



MAR 07 2023

MEMORANDUM

FOR : The Regional Executive Director
MIMAROPA Region
1515 DENR By the Bay Building
Roxas Boulevard,
Barangay 668, Ermita, Manila

ATTN : The ARD for Technical Services

FROM : The OIC, PENR Officer
Mamburao, Occidental Mindoro

SUBJECT : SUBMISSION OF REPORT ON THE COA-AUDIT
OBSERVATION MEMORANDUM (AOM) REGARDING THE
ENHANCED NATIONAL GREENING PROGRAM FOR NONE
ALLOCATION OF FUND FOR THE CONTINUOUS
MAINTENANCE AND PROTECTION AFTER THE THREE
YEARS CONTRACT AWARDED TO THE SELECTED
PEOPLES ORGANIZATION.

In compliance to the Audit Observation of the Commission On Audit (COA) regarding the above-mentioned subject. The Province of Occidental Mindoro requesting additional fund for the 4th year and 5th year maintenance and protection of the existing and graduated sites of National greening Program (NGP) and Enhanced-National greening Program (ENGP) to ensure the sustainability and protection of plantations will be maintained.

As COA observation "The Agency (DENR) absence of continuous protection and maintenance of NGP sites resulted in non-conservation of the planted trees and/or non-improvement of the seedlings, and uncertainty in the attainment of the main objective of the NGP, the unprotected sites can be accessed by illegal activities of unconcerned people, thus, avoidable damages can be prevented.

To comply with the COA recommendation, may we request additional fund for this purpose.

For information and approval.


ERNESTO E. TAÑADA



Republic of the Philippines
COMMISSION ON AUDIT
National Government Sector, Region IV-B
Cluster 8 Group A, B, C & G. Audit Team No. 31
OFFICE OF THE AUDITOR
Province of Occidental Mindoro

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AUDIT OBSERVATION MEMORANDUM (AOM)

AOM No.: 2021-CA-005 (NGP)

Date: November 23, 2021

For: Mr. Ernesto E. Tañada
OIC – PENR Officer
Provincial Environment and Natural Resources Office
Mamburao, Occidental Mindoro

Attention: Mr. Roderick S. Orpilla
PENRO NGP Coordinator

Mr. Caesar R. Quebec
CENRO Officer, Sablayan

Mr. Efren I. Delos Reyes
CENRO Officer, San Jose

We have reviewed the Executive Orders pertaining to the National Greening Program and the applicable provisions on the NGP implementing guidelines, such as, but not limited to the following:

- 1) Executive Order No. 23, Declaring A Moratorium on The Cutting and Harvesting Of Timber In The Natural And Residual Forests And Creating The Anti-Illegal Logging Task Force
- 2) E.O. No. 26, Declaring An Interdepartmental Convergence Initiative For A National Greening Program
- 3) DENR Memorandum Circular (DMC) No. 2011-01 dated March 8, 2011 or the Guidelines and Procedures in the Implementation of the National Greening Program (NGP);
- 4) DMC No. 2013-06 dated April 16, 2013 or Guidelines and Procedure for Plantation Development for the National Greening Program (NGP) with area coverage of 100 hectares and above within Public Forestlands through the Engagement of Services of Private Sectors, Civil Society Organizations, Non-Government Organizations, People's Organizations/Indigenous People, Local

Government Units and Other Government Entities as regards the **Coverage** of the NGP, and noted as follows:

All the 508 NGP projects were established in public domain as provided for in Section 2 of E.O. NO. 26. However, 65 NGP projects for CY 2013 to 2016 (established tree plantations) costing ₱85,540,172.00 were established in areas covered with tenurial instruments or agreements even if said agreements were not yet cancelled/expired, which is not in accordance with Sections 2 of DMC No. 2013-06.

Section 2 of E.O. No. 26 provides

Coverage. It states that *The NGP shall plant some 1.5 billion trees covering about 1.5 million hectares for a period of six (6) years (CY 2011-2016), in the following lands of public domains:*

- 2.1 Forestlands
- 2.2 Mangrove and protected areas
- 2.3 Ancestral domains
- 2.4 Civil and military reservations
- 2.5 Urban areas under the greening plan of the LGUs
- 2.6 Inactive and abandoned mine sites; and
- 2.7 Other suitable lands

Moreover, Section 2 of DENR MC No. 2013-06 specifically provides for **Potential areas for plantation development**. It states that:

Potential areas for plantation development are degraded/denuded lands of the public domain, open access areas, which include cancelled, expired, and abandoned tenured areas; and undeveloped portions of areas managed by people's organizations/indigenous communities. The minimum area shall be 100 hectares and maximum of 1,000 hectares contiguous or clustered within the Municipality as identified by the DENR.

Audit disclosed that PENR Officer of PENRO Occidental Mindoro entered into contracts with the People's Organizations (POs)/Indigenous People (IPs), and Local Government Units (LGUs) for the comprehensive site development (CSD) of 65 NGP projects (tree plantations) costing ₱85,540,172.00 for calendar year (CY) 2013 to 2016 were established within tenured areas, as follows:

Schedule of NGP and Enhanced NGP Projects from 2013 to 2016 within tenured lands by Municipality

Location by Municipality	No. of Tree Plantations/ Projects	Total Land Area	Total Project Costs	Type of Tenurial Instrument	Status of Agreement		
					Active	Abandoned but not yet cancelled	Cancelled/ Expired
Sablayan	3	227	₱ 3,762,000.00	CBFMA	X		
Calintaan	11	774	13,180,900.00	CBFMA, CADT, PACBRMA	X		

Location by Municipality	No. of Tree Plantations/ Projects	Total Land Area	Total Project Costs	Type of Tenurial Instrument	Status of Agreement		
					Active	Abandoned but not yet cancelled	Cancelled/ Expired
Rizal	28	2,205	40,029,672.00	CADT, CADC, PACB RMA	X		
San Jose	22	1,526	27,167,600.00	CADT, CBFMA	X		
Magsaysay	1	100	1,400,000.00	CADT	X		
TOTAL	65	4,832	₱85,540,172.00				

As shown above, there were 65 NGP Tree Plantation projects established within tenured areas and all with active tenurial agreements.

The type of the 65 tenurial contracts where NGP projects were established are seven for Community-Based Forest Management Agreement (CBFMA), seven for Protected Area Community-Based Resource Management Agreement (PACBRMA), 45 for Certificate of Ancestral Domain Title (CADT), three for CADC/PACBRMA, two for Socialized Industrial Forest Management Agreement (SIFMA) and one for CADT/CBFMA.

Inquiry further disclosed that for CY 2013 to 2016 NGP projects, no tenurial instruments were cancelled, expired and abandoned before establishing NGP Tree Plantation in tenured lands.

However, in our assessment, establishing NGP Tree Plantation in tenured areas and engaging into contracts with POs/IPs/Community Groups and LGUs for the comprehensive site development (CSD) activities without first cancelling/revoking/terminating the tenurial agreements, as in the case of CBFMA, is inconsistent with Section 2 of DENR MC No. 2013-06.

In addition, E.O. No. 23, Declaring A Moratorium on The Cutting and Harvesting Of Timber In The Natural And Residual Forests And Creating The Anti-Illegal Logging Task Force provides for the protection of natural and residual forest of the entire country which are forests composed of indigenous trees, not planted by man.

The moratorium does not protect plantation forest covered by NGP since it will be planted by man and the logging activities that may be conducted by virtue of an existing forest management agreement is directly contrary to the purpose of NGP.

E.O. No. 26, Declaring An Interdepartmental Convergence Initiative For A National Greening Program does not authorize any logging activities to compensate organization that will participate to the NGP but instead Section 3.3 Provision for Incentives provides that:

“3.3.1 All proceeds from agroforestry plantations, duly accounted by the DENR, shall accrue to the NGP beneficiary communities to address food security and poverty reduction.

3.3.2 NGP beneficiary communities shall be considered priority in the Conditional Cash Transfer (CCT) Program.

3.3.3 Appropriate incentives shall be developed by the Convergence Initiative to encourage reforestation, particularly in the protected area.”

Therefore, in no case shall the two contractual agreements exist on the same area, such as the CBFMA and NGP Comprehensive Site Development activities, having two conflicting purposes. The former allows the tenured holder to develop, utilize and manage the small tract of lands¹, meaning to plant and harvest the trees while the NGP shall plant the certain number of trees in specified areas identified for NGP Tree Plantation establishments for a contract period of three years under the comprehensive site development agreements. These established NGP tree plantations are considered capital investments of the government since these were charged to the Annual appropriations for Capital Outlay of the DENR from 2011 to 2021.

Moreover, these are accounted for in the DENR books of accounts as *Land Improvements (LI), Reforestation Projects* and *Construction in Progress (CIP) – Land Improvements*. Since these are capital expenditures, therefore, NGP projects should be adequately protected and not to be disposed of neither allowed to be cut² rather to be preserved for purposes of biodiversity conservation and climate change mitigation and adaptation. Considering further that poverty reduction and food security aspects were already addressed by Sec. 3.3 of E.O. 26 on the Provision of Incentives. Likewise, the payments for the CSD contracts for the NGP Projects also accrues to the People’s Organizations, who are Project Partners, which benefited its members thereby addressing poverty reduction and food security objectives.

Hence, areas with existing tenurial instruments, unless cancelled/revoked/terminated, cannot be considered eligible for NGP project sites under the Comprehensive Site Development (CSD) scheme pursuant to Section 2 of DENR MC No. 2013-06. In effect, the PENRO Occidental Mindoro is not compliant with the provisions of Section 2 of DENR MC No. 2013-06.

We recommend that the PENR Officer:

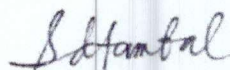
1. stop establishing NGP Plantations in tenured forest lands unless the tenurial contract is first terminated/revoked/cancelled.
2. for the existing NGP tree plantations either within tenured or untenured areas, an agreement with people’s organization shall be entered into for the continuous maintenance and protection of NGP Tree Plantations pursuant to Section 3.1.2 of E.O. No. 26 and Section 6 of DENR MC No. 2011-01 considering that NGP Projects are investment property of the government, which are accounted for in the DENR books of accounts as *Land Improvements, Reforestation Projects*.

¹ Section 1 of E.O. No. 23

² Section 2, Ibid

3. make representation with the DENR Secretary to recommend to the President of the Philippines through the Regional Executive Director for the issuance of an Executive Order declaring all existing NGP Tree Plantations as a "Protected Forest Area" to preserve the existing tree plantations and to protect the assets/investments of the government.
4. shall have funds to be allocated for the continued maintenance and protection of established NGP Plantations to address the NGP objectives on poverty reduction, biodiversity conservation, and climate change mitigation and adaptation.

May we have your comments/explanations on the foregoing audit observations within five (5) calendar days from receipt hereof.



SHALOU BETH D. TAMBAL
State Auditor II
OIC – Audit Team Leader



LUCILA A. MAGPANTAY
State Auditor V
Regional Supervising Auditor

Proof of Receipt of AOM:

Name	Signature	Date
Mr. Ernesto E. Tañada, OIC –PENR Officer		
Mr. Roderick S. Orpilla PENRO NGP Coordinator		
Mr. Caesar R. Quebec CENRO Officer, Sablayan		
Mr. Efren I. Delos Reyes CENRO Officer, San Jose		