



### FY 2014 BUDGET OF THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

#### OVERVIEW

For FY 2014, the proposed expenditure program for the Department of Environment and Natural Resources (DENR), including its attached agencies, amounts to **P23.908 billion**, which is **P224.357 million (0.95%) higher** than the FY 2013 adjusted figure of **P23.684 billion**.

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**Table 1**  
**Appropriations and Obligations, FY 2013 - 2014**  
**(in Thousand Pesos)**

PARTICULARS	2013 Adjusted	2014 Proposed	VARIANCE	
			Amount	%
New General Appropriations	23,135,850	23,359,611	223,761	0.97
Regular	23,109,800	23,359,611	249,811	1.08
Special Account	26,050		(26,050)	(100.00)
Automatic Appropriations	548,291	548,887	596	0.11
RLIP	487,791	450,981	(36,810)	(7.55)
Special Account	60,500	97,906	37,406	61.83
Continuing Appropriations	4,022,307	0	(4,022,307)	(100.00)
Total Available Appropriations	27,706,448	23,908,498	(3,797,950)	(13.71)
Unused Appropriations	(4,022,307)		4,022,307	(100.00)
<b>TOTAL OBLIGATIONS</b>	<b>23,684,141</b>	<b>23,908,498</b>	<b>224,357</b>	<b>0.95</b>

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The department's total obligations is only **1.05%** of the total National Government (NG) expenditures and **0.15%** of the nominal Gross National Income (GNI).

The total expenditure program is to be distributed as follows: **P23.360 billion** in New Appropriations and **P548.887 million** in Automatic Appropriations.

Of the total Automatic Appropriations, **P450.981 million** is allocated for **Retirement and Life Insurance Premium (RLIP)** and **P97.906 million** for **Special Account**. The latter is broken down as follows:

- **P30.0 million**, which is sourced from gate collections, use of the facilities, operations or management of protected areas under the National Integrated Protected Areas System (NIPAS), constituted into the **Integrated Protected Areas Fund**, shall be used to finance projects and activities of the System in accordance with the NIPAS Act (OSEC);
- **P5.5 million**, which is sourced from fines imposed and damages awarded, fees, charges, donations, endowments, administrative fees or grants in the form of contributions, constituted into the **Wildlife Management Fund**, shall be used to finance projects and activities for the conservation and protection of wildlife resources in accordance with the Wildlife Resources Conservation and Protection Act (OSEC);
- **P35.0 million**, which is sourced from the fines imposed and damages awarded to the Republic of the Philippines by the Pollution Adjudication Board, proceeds of licenses and permits issued, emission fees, donations, endowments and contributions, constituted into the **Air Quality Management Fund**, shall be used to finance air pollution rehabilitation, research, enforcement, monitoring, and technical assistance activities in accordance with the Philippine Clean Air Act (EMB); and
- **P27.406 million**, which is sourced from 10% of royalties derived from the development and utilization of mineral resources within reservations, shall be used for special projects and administrative expenses in accordance with the Philippine Mining Act (MGB).

Total New Appropriations of the DENR for FY 2014 will be **P23.360 billion**. This is **P223.761 million** or **0.97% higher** than the FY 2013 approved budget under the General Appropriations Act (GAA) of **P23.136 billion**.

The **P26.05 million** fund in the Special Account in the General Fund in 2013 represents royalties income from mineral reservations. For 2014, the appropriation increased to **P27.406 million**, which is now included in the Automatic Appropriations.

## By Office

**Table 2**  
**Comparative Appropriations by Office**  
**FY 2013 - 2014**  
**(in Thousand Pesos)**

PARTICULARS	2013 GAA	2014 NEP		Variance	
		Proposed	% share	Amount	%
Office of the Secretary	18,018,812	19,833,652	84.91	1,814,840	10.07
Environmental Management Bureau	1,036,975	1,254,315	5.37	217,340	20.96
Mines and Geo-Sciences Bureau	999,030	1,126,184	4.82	127,154	12.73
National Mapping and Resource Information Authority	2,958,359	1,011,001	4.33	(1,947,358)	(65.83)
Natioal Water Resources Board	61,998	64,747	0.28	2,749	4.43
Palawan Council for Sustainable Development Staff	60,676	69,712	0.30	9,036	14.89
<b>Total New Appropriations</b>	<b>23,135,850</b>	<b>23,359,611</b>	<b>100.00</b>	<b>223,761</b>	<b>0.97</b>

The Office of the Secretary (OSEC) will receive the **biggest** share of the appropriations, which is **P19.834 billion** or **84.91%**. The National Water Resources Board (NWRB), on the other hand, will receive the **lowest** share of **P64.747 million** or **0.28%**.

- The OSEC consists of the Central Office, **16** Regional Offices, the Forest Management Bureau, Land Management Bureau, Protected Areas and Wildlife Bureau, and Ecosystem Research and Development Bureau.

The OSEC registers the highest increase, in terms of nominal amount, which is **P1.815 billion**. In terms of the percentage increase, the Environmental Management Bureau (MGB) registers the highest with **20.96%**.

The allocations for the other agencies, except for the National Mapping and Resource Information Authority (NAMRIA), will likewise increase. The almost **P2 billion** decrease in the budget of NAMRIA is due to the non-funding of its Unified Mapping Project.

## By Expense Class

Total new appropriations are distributed as follows: **P10.509 billion** or **45%** in Maintenance and Other Operating Expenses, **P7.739 billion** or **33%** in Capital Outlays and **P5.112 billion** or **22%** in Personal Services.

Of the total budget in Capital Outlays, **P6.666 billion** is attributed to the OSEC. The capital outlays of OSEC include **P5.155 billion**, which is intended for the rehabilitation of 300,000 hectares of denuded area and maintenance and protection of 800,000 hectares; **P233.3 million** for the rehabilitation/repair of PENRO/CENROs land records offices and structures; and **P521.804 million** for various foreign-assisted projects.

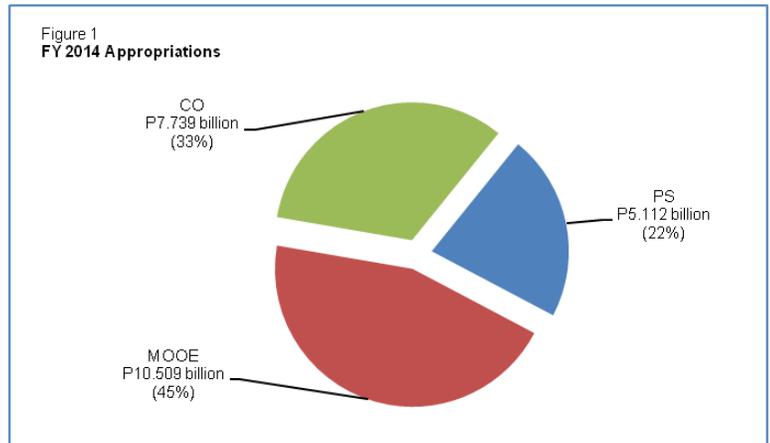
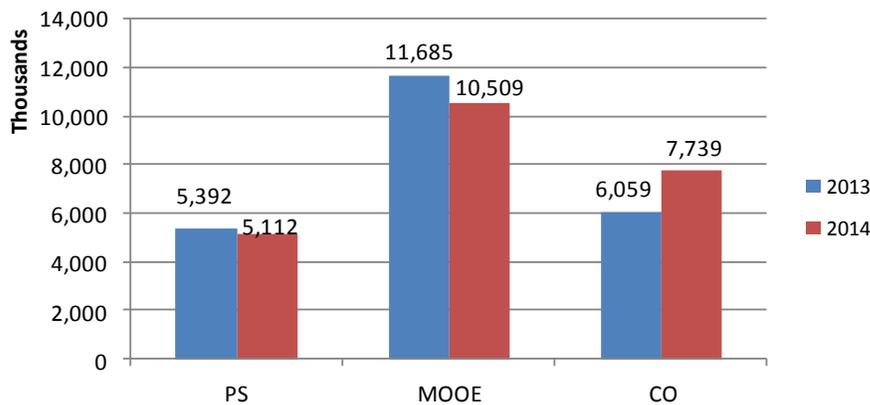


Figure 2  
Comparative Appropriations, FY 2013 – 2014  
By Expense Class



The allocation for Capital Outlays will increase by **P1.680 billion** from **P6.059 billion** in 2013. However, the allocations for Personal Services and Maintenance and Other Operating Expenses will decrease by **P280.016 million (5.19%)** and **P1.176 billion (10.06%)**, respectively.

The increase in Capital Outlays is mainly attributed to the **P2.398 billion** increase in forest development, rehabilitation and protection under the OSEC.

The decrease in the budget for Personal Services is due to the 1,248 vacant positions nationwide; while the decrease in Maintenance and Other Operating Expenses is due largely to the **P1.433 billion** decrease in the budget for the Unified Mapping Project of NAMRIA.

## By Cost Structure

Total Program cost of the department will amount to **P19.192 Billion** or **82.16%** of the total budget; while Project cost, on the other hand, will amount to **P4.168 billion** or **17.84%**.

**Table 3**  
**Total Appropriations, By Cost Structure**  
**FY 2013– 2014**  
**(in Thousand Pesos)**

PARTICULARS	2013 GAA	2014 NEP *		Variance	
		Amount	% share	Amount	%
<b>PROGRAMS</b>					
Gen. Administration & Support	2,094,490	1,945,311	8.33	(149,179)	(7.12)
Support to Operations	958,827	757,710	3.24	(201,117)	(20.98)
Operations	14,765,689	16,488,552	70.59	1,722,863	11.67
<b>TOTAL PROGRAMS</b>	<b>17,819,006</b>	<b>19,191,573</b>	<b>82.16</b>	<b>1,372,567</b>	<b>7.70</b>
<b>PROJECTS</b>					
Locally-Funded Project(s)	3,625,855	1,928,000	8.25	(1,697,855)	(46.83)
Foreign-Assisted Project(s)	1,690,989	2,240,038	9.59	549,049	32.47
<b>TOTAL PROJECTS</b>	<b>5,316,844</b>	<b>4,168,038</b>	<b>17.84</b>	<b>(1,148,806)</b>	<b>(21.61)</b>
<b>TOTAL NEW APPROPRIATIONS</b>	<b>23,135,850</b>	<b>23,359,611</b>	<b>100.00</b>	<b>223,761</b>	<b>0.97</b>

\* DBM Errata (2nd Batch)

- General Administration and Support (GAS) consists of activities and expenditures dealing with the provision of overall administrative management and operational support to the entire agency's operation. For FY 2014, GAS allocation is expected to be at **P1.945 billion** or **8.33%** of the entire budget.
- Support to Operations (STO) consists of expenditures that provide technical and other substantial support to the agency's main operations, but do not directly produce goods, deliver services or directly engage in regulation. The allocation for STO will be **P757.710 million** or **3.24%** of the total budget.
- Cost of Operations refers to expenditures associated with the principal activities undertaken in response to the agency's mandate. It involves expenditure items for the direct production of goods, delivery of services to target clientele including the regulation of economic and social activities. Operations will get the largest allocation with **P16.489 Billion** or **70.59%** of the total appropriations.
- Projects refer to special agency undertakings, which are to be carried out within a definite timeframe and which are intended to result pre-determined measure of goods and services whether it be locally or foreign assisted. The project cost is distributed to **P1.928 billion** in locally-funded projects and **P2.24 billion** in foreign-assisted projects.

Operations will post the biggest amount of increase, which is **P1.723 billion** compared to the current year's figure. On the other hand, both the allocations for GAS and STO will decrease by **P149.179 Million (7.12%)** and **P201.117 Million (20.98%)**, respectively.

- The increase in the allocation for Operations is attributed to the **P1.761 billion** increase in the OSEC. The increase is accounted for as follows:
  - ⇒ **P703.453 million** in Forest Development, Rehabilitation and Protection;
  - ⇒ **P590.839 million** in Land Survey, Disposition and Records Management;
  - ⇒ **P375.932 million** in Protected areas development and management; and
  - ⇒ **P709.102 million** new allocation for the requirements of the Comprehensive Agrarian Reform Program.

Though the allocation for foreign-assisted projects will increase by **P549.049 billion**, the total allocation for projects will decrease by **P1.149 billion** or **21.61%**. The decrease of **P1.698 billion** in locally-funded projects is due to non-funding of the following projects in 2014:

Project	2013 budget (Thousand Pesos)
1) Implementation and Monitoring of PAMANA program	92,718
2) Implementation of Various Programs/Projects for LGUs	55,637
3) Unified Mapping Project	1,549,500
<b>TOTAL</b>	<b>1,697,855</b>

## By Region

**Table 4**  
**Comparative Summary of Programs by Office/Bureau/Region**  
 (in Thousand Pesos)

PARTICULARS	FY 2013 GAA	% share	FY 2014 NEP	% share	VARIANCE	
					Amount	%
<b>Central Office</b>	<b>7,591,588</b>	<b>32.81</b>	<b>9,221,361</b>	<b>39.48</b>	<b>1,629,773</b>	<b>21.47</b>
<b>Regional Operations</b>	<b>15,544,262</b>	<b>67.19</b>	<b>14,138,261</b>	<b>60.52</b>	<b>(1,406,001)</b>	<b>(9.05)</b>
<b>Luzon</b>	<b>9,791,119</b>	<b>42.32</b>	<b>8,137,203</b>	<b>34.83</b>	<b>(1,653,916)</b>	<b>(16.89)</b>
National Capital Region	4,029,674	17.42	2,057,909	8.89	(1,971,765)	(48.93)
Region I	629,600	2.72	594,378	2.57	(35,222)	(5.59)
Cordillera Administrative Region	890,666	3.85	797,197	3.45	(93,469)	(10.49)
Region II	819,869	3.54	788,379	3.41	(31,490)	(3.84)
Region III	936,789	4.05	1,037,599	4.48	100,810	10.76
Region IV-A	1,017,334	4.40	1,065,438	4.61	48,104	4.73
Region IV-B	682,532	2.95	834,696	3.61	152,164	22.29
Region V	784,655	3.39	961,607	4.16	176,952	22.55
<b>Visayas</b>	<b>2,334,749</b>	<b>10.09</b>	<b>2,262,545</b>	<b>9.78</b>	<b>(72,204)</b>	<b>(3.09)</b>
Region VI	728,811	3.15	741,835	3.21	13,024	1.79
Region VII	868,765	3.76	783,938	3.39	(84,827)	(9.76)
Region VIII	737,173	3.19	736,772	3.18	(401)	(0.05)
<b>Mindanao</b>	<b>3,418,394</b>	<b>14.78</b>	<b>3,738,513</b>	<b>16.16</b>	<b>320,119</b>	<b>9.36</b>
Region IX	758,980	3.28	854,288	3.69	95,308	12.56
Region X	678,816	2.93	721,038	3.12	42,222	6.22
Region XI	736,832	3.18	758,632	3.28	21,800	2.96
Region XII	668,141	2.89	722,383	3.12	54,242	8.12
Region XIII (CARAGA)	575,625	2.49	682,172	2.95	106,547	18.51
<b>TOTAL NEW APPROPRIATIONS</b>	<b>23,135,850</b>	<b>100</b>	<b>23,359,622</b>	<b>100</b>	<b>223,772</b>	<b>0.97</b>

Sources: Agency Submission

By geographic distribution, allocation for Central Office - Proper continues to be the biggest component as it constitutes **39.48%** of the department's budget. It will also post the highest increase at **P1.63 billion**.

Among the **sixteen (16)** regions in the country, the National Capital Region is expected to be the recipient of the biggest part (**8.89%**) of the DENR's total new appropriations for FY 2014 while Region I (Ilocos) is expected to get the smallest share of **P594.368 million** or **2.57%**.

- The NCR allocation includes the budgets for the Forest Management Bureau, Land Management Bureau, Protected Areas and Wildlife Bureau, Ecosystems and Research Development Bureau, NAMRIA, and NWRB.
- The almost **P2 billion** cut in the NCR allocation is mainly due to the non-funding of the Unified Mapping Program and procurement of survey vessels, both under NAMRIA.

## Revenue

**Table 5**  
**Statement of Revenue**  
**FY 2012 - 2014**  
**(In Thousand Pesos)**

Particulars	2012	2013	2014	Variance	
				Amount	%
Office of the Secretary	493,613	457,962	522,994	65,032	14.20
Tax Revenues					
Forest Charges	204,000	169,000	231,000	62,000	36.69
Non-tax Revenue	289,613	288,962	291,994	3,032	1.05
Environmental & Management Bureau	114,842	136,198	145,091	8,893	6.53
Mines & Geo-Sciences Bureau	1,633,300	1,255,191	1,290,277	35,086	2.80
National Mapping & Resources Information Authority	31,237	14,607	10,063	(4,544)	(31.11)
National Water Resources Board *	83,121	83,977	86,764	2,787	3.32
Palawan Council for Sustainable Development Staff	2,012	2,133	2,627	494	23.16
<b>Grand Total</b>	<b>2,358,125</b>	<b>1,950,068</b>	<b>2,057,816</b>	<b>107,748</b>	<b>5.53</b>

\* Additional revenue than the BESF figure due to monitoring activity in Cebu City (Total Annual Water Charge of P3.788 million x 50% = P1.894 million)

Sources: FY 2014 BESF and Agency submissions

The department projects to generate total revenues of **P2.058 billion**, which is **P107.748 million** or **5.53%** higher than the current year's adjusted revenues of **P1.950 billion**.

Tax Revenue for 2014 will be **P231 million** or **11.23%** of total revenues. This represents forest charges.

The Mines and Geo-Sciences Bureau is expected to generate the highest revenue of **P1.29 billion**. About half of this amount (**50.27%**) or **P648.585 million** is expected to be royalty from mineral reservation.

All the other attached agencies, except for NAMRIA, will earn higher revenues in FY 2014 than their adjusted revenues for FY 2013.

## OFF-BUDGET ACCOUNTS

Table 6  
Off-Budget Accounts  
(in Thousand Pesos)

Fund	2012 Actual		2013		2014	
	Revenues	Expenditures	Revenues	Expenditures	Revenues	Expenditures
EMB						
Revolving Fund	26,810	30,065	38,348	38,348	42,182	42,182

Source: FY 2014 BESF

The proceeds from fines and penalties related to environmental compliance and other pollution controls are automatically appropriated into the Environment Revolving Fund. The fund shall be used exclusively for the operation of the Environmental Management Bureau in the implementation of P.D. No. 1586 or the Philippine Environmental Impact Statement System.

In 2012, EMB earned **P26.81 million** revenue from the said fines and penalties. Expenditures incurred reached **P30.065 million**.

In 2013 and 2014, EMB expects to earn **P38.348 million** and **P42.182 million**, respectively.

# OFFICE OF THE SECRETARY

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## I. AGENCY BACKGROUND

On January 30, 1987, President Corazon C. Aquino issued Executive Order No. 131 creating the Department of Energy, Environment and Natural Resources (DEENR). The DEENR was again reorganized into the DENR in June 1987 under Executive Order No. 192.

### **Mandate**

The Department shall be the primary government agency responsible for the conservation, management, development, and proper use of the country's environment and natural resources, specifically forest and grazing lands, mineral resources, including those in reservation and watershed areas, and lands of the public domain, as well as the licensing and regulation of all natural resources as may be provided for by law in order to ensure equitable sharing of the benefits derived therefrom for the welfare of the present and future generations of Filipinos. (Section 4, E.O. No. 192 s. 1987)

### **Vision**

A nation enjoying and sustaining its natural resources and a clean and healthy environment. (FY 2014 NEP)

### **Mission**

To mobilize our citizenry in protecting, conserving, and managing the environment and natural resources for the present and future generations. (FY 2014 NEP)

## II. BUDGETARY HIGHLIGHTS

**Table 1**  
**APPROPRIATIONS AND OBLIGATIONS**  
(in Thousand Pesos)

Description	2013	2014	Variance	
			Amount	%
<b>New General Appropriations</b>	<b>18,018,812</b>	<b>19,833,652</b>	1,814,840	10.07
General Fund	18,018,812	19,833,652		
<b>Automatic Appropriations</b>	<b>423,873</b>	<b>403,957</b>	(19,916)	(4.70)
Retirement and Life Insurance Premium	398,373	368,457	(29,916)	(7.51)
Special Account	25,500	35,500	10,000	39.22
<b>Continuing Appropriations</b>	<b>3,743,111</b>	<b>0</b>	(3,743,111)	(100.00)
R.A. No. 10155				
Unreleased Appropriation for MOOE	1,067,226			
Unobligated Releases for Capital Outlays	797,718			
Unobligated Releases for MOOE	1,878,167			
<b>Total Available Appropriations</b>	<b>22,185,796</b>	<b>20,237,609</b>	(1,948,187)	(8.78)
<b>Unused Appropriations</b>	<b>(3,743,111)</b>	<b>0</b>	3,743,111	(100.00)
Unreleased Appropriation	(1,067,226)			
Unobligated Allotment	(2,675,885)			
<b>Total Obligations</b>	<b>18,442,685</b>	<b>20,237,609</b>	<b>1,794,924</b>	<b>9.73</b>

Source: Details of the FY 2014 Budget Annex A Vol. 1

In FY 2014, the obligation program for the DENR - Office of the Secretary is **P20.238 billion**, which is **84.65%** of the department's total proposed budget. It is to be distributed as follows: **P19.834 billion** in New Appropriations and **P403.957 million** in Automatic Appropriations.

The automatic appropriations is broken down to the following:

- **P368.457 million** allocation for the **Retirement and Life Insurance Premiums**;
- **P30.0 million**, which is sourced from gate collections, use of the facilities, operations or management of protected areas under the National Integrated Protected Areas System (NIPAS), constituted into the **Integrated Protected Areas Fund**, shall be used to finance projects and activities of the System in accordance with the NIPAS Act; and
- **P5.5 million**, which is sourced from fines imposed and damages awarded, fees, charges, donations, endowments, administrative fees or grants in the form of contributions, constituted into the **Wildlife Management Fund**, shall be used to finance projects and activities for the conservation and protection of wildlife resources in accordance with the Wildlife Resources Conservation and Protection Act.

The total **new appropriations** will be **P1.815 billion (10.07%)** higher than the current year's appropriations under the General Appropriations Act (GAA).

## By Expense Class

**Table 2**  
**New Appropriations by Expense Class**  
**FY 2013 – 2014**  
**(in Thousand Pesos)**

PARTICULARS	2013 GAA	2014 NEP		VARIANCE	
		Amount	% share	Amount	%
PS	4,415,163	4,190,294	21.13	(224,869)	(5.09)
MOOE	8,874,384	8,977,221	45.26	102,837	1.16
CO	4,729,265	6,666,137	33.61	1,936,872	40.96
<b>Total Budget</b>	<b>18,018,812</b>	<b>19,833,652</b>	<b>100.00</b>	<b>1,814,840</b>	<b>10.07</b>

Sources: FY 2014 NEP & FY 2013 GAA

An amount of **P8.977 billion**, which is **45.26%** of the total new appropriations, will be allotted for Maintenance and Other Operating Expenses. This expense class will register an increase of **P102.837 million** or **1.16%** compared to this year's figure of **P8.874 billion**. The increase will be used for the implementation of cadastral survey program.

Capital Outlays (CO) will post the highest increase of **P1.937 billion** or **40.96%** from **P4.729 billion** in 2013 to **P6.666 billion** in 2014. The increase is intended for the National Greening Program, which intends to rehabilitate 300,000 hectares of denuded forests nationwide, produce 164,648,538 seedlings, and maintain and protect 800,000 hectares of previously established plantations.

The allocation for Personal Services (PS), on the other hand, will decrease by **P224.869 million** or **5.09%**. This is due to the 1,120 vacant positions nationwide.

## By Cost Structure

Table 3  
New Appropriations by Cost Structure  
FY 2013 – 2014  
(in Thousand Pesos)

PARTICULARS	2013 GAA	2014 NEP (original)		DBM Errata (2nd batch)		VARIANCE			
		Amount	% share	Amount	% share	NEP vs. GAA		Errata vs. GAA	
						Amount	%	Amount	%
<b>PROGRAMS</b>									
General Administration and Support	1,708,377	1,558,679	7.86	1,563,158	7.88	(149,698)	(8.76)	(145,219)	(8.50)
Support to Operations	859,969	662,864	3.34	658,010	3.32	(197,105)	(22.92)	(201,959)	(23.48)
Operations	11,683,122	13,444,071	67.78	13,444,446	67.79	1,760,949	15.07	1,761,324	15.08
Sub-total	14,251,468	15,665,614	78.99	15,665,614	78.99	1,414,146	9.92	1,414,146	9.92
<b>PROJECTS</b>									
Locally-Funded Projects	2,076,355	1,928,000	9.72			(148,355)	(7.14)		
Foreign-Assisted Projects	1,690,989	2,240,038	11.29			549,049	32.47		
Sub-total	3,767,344	4,168,038	21.01			400,694	10.64		
<b>TOTAL NEW APPROPRIATIONS</b>	<b>18,018,812</b>	<b>19,833,652</b>	<b>100.00</b>			<b>1,814,840</b>	<b>10.07</b>		

Source: FY 2014 NEP & FY 2013 GAA

In FY 2014, the distribution of new appropriations is **P15.666 billion** or **79%** for Programs, and **P4.168 billion** or **21%** for projects.

### Programs

Per DBM Errata, the distribution of the program cost will be as follows: **P13.444 billion** for Operations, **P1.563 billion** for General Administration and Support, and **P658.010 million** for Support to Operations.

Operations is expected to receive the biggest allocation of **P13.444 billion**, which is **higher** by **P1.761 billion** or **15.08%** over the current year's appropriations. The major activities of the agency are as follows:

- **National Greening Program** with a total budget of **P6.205 billion** to cover the 300,000 hectares target areas with target seedling production of 164,646,538. This includes the allocations of **P2.5 billion** for the site maintenance and protection of prior years' planting activities and site preparation and mobilization for FY 2014 planting activities; **P2.488 billion** for actual seedling/ planting activities and site maintenance and protection for FY 2014 planting activities; and **P240 million** for the implementation of forest protection plan and continued hiring of Bantay Gubat volunteers;
- **Comprehensive Agrarian Reform Program (CARP)** with a budget of **P709.102 million** for the support of the land acquisition and distribution and program beneficiaries development components of the CARP;

- Enterprise development of 15 protected areas for ecotourism development with a total budget of **P213 million**;
- Support to **Sustainable Coral Reef Ecosystem Management Program** with a budget of **P149 million**; and
- Formulation and Monitoring of ENR Sector Policies, Plans, Programs and Projects with a budget of **P1.795 billion**. This program involves the formulation/updating of policies for the development, protection, conservation, regulation and proper use of the country's environment and natural resources.

Both the provisions for General Administration and Support and for Support to Operations will decrease by **P145.219 million** or **8.5%** and **P201.959 million** or **23.48%**, respectively.

### *Projects*

The various projects of the DENR-OSEC including their appropriation are as follows:

#### Locally-Funded Projects

- Settlement of Obligations for the Non-Power Component of the San Roque Multi-Purpose Project payable to Public Sector Assets and Liabilities Management (PSALM) - **P1.778 billion**
- Development, Updating and Implementation of the Operational Plan for the Manila Bay Coastal Management Strategy pursuant to SC Decision under GR No. 171947-48 - **P150 million**

The implementation of the Operational Plan for the Manila Bay Coastal Strategy (OPMBCS) is in compliance with the Supreme Court's decision to clean and rehabilitate the Manila Bay.

The implementation Plan that was formulated for 2013 – 2017 consists of four (4) areas of concern/clusters namely: liquid waste management; solid waste management; informal settlers; and habitats and resources rehabilitation.

#### Foreign-assisted projects

- Integrated Natural Resources and Environmental Management Project (INREMP) - **P512.431 million**

The project deals with the management of the upper river basins and component watersheds to support poverty reduction, watershed management, biodiversity conservation and climate change policy objectives with emphasis on developing the capacities of the local governments, institutions and upland communities as development partners.

Consistent with the conservation and management efforts to improve the integrity of these watersheds, sustainable livelihoods and enterprises as well as private investments will be covered in the project.

- **Community-Based Forest and Mangrove Management in Panay and Negros - P8.6 million**

The three (3) main objectives of the project are: to reduce poverty among forest and coastal dwellers/dependent communities; to improve environmental condition in the project area; and to prepare a feasibility study on the project detailing its technical, financial, and economic viability. This will be achieved through capacity building and institutional strengthening; increasing productivity of underutilized and unutilized land and promotion of livelihood and income generating activities.

- **JICA-Assisted Project on Forestland Management - P439.966 million**

The project aims to strengthen forestland management through collaborative and holistic implementation of comprehensive and sustainable forestland management strategies in three (3) critical river basins: Upper Magat and Cagayan, Upper Pampanga and Jalaur, covering a total area of 182,400 hectares in Regions 2, 3, 6 and CAR.

- **Integrated Coastal Resources Management Project - P50.357 million**

The project aims at improving the management and condition of coastal and marine resources and biodiversity and, at the same time, helps reduce poverty in coastal communities in the Philippines particularly in selected sites within Regions 2, 3, 5, 7, and 11.

Project components include policy formulation and institutional strengthening and development; coastal resource management (CRM) and biodiversity conservation; enterprise development and poverty reduction; and social services and small-scale infrastructure development for environmental protection. Likewise, the project aims in increasing environmentally friendly and gender-responsive economic opportunities to communities.

- **Land Administration and Management Project II (LAMP2) - P1.229 billion**

The program aims to accelerate the process of land administration reform and replicate the lessons learned from the implementation of LAMP-I in selected regions, provinces and municipalities to support the progressive expansion of security of tenure and the adoption of approved valuation standards and procedures through sustainable partnership agreements.

### **III. PERFORMANCE INFORMATION**

#### **Key Strategies**

- 1) Good and shared governance characterized by transparency, accountability and integrity;
- 2) Consultative and participatory planning and budgeting, implementation, monitoring, and evaluation of programs and projects (e.g., engagement of Civil Society Organizations, Local Government Units, and other stakeholders);
- 3) Enhanced/strengthened information, education, and communication and advocacy campaign;
- 4) Adoption and implementation of poverty reduction programs;
- 5) Proper resource use and allocation and equitable access to resources;
- 6) Rehabilitation and restoration of degraded ecosystems through conservation-oriented and ecologically sensitive practices and techniques;
- 7) Use of scientific-based information and technologies as output of research and development as bases for policy and decision-making;
- 8) Efficient and effective enforcement of environmental laws and regulations;
- 9) Develop and enhance database and networking system both for internal and external users; and
- 10) Build capacities of implementing organizations, partner agencies and other stakeholders.

Table 4  
**Performance Indicators**

MFO / PIs	2014 Targets
<b>MFO 1: ECOSYSTEM POLICY SERVICES</b>	
Plans and Policies	
Number of plans and policies developed, updated, issued and disseminated	6
Average percentage of stakeholders that rate plans and policies as satisfactory or better	80
Average percentage of plans and policies updated, issued and disseminated over the last 2 years	100
<b>MFO 2: ECOSYSTEM MANAGEMENT SERVICES</b>	
Rehabilitation	
Number of hectares of ecosystems under management for rehabilitation	300,000
Number of technologies (information, product, process and service) disseminated/adopted	36
Percentage of stakeholders who rate DENR ecosystems rehabilitation as satisfactory or better	80
Management	
Number of hectares under management	1,039,496
Percentage of stakeholders who rate DENR ecosystems management as satisfactory or better	80
Percentage of areas of ecosystems under management assessed within the last 2 years	6
<b>MFO 3: ECOSYSTEM REGULATION SERVICES</b>	
Permit Issuance	
Number of permits and clearances issued	3,119
Percentage of permittees complied fully with the conditions	80
Percentage of permit and/or clearance applications acted upon within 7 working days from date of receipt	80
Monitoring	
Number of sites and facilities monitored and/or inspected with report issued	30
Percentage of survival rate of planted seedlings	85
Percentage of sites that have been inspected more than twice in the last 2 years	80
Enforcement	
Number of violations and complaints acted upon and report issued	50
Number of violators issued with show caused, formally charged and cases filed	50
Percentage of detected violations that are resolved or referred for prosecution within the number of days prescribed under the law	50

Note: Exclusive of Targets funded from other sources, e.g. Special Account in the General Fund.

Source: FY 2014 NEP

## IV. PERFORMANCE HIGHLIGHTS

### *National Greening Program*

Program/ Project Outputs	2011		2012		Total	
	Target	Accomp.	Target	Accomp.	Target	Accomp.
Area planted (ha)	100,000	128,558	200,000	221,763	300,000	350,321
Jobs generated (no.)		335,078		380,696		715,774

### *Logging Ban*

- Significantly reduced illegal logging hotspots from 197 to 31
- Closed all logging concessions (except plantations) in Natural and Residual Forests, nationwide
- Confiscated 21.4 million board feet of illegally cut and transported forest products (July 2010 – 2012)
- Filed 921 illegal logging cases resulting in conviction of 109 persons (as of December 2012)
- Produced 134,387 school furniture and repaired 295 school buildings using confiscated logs and lumber. This was in cooperation with TESDA and some LGUs. (July 2010 – December 2012)

### *Forestland Boundary Delineation*

- Completed forestland boundary delineation of 75 provinces (covering around 77,000 kilometers)
- Drafted bills and maps for endorsement to Congress

### *Cadastral Survey*

- Completed cadastral survey of 65 cities/municipalities in 2012, bringing the total to 816 cities/municipalities
- The remaining balance of 820 cities/municipalities from the total 1,636 cities/municipalities will be completed by end of 2015

### *Land Records Management*

- Computerized 2.7 million public land and survey records

## ***Land Distribution***

- Issued 344,706 patents covering 259,321 hectares

Program/ Project Outputs	2 <sup>nd</sup> Sem. 2010 - 2011		2012		Total		
	Target	Accomp.	Target	Accomp.	Target	Accomp.	%
Patents Issued							
Agricultural							
Number	223,763	215,479	124,363	120,847	348,126	336,326	97%
Hectare	152,417	160,411	101,209	97,979	253,626	258,390	102%
Commercial / Industrial							
Number	6,184	7,420	913	960	7,097	8,380	118%
Hectare		820		111		931	

## ***Protected Area Development and Management***

- Demarcated boundaries of 53 PAs covering around 4,730 km.

Program/ Project Outputs	2 <sup>nd</sup> Sem. 2010 - 2011		2012		Total		
	Target	Accomp.	Target	Accomp.	Target	Accomp.	%
PAs demarcated (no.)	19	19	33	33	53	53	100%

## ***Biodiversity Conservation***

- Conserved/protected 5 threatened species (i.e., Phil. Tarsier, Phil. Eagle, Tamaraw, Pawikan, Crocodile)

## ***Coastal and Marine Management***

- Provided assistance in the development of Integrated Coastal Management (ICM) plans for 189 LGUs
- Developed guidelines for the implementation of Sustainable Coral Reef Ecosystems Management Program (SCREMP) – (DAO 2013-12, approved on February 25, 2013)

## V. FY 2011 COA AUDIT FINDINGS

The auditor rendered an adverse opinion on the fairness of the presentation of the financial statements. The significant audit findings are as follows:

- 1) The progress of implementation/performance of the National Greening Program (NGP) with a total allotment of P1.331 billion in CY 2011 could not be determined because of the inability of the DENR – OSEC to monitor, conduct validation and overall evaluation of the program. Auditors in three regions have reported favorable observations while nine regions and one bureau have unfavorable observations.
- 2) Three regions were not able to attain their targets for seedling production and establishment of forest nurseries including site preparation and social mobilization either due to unrealistic targets, late release or lack of funds.
- 3) Out of the targeted 599 residential lots and 40 school sites, PENRO-Mountain Province in CAR was able to endorse for titling only 21 residential lots and one school site, thus depriving the private individuals and schools of the benefits that could be derived for having their lots titled.
- 4) The Land Management Bureau (LMB) posted a low rate of 38.90% and 5% on the disposal of Taguig lots and the issuance of Deed of Sale, respectively; thus, benefitting only few targeted beneficiaries.
- 5) Five regions and one bureau could have generated additional income estimated at P73.821 million had collections been intensified on the rental fees from the Foreshore Lease Occupants (FLO), occupancy of government properties managed by LMB of two corporations and lease lands under Socialized Industrial Forest Management Agreement (SIFMA), and the annual user's fees for the use of grazing lands. Likewise, there were other occupied properties managed by LMB without lease agreements/contracts to sell, thereby resulting in unrealized income.
- 6) Eight foreign assisted projects reported an overall low fund utilization rate of 31.61% attributed to certain targeted activities not accomplished at year-end, thereby, affecting the timely completion of the projects. The National Program Support for Environment and Natural Resources Management Program (NPS-ENRMP) under Loan No. 7470-PH and Integrated Coastal Resources Management Project (ICRMP) did not submit their Work and Financial Plan vs. Accomplishment Reports for CY 2011, hence, it could not be determined if the planned activities were fully accomplished within the allotted budget.
- 7) The balances of the Asset and liability accounts were unreliable due to the
  - a) inclusion of abnormal balances in the respective total amounts of P10.725 million and P4.680 million;
  - b) undocumented accounts in the amount of P1.064 billion and P113.257 million, respectively; and
  - c) non-maintenance of subsidiary ledgers for assets and liabilities totaling P384.622 million and P1.097 million, respectively.

- 8) The reported cash account balances totaling P640.658 million were understated by a total amount of P11.419 million due to the
- a) unrecorded interest earned and inter-branch deposits of P464,052.34;
  - b) non-restoration of stale and unreleased checks to cash account amounting to P9.559 million; and
  - c) net understatement of P1.396 million due to other accounting errors.

Likewise, there were other deficiencies noted that affect the reliability of the cash account balances, such as:

- i) unreconciled difference of P45.974 million between the balances of general ledger (GL) and subsidiary ledger (SL);
  - ii) unrecorded two bank account balances maintained by DENR – OSEC at LBP amounting to P705,316.00 and US\$12,449.87 with peso value of P545,802.30 or a total of P1.251 million; and
  - iii) non-preparation/submission of Bank Reconciliation Statements with a total cash account balances of P46.537 million.
- 9) Unutilized/excess cash balances from the completed projects, procurement of IT and office equipment, bidders/performance bonds, collections for the DENR Sportsfest and seminar/ registration fees, monetization of leave credits and refunds from SONA / disallowances and unremitted interest income from savings deposits totaling P33.763 million remained unremitted to the National Treasury at the end of the year. Likewise, the unused balance of P120,477.57 from the funds transferred by other agencies for the implementation of several projects which were already completed were not yet returned by DENR – NCR to the source agencies.
- 10) Several deficiencies in handling and reporting of the cash and accounts of the Accountable Officers were noted during the cash examination at DENR – OSEC, Region I – CENRO Vigan City and in Region VI – PENRO Antique.
- 11) Advances to Officers and Employees amounting to P9.512 million remained unliquidated for more than one year to over three years; thus, overstating the year-end account balance due to the unreported expenditures/refunds. Likewise, the balance of Due from Officers and Employees in the amount of P16.833 million remained uncollected for more than one year to over three years, thus, depriving the government of additional funds that could be used to finance priority projects.
- 12) Out of the total funds transferred to different national government agencies (NGAs), government-owned and controlled corporations (GOCCs), local government units (LGUs), and NGOs/POs of P633.656 million, P101.207 million or 15.97% remained unliquidated from over one year to more than three years as of December 31, 2011.

- 13) The reported receivable account balance of P1.088 billion is unreliable because of the
- a) net understatement of P1.586 million due to various accounting errors;
  - b) unreconciled difference of P1.958 million between balances per GL and PS record; and
  - c) existence of dormant receivable accounts in the total amount of P9.537 million.
- 14) The reported year-end balance of the Inventory accounts totaling P332.855 million was incorrect because of the net overstatement of P111.791 million due to
- a) unrecorded confiscated and donated logs and wildlife species in the total amount of P11.010 million; and
  - b) other accounting errors of P122.801 million.

Said balance was further rendered unreliable by the

- i) unreconciled difference of P3.144 million between the book balances and Report on the Physical Count of Inventories (RPCI);
  - ii) purchase of office supplies and materials totaling P7.984 million which were directly charged as an outright expense; and
  - iii) failure to conduct physical inventory-taking on inventories and confiscated forest products totaling P70.131 million.
- 15) The reported PPE account balances were inaccurate due to the
- a) net understatement of P84.858 million due to various accounting errors;
  - b) donated PPE with acquisition cost of P5.020 million still recorded in the books of LAMP2;
  - c) unserviceable properties of P7.924 million still recorded under PPE accounts;
  - d) non-provision of depreciation allowance of PPE with an acquisition cost of P599.373 million; and
  - e) completed reforestation projects with a total cost of P521.755 million were not transferred to the Registry of Public Reforestation Project.

Moreover, there were other deficiencies noted

- i) unreconciled difference of P84.325 million between the balances of the recorded PPE and RPCPPE;
- ii) non-submission of RPCPPE/failure to conduct a complete physical inventory-taking of PPE with acquisition cost of P2.062 billion;

- iii) PPE not located during physical count of P1.414 million; and
  - iv) PPE account balances of completed and terminated foreign assisted projects with a total amount of P2.668 million not yet closed/transferred to the General Fund.
- 16) Accounts Payable amounting to P12.165 million was set up in January 2011 for monetization of leave credits for the CY 2011 without valid supporting documents.
  - 17) The reported liability account balance was understated by P10.831 million due to various accounting errors.
  - 18) The 5<sup>th</sup> payment for the consultancy services of Tetra Tech Em Incorporation amounting to US\$58,199.00 equivalent to P2.533 million was recorded twice in the books of MTSP resulting to overstatement of Consultancy Services and Bank Charges totaling P2.559 million, and understatement of Cash-in-Bank – Foreign Currency, Savings Account of P1.927 million.
  - 19) Taxes withheld amounting to US\$14,030.12 or peso equivalent of P613,873.87 on the 6<sup>th</sup> payment for the consultancy services of Tetra Tech Em Incorporated was erroneously recorded in the books of Manila Third Sewerage Project (MTSP) to Prior Years' Adjustments account instead of Due to BIR, resulting to overstatement of the Prior Years' Adjustments and understatement of the Due to BIR by the same amount.
  - 20) The Collective Negotiation Agreement (NCA) Incentives for CY 2011 granted to officers and employees of the DENR – OSEC, Region II, FMB, PAWB and LMB exceeded the P25,000.00 limit per qualified employee resulting in the total overpayment of P28.27 million. Likewise, in Region IV – PENRO Romblon, the total amount of P588,000.00 was granted to officers and employees although the grant failed to meet all the conditions embodied under applicable regulations.
  - 21) Payments of honorarium of P4.534 million to the DENR – OSEC, FMB and Region VI for 99 employees and non-government employees, members of BAC and TWG and employees involved in the Community-Based Forest and Mangrove Management Project (CBFMMP) were not in accordance with the guidelines and the provision of DBM Circular Nos. 2007-2 and 2004-5A dated October 1, 2007 and October 7, 2005, respectively.
  - 22) The grant of Subsistence and Laundry Allowances to ERDS and Administrative Support Services personnel of the DENR – NCR amounting to P2.023 million and P2.289 million for CY 2010 and CY 2011, respectively, or a total of P4.312 million was not in accordance with the provision of the Revised Implementing Rules and Regulations of R.A. No. 7305 otherwise known as Magna Carta of Public Health Workers.
  - 23) Various disbursements totaling P18.326 million were inadequately supported with documents that will prove their regularity, completeness and validity.
  - 24) Several regional offices did not observe pertinent laws, rules and regulations.

- 25) Four regions and one bureau were able to fully accomplished the planned activities supporting the GAD while nine regions and two bureaus did not comply with the budgetary requirements and other requisites necessary to support the Program, thus, depriving the intended beneficiaries of the benefits that could be derived therefrom.
- 26) PAWB and FMB failed to allocated at least 1% of its budget for the implementation of plans/ programs/projects intended to address the concerns of senior citizens and differently-abled persons while NCR was able to allocate P50,000 but spent only P4,015.00.
- 27) The reported final and executor audit disallowances totaling P68.502 million remained unsettled, some for over one year to twelve years, as of December 31, 2011.
- 28) DENR-OSEC, eleven regions and four attached bureaus have regularly remitted to BIR the taxes withheld from the salaries and benefits of the employees, payments of purchases for materials and services, infrastructure contracts and other related taxes. However, two PENROs failed to remit the taxes withheld totaling P3 million.

# ENVIRONMENTAL MANAGEMENT BUREAU

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## I. AGENCY BACKGROUND

The Environmental Management Bureau (EMB) has been created as a staff bureau of the DENR by virtue of Executive Order (E.O.) No. 192 otherwise known as the Reorganization Act of the Department of Environment and Natural Resources. It was converted into a line bureau consistent with Section 34 of the Philippine Clean Air Act of 1999 (R.A. No. 8749).

### **Mandate**

The Bureau is mandated to implement the following national environmental laws: PD 1586 (Philippine Environmental Impact Statement System of 1978), RA 6969 (Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990), RA 8749 (The Philippine Clean Air Act of 1999), RA 9003 (The Ecological Solid Waste Management Act of 2000), RA 9275 (Philippine Clean Water Act of 2004), and RA 9512 (Environmental Awareness and Education Act of 2008). Under E.O. 192, Bureau is mandated to provide Research and Laboratory Services; and serve as Secretariat in the adjudication of pollution cases. Under E.O. 320, Bureau is designated as the Secretariat of the Designated National Authority for Clean Development Mechanism of the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

### **Vision**

A nation empowered to protect our finite natural resources, attuned to the pursuit of sustainable development, for a clean and healthy environment that enhances the Filipino quality of life for present and future generations

### **Mission**

To protect, restore and enhance environmental quality towards good public health, environmental integrity and economic viability

### **Budgetary Thrusts for FY 2014**

The priority activities of the Bureau are as follows:

- **Monitoring of more harmful air pollutants**
  - The Bureau will focus on monitoring of additional parameters that have more harmful effects to human health, such as PM<sub>10</sub>, PM<sub>2.5</sub>, and other criteria pollutants (O<sub>3</sub>, NO<sub>2</sub>, and SO<sub>2</sub>), to come up with a comprehensive analysis of air quality in Metro Manila and other urban centers.
  - 39 telemetry stations capable of measuring other criteria pollutants shall be established in urban cities nationwide.

- Continue to implement Manila Bay activities to clean, rehabilitate and restore Manila Bay and maintain its water to class “SB”
  - To reduce pollution load discharging into the Manila Bay, the Bureau will track down pollutive firms along the Bay and penalize all the non-complying firms. Establishments of sanitary facilities in identified priority areas along Manila Bay will be undertaken and assistance for the establishment of centralized wastewater treatment plant will be facilitated.
- Facilitate signing of additional Memoranda of Agreements to cover 64 esteros/waterbodies with the private sector/civic organizations and continuous monitoring of the existing 224 (as of June 30, 2013) adopted esteros/waterbodies under the Adopt-an-Estero program.
  - The program aims to clean the country’s creeks and rivers with the corporate entities and LGUs’ commitment to serve as guardians of flood-prone waterways in the country. This will be expanded by encouraging more partnerships with various industries and other national and local government agencies. To support this program, IEC will be intensified, continuous monitoring of the adopted esteros will be undertaken and partnership with private entities will be strengthened.
- Designation/Operationalization of 16 Water Quality Management Areas (WQMAs) and 11 activities on designation to start in CY 2014.
  - The designation of WQMA will address specific water quality problems and prepare management programs in priority waterbodies in the country in coordination with the LGUs, the academe, the national government agencies and the concerned stakeholders.
  - The operationalization of WQMAs will provide the mechanism for coordinating, refining and integrating existing efforts in a comprehensive regional context by all concerned government agencies including LGUs, Protected Area Management Board, Watershed Councils, Fisheries and Aquatic Resources Management Councils and Government Corporations with relevant concerns to sustain water quality.
- Mainstreaming Climate Change
  - Research studies will be conducted to support the ongoing greenhouse gas emission reduction initiatives. These will cover climate change adaptation techniques and practices that can be effectively undertaken in vulnerable communities especially coastal areas.
  - Mini Carbon Olympics for Schools. Pilot carbon emission reduction program can be effectively showcased in learning institutions as they can serve as centers for raising climate change consciousness among students. The program will be implemented nationwide in succeeding years while this year, piloting and modeling will start in Metro Manila schools.

## II. BUDGETARY HIGHLIGHTS

Table 1  
**APPROPRIATIONS AND OBLIGATIONS**  
 (in Thousand Pesos)

Description	2013	2014	Variance	
			Amount	%
<b>New General Appropriations</b>	1,036,975	1,254,315	217,340	20.96
General Fund	1,036,975	1,254,315		
<b>Automatic Appropriations</b>	57,687	56,799	(888)	(1.54)
Special Account	35,000	35,000	-	0.00
Retirement and Life Insurance Premium	22,687	21,799	(888)	(3.91)
<b>Continuing Appropriations</b>	20,611	0	(20,611)	(100.00)
R.A. No. 10155				
Unobligated Releases				
CO	9,878		(9,878)	(100.00)
MOOE	10,733		(10,733)	(100.00)
<b>Total Available Appropriations</b>	<b>1,115,273</b>	<b>1,311,114</b>	195,841	17.56
<b>Unused Appropriations</b>	<b>(20,611)</b>	0	20,611	(100.00)
Unobligated Allotment	<b>(20,611)</b>			
<b>Total Obligations</b>	<b>1,094,662</b>	<b>1,311,114</b>	216,452	19.77

Source: Details of the FY 2014 Budget Annex A Vol. 1

In FY 2014, the total obligation program of the EMB is expected at **P1.311 billion**, which reflects an increase of **P216.452 million** or **19.77%** from the current year's budget of **P1.095 billion**. The increase is attributed to the purchase of new monitoring equipment of 16 regional offices to be able to respond to its expanded environmental functions.

The total obligations is to be distributed as follows: **P1.254 billion** in New Appropriations and **P56.799 million** in Automatic Appropriations. The latter consist of the **P21.799 Million** provision for Retirement and Life Insurance Premium (RLIP) and **P35 Million** funding from the Air Quality Management Fund (AQMF).

- The AQMF is broken down into **P19 Million** for MOOE and **P16 Million** for Machineries and Equipment (Capital Outlay).
- The P35 million AQMF fund shall be used to finance air pollution rehabilitation, research, enforcement, monitoring, and technical assistance activities in accordance R.A. No. 8749 or Philippine Clean Air Act.

## Budget Distribution by Expense Class

**Table 2**  
**New Appropriations by Expense Class**  
**FY 2013 – 2014**  
**(in Thousand Pesos)**

PARTICULARS	2013 GAA	2014 NEP		VARIANCE	
		Amount	% share	Amount	%
PS	243,518	235,071	18.74	(8,447)	(3.47)
MOOE	456,007	455,198	36.29	(809)	(0.18)
CO	337,450	564,046	44.97	226,596	67.15
<b>Total Budget</b>	<b>1,036,975</b>	<b>1,254,315</b>	<b>100.00</b>	<b>217,340</b>	<b>20.96</b>

Sources: FY 2014 NEP & FY 2013 GAA

In 2014, new appropriations shall be distributed as follows: **45%** in Capital Outlays, **36%** for Maintenance and Other Operating Expenses and **19%** in Personal Services.

The appropriation for Personal Services will reflect a **decrease** of **P8.447 Million** or **3.47%** over current year's budget. This is due to the decrease in the number of filled positions. The estimated number of filled positions in 2014 is 604 out of the 626 filled positions in 2012.

The appropriation for MOOE will likewise decrease but only by **P809 thousand** or **0.18%**.

The appropriation for Capital Outlay will increase by **P226.596 million** or **67.15%**. The increase is due to the purchase of Continuous Ambient Air Monitoring Equipment. For better evaluation and assessment of status of air quality nationwide, an ambient air quality monitoring network capable of monitoring all criteria air pollutants [including Total Suspended Particulate (TSP)] shall be gradually expanded to cover the entire country as mandated in the Clean Air Act. Being aware of the levels/concentrations of each criteria pollutant, the EMB shall be able to set more realistic and appropriate air pollution control strategies/programs, thus, minimizing the negative impacts on the economy of the Philippines.

## Budget Distribution by Cost Structure

**P1.167 billion** or **93.06%** of the total appropriations will be allocated for the agency's Operations.

- The EMB will allocate **P1.016 billion** for the implementation of various environmental laws pursuant to its mandate. This will reflect an increase of **P190.369 million** or **23.05%** over the current year's budget allocation of **P825.765 million**. The distribution of this budget shall be as follows:

1) Clean air regulations	735,984
2) Clean water regulations	143,241
3) Environmental impact assessments	30,749
4) Ecological solid waste management regulations	84,630
5) Toxic substances and hazardous waste management regulations	21,530
<b>TOTAL</b>	<b><u>1,016,134</u></b>

- Under E.O. No. 192, the EMB is also mandated to provide Research and Laboratory Services and to serve as Secretariat in the adjudication of pollution cases. The budget allocations for these will be **P117.679 million** for Pollution Research and Laboratory Services and **P10.35 million** for Legal Services and Provision of Secretariat Services to the Pollution Adjudication Board.
- The balance shall be allocated for Environmental Education and Information and for Planning and Policy Formulation in the amount of **P16.871 million** and **P6.283 million**, respectively.

The balance of **P86.998 million** is provided for General Administration and Support, which will reflect an increase of **P868 Thousand (1.01%)**.

**Table 3**  
**New Appropriations by Cost Structure**  
**FY 2013 – 2014**  
**(in Thousand Pesos)**

PARTICULARS	2013 GAA	2014 NEP		VARIANCE	
		Amount	% share	Amount	%
PROGRAMS					
General Administration and Support	86,130	86,998	6.94	868	1.01
Operations	950,845	1,167,317	93.06	216,472	22.77
<b>TOTAL NEW APPROPRIATIONS</b>	<b>1,036,975</b>	<b>1,254,315</b>	<b>100.00</b>	<b>217,340</b>	<b>20.96</b>

Source: FY 2014 NEP & FY 2013 GAA

### III. PERFORMANCE INFORMATION

#### Key Strategies

- 1) Develop systems and mechanisms for improved monitoring and enforcement of environmental laws through the establishment of strong support systems to include among others the following: streamline processing of permits, computerization system, centralized database management, strengthening legal services and partnership programs with local government units and other stakeholders, upgrading of laboratory facilities, capacitating of personnel, implement National Information, Education and Communication Program and promote multi-media monitoring scheme.
- 2) Develop, review and evaluate the effective implementation of environmental policies (Air, Water, Toxic Chemicals and Hazardous Waste, Solid Waste, Climate Change Adaptation and Environmental Impact Assessment)

Table 4

#### Performance Indicators

MFO / PIs	2014
<b>Permit Issuance</b>	
Number of permits and clearances issued	24,392
Percentage of permit/clearance holders incurring one or more violations in the last	
Percentage of permit and/or clearance applications issued earlier than the prescribed timeframe	80
<b>Monitoring</b>	
Number of sites/facilities monitored and/or inspected with reports submitted	27,871
Percentage of submitted reports that resulted in the issuance of Notice of Violations	
Percentage of sites/facilities or areas that have been inspected more than twice in the last two years	50
<b>Enforcement</b>	
Number of Notice of Violations issued arising from regular monitoring/survey or com-	
Percentage of compliance in relation to the number of Notice of Violations issued	
Percentage of cases/complaints acted upon or resolved earlier than the prescribed timeframe	80

Note: Exclusive of Targets funded from other sources, e.g. Special Account in the General Fund.

Source: FY 2014 NEP

#### **IV. PERFORMANCE HIGHLIGHTS FOR FY 2012 TO JUNE 2013**

The following are the highlights of the major accomplishments of the EMB for CY 2012 to June 2013:

##### *Air Quality Management*

- ❑ A 20% reduction in pollution level in terms of TSP concentration in Metro Manila was achieved in CY 2012 [from 150 micrograms per normal cubic meter ( $\mu\text{g}/\text{Ncm}$ ) in 2010 to 119  $\mu\text{g}/\text{Ncm}$  in 2012]. However, these values still exceed the standard of 90  $\mu\text{g}/\text{Ncm}$ .
  - A slight increase of TSP level at 0.8% was recorded compared with CY 2011 due to the increased construction of high-rise buildings near the monitoring stations and particulates emitted from fire crackers during the New Year celebrations.
- ❑ Of the 29 cities outside Metro Manila, 12 cities were registered with TSP within standards. For CY 2012, the nationwide TSP level is 100  $\mu\text{g}/\text{Ncm}$  or 3.8% reduction from 104  $\mu\text{g}/\text{Ncm}$  in CY 2010.
- ❑ Bantay Tambutso
  - 532 private emission testing centers (PETCs) were monitored in 2012.
  - The Bureau continuously regulates the importation of new vehicles compliant to emission standards set by the Clean Air Act. No new motor vehicle shall be allowed initial registration unless the Bureau issues a valid Certificate of Conformity (COC). For the period covered, a total of 448 COCs were issued to motorcycles and motor vehicles.
- ❑ Bantay Tsimineya
  - 8,141 Permit to Operate (POs) were issued for CY 2012 while 4,336 POs were issued from January to June 2013.
  - 7,804 firms were monitored; 411 issued Notice of Violations (NOVs) in CY 2012  
3,794 firms were monitored; 244 issued NOVs in January – June 2013
  - 776 firms surveyed with 323 NOVs issued in 2012  
420 firms surveyed with 55 NOVs issued in January – June 2013
- ❑ Bantay Sunog-Basura
  - 58 LGUs issued resolutions on the implementation of ban on open burning in 2012
  - 26 sites identified for greening

## Water quality management

- ❑ 108 water bodies were monitored (81 passed and 27 failed)
  
- ❑ Under the Sagip Ilog Program, 19 priority rivers were monitored monthly. In 2012, six (6) rivers are within biological oxygen demand (BOD) standard and six (6) rivers are within dissolved oxygen (DO) standard.
  
- ❑ Manila Bay
  - In CY 2012, the Bureau has started the following activities: application of phyto and bio-remediation in selected rivers, river clean-up, upgrading of Materials Recovery Facility (MRF), construction of sanitary facilities, delineation and operationalization of Water Quality Management Areas and the establishment of integrated information management system for water quality, Geographic Information System (GIS) mapping and R.A. No. 6969 database, among others. Water quality monitoring of nine (9) stations baywide, nineteen (19) bathing beaches and sixteen (16) inland river waters as well as industrial/commercial establishment monitoring were regularly conducted.
  
  - For the period January to June 2013, the following activities were accomplished:
    - ✦ Organized and conducted workshop of the Liquid Waste Cluster on Pollution Reduction of the Operational Plan for the Manila Bay Coastal Strategy (OPMBCS) on 3-5 April 2013. The workshop discussed and finalized Key Performance Indicators (KPIs) of each member agencies in compliance to the instructions of the Supreme Court to DENR and other concerned agencies to rationalize the reporting system to make it more responsive to the members of the SC advisory committee.
  
    - ✦ The Search for the Solid Waste Management Champion in the Manila Bay Region was launched on 8 April 2013. A Post Management Conference was held on 28 June 2013 in consonance with the celebration of the Environment Month. The conference was attended by all participating malls and the initial and final validators of the search.
  
    - ✦ Training/workshop on GIS-Mapping of Industrial/Commercial and River Monitoring Stations
  
    - ✦ Organized and conducted clean-up at the stretch of Maricaban Creek, 1.5 km. in length, in Pasay City on 26 April 2013. Approximately 400 volunteers from DENR, DPWH, the municipal governments of Pasay and Makati, the Philippine Air Force, Shell Philippines, Jollibee Food Corp. and the University of Asia and the Pacific participated in the clean-up. Dredging of the creek was also conducted by DPWH. Two truckloads of garbage composed of plastics, sacks, rubber and dredge materials were collected and were disposed by the City Government of Pasay at the approved sanitary landfill.

- ✦ Validation of sites for the installation of sanitary facilities at different schools in Cavite and Navotas were undertaken.
- ✦ Mapping of industrial/commercial establishments in Bulacan, Pampanga, Bataan and Cavite were conducted.
- ✦ Validation survey for Phyto and Bioremediation at the following creeks leading to Zapote River was also conducted:
  - Creek near Rainbow Subdivision
  - Creek near Mary Immaculate Parish
  - Creek at Moonwalk Phase II
  - Creek near Uniwide Mall in Las Piñas

Adopt-An-Estero/Waterbody Program

As of June 2013, there are 427 signed Memoranda of Agreements and a total of 224 esteros/rivers adopted nationwide.

- Additional 51 water bodies were officially classified according to their beneficial use based on DENR Memorandum Circular No. 2013-03 bringing the total principal and small water bodies classified to 671.

- 3,595 Waste Water Discharge Permits (WWDPs) were issued in CY 2012 and 2,257 in January – June 2013.

- 3,439 firms monitored, 322 NOVs were issued in CY 2012  
1,412 firms monitored, 493 NOVs were issued in January – June 2013

- 554 firms surveyed, 249 NOVs were issued in CY 2012  
153 firms surveyed, 101 NOVs were issued in January – June 2013

Beach watch

Out of the 89 monitored bathing beaches, 38 beaches passed the water quality criteria for Class SB waters while 51 beaches exceeded the allowable fecal coliform count. The tourism establishments in these areas were required to undertake the necessary measures to avoid further contamination of bathing waters.

Industrial Ecowatch

In 2012, 221 firms were rated.

## Solid Waste Management

- ❑ Of the existing 967 disposal facilities in the country as of June 2013, 912 are open and controlled dumpsites and only 55 are sanitary landfills (SLF) serving 86 LGUs nationwide or a compliance rate of 5.3%. There are three disposal facilities servicing Metro Manila, namely: SLF in Payatas – Quezon City, Tanza – Navotas and Rizal Provincial SLF. Majority of LGUs in Metro Manila dispose their residual wastes in sanitary landfills outside the metropolitan area.
  
- ❑ 684 authority to close (ATC) were issued.
  
- ❑ Technical assistance was provided during the inspection of Bontoc Open Dumpsite in Mountain Province on June 13, 2013 regarding the Writ of Kalikasan issued by the Court of Appeals. Likewise, a forum was conducted and technical assistance was provided to implement the closure and rehabilitation of the said open dumpsite.
  
- ❑ From 2009 to June 2013, 9,225 out of 42,000 barangays are covered by 8,438 MRFs. In Metro Manila, 962 out of 1,705 barangays are covered by 941 MRFs. 100 shredders were procured for distribution to LGUs per request of the Congress.
  
- ❑ 42 MRFs were assisted of which seven barangays signed a Memorandum of Agreement for the establishment of MRF/s in their jurisdiction, each received P500,000.00 for this purpose.
  
- ❑ As of June 30, 2013, a total of 546 out of the 711 Homeowners’ Associations (HOAs) are monitored.
  
- ❑ Eco-labelling criteria for food services was already approved by the National Ecolabelling Program -Green Choice Philippines (NELP-GCP) Board. The NELP-GCP has decided that the next criteria to be prepared shall be for plastic furniture, which is one of the top purchases in government procurement, according to the DBM-Procurement Service. The Terms of Reference (TOR) was already drafted.
  
- ❑ 37 Solid Waste Management (SWM) Plans were evaluated for the period. A total of 18 plans have passed the evaluation and are set to be approved by the Commission in their latest meeting. 16 EMB regional offices and ARMM were granted technical assistance to enhance the capabilities of the 80 provincial governments to develop their 10-year SWM plans.

Environmental Impact Statement (EIS) System

- ❑ A total of 5,111 projects were issued Environmental Compliance Certificates (ECCs) with project cost amounting to P1.45 trillion generating employment to 302,340 persons.
- ❑ 10,710 ECC projects monitored with 898 NOVs issued in CY 2012; 4,732 ECC projects monitored with 589 NOVs issued in January – June 2013.
- ❑ 1,210 projects surveyed; 1,232 projects found operating without permits were issued the corresponding 299 NOVs issued in January – June 2013.
- ❑ Intensively conducted nationwide a total of 489 projects within the ecozones were monitored in 2012.
- ❑ Monitoring activities of the 597 Environmentally critical project (ECP) projects were conducted in 2012 by the Multi-Partite Monitoring Teams.
- ❑ Capacity building on the Disaster Risk Reduction (DRR)/Climate Change Adaptation (CCA), Enhanced Environmental Impact Assessment (EIA) Guidelines was conducted for various sectors such as the GAS, NGOs, LGUs, EIA Professionals and private companies.

Toxic Substances and Chemicals Management

- ❑ For CY 2012 to June 2013, the following were processed and issued:

Certificates/Clearances	No. of Issuances	
	2012	January – June 2013

Issued by Central Office:

PMPIN Compliance Certificates	115	107
Ozone Depleting Substances (ODS) and Alternatives – Registration Certificate and Importation Clearance	157	263
PCL Compliance Certificate	825	525

Issued by Regional Offices:

PICCS Certificates	441	224
Small Quantity Importation (SQI)	482	282
Importation Clearances (Asbestos, Cyanide, Mercury, ODS, Non-PCB)	187	60
Registration Certificates (CCO)	161	274

- ❑ EMB monitored 534 firms under Chemical Control Order (CCO) which resulted to the issuance of 45 NOVs.

## Hazardous Waste Management

- The following registration certificates, permits and clearances were issued:

Permit/Certificates/Clearances	No. of Issuances	
	2012	January – June 2013

Issued by Central Office:

Treatment, Storage and Disposal (TSD) Facilities registration/ renewal/ amendment	387	185
Transporter registration/ renewal/ amendment	387	185
Notification	37	53
Export Clearance	34	14
Import Clearance	84	146

Issued by Regional Offices:

Hazardous Waste Generators (HWGs) registered	1,756	741
Firms – 1,595	1,595	677
Hospitals - 161	161	64
Transport permit	4,348	1,749

- Intensified monitoring activities for the period and the following were conducted:

Activities/Indicator	2012	January – June 2013
HWGs monitored	930	412
Transporters monitored	147	52
TSD facilities monitored	103	71
NOVs issued	64	13

- 516 HWGs surveyed that resulted to the issuance of 102 NOVs in 2012; 223 HWGs surveyed in 2012 and 91 NOVs issued from January to June 2013.

## Adjudication of Pollution Cases

- Of the 844 cases docketed from 1988 to 2012, 406 cases still remain at the dockets of the PAB.
- Out of the 105 cases endorsed for imposition of fines, 45 were already resolved from 2005 to June 2012, and the remaining 59 cases still have some issues on fines to be resolved.
- 140 PAB resolutions were issued in 2012. 62% of the total Resolutions issued came from the Manila Bay Region, in support to the Supreme Court Mandamus.
- There are 42 new cases endorsed for imposition of fines in 2012. 14 out of the 42 cases were already resolved, and the remaining 28 cases still have some issues on fines to be resolved. The collected fines from 14 firms with PAB cases amounted to P2.938 million.

## V. FY 2011 COA AUDIT FINDINGS

The auditor rendered a qualified opinion on the fairness of presentation of the consolidated financial statements due to the accounting errors and misstatements found in the balances of accounts, as summarized below:

- 1) The reported balance of the Cash in Bank – Local Currency, Current Account was unreliable due to the
  - a) unreconciled difference of P6.44 million between the book and bank balances;
  - b) non-recording in the books of accounts of the CY 2010 and CY 2011 transactions for the National Chlorofluoro Carbon Phase-out Project;
  - c) non-preparation of the Bank Reconciliation Statements (BRS); and
  - d) non-maintenance of the Subsidiary Ledgers (SL).

Furthermore, interest income of P18,726.16 was not remitted to the Bureau of Treasury.

- 2) Cash advances totaling P1.40 million remained unliquidated due to the failure of Management to monitor and enforce liquidation thereof. Also, cash advances were continuously granted to officers and employees with unliquidated cash advances which resulted to accumulation thereof. As a result, expenses out of these cash advances were not reported during the period they were incurred thereby understating the reported expenses for the period and overstating the receivable account
- 3) The total reported balance of inventory accounts was unreliable due to the
  - a) recording of issuances amounting to P7.64 million without the Report of Supplies and Materials Issued (RSMI);
  - b) errors in recording/classification of accounts resulting in a total overstatement of P64,758.48;
  - c) purchase of office supplies costing P107,000.00 directly recorded as outright expense instead of inventories; and
  - d) failure to conduct physical inventory of supplies and materials.
- 4) The total reported balance of the Property, Plant and Equipment (PPE) was incorrect due to the
  - a) unserviceable property amounting to P16.49 million still recorded as PPE;
  - b) unadjusted prior years' error resulting to a net understatement of PPE accounts by P173,783.70;
  - c) various errors and misclassification of accounts which caused an overstatement in total PPE by P123,560.00.

Moreover, there was an unreconciled difference of P25.14 million between the book balance and physical inventory reports.

Other significant observations and recommendations are as follows:

- 1) The Sinocalan-Dagupan River System (SDRS) was designated as a Water Quality Management Area (WQMA) in pursuance of RA 9275 or “The Philippine Clean Water Act of 2004” aimed at ensuring its water quality. However, there are no planned activities for implementation after the designation that will ensure the water quality in the area.
- 2) Fines and penalties of P550,000.00 imposed on electric cooperatives due to violation of RA 6969 and the Procedural Manual under DENR Administrative Order (DAO) NO. 29 series of 1992 were not collected by EMB Region 5 due to lack of technical personnel who will handle or pursue the case in court, thus, depriving the government of the said income.
- 3) Unused/unexpended cash balances totaling P933,841.93 representing transfer of funds from EMB-CAR for the payment of salaries and other benefits of the Acting Assistant Bureau Director advanced by EMB-Region 5 during the year was not remitted to the Bureau of the Treasury.
- 4) Contract of Services totaling P14.36 million with incomplete/deficient documents and information were paid. Likewise, contractual employees were allowed Compensatory Day-off (CDO) and Offsetting of Undertimes from Overtimes.
- 5) Expenses paid out of Fund 101 (Regular/MDS Fund) amounting to P686,460.60 from January to June 2011 were not supported by allotments as evidenced by the Agency’s Allotment and Obligation Slip (ALOBS).
- 6) Non-submission of the Driver’s Trip Ticket, Monthly Report of Official Travels and Report of Fuel Consumption by the Management to the COA Office at the end of every month precluded COA to ascertain if the agency strictly complied with all the applicable laws, rules and regulations governing fuel consumption and use of government motor transportation and that expenditures for fuel consumption are effectively controlled and properly accounted for.
- 7) Clothing Allowance for CY 2011 amounting to P108,000.00 of EMB regular employees was issued in January 2011 even though this expense was not included in the Allotment and NCA for the month. This resulted in the use of allotment and NCA that were intended for other purposes.
- 8) Incomplete documentation to support the regularity in the use of Negotiated Procurement for the repair of two units of Fume Hood amounting to P149,625.
- 9) The Collective Negotiation Agreement (CNA) Incentives for CY 2011 granted by the agency to officers and employees in the total amount of P23.7 million exceeded the P25,000.00 limit per qualified employee resulting in the total overpayment of P17.55 million.
- 10) EMB substantially accomplished its Gender and Development (GAD) planned activities for CY 2011, resulting in the attainment of the GAD targets for the year.
- 11) Total suspensions and disallowances for the year amounted to P11.23 million of which only the amount of P3.98 million or 35.45% was settled to the disadvantage of the government.
- 12) The balance of the account Due to BIR totaling P3.820 million represents taxes withheld from suppliers of goods and services and from salaries of officers and employees that were not remitted to the BIR as at year end.

# **MINES AND GEO-SCIENCES BUREAU**

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## **I. AGENCY BACKGROUND**

The Mines and Geosciences Bureau (MGB) was created as a staff bureau of the DENR by virtue of Executive Order No. 192, otherwise known as the Reorganization Act of the Department of Environment and Natural Resources. It was transformed into a line bureau with the enactment of the Philippine Mining Act of 1995 (Republic Act No. 7942).

### ***Mandate***

The Bureau is the primary government agency responsible for the conservation, management, development and proper use of the country's mineral resources including those in reservations and lands of public domain.

### ***Vision***

A minerals industry that is not only prosperous but also socially, economically and environmentally sustainable, with broad community and political support while positively and progressively assisting in government programs on poverty alleviation and contributing to the general economic well-being of the nation. It also aims to be the leading geoscience and geo-resources agency serving the public and nation with scientific reliability.

### ***Mission***

A steward of the country's mineral resources, is committed to the promotion of sustainable mineral resources development, aware of its contribution to national economic growth and countryside community development. It fully recognizes that the development of a responsive policy framework in partnership with stakeholders to govern mineral exploration, mining and investment decisions and an effective institutional structure, are fundamental requisites for the sustainable utilization of the country's mineral resources. It is adherent to the promotion of geological studies as an integral element of socio-economic development, environmental protection and human safety. Yet, it is sensitive to the known environmental impacts of mining and the need for restoration and rehabilitation of mining affected areas and the development and adoption of environmental and geoscientific technologies.

## **Budgetary Thrusts for FY 2014:**

- Conduct of Geohazard Assessment Program to generate information on the vulnerability of certain areas to various types of geologic and natural hazards for disaster preparedness/management;
- Coastal geohazards assessment and impacts of climate change such as coastal changes and sea level rise to vulnerable communities;
- Promotion of a responsible minerals industry that will provide jobs and generate new revenues by assisting the development of mining projects and identification and declaration of new mineral reservation areas;
- Rehabilitation of abandoned mines with focus on Bagacay Mine in Samar, to address the negative impacts of past mining activities; and
- Information, education and communication campaign (IEC) to LGUs and stakeholders capability.

## **Goals/Objectives for FY 2014:**

- 1) To take pro-active efforts in disaster risk reduction and management preventing or minimizing loss of lives and properties through geohazards assessment and mapping;
- 2) To promote science-based knowledge management that will contribute in the development of climate change adaptation strategies for vulnerable communities;
- 3) To promote a responsible minerals industry through the development of mining projects that are expected to generate foreign investments, revenues for the government and create jobs and promotion of downstream minerals industry and identification and declaration of new mineral reservation areas;
- 4) To foster sustainable and responsible mining guided by best practices on health, environment and social development and mine rehabilitation of abandoned and inactive mines; and
- 5) To generate critical information on the groundwater resources availability and vulnerability of various regions and areas of the country for water resources management and development.

## II. BUDGETARY HIGHLIGHTS

**Table 1**  
**APPROPRIATIONS AND OBLIGATIONS**  
(in Thousand Pesos)

Particulars	2013	2014	Variance	
			Amount	%
<b>New General Appropriations</b>	999,030	1,126,184	127,154	12.73
General Fund	972,980	1,126,184	153,204	15.75
Special Account in the General Fund	26,050		(26,050)	(100.00)
<b>Automatic Appropriations</b>	39,090	63,600	24,510	62.70
Retirement and Life Insurance Premium	39,090	36,194	(2,896)	(7.41)
Special Account		27,406	27,406	
<b>Continuing Appropriations</b>	70,506		(70,506)	(100.00)
R.A. No. 10155				
Unobligated Releases for				
CO	42,844		(42,844)	(100.00)
MOOE	27,662		(27,662)	(100.00)
<b>Total Available Appropriations</b>	<b>1,108,626</b>	<b>1,189,784</b>	81,158	7.32
<b>Unused Appropriations</b>	(70,506)		70,506	(100.00)
<b>Total Obligations</b>	<b>1,038,120</b>	<b>1,189,784</b>	<b>151,664</b>	<b>14.61</b>

Source: Details of the FY 2014 Budget Annex A Vol. 1

In FY 2014, the proposed budget of MGB is **P1.190 billion**. It is **P151.664 million** or **14.61% higher** than the current budget of **P1.038 billion**.

The FY 2014 budget will be distributed as follows: **P1.126 billion** in New Appropriations and **P63.6 million** in Automatic Appropriations. The automatic appropriations is further distributed as follows: **P36.194 million** in Retirement and Life Insurance Premium and **P27.406 million** in Special Account.

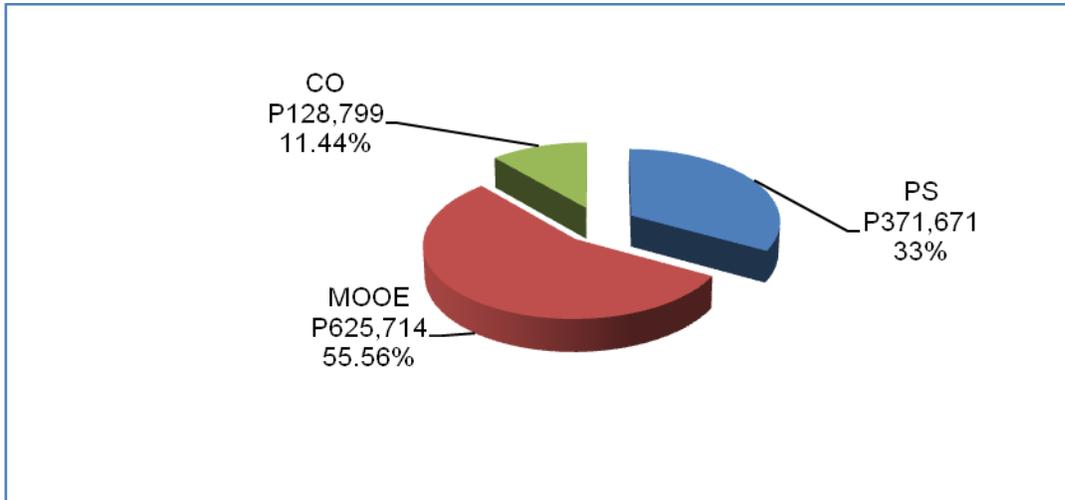
- Ø Of the **P27.406 million** in Special Account, **P10.157 million** is appropriated for MOOE and **P17.249 million** is for Capital Outlays. These are sourced from 10% royalties derived from the development and utilization of mineral resources within mineral reservations. These shall be used for special projects and administrative expenses in accordance with R.A. No. 7942 or the Philippine Mining Act of 1995.

New Appropriations will increase by **P127.154 million** or **12.73%**. However, the FY 2013 new appropriations include **P26.05 million** in Special Account in the General Fund. Disregarding this special account, the increase will be **P153.204 million** or **15.75%**.

## Budget Distribution by Expense Class

Figure 1

FY 2014 New Appropriations by Expense Class  
(in Thousand Pesos)



In FY 2014, about half of the new appropriations is allocated for the Maintenance and Other Operating Expenses. The balance is distributed as 33% for Personal Services and 11.44% for Capital Outlay.

The allocation for Personal Services will decrease from **P400.27 million** in 2013 to **P371.671 million** in 2014. The **P28.6 million (7.14%)** decrease is attributed to the retirement of some employees of MGB.

The allocation for Capital Outlays will likewise decrease by **P6.801 million**. However, the 2013 allocation includes P20.2 million in Special Account. But if the Capital Outlays in the Regular Fund will be compared, there is a net increase of **P13.399 million**.

- The breakdown of the **P128.799 million** allocations in Capital Outlays is as follows:
  - » P20 million for the rehabilitation of the Bagacay Mines and for the implementation of rehabilitation measures;
  - » P38 million for the construction/rehabilitation of buildings in various regions;
  - » P5 million for the purchase of books, periodicals and other materials for the improvement of the library facilities;
  - » P4.2 million for the purchase of vehicles; and
  - » P61.599 million for the purchase of various technical and scientific equipment.

The budget for Maintenance and Other Operating Expenses will increase by **P162.554 million** or **35.10%** from **P463.16 million** in 2013 to **P625.714 million** in 2014.

- The 2013 budget includes P5.85 million in Special Account in the General Fund.

The increase in the MOOE budget will be utilized for the following:

- » P20.0 million for the monitoring activities of mining companies' compliance to the implementation of approved work program and safety, health, environment and social programs;
- » P140.0 million for the additional target of 136 municipalities/cities for the national geohazard assessment and mapping program in 1:10,000 scale;
- » P5.0 million for the additional ten (10) target LGUs under the activity groundwater resources and vulnerability assessment; and
- » P14.85 million for the identification and declaration of additional Minahang Bayan areas, conduct of consultative workshops to educate local government units on small scale mining laws, rules and regulations, and for the monitoring of SSM operations, under the national small scale mining program.

**Table 2**  
**New Appropriations by Expense Class**  
**FY 2013 – 2014**  
(in Thousand Pesos)

PARTICULARS	2013 GAA	2014 NEP		VARIANCE	
		Amount	% share	Amount	%
PROGRAMS					
PS	400,270	371,671	33.00	(28,599)	(7.14)
MOOE	463,160	625,714	55.56	162,554	35.10
CO	135,600	128,799	11.44	(6,801)	(5.02)
<b>TOTAL NEW APPROPRIATIONS</b>	<b>999,030</b>	<b>1,126,184</b>	<b>100.00</b>	<b>127,154</b>	<b>12.73</b>

Source: FY 2014 NEP

## Budget Distribution by Cost Structure

In FY 2014, about **76%** of the total new appropriations is allocated for the agency's Operations. The **P855.068 million** budget is distributed between two major final outputs: **P555.889 million** for Mineral Resource Development Services and **P299.179 million** for Mining Regulation Services.

**Table 3**  
**FY 2014 Total Operations by MFO**  
(in Thousand Pesos)

MFO / Activity	PS	MOOE	CO	TOTAL
MFO 1: Mineral Resource Development Services	43,227	451,863	60,799	555,889
Mineral Lands Administration		12,054		12,054
Geosciences Development Services	43,227	439,809	60,799	543,835
MFO 2: Mining Regulation Services	170,224	93,955	35,000	299,179
Mineral Lands Administration	170,224	93,955	35,000	299,179
<b>Total Operations</b>	<b>213,451</b>	<b>545,818</b>	<b>95,799</b>	<b>855,068</b>

**General Administration and Support** will get **P171.416 Million** or **15.22%**. The remaining **P99.7 Million (8.85%)** will be for Support to Operations.

Both the allocations for Support to Operations and Operations will increase by **P842 thousand (0.85%)** and **P141.229 million (19.78%)**, respectively. On the other hand, the allocation for General Administration and Support will decrease by **P14.917 million** or **8.01%**.

**Table 4**  
**New Appropriations by Cost Structure**  
**FY 2013 – 2014**  
(in Thousand Pesos)

PARTICULARS	2013 GAA	2014 NEP		VARIANCE	
		Amount	% share	Amount	%
PROGRAMS					
General Administration and Support	186,333	171,416	15.22	(14,917)	(8.01)
Support to Operations	98,858	99,700	8.85	842	0.85
Operations	713,839	855,068	75.93	141,229	19.78
<b>TOTAL NEW APPROPRIATIONS</b>	<b>999,030</b>	<b>1,126,184</b>	<b>100.00</b>	<b>127,154</b>	<b>12.73</b>

Source: FY 2014 NEP

### III. PERFORMANCE INFORMATION

#### Key Strategies

- 1) Rational exploration, development, utilization and conservation of the country's mineral resources
- 2) Geo-sciences and geo-resources research and services for disaster risk management
- 3) Adherence to the principles of responsible mining under the framework of sustainable development which meets the needs of the present without compromising the ability of the future generation with the view of improving the quality of life both now and in the future
- 4) Equal consideration on the economic, environmental and social development aspects of the mining operations

Table 5

#### Performance Indicators

MFO / PIs	2014 Targets
<b>MFO 1: MINERAL RESOURCE DEVELOPMENT SERVICES</b>	
Number of new mineral reservation areas assessed/endorsed for declaration	18
Percentage of area surveyed that is identified as a mineral reservation	100
Percentage of stakeholders who rate the quality of MGB mineral reservation maps as good or better	100
Percentage increase in Peso value for royalty payments collected	10
Percentage of Philippine territory surveyed (geological exploration) at least once in the last 3 years	0.10
<b>MFO 2: MINING REGULATION SERVICES</b>	
<b>Permit Issuance</b>	
Number of mining permits/contracts issued and agreements endorsed for approval	3,435
Percentage of agreements entered into within 4 months from tendering	90
<b>Monitoring</b>	
Number of sites and facilities monitored and/or inspected with reports issued	1,144
Percentage of agreements with 1 or more violations over the last 3 years	10
Percentage of sites that have been inspected more than twice in the last 2 years	100
<b>Enforcement</b>	
Number of violations or complaints acted upon with reports issued	213
Percentage of submitted reports that resulted in the issuance of notice of violations and penalties imposed	10
Percentage of complaints or detected violations that are acted upon earlier than the prescribed period	90

Note: Exclusive of Targets funded from other sources, e.g. Special Account in the General Fund.

Source: FY 2014 NEP

#### **IV. PERFORMANCE HIGHLIGHTS for FY 2012**

##### **A. National Geohazards Assessment and Mapping Program**

For 2012, the following were the accomplishments of the MGB under the program:

- 230 cities/municipalities (target is 218) were assessed and surveyed. This brings to a total of 402 cities/municipalities that have been assessed on areas prone to landslides and flooding;
- 394 possible relocation sites vis-à-vis the annual target of 221 were identified. Some sites were recommended suitable for proposed housing development as it is not prone to floods or landslides, while other sites required some mitigating measures to become relocation sites;
- MGB provided support in the recovery efforts of areas affected by the landslide incident in Pantukan, Compostela Valley, the flooding incidents in Cagayan de Oro and Iligan City due to Typhoon Sendong, the flooding and landslide incidents due to the effect of the incessant rains brought by the Southwest Monsoon (Habagat) in August 2012. This also led to the evacuation of households in areas that are at further risk to landslides and identification of safer relocation/resettlement sites for various housing projects in the affected areas;
- With the disaster related to Typhoon Pablo, MGB was also involved in the rehabilitation efforts in the provinces of Compostela Valley and Davao Oriental which causes flashfloods and debris flows, widespread flooding and landslides particularly in the identification of relocation/resettlement sites of affected communities in Compostela Province;
- MGB was actively involved in the assessment of around 400 resettlement/relocation sites in Cagayan de Oro, Iligan City and various location nationwide with the request of the National Housing Authority, Social Home Mortgaged Finance Corporation and concerned local government units;
- Various IEC materials containing geohazard information were provided to LGUs, national government agencies, walk-in clients and researchers;
- Advisories totaling to 3,136 (127% accomplishment) were provided to LGUs;
- Informal IEC to LGUs through the provision of 546 exit reports (171% accomplishment);
- Conducted 142 trainings/seminars to LGUs (110% accomplishment); and
- Uploaded the GIS-based geohazard maps in the DENR and MGB websites ([www.mgb.gov.ph](http://www.mgb.gov.ph) and [www.denr.gov.ph](http://www.denr.gov.ph)) to facilitate the dissemination of information and for easier access by the public.

Under the framework of the National Disaster Risk Reduction and Management Council (NDRRMC), MGB is actively involved in the following projects:

- Building Community Resilience and Strengthening Local Government Capacities for Recovery and Disaster Risk Management (“Resilience Project”);
- Enhancing Risk Analysis Capacities for Flood, Tropical Cyclone, Severe Wind and Earthquake for Greater Metro Manila (“Risk Analysis Project”); and
- Enhancing Greater Metro Manila’s Institutional Capacities for Effective Disaster/Climate Risk Management towards Sustainable Development (“GMMA READY Project”).

#### B. Coastal Geohazard and Impact of Climate Change Study

A total of eleven (11) provinces constituting 156 municipalities/cities against its target of 122 for the year 2012 were assessed and four (4) reports were prepared.

Assessed were the coastal areas/municipalities along the provinces of Zambales-Bataan (24 municipalities), Misamis Oriental (25 municipalities), Bohol – Zamboanga del Norte (39 municipalities), Zamboanga del Sur – Zamboanga Sibugay (27 municipalities), Davao del Sur – Davao del Norte (15 municipalities), and Misamis Oriental – Lanao del Norte (25 municipalities).

#### C. National Greening Program (NGP) and Mining Forest Program

In 2012, a total of 16,753.08 hectares of reforestation areas vis-à-vis the annual target of 15,000 hectares were planted with 2,629,919 seedlings.

As to the Mining Forest Program, about 2,535.92 hectares of mining and non-mining areas were planted with 1,357,305 seedlings from July 2011 to June 2012 with 1,406,074 surviving trees including replanted trees. To date, 10,587.60 hectares of mining and non-mining areas were reforested/planted with 14,733,378 seedlings having a 94.39% survival rate or approximately 13.9 million surviving trees.

#### D. Mine Rehabilitation Program

In 2012, the program focused on the following activities, namely:

##### 1) Implementation of Rehabilitation for Bagacay Mine Area

Bagacay Mine Area in Hinabagan, Samar is one of the prioritized projects of MGB on the Mine Rehabilitation Program. Activities include:

- Research on Phytoremediation – Three experimental blocks were maintained and monitored by ERDB. The species adaption on various treatments and condition per block were observed and recorded accordingly. Poster paper regarding the performance of the outplanted species was prepared and presented during the Forest and Natural Resources Research Society of the Philippines, Inc.;

- Reforestation within the peripheral site – The 70-hectare site was planted with agroforestry crops and *Casuarina equisetifolia*.
- Engineering Mitigating Measures
  - Diversion channel/Pipeline – Richmark Construction completed the diversion channel/pipeline last December 2012. The 5-km diversion channel was connected to two concrete reservoirs and water impounding dam and conduct a dry-run test.
  - Maintenance of Limestone Dam and Ore/Waste Stockpile Dam – A limestone rock dam was constructed downslope of this new deposit, and successfully served to partly neutralize the acid leachate formed and acts as a downstream siltation trap. MGB Region VII regularly maintained and monitored this dam.
  - Environmental Assessment – The activities include conduct of coastal, river and inland assessments to ensure that the structure will alleviate the problem on Acid Mine Drainage (AMD) to be conducted by Richmark Construction once the diversion channel/pipeline is completed; and, construction of laboratory building, which was completed together with the construction of perimeter fence on October 2012.
- Rehabilitation of Critical Areas/Structures – Geotechnical study and preparation of Environmental Management Plan of various structures at Bagacay Mine.
- Revegetation/Reforestation of Bagacay Mine Area

## 2) Rehabilitation of Other Abandoned/Inactive Mines

- Risk Assessment of five (5) abandoned/inactive mines. This involves the assessment and preparation of a Final Mine Rehabilitation/Decommissioning Plan (FMRDP) for the following abandoned/inactive mine sites:
    - 1) Benguet Antamok Gold Operations (BAGO), Antamok, Itogon, Benguet;
    - 2) Black Mountain, Inc., Tuba, Benguet;
    - 3) Dizon Copper-Silver Mines, Inc., San Marcelino, Zambales;
    - 4) Consolidated Mines, Inc., Mogpog, Marinduque; and
    - 5) Construction and Development Corp., Basay, Negros Oriental.
- 3) Marcopper Environmental Management Plan (MEMP) – MGB conducted topographic survey on Maguila-guila Waste Dump and geohazard mapping on Tapian Pit and Makulapnit Dam.

#### E. Groundwater Resources and Vulnerability Assessment

In order to address the water needs and problems on finding viable water sources and deteriorating water quality of the LGUs, a total of 24 municipalities were assessed in the following provinces: Ilocos Sur (1), Nueva Vizcaya (1), Isabela (1), Surigao del Norte (12), Surigao City (1), Zamboanga Sibugay (1), Iloilo (1), Isabela (1), Misamis Oriental (1), Cebu City (1), Biliran (2), & Romblon (1).

#### F. Mineral Investment Promotion Program

In 2012, a total of 178 mining applications with final action were reported in the regions, attaining 101% accomplishment.

#### G. Mining Industry Development Program

In 2012, a total of 495 (vis-à-vis target of 481) mining permits/contracts were monitored in accordance with the implementation of their SHES programs, thus attaining 103% accomplishment. On the monitoring of the mining permits/contracts as to implementation of their work programs, 601 were monitored vis-à-vis the target of 608, attaining 101% accomplishment.

Furthermore, 149 Multipartite Monitoring Teams were operationalized to ensure stakeholders' participation in the monitoring of mining projects to environmental and social programs.

Several complaints related to mine safety, health and environment that were filed by concerned individuals/stakeholders were promptly and judiciously investigated/responded to and resolved resulting to 109% accomplishment of the 165 annual target.

As to the accomplishment of the panel of Arbitrators, a total of 31 complaints/cases were acted upon.

## V. FY 2011 Annual Audit Report

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements due to various accounting errors and other deficiencies as follows:

- 1) The reported balance of the Advances to Officers and Employees account in MGB-ROs 9 to 12 was unreliable due to inclusion of past due and expended cash advances totaling P133,777.71 for special time-bound purposes and for travels which remained unliquidated as of December 31, 2011. This resulted in the overstatement of total receivables and understatement of the affected expense accounts.
- 2) The total reported balance of inventories was incorrect due to
  - a. erroneous recording of purchases of supplies and materials which were directly charged to expense accounts;
  - b. unrecorded issuances of office supplies and textbooks and instructional materials; and
  - c. unreconciled difference of P875,877.88 in MGB-RO 8 between the ledger and the Report on the Physical Count of Inventories.
- 3) The reported balance of the various Property, Plant and Equipment accounts was unreliable due to the
  - a. inclusion of burned PPE items in MGB-CO of an undetermined amount; and unserviceable property of P339,315.82; and
  - b. accounting errors resulting in the understatement of total PPE by P420,136.00; and
  - c. an unreconciled difference of P12,936,623.28 between the balance per books and physical inventory reports.

Moreover, management failed to

- i) conduct physical count of PPE valued at P15,065,380.01 in MGB-RO 10;
- ii) maintain PPE Ledger and Property Cards in MGB-ROs 9 & 13; and
- iii) insure various PPE amounting to P16,062,808.35 in MGB-RO 4.

Other significant audit findings were as follows:

- 1) MGB-RO 13 management failed to enforce collection of royalty taxes from three mining companies amounting to P37,210,259.03 which deprived the government of the use of such funds.

*Management comment: They sent bill collection letters to the concerned mining companies. In the case of Oriental Synergy Mining Corporation – Kalamazoo, the uncollected portion of royalty tax was due to the export market problems encountered by the company which eventually led to its closure of operations sometime in 2008. Nonetheless, constant collection/demand letters have been furnished to the company such that they have issued a Certificate of Commitment to pay and will issue post-dated checks before the end of February 2012.*

*In the case of CTP Construction and Mining Corporation and SIRC-Platinum Group Metals Corporation, both companies have been generally diligent in the payment of their royalty tax obligations. The present uncollected portion representing 4<sup>th</sup> quarter operations is temporary and attributed to the recent initiative of the office to encourage companies to avail of the on-line banking services offered by a bank which will directly remit payments to the Bureau of the Treasury. Once the necessary banking arrangements/paperwork is in place, more efficient royalty fees collection is expected.*

- 2) Income totaling P12,495,455.29 of MGB-ROs 4, 6, 10 and 11 for CY 2011 decreased by P9,781,424.71 or 44% from CY 2010's total income of P22,276,880.00 due to suspension of the receipt of new mining applications pursuant to DENR Memorandum Order 2010-04 dated March 12, 2010.

COA recommended that DENR (a) revisit Memorandum Order No. 2010-04 which caused the decrease in income and (b) evaluate and review promptly all pending applications in the office.

- 3) Recognition as direct expense of the insurance premium amounting to P23,014.14 paid by MGB-RO 8 resulted to the overstatement of the Insurance Expense by P19,178.45 and the understatement of the account Prepaid Insurance by the same amount.
- 4) MGB-RO 9 was not registered with PhilGEPS; thus, all of its procurement activities in 2011 amounting to P674,015.99 were not posted.
- 5) Procurements of some construction materials and office supplies in MGB-RO 2 were made on a reimbursement basis without undergoing the process and procedures stipulated in RA 9184. Further, the government was deprived of the tax that should have been imposed on the supplier due to the procurement scheme adopted.
- 6) MGB-RO 12 management did not procure all of its common-use goods/supplies from the Procurement Service of the Department of Budget and Management.
- 7) The Collective Negotiation Agreement (CNA) incentives granted by MGB-CO, MGB-ROs 7 and 13 for CY 2011 exceeded the P25,000.00 limit per qualified employee resulting in overpayment amounting to P2,004,750.00 in MGB-CO, P69,765.78 in MGB-RO 7 and P1,954,604.62 for CY 2010 and P1,143,000.00 for CY 2011 in MGB-RO 13.

- 8) The transfer of funds from MGB-CO to the Mines and Geosciences Bureau Employees Association (MGBEA) amounting to P9,541,200.00 and from MGB RO 8 to Eastern Visayas MGB Employees Association (EVMGBEA) amounting to P490,500.00 representing 30% of savings for CNA incentives for CYs 2010 and 2011 were not supported with proper documents or legal basis.
- 9) The complaints filed and investigated by MGB RO 1 on the alleged illegal and indiscriminate quarrying were not resolved resulting in the non-imposition of the corresponding sanctions/penalties and may cause possible incurrence of man-made calamities.
- 10) The MGB-CO and ROs 2, 5, 7, 10 to 12 failed to prepare the annual GAD Plan with budget equivalent to 5% of the total agency appropriations for CY 2011 and fully implement it, thus GAD activities were not fully accomplished and provided with appropriate allocation.
- 11) The Senior Citizens/Differently-Abled Programs for CY 2011 in MGB-CO were not implemented due to inadequate funding and the unawareness of MGB Regional Offices on the said programs.
- 12) MGB-CO and almost all of its Regional Offices have complied with the provisions of tax laws particularly on the withholding and remittance of taxes to the Bureau of Internal Revenue.
- 13) The reported balance of the account Receivables-Disallowances/Charges totaling P10,227,642.84 remained outstanding as of year-end due to the failure of management to enforce settlement.

# NATIONAL MAPPING AND RESOURCE INFORMATION AUTHORITY

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## I. AGENCY BACKGROUND

The National Mapping and Resource Information Authority (NAMRIA) was created pursuant to Executive Order No. 192, s. 1987, or the Reorganizational Act of the Department of Environment and Natural Resources.

NAMRIA has the following core functions:

- 1) base mapping
- 2) land resources assessment and mapping
- 3) hydrographic surveys and nautical charting
- 4) national geodetic network development
- 5) delineation of maritime boundaries
- 6) information management

### **Mandate**

Government's central mapping agency, depository and distribution facility for natural resources of the country<sup>1</sup>

### **Vision**

A highly professionalized, technically advanced, globally competitive, and environment and natural resource-caring agency

### **Mission**

To generate and disseminate reliable and up-to-date geographic information and provide related services using state-of-art technology for sustainable growth and development

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<sup>1</sup> Section 1 of DENR Administrative Order No. 31 dated April 27, 1988 states the mandate and responsibility of NAMRIA: The NAMRIA, pursuant to Executive Order 192, Section 22 (a) thereof, shall provide the Department and the government with map making services and shall act as the central mapping agency, depository and distribution facility for natural resources data in the form of maps, charts text, statistics, etc. It shall undertake and be responsible for integrated surveys, mapping, charting and oceanography, land classification, aerial photography, remote sensing, management of resource information and research development thereof.

## **II. PRIORITY THRUSTS AND STRATEGIES**

It is NAMRIA's primary thrust to provide timely, accurate and updated geographic information as basic tools for use in planning various development programs and projects of the government, and support disaster risk management and climate change mitigation and adaptation in line with President Aquino's social contract and the 2011-2016 Philippine Development Plan (PDP). For FY 2014, NAMRIA proposes to:

- provide updated large-scale topographic base maps of selected priority major river basins;
- undertake mapping activities relating to climate change mitigation and adaptation and updating land and coastal resources statistics;
- maintain the national geodetic network, or the Philippine Reference System of 1992 (PRS92) as standard reference for all surveying and mapping activities in the country;
- intensify hydrographic survey of the country's maritime zones particularly the internal and archipelagic waters through the 4 survey vessels; and
- upgrade the agency's technical capability in mapping, charting, surveying and resource information.

### III. BUDGETARY HIGHLIGHTS

Table 1  
**APPROPRIATIONS AND OBLIGATIONS**  
(in Thousand Pesos)

Description	2013	2014	Variance	
			Amount	%
<b>New General Appropriations</b>	2,958,359	1,011,001	(1,947,358)	(65.83)
<b>Automatic Appropriations</b>				
Retirement and Life Insurance Premium	20,790	17,906	(2,884)	(13.87)
<b>Continuing Appropriations</b>	186,143	0	(186,143)	(100.00)
R.A. No. 10155				
Unobligated Releases				
CO	174,994			
MOOE	11,149			
<b>Total Available Appropriations</b>	<b>3,165,292</b>	<b>1,028,907</b>	(2,136,385)	(67.49)
<b>Unused Appropriations</b>	(186,143)	0	186,143	(100.00)
Unreleased Appropriation				
Unobligated Allotment	(186,143)			
<b>Total Obligations</b>	<b>2,979,149</b>	<b>1,028,907</b>	<b>(1,950,242)</b>	<b>(65.46)</b>

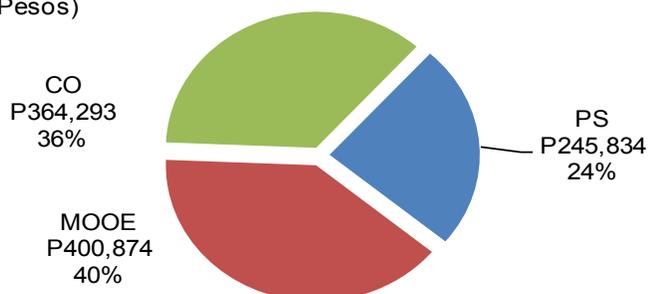
Source: Details of the FY 2014 Budget Annex A Vol. 1

In FY 2014, NAMRIA's **total obligations** will be **P1.029 billion**, which accounts for **4.3%** of the department's total obligations. Of this amount, **P1.011 billion** is new appropriations and **P17.906 million** is automatic appropriations for Retirement and Life Insurance Premium (RLIP).

In FY 2014, the budget is less than half of its current budget of **P2.979 billion**. This is due to the Unified Mapping Project with a funding of **P1.55 billion** in 2013 but will not be funded in 2014.

## Budget Distribution by Expense Class

Figure 1  
**FY 2014 New Appropriations by Expense Class**  
 (in Thousand Pesos)



The FY 2014 new appropriations of NAMRIA will be distributed as follows: **40%** in Maintenance and Other Operating Expenses, **36%** in Capital Outlays, and **24%** in Personal Services.

The three expense classes will receive lower allocations compared to their budget in 2013.

- **P16 million** in Personal Services - The decrease is attributed to the resignation and retirement of NAMRIA's personnel. In 2012, NAMRIA had a total of 632 filled positions: 404 civilian personnel and 228 uniformed personnel. In 2014, the estimated filled positions will only be 595.
- **P1.443 billion** in Maintenance and Other Operating Expenses - The decrease is mainly due to the non-funding of the Unified Mapping Project in 2014. The current year's allocation for the MOOE of this project is **P1.433 billion**. The MOOE allocations for NAMRIA's mapping activities were also reduced because of the completion of some major targets in 2012 and 2013.
- **P488.444 million** in Capital Outlays – The decrease is due to the inclusion of the budget for the purchase of two (2) units of survey vessels in 2013. For 2014, the capital outlays provision is allocated for the upgrading of the survey vessels and for the purchase/upgrade of other technical and scientific equipment.

**Table 2**  
**New Appropriations by Expense Class**  
**FY 2013 – 2014**  
 (in Thousand Pesos)

PARTICULARS	2013 GAA	2014 NEP		VARIANCE	
		Amount	% share	Amount	%
PS	261,833	245,834	24.32	(15,999)	(6.11)
MOOE	1,843,789	400,874	39.65	(1,442,915)	(78.26)
CO	852,737	364,293	36.03	(488,444)	(57.28)
<b>Total New Appropriations</b>	<b>2,958,359</b>	<b>1,011,001</b>	<b>100.00</b>	<b>(1,947,358)</b>	<b>(65.83)</b>

Source: FY 2014 NEP

## Budget Distribution by Cost Structure

**Table 3**  
**New Appropriations by Cost Structure**  
**FY 2013 – 2014**  
**(in Thousand Pesos)**

PARTICULARS	2013 GAA	2014 NEP		VARIANCE	
		Amount	% share	Amount	%
PROGRAMS					
General Administration and Support	78,979	76,640	7.58	(2,339)	(2.96)
Operations	1,329,880	934,361	92.42	(395,519)	(29.74)
<b>TOTAL PROGRAMS</b>	<b>1,408,859</b>	<b>1,011,001</b>	<b>100.00</b>	<b>(397,858)</b>	<b>(28.24)</b>
PROJECTS					
Locally-Funded Project(s)	1,549,500		0.00	(1,549,500)	(100.00)
<b>TOTAL NEW APPROPRIATIONS</b>	<b>2,958,359</b>	<b>1,011,001</b>	<b>100.00</b>	<b>(1,947,358)</b>	<b>(65.83)</b>

Source: FY 2014 NEP

By cost structure, FY 2014 new appropriations will be distributed as follows: **P92%** in Operations and **8%** in General Administration and Support.

The **P934.361 million** allocations for Operations will be further distributed among the four (4) major activities of NAMRIA:

- 1) **P533.473 million** for Hydrographic and Oceanographic Surveys and Nautical Charting;
- 2) **P297.605 million** for Topographic Base Mapping and Geodetic Surveys;
- 3) **P76.894 million** for Resource Assessment and Mapping; and
- 4) **P26.389 million** for Data Processing, Updating including Resource Information Management and Statistical Services.

The Unified Mapping Project, with a budget of **P1.55 billion** in 2013, will not be funded in 2014.

## IV. PERFORMANCE INFORMATION

### Key Strategies

- 1) Continue the production of topographic base maps of priority areas
- 2) Continue the implementation of the Philippine Geoportal project
- 3) Intensify hydrographic survey of maritime zones specifically domestic sealanes
- 4) Maintain the national geodetic network
- 5) Undertake thematic mapping activities to support disaster risk reduction and climate change adaptation

Table 4  
Performance Indicators

MFO / PIs	2014 Targets
<b>MFO 1: PROVISION OF MAPPING SERVICES</b>	
Production of Maps	
Number of maps and charts produced or updated and published	213
Percentage of clients who rate the quality of maps and charts produced as satisfactory or	
Average percentage of map types produced within the last 3 years with 1 or more detected	
Percentage of maps updated in the last 5 years	18
Electronic Database Public Information	
Number of hits/access of database (web-based)	48,000
Number of times the database is accessed	48,000
Percentage of web-page disruptions lasting 5 minutes or more	4.2
Percentage of web page downtime lasting 5 mins or more	4.2
Percentage of access attempts with a lag time of 10 sec. or more	10

Note: Exclusive of Targets funded from other sources, e.g. Special Account in the General Fund.

Source: FY 2014 NEP

## V. FY 2012 PERFORMANCE HIGHLIGHTS

In 2012, NAMRIA contributed to the overall thrusts and programs of the DENR and the national government through provisions of geographic data and information as basic references for planning and decision-making.

The agency implemented 18 regular projects under the following major functions:

### (a) Hydrographic Surveys and Nautical Charting

#### Hydrographic Surveys

NAMRIA:

- surveyed Ports and Harbor of Balanacan, Dalahican and Masbate;
- performed routine preventive and corrective maintenance on motor vehicles including the preventive maintenance of BRP Bantay Kalikasan;
- collected 12-month continuous record of the earth's magnetic elements at magnetic observatory in Muntinlupa City; and
- re-observed twelve (12) repeat stations.

#### Nautical Charting

- NAMRIA compiled eight (8) ports and harbor charts, two (2) approach charts, seven (7) coastal charts, two (2) harbor ENC cell, and one (1) approach ENC cell;
- Enhanced on four (4) coastal charts, one (1) EEZ chart and one (1) overview chart;
- Printed six (6) nautical charts, published 2,000 books of 2013 TCTs and 200 chart catalog; and
- Manually corrected navigational information updates on nautical charts.

#### Maritime Publication

- NAMRIA published the following:
  - 12<sup>th</sup> editions of Notices-to-Mariners (NTM)
  - 2013 Edition of List of Lights
  - One (1) chart with maritime zones; and
- assisted 92 LGUs on the delineation of municipal waters.

#### Operation and Maintenance of National Oceanographic Data Center (NODC)

Accomplishments of this function were:

- the astronomical computations, prediction, editing, and final tabulation of the 2013 Tide and Current Tables (TCTs);
- releveled and inspected 47 tide stations;
- collected and processed 564 monthly tidal datasets; and
- updated tidal information for the 15 target nautical charts.

## (b) Topographic Mapping

In 2012, under the Topographic Mapping, a special project funded by JICA, NAMRIA validated the new base maps at scale 1:50,000 for the whole of Mindanao. Also in 2012, NAMRIA pushed for the approval of the Unified Mapping Program which aims to provide detailed, up-to-date, reliable and accurate geospatial information so as to serve the requirements of the government as basic reference for planning and decision making.

### ➤ Large-scale Base Mapping (1:10,000)

- Compiled 45 out of 43 sheets at scale 1:10,000, enhanced the target 43 sheets, mapped 60 sheets, and 60 map sheets were converted to GIS ready spatial information.
- Evaluated aerial photographs covering Northeastern Mindoro, Tagaytay City, and Northern Bicol River Basin.
- Established a total of 80 PCPs and 72 ICPs.

### ➤ Medium Scale Mapping (1:50,000)

The target of 35 map sheets at scale 1:50,000 and one (1) map sheet at scale 1:250,000 were converted into digital format and 50 map sheets were inputted into the topographic database.

### ➤ Administrative/Special Mapping

This activity involved the production of two (2) regional maps covering Regions VI and XI and publication of Philippine Road Atlas. Two (2) regional maps were cartographically enhanced using freehand format; and 63 inset city maps for Luzon and 43 inset city maps for Visayas were color separated for the Philippine Road Atlas.

### ➤ Printing of Topographic/Administrative Maps

Reproduced/printed 115 out of 100 target map quadrangles; and completed physical inventory of printed medium-scale 1:50,000 topographic maps, updated stock cards and delivery reports.

## (c) National Geodetic Network Development

Accomplishments under this program were as follows:

### ➤ Geodetic Network Development

- Observed the targeted seven (7) clusters of inter-island benchmark connections;
- Surveyed 76 zero elevation points;
- Readjusted 1,500 GCPs to ITRF 2005 coordinates;
- Updated 100 GCPs;
- Established two (2) active geodetic stations, 306 out of 300 2<sup>nd</sup> order gravity stations, and 100 kilometers 1<sup>st</sup> order level lines on small islands;
- Unified 6,503 out of 5,000 kilometers of level lines;
- Updated descriptions of 300 out of 100 BMs;
- Releveled 3,547 out of 1,000 kilometers 1<sup>st</sup> order level lines.

➤ Data Transformation and Integration of Lands Datasets

- Provided technical assistance for DENR-LMB for the ARMM on the derivation of local transformation parameters and operation of Hi-target RTK GNSS dual-frequency receiver to expedite delayed activities on densification of geodetic controls and data integration.
- Completed quality control and editing of encoded and plotted cadastral lots for sixteen (16) municipalities and one (1) city.

(d) Land Evaluation and Mapping

The following were undertaken under this program:

➤ Forestland Evaluation and Mapping

In relation to the Forestland Boundary Delineation of the DENR, NAMRIA finalized regional map outputs and technical descriptions (TDs) of 40 provinces, unified 32 provinces, and replotted 30 provinces including manual replotting, checking, digitizing, editing, attribute entry and integration; validated 33 NIPAS maps; digitally converted 20 provinces; and updated LC statistics on the targeted 20 provinces.

➤ Land Cover Mapping

Completed image interpretation, analysis and validation; preparation of final land cover maps, and statistics for 30 provinces.

➤ Mapping and Assessment of Low-lying Areas Vulnerable to Sea Level Rise

Validated the elevation of one (1) meter contour intervals within the 0-12 meter elevation range and land use/cover maps extracted from IFSAR for the twelve (12) clusters in Mindanao and five (5) clusters in Luzon.

➤ Coastal Resource Mapping and Assessment

Conducted satellite image processing using AVNIR2 and LANDSAT image both taken in 2010; field validation and assessment survey on coral and seagrass; and completed layout and printing corals and seagrass map, land cover and slope maps within coastal zone for the province of Aklan.

➤ ENR Data Integration

Completed data conversion and field validation for the provinces of Palawan and Bataan; continued updating inventory of geospatial data including metadata and archiving system within RSRDAD; and orthorectified three (3) scenes PALSAR image for the provinces of Bohol and Leyte.

### (e) Information Management

Under information management, NAMRIA developed and maintained web-based systems and databases to support its regular and special projects. These support components include map integration; information systems development; and information, education, and communication (IEC) campaigns. Geographic information services were made available through the NAMRIA Geomatics Training Center (GTC) and the NAMRIA One-Stop-Shop (OSS). The GTC conducted trainings for different government offices, local government units, the academe and the private sector on GIS, map updating and database development. The OSS provided geographic and ENR information services to various clients. The 20 Map Sales Offices also in the different regions continued to enhance the accessibility of NAMRIA products to map users all over the country.

The agency also continued the implementation of the Extended Continental Shelf (ECS) Project for the defense of the Benham Rise Submission in accordance with the United Nations Convention of the Law of the Sea (UNCLOS).

Special projects with other government agencies and private sectors were also undertaken on base mapping, geodetic surveys and systems development, namely: (a) CSCAND (Collective Strengthening of Community Awareness for Natural Disasters) Project; (b) Topographic Mapping for Peace and Development in Mindanao Project; (c) Generation of Data on Upland/Forestland Population; (d) The Philippine Geoportal Project; and (e) Philippine Climate Change Adaptation Project (PhilCCAP).

During the year, the agency responded to many requests of various government agencies, the academe and private institutions for digital base maps/satellite images, aerial photographs, certification on land classification status, tidal data, sea level and predictions, and provision of related geographic and natural resource data.

Pursuant to EO 605, and to improve delivery of the agency's services, NAMRIA, with assistance from Development Academy of the Philippines, continued the development of its Quality Management System (QMS) toward certification to ISO 9001:2008. NAMRIA successfully achieved the certification on October 2, 2012.

## VI. FY 2012 ANNUAL AUDIT FINDINGS OF COA

The auditor rendered a qualified opinion on the fairness of the presentation of the financial statements because of the exceptions on certain accounts as follows:

- 1) The balances of accounts Cash in Bank-Local Currency, Current and Savings Accounts were unreliable due to the net discrepancy of P19,250,901.68 in the reported balance of the accounts per books and per depository banks attributed to the erroneous recorded transactions in the books.
- 2) The cash equivalent of the unreleased checks as of year-end totaling P13,692,327.73 was not restored to the Cash-National Treasury, Modified Disbursement System (MDS) account since the Chief Accountant was not furnished with the copy of the Schedule of Unreleased Checks as of that period which resulted in the understatement of the Cash-National Treasury, MDS and Accounts Payable accounts both by that amount as of year-end.
- 3) The balance of Due from NGAs account was unreliable due to the non and double recording of transactions and non-liquidation of funds transferred the purposes of which were already considered completed.
- 4) The reported balances of seven Inventory accounts were doubtful/unreliable due to the
  - a) non-preparation of the Report of Supplies and Materials Issued (RSMI) for the inventories issued in CY 2012 which caused the disparity of P53,204,580.01 between the accounting and property records for the said accounts;
  - b) non-recording of the cost of P31,422,878.02 maps produced due to irregular submission of the corresponding report of the Property Officer to the Chief Accountant; and
  - c) non-submission of inventory report for two inventory accounts totaling P35,762,373.55.
- 5) The balances of the Property, Plant and Equipment accounts were doubtful due to the
  - a) discrepancy of P754,962,633.29 between the accounting records and Report on the Physical Count of Property, Plant and Equipment (RPCPPE);
  - b) non-updating of Property, Plant and Equipment Ledger Cards (PPELCs) for the accounts; and
  - c) non-maintenance of Property Cards (PCs) for property accounts.
- 6) The balance of Motor Vehicles account and its accumulated depreciation as well as of the Government Equity account were unreliable due to the
  - a) unrecorded cost of 19 motor vehicles found in station;
  - b) unrecorded cost of vehicles totaling P12,737,279.09 transferred to the DENR regional offices; and
  - c) non-compliance with regulations on the computation of depreciation for these assets.

Other significant observations and recommendations are as follows:

- 1) As of year-end, the expected completion date of the implementation of Philippine Reference System of 1992 (PRS92) Project by the 17 DENR Regional Offices, MGB and Land Management Bureau costing P204,373,952.57 was delayed by two years due to slow recovery of reference monuments to be used in the transformation. This deferred the realization of the overall objective of the Project which is to ensure a unified, accurate and reliable geographic information database of all survey activities of both the government and private organizations.
- 2) The submission of approved contracts and financial documents and reports to the audit team was delayed from two days to fifty days and from 30 to 133 days, respectively, which prevented the audit team from the conduct of timely review of transactions covered by these contracts, documents and reports.
- 3) For CY 2012, only P702,000.00 or 0.08% of the total appropriations of P909,918,000.00 for the year was allocated for GAD projects/activities.
- 4) In CY 2012, NAMRIA constructed five ramps within its compound costing P2,757,856.58 which is equivalent to 0.30% of its total appropriations for CY 2012 to address the concerns of senior citizens and differently-abled persons.
- 5) Of the total disallowances of P3,405,383.55 as of December 31, 2012, the beginning balance of P86,300.00 and the P3,319,083.55 disallowances issued during the year, P3,321,883.55 or 97.55% was settled during the year, thereby leaving a balance of only P83,500 as of year-end.
- 6) Taxes withheld by NAMRIA from its employees and suppliers were not remitted in full as unremitted monthly taxes ranged from P5,865,260.49 to P9,688,928.48. As of year-end, the unremitted taxes amounted to P3,151,768.70 which is still being reconciled and verified by the Accounting Section.

# NATIONAL WATER RESOURCES BOARD

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## I. AGENCY BACKGROUND

The National Water Resources Council (NWRC) was created by virtue of Presidential Decree No. 424 issued on March 28, 1974. It was attached to the Department of Public Works, Transportation and Communication (DPWTC). On July 22, 1987, the NWRC was renamed and reorganized as the National Water Resources Board (NWRB) pursuant to Executive Order (E.O.) No. 124-A. On September 12, 2002, the NWRB was transferred to the Office of the President and the membership of the Board was reconstituted to exclude those with direct claims on water resources per E.O. No. 123. On February 8, 2010, the NWRB was transferred to the Department of Environment and Natural Resources (DENR) pursuant to E.O. No. 860.

### **Mandate**

The NWRB is the government regulatory and coordinating agency for water resources management and development in the country. It is responsible for achieving a scientific and orderly development of all water resources of the Philippines consistent with the principles of optimum utilization, conservation and protection to meet present and future needs.

### **Vision**

Water for All

### **Mission**

Ensure access to safe, adequate water supply and sanitation at acceptable rates and level of service. Allocate sufficient water that will ensure food security and spur economic development of the country. Protection of the water environment to preserve flow regimes, biodiversity and cultural heritage as well as the mitigation of water-related hazards.

## **Strategic Goals and Strategic Objectives**

### Goal 1

#### **Improve Availability and access to Safe and Affordable Water Supply Services**

##### Strategic Objectives:

- Operational efficiency and sustain financial viability of small and medium scale water providers.
- Availability of appropriate regulatory framework for small, medium and large scale utilities.

### Goal 2

#### **Sustainable Development and Management of Water related Resources**

##### Strategic Objectives:

- Policies that are objective, directive and supportive to the achievement of NWRB's mission towards sustainable use of water.
- Mainstreaming of Integrated Water Resources Management Approach in the operation of NWRB.
- Enhancing decision support system for water resources management through evidence and science-based information as basis for planning, formulating and analysing the effectiveness / benefits of policy options.

## II. BUDGETARY HIGHLIGHTS

**Table 1**  
**APPROPRIATIONS AND OBLIGATIONS**  
(in Thousand Pesos)

Particulars	2013	2014	Variance	
			Amount	%
<b>New General Appropriations</b>	61,998	64,747	2,749	4.43
General Fund	61,998	64,747		
<b>Automatic Appropriations</b>	3,721	3,499	(222)	(5.97)
Retirement and Life Insurance Premium (RLIP)	3,721	3,499		
<b>Continuing Appropriations</b>	1,931	0	(1,931)	(100.00)
R.A. No. 10155				
Unobligated Releases for Capital Outlays	348			
Unobligated Releases for MOOE	1,583			
<b>Total Available Appropriations</b>	<b>67,650</b>	<b>68,246</b>	596	0.88
<b>Unused Appropriations</b>	(1,931)	0	1,931	(100.00)
Unobligated Allotment	(1,931)			
<b>Total Obligations</b>	<b>65,719</b>	<b>68,246</b>	<b>2,527</b>	<b>3.85</b>

Source: Details of the FY 2014 Budget Annex A Vol. 1

In FY 2014, the proposed obligation program of the NWRB is **P68.246 million**. It represents only 0.29% of DENR's total obligation budget.

Next year's budget is **P2.527 million** or **3.85% higher** than the current year's budget of **P65.719 million**.

In FY 2013, total available appropriations amount to **P67.65 million**. This includes **P1.931 million** in Continuing Appropriations, which represents unobligated releases of **P1.583 million** and **P348 thousand** for Maintenance and Other Operating Expenses and Capital Outlays, respectively.

Sources of the FY 2014 obligations are as follows: **P64.747 million** in New Appropriations and **P3.499 million** in Automatic Appropriations, which represents the Retirement and Life Insurance Premium of its personnel.

In terms of new appropriations, the total budget for FY 2014 is **P64.747 million**. This is **P2.749 million** or **4.43% higher** than the FY 2013 budget of **P61.998 million**.

## Budget Distribution by Expense Class

**Table 2**  
**New Appropriations by Expense Class**  
**FY 2013 – 2014**  
(in Thousand Pesos)

PARTICULARS	2013 Current	2014 NEP		VARIANCE	
		Amount	% share	Amount	%
PS	38,439	36,083	55.73%	(2,356)	(6.13)
MOOE	21,059	21,764	33.61%	705	3.35
CO	2,500	6,900	10.66%	4,400	176.00
<b>Total New Appropriations</b>	<b>61,998</b>	<b>64,747</b>	<b>100.00%</b>	<b>2,749</b>	<b>4.43</b>

Source: FY 2014 NEP

In FY 2014, more than half of the agency's new appropriations is allocated for Personal Services. However, it is **P2.356 million** or **6.13% lower** than the current year's allocation. This is due to the decrease in the number of filled positions from 89 to 85.

The allocation for Maintenance and Other Operating Expenses will increase by **P705 thousand** or **3.35%**.

- The MOOE items that will post significant increases are Travelling Expenses and Supplies and Materials amounting to **P2.37 million (62.06%)** and **P730 thousand (34.53%)**, respectively. These additional allocations will cover the cost needed for the acceleration and updating of water permit grantees in the following provinces in Luzon: Benguet, Cagayan, Nueva Vizcaya, Isabela, Zambales and Bataan. At present, there is a low coverage of water permits inspected nationwide due to manpower and budgetary constraints. Based from the records, only 18% out of the 22,000 water permits were inspected.
- In addition, the agency proposes an additional allocation of **P264 thousand** for the hiring of two (2) job order personnel to verify, match and reconcile the Accounts Receivable of the agency. One of the audit findings on its FY 2011 Financial Statements is the difference of **P112.382 million** between the general ledger and the subsidiary ledgers of the Accounts Receivable. This observation is reiterated in the FY 2012 COA Report. As of December 31, 2012, the dormant Accounts Receivable aged more than three years amounted to **P453.067 million**.

The allocation for Capital Outlays will also increase from **P2.5 million** in FY 2013 to **P6.9 million** in FY 2014. The **P6.9 million** is accounted for as follows:

Purchase of two (2) vehicles	P2.4 million
Construction of groundwater monitoring well in Iloilo City	4.5 million

## Budget Distribution by Cost Structure

**Table 3**  
**New Appropriations by Cost Structure**  
**FY 2013 – 2014**  
 (in Thousand Pesos)

PARTICULARS	2013 Current	2014 Proposed		VARIANCE	
		Amount	% share	Amount	%
PROGRAMS					
General Administration and Support	16,649	16,225	25.06%	(424)	(2.55)
Operations	45,349	48,522	74.94%	3,173	7.00
<b>TOTAL NEW APPROPRIATIONS</b>	<b>61,998</b>	<b>64,747</b>	<b>100.00%</b>	<b>2,749</b>	<b>4.43</b>

Source: FY 2014 NEP

In terms of cost structure, 75% of the total new appropriations is allocated for Operations and 25% for General Administration and Support.

The **P16.225 million** allocation for General Administration and Support is **P424 thousand (2.55%) lower** than the allocation for the current year. The decrease is due to three (3) unfilled positions.

The **P48.522 million** allocations for Operations, on the other hand, will increase by **P3.173 million** or **7%**. This amount will be distributed among the agency's three (3) major activities, which are as follows:

Evaluation, Integration and Coordination of Water Resources Plans and Programs	P19,059
Processing, Adjudicating and Granting of Water Rights and Waterworks Franchises	13,915
Monitoring of Water Appropriation/Utilization and enforcement of laws and orders	15,548

### III. PERFORMANCE INFORMATION

#### Key Strategies

- 1) Formulation of water policies responsive to the changing environment, society and climate through the development of Monitoring and Evaluation System for NWRB policies
- 2) Enhancement of operational systems, procedures and standards on processing of permits, resolution of water use conflict and enforcement of laws
- 3) Development of strong coordination and collaboration with partner agencies/institutions (e.g. LGUs, NGAs, Academe) towards achieving sustainable use of water

Table 6

#### Performance Indicators

MFO / PIs	2014 Targets
<b>MFO 1: WATER SECTOR MANAGEMENT POLICY SERVICES</b>	
Number of plans and policies developed and issued or updated and disseminated	5
Average percentage of stakeholders that rate policies as satisfactory or better	50
Average percentage of plans and policies updated, issued and disseminated over the last 2 years	60
<b>MFO 2 : WATER REGULATION SERVICES</b>	
<b>Permit Issuance</b>	
Number of water permit applications acted upon (water permits and CPC)	600
Number of violations of water permit conditions detected in the last 3 years or percentage of water permit holders incurring 1 or more violations in the last 3 years	20
Percentage of permit applications acted upon within four months from date of receipt	10
<b>Monitoring</b>	
Number of water sources/diversion waterworks facilities inspected	900
Percentage of submitted reports that resulted in the issuance of notice of violations and penalties imposed	20
Percentage of sites that have been inspected more than twice in the last 2 years	5
<b>Enforcement</b>	
Number of violations or complaints acted upon and reports issued	120
Number of persons and entities with 2 or more recorded violations in the last 3 years as a % of the total number of violators	60
Percentage of violations where orders are issued within 5 days of detection	50
Percentage of detected violations failing to conform with the orders that are referred for prosecution within 5 days of expiration of order period	2

Note: Exclusive of Targets funded from other sources, e.g. Special Account in the General Fund.

Source: FY 2014 NEP

## IV. PERFORMANCE HIGHLIGHTS

### *FY 2012*

#### Policy Formulation and Coordination

The Board formulated and approved one water-related policy, which was the Monthly Water Allocation for Domestic/Municipal (MWSS) and Irrigation (NIA-AMRIS) Water Supply.

The policies articulated/formulated and for Board's approval are as follows:

- a) Formulation of Revised Policy on Water Allocation for Hydropower Projects;
- b) Formulation of Policy Guidelines on the Granting of Exploratory Water Permits for Municipal Use.

Other activities that were continuously pursued:

- a) Monthly review and monitoring of reservoir operations of major dams, particularly Angat, Binga, Ambuklao, Magat and Pantabangan multi-purpose reservoirs in coordination with NIA, NPC, MWSS and other concerned agencies as part of the activities of the Inter-agency Committee on Water Crisis Management and the Technical Working Group (TWG) of the Board. Rule curves of operation of these reservoirs are monitored regularly to effect equitable allocation and optimum utilization of water. Simulation of Water Allocation for Angat Reservoir is being conducted regularly;
- b) Water resources assessments on groundwater availability were conducted wherein seven (7) Certificates for PEZA were issued;
- c) Conducted water data collection and coordinated with various water-related agencies for water resources assessment in the areas of Davao City, Calamba City, Cabuyao, Batangas City, Tagbilaran City, Bataan, Rizal, Misamis Oriental, Bukidnon, Cebu City and Iloilo City as well as conducted geo-resistivity survey in Sto. Niño, Cagayan;
- d) Operation of National Water Data Coordination Center (NWDCC) and National Water Information Network (NWIN) in order to provide a statistical overview of existing water resources data nationwide. Continuous encoding of well data submitted by water rights applicants is being undertaken.

Other water resources data are continuously consolidated. Assistance to 69 researchers including the NWRB staff was undertaken;

- e) Conducted/participated in the following IEC activities:
  - World Water Day 2012 / Philippine Water Week Celebration;
  - Seminar on Integrated Water Resources Management (IWRM) and Climate Change Adaptation (CCA)

This seminar aimed to promote better understanding of the country's water resources with climate change impacts and IWRM; increase public awareness of the important functions of NWRB; share IWRM practices and experiences; and familiarize stakeholders on the Water Code of the Philippines and its amended Implementing Rules and Regulations (IRR).

### Resource Regulation

Of the 1,135 water permit applications received, 730 were issued Conditional Water Permit and 2,995 water permit applications are still being processed for approval. A total of 216 water permits were issued out of the 730 Conditional Water Permits approved.

Of the 121 cases received during the year plus 436 cases carried over from the previous years, 85 cases were disposed/resolved and 472 cases are still under various stages of investigation. In addition, 8 cases on motion for consideration were also resolved.

The Board granted a total of 232 permits to drill (PTD) during the year.

The 7,285 pending water permit applications including carry-over from previous years were denied due to non-compliance of the requirements upon the lapse of six months of applications with issued permit to drill, applications without permit to drill which failed to comply with the requirements and those falling within the critical areas as stated in the Policy for Critical Areas approved by the Board.

Ocular inspection was conducted on the structures of 961 sources of permittees/grantees for industrial, commercial, municipal/domestic and other purposes. Verification as to beneficial use was conducted and recommendation for water permit cancellation and cease and desist orders were issued to the owners of abandoned or non-operational sources.

A total of 195 water permit grantees complied with the conditions out of the 707 notices, orders and/or decisions served relative to violations on the provisions of PD 1067.

### Economic Regulation

As of December 31, 2012, the Board has generated **P60,600,947.02** as income earned from fees and charges (i.e. annual water charges, supervision and regulation fees and others).

The Board issued one (1) Order granting water utility operator the authority to implement power cost adjustment for the operation of their waterworks system, the same being solely for the recovery of the excess of electric power consumed.

Inspection, testing and sealing of 51,424 water meters used by water appropriators in their waterworks system were conducted.

Table 7  
**Summary of applications received by the NWRB**  
As of December 31, 2012

Activity	Applications received			Approved		Withdrawn		Denied / Dismissed		Pending	
	2012	Previous years	Total	No.	%	No.	%	No.	%	No.	%
Adjudication of CPC/CPCN Application	57	113	170	49	28.82%	4	2.35%	1	0.59%	116	68.24%
Water rate adjustment	6	7	13	6	46.15%					7	53.85%
Renewal of CPC	25	33	58	14	24.14%			1	1.72%	43	74.14%
Renewal of CPC with increase of rates	14	12	26	9	34.62%					17	65.38%
Renewal of CPC with increase of rates, change of company name and extension of service		1	1							1	100.00%
Renewal of CPC with increase of rates and extension of service	1	3	4	2	50.00%			1	25.00%	1	25.00%
Increase of rates and extension of service	3	1	4					1	25.00%	3	75.00%
Extension of service	5	6	11							11	100.00%
Transfer of CPC		1	1							1	100.00%
Transfer of CPC with increase of water rates		1	1							1	100.00%
Complaints/appeal	4	16	20							20	100.00%
Re-appraisal of Assets		1	1							1	100.00%

Source: Agency submission

### Foreign-assisted and Special Projects

The following projects were completed:

- a) Study on Integrated Water Resources Management for Poverty Alleviation and Economic Development in the Pampanga River Basin

The Final Report for the project was submitted in February by the JICA Consultants and was distributed to the different key stakeholders. A copy of the report was also submitted to NEDA Central Office for consideration and which was endorsed to NEDA-RDC-3 for the smooth implementation of the program including the carrying out of the proposed IWRM Plan including the establishment of a River Basin Committee;

- b) MDGF 1919: Enhancing Access to and Provision of Water Services with Active Participation of the Poor

A total of 36 Localized Customer Service Code (LCSC) for waterless municipalities were formulated. The same were printed and submitted to the Department of Interior and Local Government where the NWRB has been identified as the responsible partner. A manual for the roll-out of the LCSC was also developed.

Table 8  
**Summary of NWRB Accomplishments**

Program/Activity/Project Performance Measures	Performance		
	Physical Target	Accomplishment	Percentage of Accomplishment
<b>Policy Formulation and Coordination</b>			
Number of Policies approved/articulated/formulated by the Board	6	6	100%
Number of Projects Reviewed	6	6	100%
Number of Water Resources Assessments conducted, submitted before or by deadline set			
Macro assessment	1	0	0%
Micro assessment	10	7	70%
Number of Information, Education and Communication (IEC) activities conducted through coordination with the different water-related agencies by set schedule	1	0	0%
<b>Regulation on Water Utilization</b>			
Number of Water Permit Application Decided/Acted Upon <i>(60% of the number of Water Permit Applications Received)</i>	396	299	76%
Cleansing of water permit	350	214	61%
Number of Water Use Conflicts Resolved <i>(60% of the number of Water Use Conflicts Filed)</i>	35	60	171%
Number of Permit to Drill Issued	120	90	75%
Number of Water Sources Monitored	1,136	1,126	99%
Number of Compliance to Orders issued	116	86	74%
<b>Regulation of Water Utilities</b>			
Number of Certificate of Public Convenience (CPC) Applied Decided <i>(60% of the number of CPC applications received)</i>	19	35	184%
Number of Petitions for Water Rates Adjustment & Others Decided <i>(60% of the number of petition for water rates adjustment and others received)</i>	21	17	81%
Number of CPC grantees validated	30	14	47%
Number of Water Meters Inspected/Tested/Sealed	27,000	37,151	138%
Number of water utilities inspected/monitored	102	47	46%
Number of compliance to orders issued	8	11	138%

Source: Agency submission

## V. FY 2012 COA ANNUAL AUDIT FINDINGS

The auditor rendered a qualified opinion on the fairness of the presentation of the FY 2012 financial statements of NWRB due to various deficiencies on the asset accounts as follows:

- 1) The balance of Office Supplies Inventory account is doubtful due to the unreconciled balance of P580,809.00 per general ledger and per Report on the Physical Count of Inventories (RPCI) attributed to the non-preparation and non-submission of the Report of Supplies and Materials Issued (RSMI).

*Management action: The Property Officer already submitted to the Accounting Section the Report of Supplies and Materials Issued (RSMI) as basis for recording in the books of accounts. Necessary adjusting entry had already been made on May 31, 2013;*

- 2) The correctness of the balances of the Property, Plant and Equipment (PPE) accounts is doubtful due to the discrepancy of P14,449,524.01 between the book balances and the Report on the Physical Count for PPE (RPCPPE).

*Management action: Initially, the Accounting Section already adjusted the discrepancies of the following PPE accounts to reconcile their balances in the Trial Balance with the RPCPPE balance: Leasehold Improvements Buildings; Motor Vehicle; and Construction in Progress – Agency Asset. Necessary adjustments have been made. The remaining unreconciled PPE Accounts are still in the process of reconciliation;*

- 3) As of year-end, the P660,000.00 cost of the completed development and implementation of Fixed Asset Management and Barcoding System with Mobile Computer Application project is still recorded under Other Assets account instead of IT Equipment and Software account. This resulted in understatement of account IT Equipment and Software and overstatement of Other Assets account both by P660,000.00.

*Management action: The “Items in Transit Account” was not reclassified immediately because the Accounting Section has not received a copy of the Inspection and Acceptance Report and Request for Inspections duly signed by the Resident Auditor. A journal entry voucher (JEV) was already drawn on March 31, 2013 for the reclassification of the project to the proper account.*

The other significant audit observations and recommendations are as follows:

- 1) During the year, only P250,000.00 which represents only 9.88% of the required budget of P2,531,250.00 for GAD was allotted by the Board. Further, of the budget of P250,000.00, only P120,824.17 or 48.33% was utilized hence, not all the planned activities were undertaken/implemented during the year.

*Management reply: Only P250,000 has been allotted for GAD programs since the agency identified only 5 GAD programs that can be implemented by the GAD Focal Point considering that most of its members are also involved in major technical activities of the board. Efforts are now being exerted to improve or expand the activities under GAD to cover stakeholders in the beneficiaries of the GAD programs;*

- 2) There were no suspensions and disallowances issued during the year because deficiencies noted during the audit were either complied with or settled immediately upon communication to the concerned officials and employees of such findings. There were no unsettled suspensions and disallowances in prior years.;
- 3) Management did not formulate programs and projects related to Senior Citizens and Differently-abled persons since the Board does not have senior citizens and differently-abled personnel;
- 4) The NWRB complied with the requirements on the withholding and remittances of taxes withheld on gross compensation income from the officials and employees for CY 2012 and those withheld from private entities on government purchases and contracts of services under DOF, DBM and COA Joint Circular No. 1-2000 dated January 3, 2000;
- 5) The collections of the Board for fees from water resources development from water appropriators/permittees, continue to increase, from P70,461,913.19 in CY 2010 to P83,120,855.46 in CY 2012, despite (a) its limited manpower and resources; (b) non-payment of fees of water districts nationwide; and (c) non-increase of such fees;
- 6) The balance of the Accounts Receivable in the NG Books totalling P453,066,585.98 which comprised 73% of the total receivables of P620,461,203.42 as of year-end which are already aged three years and above remained uncollected. The said accounts were not yet referred to the Office of the Solicitor General (OSG) for filing of appropriate legal actions for the collection of the amount due from appropriators/permittees.

*Management action: To intensify the collection efforts, the management included in the Agency's 2014 Budget Proposal the cost of hiring of two (2) job order personnel to assist in the reconciliation and fast track the collection of Accounts Receivable balances of the National Water Resources Board;*

- 7) The financial statements of the NG books as of year-end includes Government Equity and Retained Operating Surplus-Prior Years' Adjustments accounts, with negative beginning balance of P13,875,935.78 and P63,122.20, respectively, which is not in accord with the provision of Annex C of Section 90 of the Manual on the New Government Accounting System (MNGAS), Vol. I which renders such statement flawed/defective.

*Management Action: Necessary adjusting entries were made on April 30, 2013.*

# **PALAWAN COUNCIL FOR SUSTAINABLE DEVELOPMENT STAFF**

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## **I. AGENCY BACKGROUND**

Republic Act No. 7611 or otherwise known as the Strategic Environmental Plan (SEP) for Palawan Act created the Palawan Council for Sustainable Development (PCSD), which is responsible for the governance, implementation and policy direction of the SEP.

The SEP serves as the framework to guide the local government of Palawan and other government agencies concerned in the formulation and implementation of plans, programs and projects affecting the environment and natural resources of Palawan.

The SEP for Palawan Act also converted the Palawan Integrated Area Development Project Office (PIADPO) to the Palawan Council for Sustainable Development Staff (PCSDS).

By virtue of Executive Order No. 734 s. 2008, the PCSDS was transferred from the Office of the President to the DENR in order to have a concerted and well-coordinated effort in formulating policies as well as planning and implementing programs and projects of the PCSD.

### **Mandate**

The Palawan Council for Sustainable Development Staff serves as the regular professional staff of the Palawan Council for Sustainable Development and provides the machinery to coordinate the policy and functions, implement programs and organize services as required by the Council in the governance, implementation and policy direction of the Strategic Environmental Plan (SEP) for Palawan.<sup>2</sup>

### **Vision**

To be united, committed and competent partner in development through holistic integration of environmental protection with relevant land use planning and rational use of Palawan's natural resources with the Strategic Environmental Plan (SEP) Framework in order to improve the quality of life in Palawan.

### **Mission**

To be the professional executing agency for the Palawan Council for Sustainable Development in pursuance of Republic Act 7611, the SEP, which aims to promote development, conservation, management, protection and utilization of the natural resources of Palawan for the present and future generations.

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<sup>2</sup> Section 20 of R.A. No. 7611: "XXX the Palawan Council for Sustainable Development Staff which shall serve as the regular professional **support** staff of the Council and shall provide the machinery to coordinate the policy and functions, implement programs, and organize **such** services as **may be** required by the Council in the **exercise of its functions**."

## II. BUDGETARY HIGHLIGHTS

In FY 2014, the proposed obligation program of the PCSDS will amount to **P72.838 million**, which represents only **0.30%** of the total obligation budget of the Department. The FY 2014 budget is expected to be **P9.032 million** or **14.16% higher** than the FY 2013 budget of **P63.806 million**.

The FY 2014 budget is distributed as follows: **P69.712 million** is appropriated for New Appropriations and **P3.126 million** for Retirement and Life Insurance Premium (RLIP).

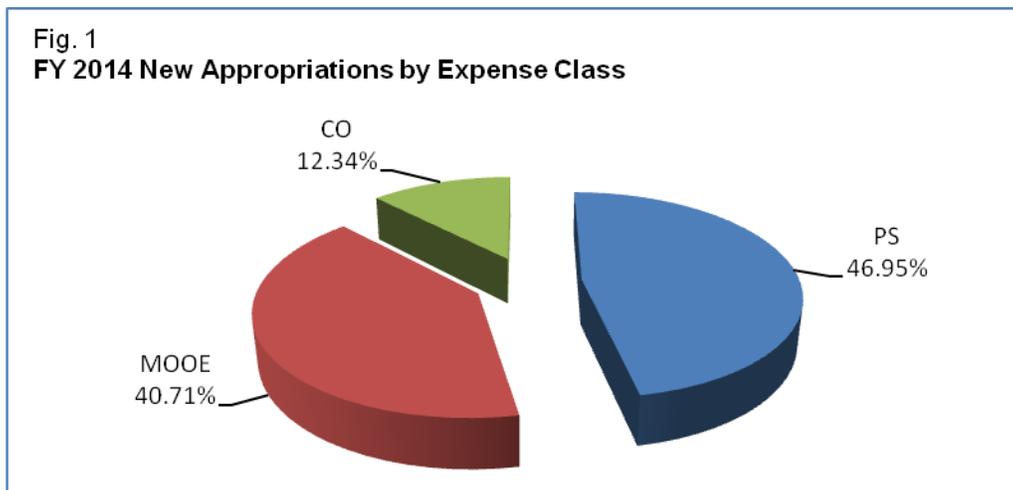
Table 1  
**APPROPRIATIONS AND OBLIGATIONS**  
(in Thousand Pesos)

Description	2013	2014	Variance	
			Amount	%
<b>New General Appropriations</b>	<u>60,676</u>	<u>69,712</u>	9,036	14.89
General Fund	60,676	69,712		
R.A. No. 10155				
<b>Automatic Appropriations</b>	<u>3,130</u>	<u>3,126</u>	(4)	(0.13)
Retirement and Life Insurance Premium (RLIP)	3,130	3,126		
<b>Continuing Appropriations</b>	<u>5</u>	<u>0</u>	(5)	(100.00)
Unobligated Releases for MOOE				
R.A. No. 10155	5			
<b>Total Available Appropriations</b>	<b>63,811</b>	<b>72,838</b>	<b>9,027</b>	<b>14.15</b>
<b>Unused Appropriations</b>	<u>(5)</u>	<u>0</u>	5	(100.00)
Unreleased Appropriation				
Unobligated Allotment	(5)			
<b>Total Obligations</b>	<b><u>63,806</u></b>	<b><u>72,838</u></b>	<b>9,032</b>	<b>14.16</b>

Source: Details of the FY 2014 Budget Annex A Vol. 1

## Budget Distribution By Expense Class

In FY 2014, the total new appropriations is **P69.712 million**. It is **P9.036 million** or **14.89% higher** than the FY 2013 level of **P60.676 million**.



The **P69.712 million** total new appropriations is distributed as follows: **P32.729 million** or **46.95%** in Personal Services, **P28.383 million** or **40.71%** in Maintenance and Other Operating Expenses (MOOE) and **P8.6 million** or **12.34%** in Capital Outlay.

**Table 2**  
**Expenditure Program by Expense Class**  
**FY 2013 – 2014**  
(in Thousand Pesos)

PARTICULARS	2013 Current	2014 NEP		VARIANCE	
		Amount	% share	Amount	%
PS	32,475	32,729	46.95%	254	0.78%
MOOE	26,583	28,383	40.71%	1,800	6.77%
CO	1,618	8,600	12.34%	6,982	431.52%
<b>Total Budget</b>	<b>60,676</b>	<b>69,712</b>	<b>100.00%</b>	<b>9,036</b>	<b>14.89%</b>

Source: FY 2014 NEP

The appropriation for Personal Services will reflect only a minor increase of **P254 thousand** or **0.78%**. This will cover the increase in the rate of Representation and Transportation Allowances.

The appropriation for Maintenance and Other Operating Expenses will likewise increase by **P1.8 million** (**6.77%**) from the current year's budget of **P26.583 million**. The increase is due to the hiring of Wildlife Enforcement Officers to be stationed in airports and seaports to arrest those engage in the illegal wildlife trade.

The appropriation for Capital Outlay will post the highest increase of **P6.982 million** or **431.52%**.

The **P8.6 million** allocations for Capital Outlays will be used for the following:

Renovation and redesign of the PCSD central office building in Puerto Princesa	P5,000,000
Repair and renovation of two (2) district management offices in	
Quezon	500,000
Coron	500,000
Purchase of 20-year-old vehicles	2,600,000

## Budget Distribution By Cost Structure

**Table 3**  
**Expenditure Program by Cost Structure**  
**FY 2013 – 2014**  
**(in Thousand Pesos)**

PARTICULARS	2013 Current	2014 Proposed		VARIANCE	
		Amount	% share	Amount	%
PROGRAMS					
General Administration and Support	18,022	30,874	44.29%	12,852	71.31
Operations	42,654	38,838	55.71%	(3,816)	(8.95)
<b>TOTAL BUDGET*</b>	<b>60,676</b>	<b>69,712</b>	100.00%	<b>9,036</b>	<b>14.89</b>

Source: FY 2014 NEP

In FY 2014, **P38.838 million** or **55.71%** of the total new appropriations is allocated for Operations and **P30.874 million** or **44.29%** for General Administration and Support.

The allocation for Operations will be distributed as follows:

- **P18.844 million** for the formulation and coordination of plans, policies and programs on the environmental protection, conservation and development of Palawan;
- **P13.709 million** for the operation of the Strategic Environmental Plan Clearance System; and
- **P6.285 million** for the implementation of rules and regulations.

The provision for **General Administration and Support** will increase by **P12.852 million** or **71.31%**. The provision for **Operations**, however, will decrease by **P3.816 million** or **8.95%**.

### III. FY 2014 PERFORMANCE INFORMATION

#### Key Strategies

- 1) Policy researches utilizing scientific observations, surveys, community consultations and validations
- 2) ECAN zones resource management planning for wise utilization and protection of resources within ECAN zones
- 3) Mapping environmentally critical areas network and formulation of compatible activities within the zone
- 4) Policy and plan monitoring to validate impact
- 5) Operation of the SEP Clearance System to ensure environmental protection and sustainability, social acceptability and economic viability
- 6) Monitoring of the terms and conditions of clearances, permits and accreditations issued
- 7) Enforcement of laws through coordination with other government agencies and non-government entities for arrests, mediation and prosecution of violators of the environment
- 8) Provide information for alternative sustainable livelihoods and other economic activities congruent to the protection of the environment

Table 4

#### Performance Indicators

MFO / PIs	2014 Targets
<b>MFO 1: PALAWAN SUSTAINABLE DEVELOPMENT POLICY SERVICES</b>	
Number of plans and policies developed and issued or updated and disseminated	21
Percentage of stakeholders that rate the PCSD policies as good or better	65
Average percentage of plans and policies reviewed over the last 2 years	2
<b>MFO 2 : PALAWAN SUSTAINABLE DEVELOPMENT REGULATION SERVICES</b>	
<b>Issuance of Clearances</b>	
Number of permit and clearances issued	100
Percentage of permit/clearance holders incurring 1 or more violations in the last 3 years	10
Percentage of permit and/or clearance applications acted upon within 7 working days from date of receipt	95
<b>Monitoring</b>	
Number of establishments and facilities monitored and/or inspected with reports issued	100
Percentage of submitted reports that resulted in the issuance of notice of violations and penalties imposed	10
Percentage of establishments and facilities that have been inspected more than twice in 2 years	90
<b>Enforcement</b>	
Number of potential violations and complaints acted upon and reports issued	10
Number of persons and entities with 2 or more recorded violations in the last 3 years as a % of the total number of violators	2
Percentage of detected violations that are resolved or referred for prosecution within 7 days	80

Note: Exclusive of Targets funded from other sources, e.g. Special Account in the General Fund.

Source: FY 2014 NEP

#### **IV. HIGHLIGHTS OF ACCOMPLISHMENT FOR FY 2012**

The PCSDS accomplished a weighted average of 106.20% of its targets for the year 2012.

Four (4) researches/studies were targeted for the year but there were eight (8) accomplished in response to local demands in aid of policy formulation. Studies undertaken for the year are the following:

- Carrying capacity of Bat Island in Honda Bay as a major tourism destination in Puerto Princesa City;
- Assessment of management effectiveness of existing Protected Areas in Palawan;
- Climate Change Vulnerability Assessment for Barangays Rizal and Caramay, Roxas, Palawan;
- Policy research on Guano Utilisation in Palawan to support policy on cave resources utilisation;
- Policy analysis on the implication of E.O. 23 (moratorium on the cutting and harvesting of timber in the natural and residual forest) in Palawan specifically, on the Communal Forestry Policy of the PCSD being implemented in the province;
- Policy analysis of the impact of the implementation of E.O. 79 (institutionalisation and implementation of reforms in the mining sector and the utilisation of mineral resources to protect the environment);
- Assessment and mapping of Tinagusan Bat Cave, Batas Island, Taytay, Palawan; and
- Assessment and mapping of Sabang-Samalague Cave, Batas Island, Taytay, Palawan.

On policy formulation, only five (5) policies were formulated out of the six (6) targeted for the year. Policies and guidelines formulated are the following:

- Policy guidelines on sustainable harvest of edible birds nest in Palawan;
- Policy guidelines in the establishment of wildlife rescue and rehabilitation centres in Palawan;
- Policy guidelines for the delineation of critical habitats of endangered species;
- Policy on sustainable guano gathering in Palawan; and
- Policy on water use and disposal in Pearl Farms.

Moreover, the preparation of ECAN zones resources management plan was completed in the municipalities of Roxas and Quezon. The process and content of this plan shall be validated and tested for the utilisation of the local government units as basis in crafting the sustainable comprehensive land and water use plans and their annual development plans.

The PCSD also maintained SEP related data bases and information systems to support policy and planning, decision making and the delivery of environmental services. The audio-visual library is being maintained to support information dissemination, education and extension. On the other hand, the environmental laboratory is also being maintained to support environmental resources monitoring, policy and planning. The geographic information system supports ECAN mapping of municipalities, assists in the implementation of Caves Act in mapping of surveyed and identified caves in Palawan and in the production of geo-hazard maps at the barangay level. The management information system operates for pro-active decision making, activity monitoring and planning. The PCSD also maintains its environmental library and database, the PCSD website and the Palawan Sustainable Development Training Institute.

On advocacy, technical assistance and rendering of support services, there were 12 communities were reached thru IEC and advocacy on formulated policies and guidelines of the Council while environmental briefings and presentations were also done in various groups. To support the IEC and advocacy drive, there were 4,980 information materials produced, and 66 hours of radio programs aired during the year.

Community and staff trainings were also completed specifically on the topics of climate change adaptation, forest protection and SEP and ECAN implementation. The PalTREES program is considered a decisive move to increase the forest cover of Palawan to make the environment resilient to the impacts of climate change that threatens the environment, the economy and the political and social structure of the province. For the year, 671.5 hectares of forestlands were planted with indigenous forest trees species in combination with fruit trees. The PCSD drive to enhance ecological functions led to the delineation of a marine protected area (fish sanctuary) in Roxas, Palawan. Consequently, there were five (5) LGUs assisted in the review and revision of ECAN zone map for harmonising the LGU plans with ECAN.

The operation of Environmental Monitoring and Evaluation System (EMES) establishes indicators of success for the implementation of SEP and ECAN. It conducts monitoring and evaluation of the status of resources in Palawan. Along this line, monitoring of water quality, river systems and coastal resources were conducted during the year to assess the stability of the resource and the ecosystem. The monitoring and evaluation results are contained in an EMES report displaying the status and condition of Palawan's environment at the end of each implementation year. Moreover, there were three (3) rain gauges installed during the year for the continued monitoring of micro-climates in Palawan that are not covered by PAG-ASA.

The establishment of Green Benefit Monitoring and Evaluation System (GBMES) has been started. The purpose for establishing the system is to monitor the benefits gained from environmental investments and to assess current actions in line with SEP. On the other hand, the Palawan Economic and Environment Natural Resources Accounting System (PEENRAS) is also being re-established and strengthened to account and factor-in environmental capitals into the provincial GDP. The system should forerun the establishment of Provincial Green GDP.

On the implementation of special laws, the PCSDS postured as CITES management authority in Palawan. As such, there were 150 wildlife enforcement officers trained under CITES. Monitoring reports were also submitted on the status of confiscated wildlife turned over by PCSDS to the Palawan Wildlife Rescue and Conservation Centre (PWRCC) being managed by the DENR. In relation, there were 107 wildlife farm and local transport permits issued, out of the target of 50 permits during the year, 551 wildlife tagged for tracking and monitoring and 2 wildlife traffic monitoring units (WTMU) established for enforcement of the Wildlife Act in Palawan. Meanwhile, the management of the wildlife fund for Palawan continue to accrue to the National Treasury. Two (2) sites were inspected and inventoried and 5 permits were issued for the utilisation of cave resources. This is in relation to the implementation of the Caves Act in Palawan. There were also 105 chainsaws inventoried and monitored in relation to the implementation of the Chainsaw Act.

Furthermore, there were 277 SEP clearances issued to project proponents and 180 accreditation/permits issued to operate live fish trade, in relation to the implementation of the SEP Clearance System. Subsequently, 84 existing projects were also monitored for compliance based on the terms and conditions issued to them.

In the operation of the PCSD Adjudication Board, there were 155 cases filed for violation of PCSD Administrative Orders, 65 cases previously logged were heard, and 87 cases were resolved.

## **V. FY 2011 ANNUAL AUDIT FINDINGS OF COA**

The Auditor rendered a qualified opinion on the fairness of the presentation of the FY 2011 financial statements. The detailed observations and recommendations are as follows:

- 1) Collections from service fees including interest income thereon totalling P9,474,926.43 were not remitted to the National Treasury, contrary to Section 2 of Executive Order No. 338 dated May 17, 1996 and COA-DBM-DOF Joint Circular No. 1-97, thus the National Government was deprived of the immediate use of the amount for its operations and development projects.
  - *Management Action: Collections from service fees including interest income were all remitted to the Bureau of Treasury;*
- 2) Cash withdrawals of P4,704,108.04 were made from the savings account without duly approved disbursement vouchers and supporting documents in violation of Section 4 of PD 1445, thus resulting in shortage in cash accountability of authorized depositor by P3,119,349.53.

COA recommended that Management strictly adhere to the provisions of pertinent laws, rules and regulations and other issuances relating to financial transactions on collection of environment fees and to comply with the following:

- a) Require the accountable officer to deposit/remitted the unaccounted cash totalling P3,119,349.53;
  - *Management Action: The total cash of P3,119,349.53 has been accounted. The duly approved disbursement vouchers and supporting documents were submitted to COA on August 29 and September 13, 2012;*

- b) Stop the practice of directly using the income collected from environmental fees for operating expenses.
- *Management Action: Collections from service fees including interest income were all remitted to the Bureau of Treasury;*
- c) Remit the balance of P4,757,649.28 maintained/deposited with the LBP Regular Savings Account to the National Treasury.
- *Management Action: The amount of P4,757,649.28 has been remitted to the Bureau of Treasury on April 12, 2013;*
- d) Install effective internal control systems over cash management to safeguard government funds against loss or wastage and to protect the interest of the government.
- *Management Action: The agency is maintaining National Government (NG) Books and Cash Receipt Records, as recommended;*
- 3) The agency continued the practice of releasing funding checks to PCSDS Manila Satellite/Liaison Office, thereby negating the objective of Executive Order No. 338, dated May 6, 1996 as implemented by DBM National Budget Circular No. 488 and COA GAFMIS Circular Letter No. 2003-004 dated November 19, 2003 as it allows the PCSDS to avoid the automatic reversion unused funds at the end of each month/year.
- *Management Action: The agency stopped the practice of granting fund transfer for its operating expense to its satellite office in Manila, as recommended;*
- 4) Cash advances amounting to P13,614,250.65 remained unliquidated as of December 31, 2011, contrary to the provisions of COA Circular No. 97-002, thus resulting in overstatement of receivable and equity accounts and understatement of related expense account balances.
- *Management Reply: As of June 30, 2013, the unliquidated cash advance balance is P999,324.12 for the current year and P333,159.00 for prior years;*
- 5) Commutable Representation and Transportation Allowances totalling P1,067,000.00 and P1,083,000.00 from CYs 2011 and 2010, respectively were granted contrary to the General Appropriations Act, DBM National Compensation Circular No. 67, thus resulting in misuse of government funds and property.
- *Management Action: The agency continuously grants RATA to authorized officials/employees who are holders of SG 24 and above. It has stopped granting the same to those OICs of units for ECAN Evaluation and Extension Division and ECAN Monitoring and Evaluation Division. Beginning 2012, claims for RATA are supported with complete and proper documentary requirements;*
- 6) Verification made on the agency's Gender and Development Plan and accomplishments disclosed that all the targeted activities for 2011 were implemented.

## References:

*General Appropriations Act, FY 2013*

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This article was written by Leslie Ann S. Leong –Anudin, Legislative Staff Officer II, with the supervision of Director Mercedita F. Urbano and under the over-all guidance of Director-General Yolanda D. Doblón of the Legislative Budget Research and Monitoring Office. The views and opinions expressed in this article are those of the author and do not necessarily reflect the views or any policy initiatives of the Senate, its leadership, or its individual members.

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