business and industry groups, NGOs/civil society in the preparation of General Management Plans to be adopted in the management and protection of PAs.</p>	<p>5</p> <p>5</p>



SECTOR/ PROJECT	MAJOR ACCOMPLISHMENTS	DENR THRUST(S) SUPPORTED
NIPAP, CPPAP, SIBP	Facilitate the proclamation of 17 recommended sites as Protected Area (PA) to ensure an enhanced biological diversity and protect the area against destructive human exploitation. Of the 17 proclaimed PAs, 13 were already legislated by Congress as part of the National Integrated Protected Areas System (NIPAS)	1
<b>C. URBAN ENVIRONMENT</b>		
NRMP-IISE	<p>Encouraged 297 firms and other organizations to implement Environmental Management Systems (EMS) and Pollution Prevention/Cleaner Production (P2/CP) in their manufacturing and industrial businesses. Of these, 21 have been certified to ISO 14001 and 2 have reported a pollution reduction of 22%.</p> <p>Completed the following Orders/Policy Studies:</p> <ul style="list-style-type: none"> <li>➤ Proposed DENR Administrative Order on government-industry partnership through EMS/P2 implementation of IISE companies. It implements the Clean Air Act policies enunciating industry-government cooperation in industrial environmental management, industry self-regulation, focus on pollution prevention rather than pollution control, use of market-driven instruments and provision of incentives to industry to improve their environmental performance;</li> <li>➤ Policy study on Fiscal Incentives to Promote Industry Implementation of EMS/P2;</li> <li>➤ EMS Provision in the Revised DAO implementing EIA.</li> </ul>	<p>4, 5</p> <p>4, 5, 7</p> <p>4, 5, 7</p> <p>4, 7</p>
MMAQISDP	<p>Conducted the following preparatory activities to support implementation of the Clean Air Act and its Implementing Rules and Regulations.</p> <ul style="list-style-type: none"> <li>➤ Updating of the Air Quality Action Plan which outlines the different interventions such as the formulation of policy reforms and the investments (e.g. upgrading of monitoring equipment) required to improve air quality;</li> <li>➤ Issuance of 1,718 permits to operate to different industries who have complied with environmental quality standards and other environmental requirements;</li> <li>➤ Initial construction of the Air Quality Management Training Center;</li> <li>➤ Conduct of regular monitoring of ambient air quality in fixed stations (manual sampling) in NCR, Regions 3 &amp; 4.</li> </ul>	<p>4</p> <p>4</p> <p>4</p> <p>4</p> <p>4</p>

SECTOR/ PROJECT	MAJOR ACCOMPLISHMENTS	DENR THRUST(S) SUPPORTED
<b>D. COASTAL AND MARINE</b>		
PEMSEA	<p>Completed the Manila Bay Initial Risk Assessment Study. It aims to determine and evaluate the impacts of various pollutants in the bay on human and ecological targets, identify the priority environmental concerns and the agencies and institutions that can play significant roles on the refined risk assessment and in the long-term management of the bay.</p> <p>Launched the Manila Bay Declaration which outlines the commitment of stakeholders to protect and develop the resources of Manila Bay. Finalized the Manila Bay Coastal Strategy which provides a comprehensive environmental management framework, targeted outcomes and a series of action programs involving the participation of both government and non-government sectors.</p>	<p>4, 7</p> <p>1, 4, 5</p>
ICRI	<p>Prepared a document on "Deciding on Priorities to Protect and Manage the World's Coral Reef".</p> <p>Conveyed to the UN Governing Council a Joint Philippine-Sweden ICRI Secretariat Recommendation on Coral Reef Conservation for its endorsement, adoption and integration to the UN Environmental Agenda.</p> <p>Generate and published report on the status of coral reefs in East Asia and Indian Ocean.</p>	<p>1,7</p> <p>1,7</p> <p>1</p>
NRMP-CRM	<p>Initiated and operationalized the Coastal Resource Management Certification (CRMC) System in 3 Provincial Learning Areas in Central Visayas. The system certifies performances in the delivery of CRM as a basic service as well as roadmap for planning future directions and initiatives.</p> <p>Operationalized the Joint Memorandum Order (JMO) on RA 8550 (Fisheries Code) between the Bureau of Fisheries and Aquatic Resources and DENR. This JMO articulates the roles and responsibilities of BFAR and DENR in the implementation of the Fisheries Code.</p> <p>Formulated the National Coastal Resource Management Policy (NCRMP) which aims to support on-going efforts to revise the National Marine Policy.</p> <p>Established 11 marine sanctuaries in Regions 4, 7 and 11.</p>	<p>7</p> <p>7</p> <p>7</p> <p>1</p>

SECTOR/ PROJECT	MAJOR ACCOMPLISHMENTS	DENR THRUST(S) SUPPORTED
NRMP-CRM (con't.)	<p>Prepared and adopted 41 municipal coastal resource management plans which provide the framework for the LGUs in the sustainable management of their coastal resources.</p> <p>Produced 1,000 copies of mangrove identification booklet entitled "Field Guide to the Identification of Mangrove Plant Species in the Philippines". This booklet presents a user-friendly guide in the identification of 28 common mangrove species found in the country.</p>	<p>3, 7</p> <p>1,7</p>
<b>D. LANDS</b>		
LAMP	<p>Completed the construction of a One-Stop-Shop (OSS) Building in Palo, Leyte. The OSS Building is intended to provide sufficient requirements of government and the community with regard to the system of land titling, administration and management.</p> <p>Prepared a resolution requesting Congress to re-instate the Free Patent Law and extend the issuance of more land titles.</p> <p>Finalized six (6) Terms of Reference for the procurement of Technical Assistance for the conduct of Land Policy Studies.</p> <p>Inventoried 178,650 land records as part of the cadastral index mapping process.</p> <p>Surveyed 151 lots for eventual issuance of land titles.</p>	<p>3, 7</p> <p>3, 7</p> <p>7</p> <p>3</p> <p>3</p>
<b>E. MULTI-SECTORAL/ INSTITUTIONAL STRENGTHENING</b>		
Local-EPM	Conducted institutional strengthening activities on environmental planning and management in three (3) city governments, namely: Lipa City, Tagbilaran City, and Cagayan de Oro City.	7
PCEEM	Established and operationalized the Cebu and Davao Management Boards with members from both the public and private sectors, to continuously develop and implement innovative resource management and local community governance in the area of cooperative water basin management.	5, 7
SMICZMP	Completed the functional/architectural and operational design of the Environment Conservation and Protection Center (ECPC). The ECPC is an environmental monitoring research and training center designed to address the need for a permanent scientific information data collection and environment monitoring system that would underpin the development and implementation of sustainable resource management regimes in the project areas.	1,7

SECTOR/ PROJECT	MAJOR ACCOMPLISHMENTS	DENR THRUST(S) SUPPORTED
FSP	Initiated marketing and financial linkages with top business sector groups in support of the livelihood activities in 12 subproject sites. These include Nestle Philippines, CAR Agribusiness and Technology Center, Inc., Ilo-ilo Furniture Manufacturing Association, La Tondeña and Northern Mindanao Vegetable Producers Association, among others.	3, 5
CFPQ, PCEEM, LAMP, NRMP, MMAQISDP, NIPAP, CPPAP	Produced and distributed about 215,472 copies of various IEC materials on topics related to forest, coastal and marine resources, protected areas and environmental management, among others.	1
WRDP, ARCBC, PCEEM, CPPAP, NIPAP, NRMP, LAMP, MMAQISDP, SMICZMP	Conducted 553 seminars/training/symposia/ multi-sectoral meetings on sustainable forest, management, land administration, biodiversity conservation, environmental management and livelihood projects, among others.	1, 3, 5
CHARM, WRDP, ARCBC, PCEEM	Conducted about 232 assemblies and consultations in different barangays and communities concerning the management of upland, coastal resources and environment.	1
FSP, CFPQ, DFNSI, CHARM, NRMP	Implemented about 57 various livelihood activities/income generating projects such as seaweed farming, local canning, crab fattening, cattle and swine raising, and rice trading, which involved more than 70 POs in CBFM sites.	3
MMAQISDP	<p>Signed a Memorandum of Agreement (MOA) with the Philippine Information Agency for the conduct of baseline survey on the level of awareness of the public on air pollution.</p> <p>A Technical Assistance was fielded to develop suitable public awareness campaigns on air pollution. The study recommended the transformation of the Lead Free Coalition to "Partnership for Clean Air (PCA)". At present, the PCA has enjoined the participation of 55 member agencies in the implementation of various activities on improving the quality of air in Metro Manila.</p> <p>Established a Local Area Network (LAN) within the EMB-DENR compound to facilitate storage and retrieval of information on ambient air quality.</p>	<p>1</p> <p>1, 5</p> <p>7</p>
CFPQ	Operationalization of the Provincial Geographic Information System in the Province of Quirino and 85% completion of the aerial photography of the Province to serve as input in coming up with the Quirino Provincial Atlas.	1,7

SECTOR/ PROJECT	MAJOR ACCOMPLISHMENTS	DENR THRUST(S) SUPPORTED
DFNSIP	Completed the forest resource inventory in 3,702 hectares of forest land in Quirino. Results of the inventory will be an input in the preparation of resource management plans by the communities.	3,7
ARCBC	Commencement of a Research Grant Programme to support qualified individuals in ASEAN countries in the conduct of researches on biodiversity conservation. To date, 28 recipients/beneficiaries have been provided with a total of 459,018.63 euro to finance their researches.	1,7
	Various Training Manuals/Modules on Biodiversity Conservation were prepared for Protected Area Managers and Forest Rangers.	1,7
NRMP-FRM	Completed the pilot-testing of the Environmental Performance Monitoring (EPM) tool in Regions 5, 10, 11 and 13. The objective of this test is to improve/refine the EPM processes and methodologies and to review and reaffirm the Criteria and Indicators developed for CBFM areas.	7
	Conducted a series of regional consultations and discussion regarding the conduct of study on market-based instruments. The study focuses on property rights, specifically stewardship contracts granted to individuals who have started claims over plot of lands in CBFM areas.	1,7

### 3.0 FY 2001 FAPs PERFORMANCE

FY 2001 proved to be one of the more challenging years in FAPs implementation. With the re-enactment of the DENR budget from the previous year's level and the late releases of NCAs, coupled with the prolonged transition period resulting from the change in government leadership, project management did their best efforts to attain their targets.

#### 3.1 Physical Performance

As of yearend 2001, cumulative weighted physical accomplishments of the 19 projects being monitored by FASPO posted an average rating of 74%. Loan-assisted projects had an average physical performance rating of 64%, while the grant projects had an average rating of 83%.

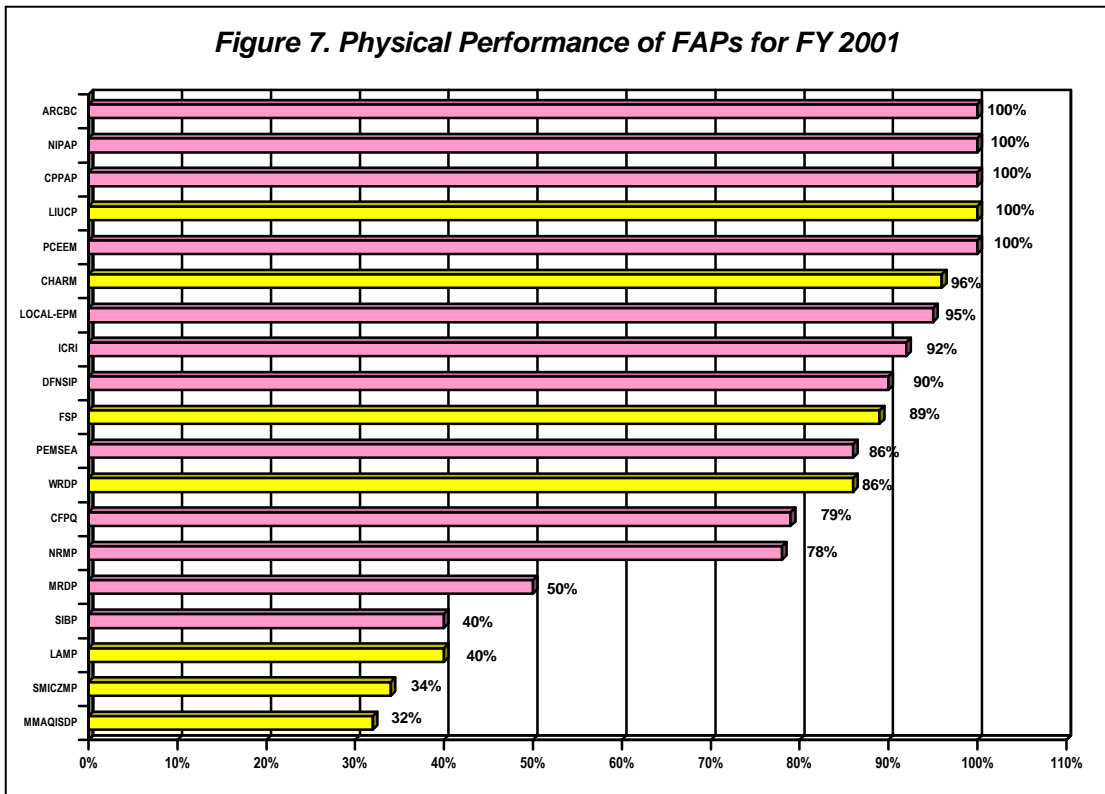
For FY 2001, the weighted physical accomplishments of DENR FAPs averaged 74%, with loan projects posting a 64% rating and grant projects, with 84% rating (See Table 3 and Figure 7).

**Table 3: Physical Performance FAPs  
As of December 2001**

PROJECT TITLE	CY 2001			CUMULATIVE		
	WTD % TARGET	WTD % ACC.	PERFOR- MANCE RATING %	WTD % TARGET	WTD % ACC.	PERFOR- MANCE RATING %
<b>LOAN</b>			<b>64.13</b>			<b>64.32</b>
WRDP-WMIC	17.00	14.62	86.00	65.10	43.10	66.21
LAMP	26.66	10.78	40.44	41.79	13.49	32.28
FSP	19.00	17.00	89.47	69.00	67.00	97.10
MMAQISDP	28.50	9.18	32.21	64.76	24.38	37.65
SMICZMP	15.00	5.10	34.00	35.00	15.10	43.14
CHARM	4.28	2.86	66.82	64.78	47.86	73.88
LIUCP	0.47	0.47	100.00	99.47	99.47	100.00
<b>GRANT</b>			<b>84.12</b>			<b>83.42</b>
CPPAP	2.43	2.44	100.00	97.43	83.14	85.33
NIPAP	11.00	12.00	100.00	100.00	93.00	93.00
NRMP	23.00	17.93	77.96	86.60	70.90	81.87
CFPQ	14.00	11.00	78.57	100.00	86.03	86.03
ARCBC	26.20	27.00	100.00	44.30	37.20	83.97
PCEEM	16.32	16.25	99.57	66.72	66.65	99.90
DFNSIP	29.00	26.00	89.66	100.00	73.00	73.00
MRDP	10.00	5.00	50.00	10.00	5.00	50.00
ICRI	6.50	6.00	92.31	66.50	55.00	82.71
PEMSEA	30.70	26.50	86.32	55.70	46.50	83.48
SIBP	8.50	3.40	40.00	22.50	18.40	81.78
LOCAL-EPM	4.90	4.66	95.10	100.00	99.76	100.00
<b>AVERAGE</b>			<b>74.13</b>			<b>73.87</b>

\* Performance Rating =  $\frac{\text{Weighted \% Target}}{\text{Weighted \% Accomp.}} \times 100\%$

**Figure 7. Physical Performance of FAPs for FY 2001**



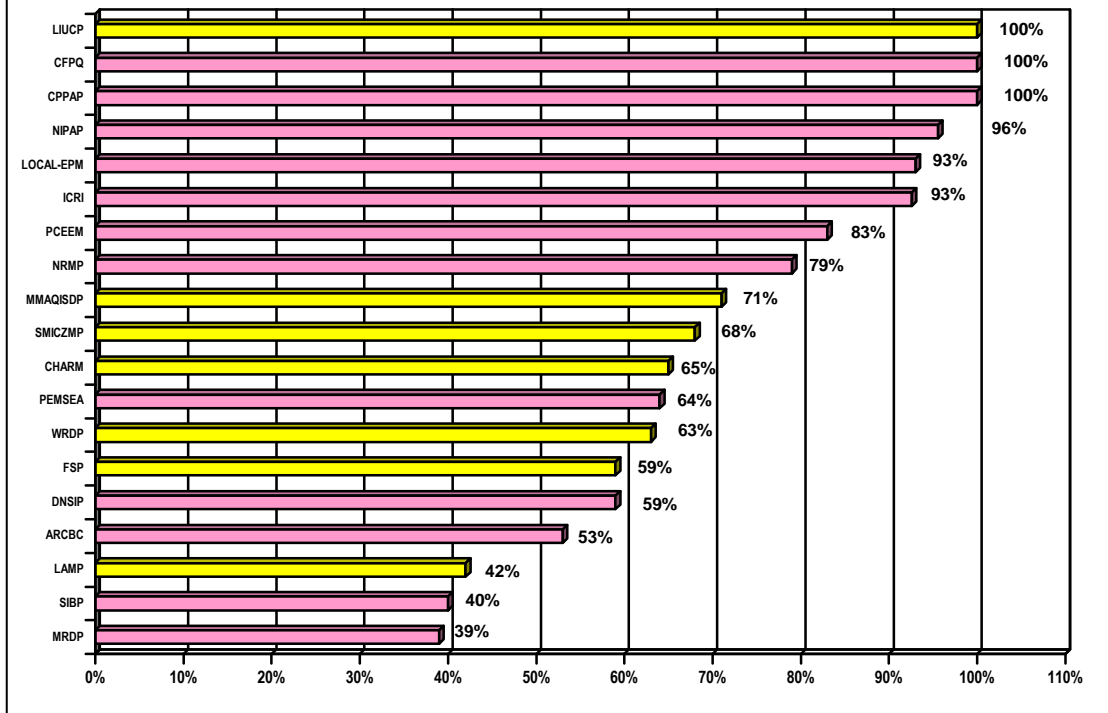
Loan Project
  Grant Project

### 3.2 Financial Performance

As of yearend 2001, DENR FAPs received a total budgetary allotment of P7.99 billion, where the combined loan and grant proceeds amounted to P5.81 billion (73%) and the GOP counterpart totaled P2.18 billion (27%). Of this cumulative budgetary allotment, about P6.18 billion was utilized (obligated) or a utilization rate of 77%.

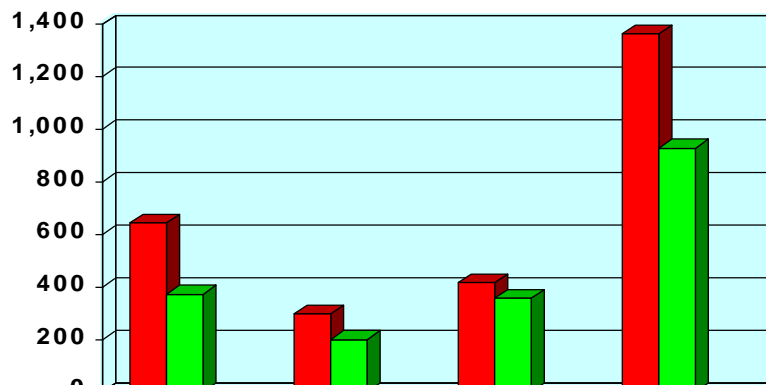
For FY 2001 alone, of the total budgetary allotment of P1.36 billion for DENR FAPs, only P0.93 billion was utilized (obligated), or a utilization rate of 68% (See Figure 8 & 9).

**Figure 8. Financial Utilization of FAPs, by Project, FY 2001**



Loan Project
  Grant Project

**Figure 9. FY 2001 OVERALL FINANCIAL UTILIZATION**  
(In Million Pesos)



	LP	GP	GOP	TOTAL
ALLOTMENT	644.79	298.66	417.13	1,360.59
OBLIGATION	372.76	199.08	355.42	927.27
% Util.	58%	67%	85%	68%



#### 4.0 DENR ODA PORTFOLIO ASSESSMENT

Based on NEDA standards for assessing ODA performance, which focus on the absorptive capacity or the ability of implementing agencies to utilize ODA in a given period, the DENR's performance as of FY 2001 was below satisfactory.

An agency's absorptive capacity can be measured in terms of disbursement levels and availment rate. An agency's cumulative availment rate is also used as a measure of its financial performance. As of yearend 2001, the average financial performance of DENR projects was 66%. In terms of average financial performance per funding type, loan projects had an average rate of 67%, while grant projects had a average rate of 65%.

For the overall performance of projects (i.e. computed as sum of 70% of physical performance and 30% of financial performance, over time elapsed), grant projects showed an overall performance rating average of 78%, while loan projects managed to get an average rating of only 63%. This gives the DENR an overall performance rating of 70%, which is below the rating considered as satisfactory, i.e., 75%.

The DENR FAPs that attained satisfactory overall performance, or a rating of 75% or above are the following:

<i>Project</i>	<i>Overall Performance Rating</i>
ICRI	118%
LIUCP	100%
FSP	98%
PCEEM	95%
CPPAP	87%
NIPAP	82%
CFPQ	78%
DFNSIP	78%
CHARM	75%

The following DENR FAPs failed to attain a satisfactory rating:

<i>Project</i>	<i>Overall Performance Rating</i>
SIBP	71%
PEMSEA	59%
ARCBC	65%
WRDP	57%
MRDP-CMBC	36%
SMICZMP	33%
LAMP	32%
MMAQISDP	26%

Tables 4 and 5 indicate the overall performance of DENR's loan and grant projects.

**Table 4: Overall Performance of Loan Projects  
As of December 2001**

Donor/ Project Title	Time Elapsed	Cum. Availment Rate * As of Dec. 2001	Annual Disb. Rate FY 2001	Utilization Rate **	Physical Perfor- mance	Overall Rating***
<b>ADB</b>						
Metro-Manila Air Quality Imp. Sector Dev. Prog.	60.00%	7.06%	7.58%	4.16%	37.00%	26.30%
Cordillera Highland Agric. Resources Mgt. Project – Reforestation Component	81.00%	73.14%	25.72%	61.62%	74.00%	74.62%
Low Income Upland Community Project	100%	100%	-	100%	100%	100%
<b>JBIC</b>						
Southern Mindanao Integrated Coastal Zone Mgt. Project	37.50%	23.96%	69.24%	3.34%	43.00%	32.78%
Forestry Sector Project	81.30%	74.20%	62.31%	82.07%	97.00%	98.19%
<b>World Bank</b>						
Land Administration and Management Project	50.00%	35.36%	87.21%	16.82%	32.00%	36.49%
Water Resources Development Project- Watershed Mgt. Improvement Component	92.10%	23.20%	13.42%	34.32%	66.00%	57.38%
<b>AVERAGE</b>	<b>70.00%</b>	<b>66.62%</b>	<b>38.26%</b>	<b>43.19%</b>	<b>64.14%</b>	<b>63.41%</b>

\* Equivalent to Financial Performance Rating: Computed as cumulative Actual Disbursement over Cumulative Disbursement target

\*\* Utilization Rate: Computed as Cumulative Actual Disbursement over the total Project Cost

\*\*\* Overall Rating= Physical Performance x 70% + Financial Performance x 30%/Time Elapsed

**Table 5: Overall-Performance of Grant Projects  
As of December 2001**

Donor/ Project Title	Time Elapsed	Cum. Availment Rate *	Annual Disb. Rate	Utilization Rate **	Physical Perfor- mance	Overall Rating***
<b>CIDA</b>						
Phils.-Canada Env. and Economic Mgt. Project	94.70%	91.54%	82.00%	93.42%	93.00%	94.69%
<b>EU</b>						
ASEAN Regional Centre for Bio- diversity Cons.	51.70%	15.80%	37.96%	10.79%	84.00%	65.06%
National Integrated Protected Areas Programme	88.20%	82.49%	48.82%	48.86%	93.00%	81.72%
<b>GEF-UNDP</b>						
PEMSEA-Manila Bay Environmental Mgt. Project	60.00%	47.39%	40.64%	1.76%	83.00%	58.98%
Samar Island Biodiversity Project	25.00%	100.02%	100.02%	11.00%	82%	70.60%
<b>GEF-WB</b>						
Mindanao Rural Dev. Proj. – Coastal & Marine Conservation	25.00%	28.00%	28.00%	11.00%	33.00%	36.30%
Conservation of Priority Protected Areas Project	88.50%	62.79%	95.20%	65.00%	93.00%	87.13%
<b>GTZ-KFW</b>						
Community Forestry Project in Quirino	100.00%	100.00%	100.00%	60.16%	86.00%	78.25%
Debt for Nature Swap Initiative Project – Quirino	80.00%	75.57%	154.63%	75.56%	71.00%	78.04%
<b>SIDA</b>						
International Coral Reef Initiative Secretariat	50.00%	99.06%	99.06%	99.06%	83.00%	117.54%
<b>UNDP</b>						
Strengthening Local- Environmental Planning and Mgt.	No data available				100%	
<b>USAID</b>						
Natural Resources Management Prog.	No data availbale				81.87	
<b>AVERAGE</b>	<b>70.00%</b>	<b>65.29%</b>	<b>65.14%</b>	<b>44.09%</b>	<b>83.82%</b>	<b>77.57%</b>
<b>OVERALL</b>	<b>70.00%</b>	<b>65.96%</b>	<b>51.70%</b>	<b>43.64%</b>	<b>73.98%</b>	<b>70.49%</b>

\* Equivalent to Financial Performance Rating = Computed as cumulative Actual Disbursement over Cumulative Disbursement target

\*\* Utilization Rate= Computed as Cumulative Actual Disbursement over the total Project Cost

\*\*\* Overall Rating = Physical Performance x 70% + Financial Performance x 30%/Time Elapsed

## 5.0 ISSUES AND CONCERNS

The following issues and concerns affected project implementation/performance:

### *a. Change in Administration/Transition Period*

The period from January to June 2001 cover the transition resulting from the changes in the DENR management twice. The period was characterized by reviews and/or assessment of policies, priorities, programs, activities, reorganizations, and re-assignment of personnel, which affected almost all FAPs. Required actions and decisions concerning FAPs, e.g., procurements, financial transactions, policy reforms initiated, were therefore deferred .

### *b. Delayed approval/release of Special Budget Request/SARO and Position Allocation List*

SBR/SARO for some projects were released only in August 2001, while the PAL for some projects were not approved during the year. Affected projects are:

- FSP (SARO/NCA)
- LAMP (SARO/NCA, PAL approved only in December, 2001)
- SMICZMP (PAL was approved only in January 2002)
- PEMSEA (SARO/NCA)

### *c. Delayed procurement of goods and services*

This was partly caused by the delay in the submission to the PEVAC of request for procurement, change in administration and the ensuing transition period. Other causes of this problem/issue are prolonged review of bid procedures/TORs/contracts, lack of familiarity with GOP and donor procurement procedures, vague technical specifications and TORs that affect bid evaluations. Projects affected are:

- MMAQISDP
- LAMP
- MRDP-CMBC
- WRDP-WMIP
- FSP
- SMICZMP

### *d. Slow turnover of project funds*

This is caused by either any or a combination of the following factors: delayed submission and/or erroneous preparation of disbursement reports (SOEs) from the field offices, delayed processing of withdrawal applications, slow transfer of funds from BTr/DBM to the projects' special accounts. Projects affected are:

- WRDP-WMIP
- FSP

*e. Prolonged start-up or mobilization of projects/Lack of Familiarity with GOP and Donor Agency Policies/Procedures for FAPs*

Some projects took time to get mobilized or to take off due to the PMOs' lack of familiarity with GOP and donor agency's policies/procedures concerning FAPs, particularly financial systems/procedures. This resulted to delays in the preparation of SBRs, procurement delays, errors in the preparation of documents to support withdrawal applications, etc. Affected projects are:

- MRDP-CMBC
- SIBP
- PEMSEA
- LAMP
- SMICZMP

*f. Slower decision-making process involved in multi-agency or multisectoral projects*

The involvement of multi-sectoral stakeholders representing various interests results to slower decision making on various aspects of project implementation due to mismatching of counterpart resources, varying perspectives and expectations, and different levels of capacity among stakeholders

Projects affected are:

- PCEEM
- SMICZMP
- ICRI

*g. Resource use conflicts in the implementation of IPRA and NIPAS, and the implementation of CBFM within project areas under the jurisdiction of NCIP*

The issuance of land tenure instruments within project areas which have been transferred under NCIP jurisdiction by virtue of the IPRA law was deferred due to the absence of clear guidelines on the working relationship between NCIP and DENR in these areas. Affected Projects are:

- CHARM
- CPPAP
- SRMP

*h. Lengthy procedures in the processing of CBFMA applications and affirmation of Annual Work Plan and Resource Use Permit in CBFM sites*

- CFPQ
- NRMP

## 6.0 RECOMMENDATIONS/ACTIONS TAKEN

- *Conduct continuing orientation/training for FASPO and project staff on policies and procedures of GOP and Donor agencies for FAPs*

FASPO, in cooperation with LAMP and WB, has initiated orientations on the disbursement procedures of World Bank to address the problem on low disbursement rates of WB projects such as LAMP, WRDP, and MRDP. FASPO, in cooperation with FSP, has also conducted a similar training for SMICZMP regarding JBIC disbursement procedures. A Seminar-Workshop on M&E systems was likewise conducted with all FAPs, in cooperation with oversight agencies and some donor agencies.

Such trainings shall be pursued for the other funding institutions and GOP, to cover other areas like procurement of goods and consultancy services.

- *Selection of qualified Project Directors/Managers*

FASPO should facilitate the selection of qualified PDs/PMs during the project appraisal stage. This is to provide him/her ample time to become familiar with oversight and donor procedures and requirements even prior to project implementation. Also, this will give him/her an opportunity to fully understand the project concept and to be fully involved in fleshing out the project design.

- *Provide special assistance to new projects*

At the mobilization stage of the Project (i.e. first six months to one-year) wherein key project personnel are still being hired and trained, FASPO through the Project Coordination and Management Service shall provide special assistance in project operations to avoid delays. Examples of assistance that will be provided are opening of Special/Imprest Accounts, preparation of the initial project budget, requests for procurement of goods and services, orientations and trainings, etc.

- *Improve M & E and FM systems both at the project level and FASPO*

FASPO shall pursue the manualization of its M&E and Financial Management System, in response to the requirements of DENR management, oversight agencies and Donor Institutions. Computerization of these systems and training of FASPO and project staff shall be undertaken.

- *Facilitate/Improve the Procurement Process*

The procurement of goods and services requires at least 6 months to process. Therefore, it is advisable to initiate the procurement process immediately after the project appraisal has been completed and before project negotiation has started. This is to avoid delays for projects that require the assistance of consultants or the need of certain equipment to start-up its operation (e.g., MMAQISDP, MRDP-CMBC, SMICZMP, FSP).

To fast tract the procurement of goods and services, FASPO shall initiate procurement activities right after the appraisal stage. It shall also keep tract of the annual procurement plans of ongoing FAPs and coordinate and monitor the necessary preparatory and support activities leading to the timely processing, evaluation and approval of procurements.

- *Initiate closer relationship with project management offices, oversight agencies, and donor agencies*

Conduct regular meetings/workshops/dialogues, e.g. PMs meeting, cluster meetings, one-on-one meetings with problematic projects, to tackle implementation problems and issues and to serve as venue for sharing experiences/lessons learned in project implementation.

- *Provide continuous support to various project partners, e.g. LGUs, people's organizations, local communities*

While it is recognized that it is advantageous to involve all concerned agencies/stakeholders in a project, the complexities of the implementation process that go with the inter-agency projects should be considered during the project appraisal/planning stage to be able to come up with realistic targets.

The identification and formulation of intervention packages that will strengthen or improve the institutional capacity of various project stakeholders can encourage greater participation and facilitate the decision-making process.

- *Simplify or shorten CBFM procedures*

DENR, through the Policy Technical Working Group headed by the Policy Service Office of the Department, should review existing procedures and simplify the process for issuance of CBFM applications and affirmation of Annual Work Plan/Resource Use Plan to encourage the active participation and support of local communities/ people's organizations in the DENR's CBFM program.

- *Constant coordination with NCIP*

DENR, through PAWB, should strengthen its coordination with the National Commission on Indigenous People (NCIP) to facilitate harmonization of policies addressing the emerging resource use conflicts in the implementation of Indigenous People's Rights Act (IPRA) and the NIPAS Law. Likewise, the DENR, through the concerned regional offices, should initiate efforts that will ensure complementation and a better working relationship between NCIP and DENR in the issuance of land tenure instruments within project sites transferred under the jurisdiction of NCIP.

- *Implement a Recognition/Incentive program for best performing projects*

FASPO has prepared the proposed guidelines for the recognition program, which is targeted for finalization and implementation starting 2002.

## 7.0 PROSPECTS FOR FY 2002

The performance of DENR-FAPs is expected to improve in 2002, through the implementation of the recommended measures for improving disbursement, facilitating procurement, and operationalization of improved systems/procedures for the financial management and monitoring/evaluation of FAPs.

Currently, FAPs are spread nationwide indicating continued support in foreign assistance for a much broader scale of development programs. As such, FAPs are again committed to contribute significantly to the accomplishment of DENR's priority programs.

The total number of FAPs expected to be implemented in 2002 is thirty-one (31). Sixteen (16) FAPs are included in the General Appropriations Act, with a total budgetary allotment of PhP1.7 billion, including CHARM (See table 6). This is an increase of 39% over FY 2001 level.

### Newly Approved Projects

- There were about six (6) pipeline projects approved in late FY 2001 and are expected to be mobilized in FY 2002. Two (2) of these are inter-agency projects, namely: *Northern Mindanao Community Initiatives and Resource Management Project - DENR Component* (IFAD) and *Integrated Visayan Sea Coastal Resources and Fisheries Program - DENR Component* (GTZ). The lead executing agencies are DAR and DA, respectively. All of these new projects are grants (2 are under the project preparatory technical assistance). The total investments generated by these new projects amount to US\$ 15.529 M with US\$ 14.599 million for grants and US\$ 0.930 million for soft loan (see Table 7).



**Table 6: FY 2002 National Expenditure Program  
(In PhP '000)**

PROJECT TITLE	FUNDING/DONOR AGENCY	GOP	LP/GP	TOTAL
<b>LOAN PROJECTS</b>				
FSP (JBIC)	JBIC	116,107	417,307	533,414
WRDP	WB	30,438	46,562	77,000
LAMP	WB	36,691	60,232	96,923
MMAQISDP	ADB	86,543	182,457	269,000
SMICZMP	JBIC	52,889	336,265	389,154
SRMPP	ADB	137,790		137,790
CHARM *	ADB	5,697	51,275	137,790
<b>SUB-TOTAL</b>		<b>466,155</b>	<b>1,094,098</b>	<b>1,560,253</b>
<b>GRANT PROJECTS</b>				
CFPQ	GTZ/KFW	7,000		7,000
NRMP II	USAID	43,600		43,600
NIPAP	EU	6,000		6,000
ARCBC	EU	11,900		11,900
SIBP	GEF/TRAC	3,000		3,000
PCEEM	CIDA	6,000		6,000
MRDP	GEF	4,000		4,000
PEMSEA	UNDP/GEF	7,240		7,240
ICRI	SWEDEN	12,226		12,226
<b>SUB-TOTAL</b>		<b>100,966</b>		<b>100,966</b>
<b>TOTAL DENR-FAPs</b>		<b>567,121</b>	<b>1,094,098</b>	<b>1,661,219</b>

\* Reflected in the FY 2002 GAA under the Department of Agriculture (DA)

**Table 7: List of Newly Approved Projects  
As of December 2001**

Donor Agencies/ Countries	Sector	Projects	Amount of Assistance/ Investment (US\$Million)	Location
<b>GRANTS</b>				
ADB	Coastal/ Marine	Integrated Coastal Resources Management Project (Project Preparatory – TA)	0.930	Regions 1, 3, 4, 7, 8 & 9
WB-GEF	Biodiversity	Liguasan Marsh Biodiversity Conservation Project (component of the River Basin and Watershed Mgt. Program (Project Preparatory – TA)	0.350	Liguasan, Ebpanan and Libungan Marshes in Cotabato
JICA	Forestry/ Upland	Master Plan Study for Watershed Management in Upper Magat and Cagayan River Basin	0.219	CAR – Ifugao R-2 – Quirino, N. Vizcaya, Isabela
USAID	Multi-sectoral	Protection of Productive Life Sustaining Natural Resources through Improved Environmental Management Enforcement (SOAg)	8.250	Mindanao, Luzon & Visayas
IFAD	Forestry/ Upland	Northern Mindanao Community Initiatives and Resource Management Project (DENR Component)	3.800	Region 10 & CARAGA
GTZ	Coastal/ Marine	Visayan Sea Coastal Resources and Fisheries Management Project	1.980	Reg. 5 - Masbate Reg. 6 - Iloilo, Negros Occidental Reg. 7 - Cebu
<b>GRAND TOTAL</b>			<b>15.529</b>	

- A Donor's Consultative Meeting was successfully conducted in August 2001 to appraise the international community of the new DENR management's thrusts and priorities to encourage donor support. More than one hundred participants attended this event from about twenty donor institutions, GOP oversight agencies, media, NGOs and the DENR. During this event, two (2) grant agreements were signed, namely: *Protection of Productive Life Sustaining Natural Resources through Improved Environmental Management Enforcement* (USAID) and *Liguasan Marsh Biodiversity Conservation Project* (UNDP-WB-GEF).

### Pipeline Projects

- DENR's participation in the 2001-2004 Country Assistance Programming Exercises of the multilateral (WB and ADB) and bilateral institutions (JICA, GTZ, Sweden, Netherlands and New Zealand) have resulted to the inclusion of a number of DENR proposed projects in the donor's programming lists. The country strategies will serve as the donors' bases in identifying GOP programs/projects to be assisted during the next three years.
- The donor agencies have adopted environment and natural resources management as essential elements in their strategies, not only to promote poverty alleviation but also to ensure sustainable development. Some ENR projects that have been included in the WB list are:
  - Land Administration and Management Project II
  - Laguna Lake Environment Management Project (LIL and Phase II)
  - Natural Resources Management Program
  - Environmental Management Study
- Table 2 contains the list of twenty-five (25) firm pipeline projects to be funded by ADB, FAO/UNDP, GEF, UNDP, JICA, JBIC, USAID, GTZ, Sweden, Netherlands, New Zealand and IFAD.

### Other Potential Contributions of FAPs in the Overall Development of NR Strategy

- **The ICRI Regional Workshop for East Asia** conducted in Cebu, Philippines on April 2-4, 2001, was participated in by nine (9) countries from East Asia region, including government representatives from Sri Lanka, Tanzania, Mexico, UK, US, Japan, Australia, France, and funding institution representatives. A regional workshop for the Indian Ocean was also conducted on November 26-28, 2001, in Maputo, Mozambique. Regional Policies on Marine Protected Areas, international trade, capacity building and climate change were formulated. Four Regional Policies for East Asia were formulated. The participating country representatives prepared their respective Country Action Agenda, which is expected to be implemented by these countries.

- **The Integrated Coastal Resources Management Framework (ICRM)** that was developed by USAID will be used by other coastal and marine developmental projects of DENR like the newly approved TA on ICRM of ADB. The said framework will be first validated and refined by UNDP through regional and national consultations before its eventual adoption. This framework will be the basis in implementing and managing the marine and coastal environment in the country.
- The pre-planning for the organization of the **Second International Tropical Marine Ecosystems Management Symposium (ITMEMS2)** to be held on November 25-28, 2002 has started with the drafting of the Work Plan. This Symposium will provide an opportunity for coastal managers to be engaged in multidisciplinary discussion and sharing of experiences and lessons learned and to identify gaps and priorities for future management actions on tropical marine ecosystems.
- The **First Asia-Europe Environmental Meeting (ASEM) International Forum on Sustainable Environmental Management of Megacities “Integrated Approach for ASEM Megacities Environmental Management-Integrated Solutions for Resource Management”** will be held on May 30-31, 2002 in Manila. This Forum will provide government and NGOs with opportunities to improve the planning and management of cities, to contribute and generate sound solutions for environmental problems, and to identify appropriate technology for solid waste and waste treatment and disposal.