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04 SEP 2023

MEMORANDUM

FOR : THE ASSISTANT SECRETARY
Policy, Planning, and Foreign-Assisted and Special Projects

FROM : THE DIRECTOR
Foreign-Assisted and Special Projects Service (FASPS)

SUBJECT : REPORT ON THE SUSTAINABILITY MONITORING AND ASSESSMENT OF THE PHILIPPINE WEALTH ACCOUNTING AND VALUATION ECOSYSTEM SERVICES (Phil-WAVES) PROJECT

The Project Monitoring and Evaluation Division (PMED) of the Foreign-Assisted and Special Projects Service (FASPS) is regularly conducting a Sustainability Monitoring and Assessment of the different interventions of completed foreign-assisted and special projects (FASPs). One of the identified projects is the Philippine Wealth Accounting and Valuation Ecosystem Services (Phil-WAVES) Project. The main objective of the Project is to inform development planning and policy makers on the sustainable use of key natural resources. It was implemented by various offices of the Department and supported by the World Bank from 2013 to 2017 in two (2) pilot areas, namely, Southern Palawan and Laguna Lake Basin.

A focus group discussion among representatives from the various offices of the Phil-WAVES Technical Working Group (TWG) was conducted on 23 August 2023 to gather data and information on the status and results of the Project's major outputs, such as the Ecosystem Accounts, Policy Briefs, Institutionalization Roadmap, among others.

In this regard, we are providing you a copy of the Report of the conducted Sustainability Monitoring and Assessment of the Phil-WAVES Project, which documents the discussions among the FGD participants.

For your information.


AL O. OROLFO, Ph.D.

Attachment:

- Report on the Phil-WAVES SMA

Copy furnished:

- Phil-WAVES TWG Member Offices:
PCSD, LLDA, NAMRIA, KISS, PPS, SCIS,
BMB, EMB, ERDB, FMB, LMB, MGB,
Mr. Conrad Bravante, FASPS-PPD

BACK-TO-OFFICE REPORT

SUBJECT : **SUSTAINABILITY MONITORING AND ASSESSMENT OF PHILIPPINE WEALTH ACCOUNTING AND VALUATION OF ECOSYSTEM SERVICES (PHIL-WAVES) PROJECT**

VENUE : 2F FASPS Conference Room, SECAL Building, DENR Compound and via Zoom (Blended Online and Face-to-Face)

DATE & TIME : 23 August 2023 (Wednesday), 10:00 am – onwards

PARTICIPANTS : **Palawan Council for Sustainable Development Staff**
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Engr. Madrono Cabrestante
Dr. Nicca Mortillero

Laguna Lake Development Authority
Ms. Jocelyn Sta. Ana

Biodiversity Management Bureau
Ms. Winniervir Balilia

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Ms. Mary Esther Ofiaza

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Ms. Myline Aparente
Ms. Ivy Belenia
Mr. Juan Eborra

Forest Management Bureau
Mr. Alejandrino Sibucan, Jr.

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Ms. Liberty Fernandez
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Ms. Maricel Tadlip

Foreign-Assisted and Special Projects Service (FASPS)
Conrado Bravante, Jr., Chief, Project Preparation Division

FASPS-Project Monitoring and Evaluation Division (PMED)
Danica Lyn Bitel
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BACKGROUND

The Sustainability Monitoring and Assessment of completed foreign-assisted and special projects is being conducted quarterly by the FASPS-PMED to supplement the stocktaking activity of the Division. The objectives of the Sustainability Monitoring and Assessment are to determine the current status of the project outputs; identify impacts or observed changes; identify facilitating factors and challenges in achieving project outputs and sustaining project gains; and cull out lessons learned, good practices, innovations, and success stories.

One of the identified projects for assessment is the Philippine Wealth Accounting and Valuation of Ecosystem Services (Phil-WAVES) Project, which was implemented by various offices of the DENR and supported by the World Bank from 2013 to 2017 in two (2) pilot areas, namely, Southern Palawan and Laguna Lake Basin. The main objective of the Project is to inform development planning and policy makers on the sustainable use of key natural resources.

The data and information gathering was done through a focus group discussion with the DENR Offices which have been the members of the Phil-WAVES Technical Working Group (TWG).

HIGHLIGHTS OF THE DISCUSSIONS

The focus group discussion focused on the Project's key outputs, namely, ecosystem accounts for Southern Palawan and Laguna Lake Basin, policy briefs, capacity building, Phil-WAVES' information, education, and communication (IEC) interventions, and institutionalization roadmap. Information on updates on other priority concerns identified in the Project Completion Report (PCR) of Phil-WAVES were also discussed. The discussion highlights are specified in the matrix below.

Project Outputs / Concerns	Discussions
Ecosystem Accounts (EA) <ul style="list-style-type: none">• Southern Palawan (land account, carbon account, ecosystem condition accounts, ecosystem services supply accounts, and fisheries account)• Laguna Lake Basin (land account, water account, ecosystem condition account, and ecosystem services account)	Application of the Ecosystem Accounts <ul style="list-style-type: none">• Southern Palawan <p>According to the Palawan Council for Sustainable Development (PCSD), the methods for the EA have been used for the new development and project with Australian Aid and how ecosystem accounts are applied to pursue natural capital accounting (NCA) in Palawan. Moreover, the ecosystem accounts have been used for updating the environmental profile of Palawan, as PCSD provides an environmental profile of Palawan every five (5) years. The EA have also been used as a basis for updating ecosystem services of Palawan. In particular, the updated physical land accounts developed last year for Palawan have incorporated a component on economic zoning, and are now being used in monitoring the economic zoning of the province. The carbon accounts, on the other hand, are being used for exploring possibilities of blue carbon in Palawan. They are being used for an ongoing project under marine resources initiative, which starts from NCA then eventually translates into</p>

Project Outputs / Concerns	Discussions
	<p>valuation of resources, to update the permitting and damages brought about by different activities.</p> <ul style="list-style-type: none"> Ecosystem Accounts for Laguna Lake Basin <p>According to Laguna Lake Development Authority (LLDA), the various ecosystem accounts have been used, such as the EA for water quality and water pollution. The land accounts have likewise been used for LLDA's projects and programs, but for updates, they need to obtain the updated land cover maps from NAMRIA. For ecosystem services accounts, particularly fishery production, LLDA will conduct a study on fish stock assessment with the National Fisheries Research and Development Institute (NFRDI) of the Department of Agriculture (DA) to update the fishery resource in Laguna Lake considering the new developments in the lake. Soil erosion control and flood retention, however, need to be updated as well, as they are also based on land cover.</p> DENR Bureaus <p>The EA accounts have also been useful for the Department's Bureaus. For one, the land accounts have been used by the Forest Management Bureau (FMB) in program evaluation, particularly in monitoring tenured areas, to determine improvement in terms of forest cover under areas covered by tenure instruments issued by the Department. The carbon accounts have been used in developing greenhouse gas inventory reports being submitted to the Climate Change Commission. On the other hand, the Biodiversity Management Bureau (BMB) concentrated only on mangrove accounts in Southern Palawan, as biodiversity accounts have a wide scope and coverage.</p> <p>Challenges in Sustaining Initiatives relating to NCA</p> <p>According to PCSD, they can only sustain land accounting and carbon accounting of Palawan, but the rest cannot be done by PCSD alone, citing limited financial and human resources as the main challenges to pursue NCA activities. Lack of manpower was also cited by LLDA, stating that half of those who worked in Phil-WAVES have already retired or transferred to another office or organization. FMB, on the other hand, recognizes lack of data as a challenge in institutionalizing NCA in DENR. For BMB, lack of a clear policy on carrying capacity and resource valuation pose challenges for undertaking NCA.</p>

Project Outputs / Concerns	Discussions
	<p>Actions Being Taken to Address Challenges</p> <p>Considering also that the activities are multipartite, PCSD needs to establish partnerships to sustain the implementation of ecosystem accounts. Meanwhile, LLDA sees the need for training for the new staff for updating the ecosystem accounts. LLDA also developed a reorganization plan with the intention to create a new unit that can augment manpower to undertake NCA activities, but the plan is yet to be presented to the new management for approval. FMB cited an ongoing initiative to mainstream NCA in DENR. In particular, FMB created a TWG composed of technical staff from various divisions of the Bureau. FMB is also conducting a data stocktaking workshop for NCA for the forestry sector, which will serve as input to the draft procedural guidelines on how to conduct NCA in the forestry sector. The main objective of the workshop is to determine the available data and identify existing data gaps. The output of the workshop will establish data gaps that will serve as a basis for the next activities on data generation that will help in institutionalizing NCA in DENR.</p>
<p>Policy Briefs for Southern Palawan and Laguna Lake Basin</p>	<p>Endorsement and Application of the Policy Briefs</p> <p>At the end of the Project, the policy briefs, along with the other project outputs (e.g. PCR, Knowledge Products, etc.), have been endorsed by FASPS to the Policy and Planning Service (PPS), as PPS was proposed to champion NCA in the Department. The PPS representative, however, was unsure what transpired after the endorsement.</p> <p>Nonetheless, the other offices shared information on how the findings and recommendations of the policy briefs have been used.</p> <ul style="list-style-type: none"> • The policy brief on <i>Reversing Mangrove Degradation in Southern Palawan</i> provided support to the discussions on abandoned, undeveloped, and underutilized fishponds (AUUFs). In line with this, a small group from the BMB-Coastal and Marine Division, and a TWG of DENR and DA-Bureau of Fisheries and Aquatic Resources (BFAR) were created to discuss matters on AUUFs. • The policy brief on fisheries has been partly used by the LLDA for the new zoning and management guidelines, reducing aquaculture area from 15,000 hectares to 9,200 hectares, and considering the plight of fishermen in open waters.

Project Outputs / Concerns	Discussions
	<ul style="list-style-type: none"> • The policy brief on <i>Organic Pollutants Degrading Laguna Lake</i> has been considered in LLDA's Master Plan in 2016, where centralized treatment facilities were checked together with the City LGU of San Pedro, Laguna. <p>Other policy briefs were faced with challenges, as follows:</p> <ul style="list-style-type: none"> • The policy brief for Southern Palawan entitled <i>Using River Water to Irrigate Crops in Southern Palawan</i> demonstrates a scenario in which a plantation development without consideration of the availability of resources to support such development can have negative impacts. This policy brief was communicated by the PCSD to the DA-Philippine Coconut Authority (PCA) during one of the meetings with the regional development council in 2022, but did not materialize. Despite this, a copy of the policy brief was sent and the issue of oil palm was raised by PCSD to PCA. • As for the policy brief <i>Increasing flood risk around Laguna de Bay need to be urgently addressed</i>, it required the support of the LGUs, particularly in the shoreline areas of the lake. According to LLDA, the issue of flooding calls for increased awareness, taking into consideration the recent developments and projects that reduce the water capacity or volume of the lake. • The policy brief concerning the <i>Development of LGU scorecard for the Laguna de Bay Basin</i> did not push through, because of the challenge in obtaining data from other agencies, according to LLDA. Further, this needed data from the LGUs, i.e., data on solid waste management and sedimentation, which needs updating based on land cover. <p>Policy Initiatives relating to NCA</p> <p>According to the PPS representative, there is an ongoing effort to institutionalize NCA in the Department, considering that NCA is one of the key agenda of the current DENR Secretary. In particular, a draft Department Administrative Order (DAO) has been developed and is currently undergoing a series of consultations with the DENR regional offices. After the comments and inputs from the regional offices have been incorporated, the draft DAO will be presented to the NCA TWG, then the Policy TWG for its approval. As soon as the proposed policy gets</p>

Project Outputs / Concerns	Discussions
	<p>approved, it will be translated into a set of planning guidelines. The policy guidelines may serve as basis in hiring additional personnel, which could address the limitations in human resources to support NCA institutionalization, as previously identified by the respondents.</p> <p>Moreover, the Philippine Environment and Natural Capital Accounting System (PENCAS) Bill, while approved by the Lower House, is still currently being lobbied to the Senate by the Interagency Committee of the DENR, National Economic and Development Authority (NEDA) and the Philippine Statistics Authority (PSA).</p> <p>All inputs and comments on NCA are being noted, and will be incorporated in the draft policies.</p> <p>Challenges</p> <p>According to PCSD, the policy briefs were intended for the top management. It must be noted however that policy briefs can also be used to educate communities as well. The challenge is the translation of the policy briefs into laymanized material (i.e., infographics) using local dialect to engage the local communities.</p>
Capacity Building	<p>Training, workshops and knowledge transfers were conducted for the members of the TWG and Communication Core Groups. These include System of Environmental Economic Accounting (SEEA), System of National Accounts, and Framework Operationalization, b) Data Generation, Processing and Statistical Analysis, c) Technical Writing, d) Policy Development and Analysis and e) IEC.</p> <p>For the FGD participants who were able to receive the capacity building interventions, these have been useful for them in their line of work, but noted that there is a need for a refresher training especially if the work functions are not continuously used for NCA. Further, it was also observed that there was no knowledge transfer, considering that most of the training participants have already retired or transferred to other offices/agencies, and the remaining staff and personnel have no background nor training on NCA.</p> <p>In addition, sex aggregated data of training participants cannot be deduced as no data is available and memory recall cannot be applied.</p>

Project Outputs / Concerns	Discussions
<p>Information, Education, and Communication (IEC)</p> <ul style="list-style-type: none"> • Phil-WAVES Strategic Communication Plan • Communication Products • Dissemination Forum 	<p>Phil-WAVES Strategic Communication Plan</p> <p>The Phil-WAVES Strategic Communication Plan defines the dissemination and outreach strategy of the Phil-WAVES. Its objective is to keep key stakeholders engaged and informed to support the ecosystem program and help build sustainable NCA practices in the Philippines. The communication expert hired by the World Bank for the Phil-WAVES Project worked on the Communication Plan with the DENR Strategic Communications and Initiative Service (SCIS). However, no SCIS representative was able to attend the FGD to obtain inputs on the subject. Moreover, none of the participants have seen a copy of the document to at least verify its existence.</p> <p>Communication Products</p> <p>Overall, the Communication Products were used as a basis in updating ecosystem services. As mentioned earlier, the communication products are among the outputs endorsed by FASPS to PPS. Although it was not made clear what specific actions were taken after the development of the communication products, a draft DAO on institutionalizing NCA in the Department has been initiated in line with the key agenda of the current DENR management.</p> <p>Dissemination Forum</p> <p>The Dissemination Forum was conducted in line with the development of the Strategic Communication Plan. According to LLDA, a Dissemination Forum has been conducted after the project, wherein different stakeholders were invited. There have also been various DENR events where LLDA was able to present its ecosystem accounts and policy briefs.</p>
<p>Institutionalization Roadmap</p>	<p>The PCR identified immediate actions needed for the finalization of the institutionalization roadmap, particularly:</p> <ul style="list-style-type: none"> • Finalization of the TORs of the different Bureaus and Offices • Identification of priority training needs for the short and medium term plan • Development of short and medium term plan (2018-2023) • Determination of Human Resources Requirements • Drafting of an Administrative Order on the institutionalization of the ENR Accounts System

Project Outputs / Concerns	Discussions
	<p>The PCSD representatives responded that they are not aware of the Institutionalization Roadmap, but PCSD has already initiated actions on how to institutionalize NCA. In particular, the PCSD has created an NCA section, under the Environmentally Critical Areas Network (ECAN) Division, despite having limited manpower, that will provide support in NCA-related activities.</p> <p>According to Mr. Conrad Bravante of FASPS, considering the components of the Institutionalization Roadmap, perhaps the roadmap has been translated into the efforts which have led to the drafting of the PENCAS Bill to strengthen the institutionalization of NCA in the Philippines, as well as the discussions on the draft DAO on NCA, pending the approval of the PENCAS Bill. The draft DAO specifies the roles and functions of the DENR offices, where one of its provisions specify that the DENR Human Resource and Development Service (HRDS) is involved in the identification of the priority training needs and determination of human resource requirements, where additional positions were identified in relation to the NCA. In addition, the learnings from the Phil-WAVES Project (i.e., operationalization of the SEEA Framework) are being adopted in NCA-related projects.</p>
<p>Other Priority Concerns identified in the Phil-WAVES Project Completion Report</p>	<p>The PCR identified other priority concerns that needed immediate actions, which include:</p> <ul style="list-style-type: none"> ● Financing of the LLDA's institutionalization and post project activities for the first year ● Continuation of unfinished accounts <ul style="list-style-type: none"> ○ Ecosystem Recreational Services Accounts for Palawan ○ Water Accounts for Laguna Lake Basin ● Communicating the outputs of the Phil-WAVES Project ● Adoption of the ENR Accounts System <ul style="list-style-type: none"> ○ 3-Year Plan (2018-2020) ○ Second Half of Medium Term Plan (2022-2025) <p>Updates on the Priority Concerns</p> <p>LLDA is able to continue activities on water quality using their own budget as this is part of the regular functions of the government corporation. For CY 2024, updating of the water balance and bathymetry is included in the LLDA's work plan.</p>

Project Outputs / Concerns	Discussions
	<p>According to PCSD, the Ecosystem Recreational Services Accounts (ERSA) for Palawan has been developed but was not officially published. Moreover, the SIBOL Project created a TWG to update the ERSA for Palawan, but PCSD has not received any status update on this. Nonetheless, PCSD discussed with the University of the Philippines Los Baños (UPLB), particularly with the group of Dr. Asa Sajise et al., who are working on ecosystem services valuation on the West Philippine Sea covering two (2) sites in Palawan, along with Mindoro and Zambales. To avoid overlaps, PCSD requested UPLB to initiate preparation and development of the recreation services accounts focusing on El Nido and Coron, where PCSD will sustain the output.</p> <p>In relation to communicating the outputs of the Phil-WAVES Project, substantial outputs were produced by the project but there is no clear plan on how the Phil-WAVES outputs will be continuously communicated. When the outputs were endorsed by the FASPS to the PPS, there was a lull until the emergence of the draft DAO and PENCAS Bill.</p> <p>As for the adoption of the ENR Accounts System, there is no information on what or how activities were implemented following the 3-Year Plan and the Medium Term Plan. However, it was presupposed by the body that the implementation of these plans have been superseded by the efforts and initiatives that led to the draft DAO on institutionalization of NCA and the PENCAS Bill.</p>

INSIGHTS AND OBSERVATIONS


- Most of the FGD participants, although coming from the Offices that were involved as members of the Phil-WAVES TWG, were not the same individual members of the group, and thus do not have first hand knowledge about the project. Regardless, the participants responded to the best of their knowledge and ability by sharing information on the ongoing and planned NCA-related activities from their respective offices, the methods and basis of which have been provided by the project's outputs.
- While some of the project outputs did not materialize as planned, like the institutionalization roadmap and the adoption of the ENR Accounts System, this may no longer remain an issue, considering the Department's ongoing efforts to push forward policies regarding the institutionalization of the NCA (Draft DAO and PENCAS Bill), as one of the key agenda of the current DENR administration. In essence, the institutionalization roadmap and the plan for the adoption of the ENR accounts system ultimately aim for the institutionalization of NCA in the country.

- It must be noted, however, that issuance of policies for the institutionalization of NCA in the country should not be the end goal. Rather, institutionalizing NCA even calls for more strengthened measures to support and back up the implementation of the policies. As such, it is important to regularly review the Roadmap to Institutionalize Natural Capital Accounting in the Philippines, and update the document, if necessary, to facilitate the continuous implementation of NCA in the country. The roadmap presents the critical activities, milestones, and outputs for each planning period to fully institutionalize and integrate NCA, including valuation of ecosystem services in the government's planning, investment decisions, and policymaking process.
- Moreover, there is a need for sustained efforts to continuously increase the awareness and appreciation of NCA and its importance in the management of the country's natural resources that contribute to economic development. These will also help support the implementation of NCA-related activities in the long run.

Prepared by:


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