



AGENCY BUDGET NOTES

For FY 2023



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES



P23.04B
TOTAL NEW APPROPRIATIONS FOR 2023

COST STRUCTURE

General Admin and Support	P4.65B (20.2%)
Support to Operations	P2.65B (11.5%)
Operations	P15.74B (68.3%)

ALLOCATION BY AGENCY

OSEC

P17,884.8M
(77.6%)



NAMRIA
P1,378.4M
(6.0%)

EMB

P2,328.9M
(10.1%)



NWRB
P122.7M
(0.5%)



MGB
P1,239.2M
(5.4%)



PCSDS
P87.9M
(0.4%)

BREAKDOWN FOR OPERATIONS BUDGET



P10,223.3M (65.0%)
Natural Resources Conservation and Development Program



P1,532.9M (9.7%)
Natural Resources Enforcement and Regulatory Program



P1,216.6M (7.7%)
Environmental Regulations and Pollution Control Program



P1,213.4M (7.7%)
Mapping and Resource Information Program



P513.0M (3.3%)
Environmental Assessment and Protection Program



P387.7M (2.5%)
Mineral Resources Enforcement and Regulatory Program



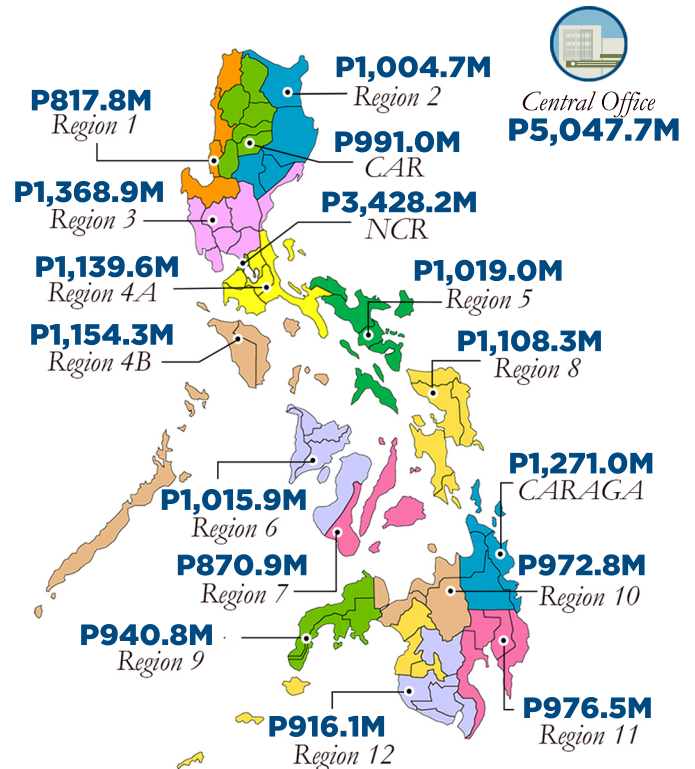
P343.2M (2.2%)
Geological Risk Reduction and Resiliency Program



P89.5M (0.6%)
Mineral Resources and Geosciences Development Program

Other Programs **P219.9M** (1.4%)

REGIONAL ALLOCATION OF THE 2023 EXPENDITURE PROGRAM (P24,083.7M)

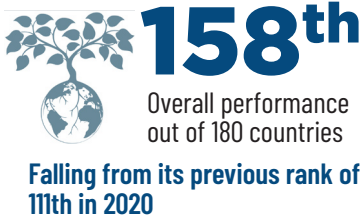


QUICK FACTS

KEY SECTOR INFORMATION

Philippine's Environmental Performance

(Yale Center for Environmental Law and Policy, 2022)



Forest



In 2015, forest cover is estimated at 7 million hectares (FMB, 2020).

1 forest guard covering 4,000 to 7,000 hectares of Philippine forestland, far from the ideal number of 1 for every 1,000 hectares (PIDS, 2022; IUCN, 2020).

Waste Management



Producing over 21 million metric tons of garbage per year, or an average per capita generation of 0.4 kilos per day (Business Mirror, 2021).

In Quezon City, only 36 out of 142 barangays have established their own materials recovery facility (PIDS, 2021).

Air Quality



Concentrations of tiny particulate matter averaged 17.6 micrograms per cubic meter (mcg/m³) exceeding the World Health Organization's safety limits of 10 mcg/m³. (Mongabay, 2020).

Air pollution is estimated to cause 27,000 premature deaths per year and can cost the country up to 1.9% of GDP in economic losses annually (Greenpeace, 2020).

Water Resources and Quality



Rank 57th globally in terms of water stress level with a projection of 40% to 80% reduction of total water supply by 2040 (Inquirer, 2022).

High fecal coliform values in all priority water bodies for public water supply and food production (NEDA, 2022).

Climate Change



Average temperature has been increasing by 0.011 Celsius per year in the Philippines (PIDS, 2022).

Consistently ranked 4th from 2000 to 2019 among countries most affected by extreme weather events in terms of damages and loss of lives (GermanWatch, 2021).

Incurred losses and damages estimated to reach P506 billion from climate-related hazards over a decade (PNA, 2021).

HIGHLIGHTS

- ❑ Environmental management and protection, and climate and disaster risk resilience are among the priorities of the proposed FY 2023 National Budget. These will intensify law enforcement and protection, and strengthen management measures for the environment and natural resource sector and will also ensure that disaster risk resilience and climate change adaptation measures are well incorporated in programs, activities and projects (PAPs) of the government (DBM, 2022). In this regard, the Department of Environment and Natural Resources (DENR) is the primary government agency responsible for the conservation, management, development, and proper use of the country's environment and natural resources.
- ❑ *Expenditure Program.* In the proposed 2023 budget, the DENR will have total available appropriations of P24.08 billion, of which P23.04 billion are new appropriations. Personal Services (PS) will have the highest share by general expense class with a budget of P10.90 billion. The Office of the Secretary (OSEC) will have a budget of P18.58 billion, the highest in the department. Among the attached agencies, the Environmental Management Bureau (EMB) will have the largest budget with P2.46 billion.
- ❑ *New Appropriations by Cost Structure.* DENR's Operations will have the lion's share in the cost structure amounting to P15.74 billion. General Administration and Support (GAS) and Support to Operation (STO) followed with proposed budgets of P4.65 and P2.65 billion, respectively.
- ❑ *Allocation by Major Programs.* Among the DENR's programs, the proposed 2023 budget for the *Natural Resources Conservation and Development Program* under the OSEC will constitute the largest share of 65.0% amounting to P10.22 billion. Sub-programs include forest and watershed management, coastal and marine rehabilitation, protected areas development, wildlife conservation, and land management.
- ❑ *Budget Utilization and Unused Appropriations.* In 2021, DENR obligated 94.4% of its total appropriations. The OSEC and its attached agencies obligated more than 93.0% of their appropriations. DENR's unused appropriations also significantly declined to P1.62 billion in 2021 from P4.20 billion in 2020.
- ❑ *Unfilled Vacancies relative to Authorized Positions.* It is expected that 3,203 vacancies or roughly 14.6% of authorized positions will remain unfilled in 2022 within the whole DENR. Throughout the years, the OSEC accounted for the largest share of unfilled positions. For example, in 2021, unfilled positions reached almost 13.2% or 2,350 out of

the 17,839 authorized positions. The number of unfilled positions raises the question on whether the said positions are redundant or are still needed by the agency.

- ❑ *Program Performance Indicator.* The Environmental Regulations and Pollution Control Program of EMB is one of the biggest programs among DENR's attached agencies. In this program, all the outcome and output indicators have exceeded their targets. Note, however, that EMB is targeting an increase in and not the scope of compliance. Hence, the increase may be easily achieved for the 2022 and 2023 targets. The scope of compliance as a target will serve to make a more meaningful impact.
- ❑ *Compliance with Audit Recommendations.* Based on the 2021 Annual Audit Report (AAR) of the Commission on Audit (COA), OSEC did not implement 27 or 42.2% of the 64 prior year's audit recommendations.

TABLE OF CONTENTS

	Page
I. Mandates and Organizational Outcomes	1
II. Sources of Appropriations	2
Table 1 Sources of Funds (Department), 2021-2023	2
III. Expenditure Program	2
Table 2 Expenditure Program by Agency, 2021-2023	3
Table 3 Expenditure Program by General Expense Class, 2021-2023	3
Table 4 Number of Authorized and Unfilled Positions by Agency, 2020-2023	4
Table 5 Regional Distribution of the DENR Budget, 2021-2023	5
IV. New Appropriations	5
Table 6 New Appropriations by Agency and Cost Structure, 2023	5
Table 7 Summary of Major Programs for 2021-2023	7
V. Performance Review	7
Table 8 Obligations-Appropriations Ratio and Unused Appropriations, 2019-2021	8
Table 9 Disbursement Rate by Agency, 2020-2021	8
Table 10 Budget Utilization by Select Major Program, 2021	9
Table 11 Performance Indicators of Select Major Programs, 2021-2023	11
VI. COA Findings and Recommendations	12
Table 12 Status of Implementation of COA Recommendations	12
Annex: Expenditure Program by General Expense Class, 2021-2023	

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES*

I. MANDATE AND ORGANIZATIONAL OUTCOMES

- 1.1 Environmental management and protection, and climate and disaster risk resilience are among the priorities of the proposed FY 2023 National Budget. These will intensify law enforcement and protection, and strengthen management measures for the environment and natural resource sector and will also ensure that disaster risk resilience and climate change adaptation measures are well incorporated in programs, activities and projects (PAPs) of the government (DBM, 2022). These priorities are also aligned with the plan of pursuing both a green and blue economy, and establishing livable and sustainable communities as part of the 8-point socioeconomic agenda of the Marcos administration.
- 1.2 The Department of Environment and Natural Resources (DENR) is the primary government agency responsible for the conservation, management, development, and proper use of the country's environment and natural resources. In 1987, Executive Order No. 192 reorganized the Department of Environment, Energy, and Natural Resources and renamed it as DENR, thereby establishing DENR's mandate and defining the structure and functions of its various offices, staff bureaus, attached agencies, and field offices. DENR's attached agencies and their organizational outcomes are listed as follows:

Environmental Management Bureau (EMB)

- Clean and healthy environment sustained

Mines and Geo-sciences Bureau (MGB)

- Natural resources sustainably managed
- Adaptive capacities of human communities and natural systems improved

National Mapping and Resource Information Authority (NAMRIA)

- Adaptive capacities of human communities and natural systems improved

National Water Resources Board (NWRB)

- Natural resources sustainably managed
- Adaptive capacities of human communities and natural systems improved

Palawan Council for Sustainable Development Staff (PCSDS)

- Natural resources sustainably managed

* This document was prepared by John Paul S. Quieta as input to the deliberations of the House Committee on Appropriations on the FY 2023 proposed National Budget. The report benefitted from discussions with and inputs of SPRS Director Rosemarie R. Savali and SERB Executive Director Manuel P. Aquino, and from the overall guidance of CPBRD Director General Romulo E.M. Miral, Jr. Ph.D. and BPRS Director Pamela Diaz-Manalo. The layout/design of the infographics by Tommy Lagasca is also acknowledged. The views, perspectives, and interpretations in this ABN do not necessarily reflect the positions of the House of Representatives as an institution or its individual Members. A copy of this publication is available at the CPBRD's website: cpbrd.congress.gov.ph.

II. SOURCES OF APPROPRIATIONS

- 2.1 The yearly budget is sourced from the following funds: new appropriations, automatic appropriations, continuing appropriations, and budgetary adjustments. Generally, the bulk of any department's budget is lodged under new appropriations. In the proposed 2023 budget, the DENR will have total available appropriations of P24.08 billion, of which P23.04 billion are new appropriations, roughly 95.7% of total available appropriations. Note that new appropriations in the proposed budget is P2.41 billion lower than the 2022 level of P25.45 billion
- 2.2 In 2022, the DENR's automatic appropriations amounted to P1.01 billion or 3.7% of total available appropriation. Continuing appropriations amounted to P742.2 million which are unused appropriations in the previous years that remained valid and carried over into the succeeding year.
- 2.3 In 2021, budgetary adjustments reached P304.7 million or 1.1% of total available appropriations. DENR's budgetary adjustments may include transfers from Calamity Fund, Miscellaneous Personnel Benefits Fund, and Pension and Gratuity Fund. It also includes transfers to the Overall Savings.

TABLE I
SOURCES OF FUNDS, 2021-2023
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Particulars	Amounts (In Million Pesos)			Share to Total Appropriations		
	2021	2022	2023	2021	2022	2023
New Appropriations	23,595.3	25,453.6	23,042.0	81.5	93.5	95.7
Automatic Appropriations	1,008.7	1,013.0	1,041.7	3.5	3.7	4.3
Continuing Appropriations	4,041.1	742.2	-	14.0	2.7	-
Budgetary Adjustments	304.7	-	-	1.1	-	-
Total Available Appropriations	28,949.9	27,208.8	24,083.7	100.0	100.0	100.0
LESS: Unused Appropriations	1,619.9	742.2	-	-	-	-
Total Obligations	27,330.0	26,466.6	24,083.7	-	-	-

Source of basic data: NEP 2023

III. EXPENDITURE PROGRAM

- 3.1 Over the years, the Office of the Secretary (OSEC) accounted for the bulk of the DENR's budget. In the proposed 2023 budget, the OSEC will have a share of 77.1% or a budget of P18.58 billion. The OSEC's proposed budget is P1.07 billion lower than the 2022 level of P19.65 billion.
- 3.2 Among the attached agencies, the EMB will have the largest budget in 2023 with P2.46 billion despite a decrease of P1.31 billion from a budget of P3.77 billion in 2022. EMB is followed by NAMRIA and MGB with budgets of P1.42 and P1.39 billion, respectively. In contrast, the NWRB and the PCSDS will have smaller

budgets of P129.4 million and P109.6 million, respectively or a combined budget of only 1.0% to total expenditure. Note that only NAMRIA will have a bigger budget in 2023.

**TABLE 2
EXPENDITURE PROGRAM BY AGENCY, 2021-2023**

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
Office of the Secretary	20,065.7	19,645.3	18,576.6	73.4	74.2	77.1
EMB	3,834.1	3,766.5	2,461.3	14.0	14.2	10.2
MGB	1,490.7	1,488.9	1,390.6	5.5	5.6	5.8
NAMRIA	1,663.3	1,304.2	1,416.1	6.1	4.9	5.9
NWRB	153.2	135.5	129.4	0.6	0.5	0.5
PCSDS	122.9	126.4	109.6	0.4	0.5	0.5
TOTAL Department	27,330.0	26,466.6	24,083.7	100.0	100.0	100.0

Source of basic data: BESF 2023

3.3 In the proposed 2023 budget of the DENR, Personal Services (PS) will have the largest share by general expense class with a budget of P10.90 billion or 45.3% of total budget. Maintenance, Operations and Other Expenses (MOOE) follows with a budget of P10.09 billion. Capital Outlay (CO) will have the least share with P3.09 billion or 12.8% of total expenditures which is also significantly lower compared to the 23.6% in 2021 and 21.0% share in 2022. Only PS will receive a higher budget in 2023 increasing by P343.1 million.

**TABLE 3
EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2021-2023
(AMOUNTS IN MILLION PESOS)**

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
PS	11,107.9	10,558.4	10,901.5	40.6	39.9	45.3
MOOE	9,766.7	10,359.5	10,094.9	35.7	39.1	41.9
CO	6,455.4	5,548.7	3,087.3	23.6	21.0	12.8
TOTAL Department	27,330.0	26,466.6	24,083.7	100.0	100.0	100.0

Source of basic data: BESF 2023

3.4 In 2021, there were 3,127 unfilled positions in DENR which is higher than the 2020 level of 2,823. It is expected that 3,203 vacancies or roughly 14.6% of authorized positions will remain unfilled in 2022 within the whole DENR. Throughout the years, the OSEC accounted for the largest share of unfilled positions. For example, in 2021, unfilled positions reached almost 13.2% or 2,350 out of the 17,839 authorized positions. The number of unfilled positions raises the question on whether the said positions are redundant or are still needed by the agency. If indeed

the positions are no longer needed, then the resources should have been allocated to more productive programs and/or projects.

TABLE 4
NUMBER OF AUTHORIZED AND UNFILLED POSITIONS BY AGENCY, 2020-2023

Agency	Authorized Positions				Unfilled Positions			
	2020	2021	2022	2023	2020	2021	2022	2023
OSEC	17,833	17,839	17,839	17,839	2,037	2,350	2,430	2,430
EMB	1,772	1,772	1,772	1,772	306	285	290	290
MGB	1,349	1,349	1,349	1,349	371	373	360	360
NAMRIA	740	740	740	740	86	95	106	97
NWRB	124	124	124	124	20	20	14	14
PCSDS	76	76	76	76	3	4	3	3
TOTAL	21,894	21,900	21,900	21,900	2,823	3,127	3,203	3,194

Source: Staffing Summary 2022-2023

- 3.5 In terms of regional distribution, the Central Office and the NCR will both receive the biggest allocations in the proposed 2023 budget with a combined amount of P8.48 billion or 35.2% of the department's total budget. In this regard, it is important for the DENR to be more explicit on the criteria for regional distribution and to clarify the rationale for the highly skewed regional allocation in favor of the NCR.
- 3.6 In the proposed budget, Region 3 and CARAGA will have the second and third largest shares among the regions, with allocations of P1.37 billion (5.7%) and P1.27 billion (5.3%), respectively. In contrast, Regions 1 and 7 will have the least allotments of P817.8 million (3.4%) and P870.9 million (3.6%), respectively.

TABLE 5
REGIONAL DISTRIBUTION OF THE DENR BUDGET, 2021-2023
(AMOUNTS IN MILLION PESOS)

Region	2021		2022		2023	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Central Office	4,888.9	17.9	4,501.4	17.0	5,047.7	21.0
NCR	3,798.3	13.9	4,000.0	15.1	3,428.2	14.2
CAR	1,252.8	4.6	1,104.0	4.2	991.0	4.1
Region 1	883.5	3.2	889.3	3.4	817.8	3.4
Region 2	1,463.6	5.4	1,152.2	4.4	1,044.7	4.3
Region 3	1,524.6	5.6	1,551.8	5.9	1,368.9	5.7
Region 4A	1,334.0	4.9	1,300.3	4.9	1,139.6	4.7
Region 4B	1,169.4	4.3	1,112.3	4.2	1,154.3	4.8
Region 5	1,254.5	4.6	1,139.7	4.3	1,019.0	4.2
Region 6	1,575.6	5.8	1,252.7	4.7	1,015.9	4.2
Region 7	962.0	3.5	1,181.8	4.5	870.9	3.6
Region 8	1,418.2	5.2	1,140.1	4.3	1,108.3	4.6
Region 9	1,094.7	4.0	977.1	3.7	940.8	3.9
Region 10	1,168.2	4.3	1,082.2	4.1	972.8	4.0
Region 11	1,026.7	3.8	1,736.2	6.6	976.5	4.1
Region 12	1,061.2	3.9	946.5	3.6	916.1	3.8
CARAGA	1,453.8	5.3	1,398.8	5.3	1,271.0	5.3
TOTAL	27,330.0	100.0	26,466.6	100.0	24,083.7	100.0

Source of basic data: BESF 2023

IV. NEW APPROPRIATIONS

- 4.1 In the proposed 2023 budget, DENR's Operations will have the lion's share in the cost structure amounting to P15.74 billion or 68.3% of total budget. Operations involve direct production of goods or delivery of services or direct engagement in regulations. General Administration and Support (GAS) follows with a proposed budget of P4.65 billion (20.2%). Support to Operations (STO) will have the smallest allocation of P2.65 billion (11.5%).

TABLE 6
NEW APPROPRIATIONS BY AGENCY AND COST STRUCTURE, FY 2023

Agency	Amounts (In Million Pesos)				Share to Total Agency (%)			
	GAS	STO	Operations	Total Agency	GAS	STO	Operations	Total Agency
OSEC	3,692.8	2,358.0	11,834.1	17,884.8	20.6	13.2	66.2	100.0
EMB	398.0	201.4	1,729.5	2,328.9	17.1	8.6	74.3	100.0
MGB	325.4	93.4	820.4	1,239.2	26.3	7.5	66.2	100.0
NAMRIA	165.0	-	1,213.4	1,378.4	12.0	-	88.0	100.0
NWRB	36.1	-	86.7	122.7	29.4	-	70.6	100.0
PCSDS	32.6	-	55.3	87.9	37.1	-	62.9	100.0
TOTAL (DENR)	4,649.9	2,652.8	15,739.3	23,042.0	20.2	11.5	68.3	100.0

Source of basic data: NEP 2023

- 4.2 Among the DENR's programs, the proposed 2023 budget for the *Natural Resources Conservation and Development Program* under the OSEC will constitute the largest share of 65.0% amounting to P10.22 billion—10.4% lower than the 2022 level of P11.41 billion. From 2021 to 2023, this program accounted for the bulk of the department's operations budget with an average share of 64.2%. Sub-programs include forest and watershed management, coastal and marine rehabilitation, protected areas development, wildlife conservation, and land management.
- 4.3 The EMB's *Environmental Regulations and Pollution Control Program* has a proposed budget of P1.22 billion, the biggest among the attached agencies. However, it will have a proposed budget cut of P1.53 billion or a decrease of 55.7% from the 2022 level of P2.75 billion, the highest decline among programs. Activities under this program include implementation of clean air regulations, clean water regulations, solid waste management, and hazardous waste regulations. Take note that there is a growing concern on air and water pollution today especially in highly urbanized areas like Metro Manila. Moreover, the existing garbage problem is compounded by the increasing generation of plastic and healthcare waste during this pandemic. Thus, the budget for this program should be carefully assessed to address these environmental concerns.
- 4.4 On the other hand, EMB's *Environmental Assessment and Protection Program* will have the highest increase in the proposed budget amounting to P513.0 million or 39.6% higher than the 2022 level of P367.3 million. Activities under this program include environmental pollution research, education and partnership building, and environmental impact assessment.
- 4.5 In contrast, NWRB's programs will have the smallest allocations in the proposed budget with an average share of 0.5% or a combined allocation of P86.7 million. There are projections that there will be more frequent water shortages in the future especially during dry months because of climate change, water pollution, and environmental degradation (World Resources Institute, 2015) Thus, it is critical to review the mandate and the budget of NWRB for the proper management and regulation of all water resources.

TABLE 7
SUMMARY OF MAJOR PROGRAMS FOR 2021-2023
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Program/Implementing Agency	Amount (In Million Pesos)			% Share to Total Program			Growth Rates '22-'23 (%)
	2021	2022	2023	2021	2022	2023	
Natural Resources Conservation and Development Program (OSEC)	11,057.2	11,409.0	10,223.3	65.2	62.4	65.0	-10.4
Natural Resources Enforcement and Regulatory Program (OSEC)	1,623.4	1,590.8	1,532.9	9.6	8.7	9.7	-3.6
Environmental Regulations and Pollution Control Program (EMB)	1,576.9	2,747.7	1,216.6	9.3	15.0	7.7	-55.7
Mapping and Resource Information Program (NAMRIA)	1,261.8	1,107.3	1,213.4	7.4	6.1	7.7	9.6
Environmental Assessment and Protection Program (EMB)	407.9	367.3	513.0	2.4	2.0	3.3	39.6
Mineral Resources Enforcement and Regulatory Program (MGB)	320.3	375.6	387.7	1.9	2.1	2.5	3.2
Geological Risk Reduction and Resiliency Program (MGB)	384.0	344.5	343.2	2.3	1.9	2.2	-0.4
Mineral Resources and Geosciences Development Program (MGB)	118.2	117.5	89.5	0.7	0.6	0.6	-23.8
Environmental and Natural Resources Resiliency Program (OSEC)	74.8	74.8	77.9	0.4	0.4	0.5	4.3
Palawan Environmentally Critical Areas Network Management Program (PCSDS)	48.9	68.4	55.3	0.3	0.4	0.4	-19.1
Water Resources Enforcement and Regulatory Program (NWRB)	54.7	55.9	52.8	0.3	0.3	0.3	-5.5
Water Resources Management Program (NWRB)	17.6	17.7	18.3	0.1	0.1	0.1	3.1
Water Resources Vulnerability and Sustainability Assessment Program (NWRB)	14.6	16.3	15.6	0.1	0.1	0.1	-4.0
Total	16,960.3	18,292.8	15,739.3	100.0	100.0	100.0	-14.0

Note: Allocations for programs and total operations are inclusive of locally-funded and foreign-assisted projects.

Source: GAA 2021-2022 and NEP 2023

V. PERFORMANCE REVIEW

5.1 Obligations refer to liabilities legally incurred and committed to be paid by the government either immediately or in the future. Table 8 shows the budget utilization efficiency of the department and its attached agencies on the extent to which they obligate or use their available appropriations. In 2021, DENR obligated 94.4% of its total appropriations which is an improvement from the 2020 ratio of 83.5%. The OSEC and its attached agencies obligated more than 93.0% of their appropriations. DENR's unused appropriations also significantly declined during the period, from P4.20 billion in 2020 to P1.62 billion in 2021.

TABLE 8
OBLIGATIONS-APPROPRIATIONS RATIO
AND UNUSED APPROPRIATIONS, 2019-2021

Particulars	Obligation-Appropriations Ratio (%)			Unused Appropriations (In Million Pesos)		
	2019	2020	2021	2019	2020	2021
OSEC	95.3	85.1	93.4	950.3	2,797.3	1,413.6
EMB	90.2	68.3	97.6	376.3	1,066.9	95.2
MGB	96.4	96.1	98.2	56.1	53.9	27.8
NAMRIA	98.0	84.3	95.3	28.6	260.5	81.8
NWRB	87.6	89.8	99.8	20.3	18.1	0.3
PCSDS	99.7	94.3	99.0	0.4	7.5	1.2
TOTAL Department	94.8	83.5	94.4	1,432.0	4,204.1	1,619.9

Sources of basic data: NEP 2021-2023

- 5.2 Disbursement refers to the settlement/liquidation/payment of an obligation incurred in the current or prior years, involving cash or non-cash transactions and covered by disbursement authorities. In 2021, DENR disbursed 84.3% of its total appropriations or an improvement from the 71.1% disbursement rate in 2020. Only NAMRIA recorded a lower disbursement rate in 2021 at 71.6%. In contrast, PCSDS posted the highest disbursement rate in the department.

TABLE 9
DISBURSEMENT RATE BY AGENCY, 2020-2021
(AMOUNTS IN MILLION PESOS)

Particulars	2020			2021		
	Appropriations	Disbursements	Disbursement Rate (%) ^{a/}	Appropriations	Disbursements	Disbursement Rate (%) ^{a/}
OSEC	18,789.3	13,613.0	72.5	21,479.3	17,994.1	83.8
EMB	3,363.9	1,816.3	54.0	3,929.3	3,480.5	88.6
MGB	1,394.1	1,222.8	87.7	1,518.5	1,414.1	93.1
NAMRIA	1,663.2	1,255.5	75.5	1,745.2	1,250.1	71.6
NWRB	176.3	117.0	66.3	153.5	142.9	93.1
PCSDS	132.6	117.9	88.9	124.1	120.9	97.5
Total Dept	25,519.4	18,142.5	71.1	28,949.9	24,402.7	84.3

a/ Disbursement rate – ratio of disbursements to appropriations
Source: SAAODB 2020-2021, DBM

- 5.3 In 2021, the *Natural Resources Conservation and Development Program* obligated 91.3% of its P12.77 billion appropriations and disbursed 84.3% of its P11.66 billion obligations. *Forest and Watershed Management*, the biggest sub-program in the department, recorded obligation and disbursement rates of 92.2% and 83.8%, respectively.
- 5.4 The *Environmental Management and Pollution Control Program* obligated 97.3% of its P2.60 billion appropriations and disbursed 89.5% of its P2.53 billion obligations.

Among its sub-programs, the *Implementation of Clean Water Regulations* recorded the lowest obligation and disbursement rate of 93.3% and 76.4%, respectively.

TABLE 10
BUDGET UTILIZATION BY SELECT MAJOR PROGRAM, 2021
AMOUNTS IN MILLION PESOS

Program/Implementing Agency	Appropriations	Obligations	Disbursements	Obligation Rate (%) ^{a/}	Disbursement Rate (%) ^{b/}
Natural Resources Conservation and Development Program (OSEC) of which:	12,771.4	11,660.3	10,761.5	91.3	84.3
Protected Areas, Caves and Wetlands Development and Management	2,195.2	1,956.3	1,774.0	89.1	80.8
Wildlife Resources Conservation	79.5	77.0	66.6	96.8	83.8
Coastal and Marine Ecosystems Rehabilitation	2,789.1	2,592.8	2,423.4	93.0	86.9
Land Management	2,186.7	1,942.3	1,869.7	88.8	85.5
Forest and Watershed Management	5,521.0	5,091.8	4,627.8	92.2	83.8
Environmental Management and Pollution Control Program (EMB) of which:	2,603.3	2,534.0	2,330.2	97.3	89.5
Implementation of Clean Air Regulations	350.7	340.1	291.5	97.0	83.1
Implementation of Clean Water Regulations	544.9	508.2	416.1	93.3	76.4
Implementation of Ecological Solid Waste Management Regulations	1,589.2	1,568.7	1,516.1	98.7	95.4
Implementation of Toxic Substances and Hazardous Waste Management Regulations	118.5	116.9	106.6	98.7	89.9

a/ Obligation rate – ratio of obligations to appropriations

b/ Disbursement rate – ratio of disbursements to appropriations

Source: SAAODB 2021 (FAR No. 1 in Transparency Seal)

5.5 The *Natural Resources Conservation and Development Program* has been the biggest program of the DENR in recent years. One of its outcome indicators is the *percentage increase in forest cover*, which has a target of increasing forest cover by 12% by the end of 2022. However, actual accomplishment for 2021 is not indicated. The actual accomplishments for outcome indicators on effective management of marine and terrestrial protected areas are mixed. In the protection of marine protected areas, areas under “good” management conditions have improved. However, areas with “excellent” management conditions decreased by 86,138 hectares. The targets for 2022 and 2023 reflect commitment to improving the conditions of these protected areas targeting 1,287,266 hectares under “excellent” management. In terms of terrestrial protected areas, areas under “good” management have improved. However, areas in “excellent” management condition have decreased by 993,579 hectares.

- 5.6 In 2021, output indicators – *area of denuded and degraded forestlands/PAs decreased* and *number of hectares planted, area maintained and protected* are short of their targets by 64 and 1,697 hectares, respectively. Despite not reaching its target in 2021, the target for the output indicator *number of hectares planted, area maintained and protected* has increased to 192,645 hectares in 2022 but will go down to 156,909 hectares in 2023.
- 5.7 The *Environmental Regulations and Pollution Control Program* of EMB is one of the biggest programs among DENR's attached agencies. In this program, all the outcome and output indicators have exceeded their targets. Note, however, that EMB is targeting an increase in and not the scope of compliance. Hence, the increase may be easily achieved for the 2022 and 2023 targets. The scope of compliance as a target will serve to make a more meaningful impact.

TABLE II
PERFORMANCE INDICATORS OF SELECT MAJOR PROGRAMS, 2021-2023

Program	2021		2022 Target	2023 Target
	Target	Actual		
Natural Resources Conservation and Development Program				
Outcome Indicators				
- Percentage increase in forest cover	By the end of 2022, forest cover increased by 12%	-	By the end of 2022, forest cover increased by 12%	By the end of 2023, forest cover increased by 3%
- Area of marine protected areas under NIPAS effectively managed increased (in hectares)*	By the end of 2022: Poor – 0 Fair – 537,034 Good – 902,412 Excellent – 1,287,266	Poor – 0 Fair – 460,679 Good – 1,064,905 Excellent – 1,201,128	Poor – 0 Fair – 0 Good – 1,439,448 Excellent – 1,287,266	Poor – 0 Fair – 0 Good – 1,439,448 Excellent – 1,287,266
- Area of terrestrial protected areas (including inland wetlands and caves) under the NIPAS effectively managed increased (in hectares)*	By the end of 2022: Poor – 4,545 Fair – 1,464 Good – 325,269 Excellent – 1,325,072	Poor – 0 Fair – 73,775 Good – 1,251,083 Excellent – 331,493	Poor – 0 Fair – 5,401 Good – 319,994 Excellent – 1,330,956	Poor – 0 Fair – 5,401 Good – 319,994 Excellent – 1,330,956
Output Indicators				
- Area of denuded and degraded forestlands/PAs decreased (in hectares cumulative)	94,438	94,374	45,706	11,631
- Number of hectares planted, area maintained and protected	158,533	156,836	192,645	156,909
- Percentage of annual survival rate of seedlings planted	85%	89.8%	85%	85%
- Number of marine protected areas network established	3	12	3	11
- Number of terrestrial protected areas/wetlands/caves established/conserved				
Inland Wetlands -	11	37	17	16
Caves -	13	87	18	13
- Number of critical habitats established and managed	2 established and 6 managed	8 established and 18 managed	2 established and 7 managed	2 established and 7 managed
Environmental Regulations and Pollution Control Program				
Outcome Indicators				
- Percentage increase of LGUs complying with the Ecological Solid Waste Management Act	5% increase	10% increase	5% increase	5% increase
- Percentage increase of industries complying with environmental standards	2% increase	6% increase	2% increase	2% increase
- Percentage of HUCs and major urban centers within ambient air quality guidelines/values (PM 10/2.5)	55%	61%	55%	55%
Output Indicators				
- Percentage of permits, clearances, and certificates issued within the prescribed timeframe	80%	95%	80%	80%
- Number of sites/facilities or areas that have been inspected with report submitted	52,595	63,655	56,565	58,220
- Percentage of cases/complaints acted upon within the prescribed timeframe	96%	100%	96%	96%

*The criteria for this indicator is based on the Management Effectiveness Tracking Tool (METT) for assessing and monitoring management effectiveness in protected areas. Criteria include: Poor (<26% METT Rating), Fair (26-50%), Good (51-74%), and Excellent (75-100%).
Source: NEP 2023

VI. COA FINDINGS AND RECOMMENDATIONS

- 6.1 Based on the 2021 Annual Audit Report (AAR) of the Commission on Audit (COA), OSEC did not implement 27 or 42.2% of the 64 prior year's audit recommendations.
- 6.2 In 2020, assessed revenues from the use of foreshore lands amounting to P35.1 million were not realized due to lack of collection enforcement and lapses in monitoring in the of responsible officials, delayed appraisal of foreshore lease areas, and the absence of approved foreshore lease agreement. Foreshore lands are strings of land margining a body of water. COA recommended and management agreed to direct the Regional Executive Directors to optimize collections from foreshore lease and occupation fees such as sending bills and demand letters monthly/regularly. However, this was not implemented.
- 6.3 In 2021, there was an observation that in the department's allotment for CY 2021 of P20.8 billion, P20.1 billion or 96.4% was utilized and P17.9 billion or 89.7% was disbursed until December 31, 2021. The total agency's allotment is inclusive of the allotment for the National Greening Program, Manila Bay Coastal Management Strategy and the Pasig River Rehabilitation Program. Of the total cash allocation of P21.4 billion, P20.9 billion was disbursed, leaving a balance of P428.5 million, of which P358.9 million was reverted back to the Bureau of Treasury. COA recommended and management agreed to prepare a detailed remedial action plan to reflect the specific measures to be undertaken to resolve the identified issues to ensure attainment of physical and financial targets.
- 6.4 Among the attached agencies, EMB recorded the highest share of implemented recommendations at 58.8% out 68 recommendations while NWRB recorded the lowest at 28.6% out of 14 recommendations.

TABLE 12
STATUS OF IMPLEMENTATION OF COA RECOMMENDATIONS
(AS OF DECEMBER 31, 2021)

Particulars	Total	Implemented		Not Implemented	
		Number	(%)	Number	(%)
OSEC	64	37	57.8	27	42.2
EMB	68	40	58.8	28	41.2
MGB	18	9	50.0	9	50.0
NAMRIA	30	13	43.3	17	56.7
NWRB	14	4	28.6	10	71.4

Source: Annual Audit Reports 2021 (Part 3)

**EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2021-2023
(AMOUNTS IN MILLION PESOS)**

Particulars	2021				2022				2023			
	PS	MOOE	CO	Total	PS	MOOE	CO	Total	PS	MOOE	CO	Total
OSEC	8,480.3	6,854.9	4,730.5	20,065.7	8,068.6	7,607.6	3,969.1	19,645.3	8,223.1	7,466.5	2,887.0	18,576.6
EMB	1,122.3	1,208.7	1,503.2	3,834.1	1,060.7	1,246.6	1,459.2	3,766.5	1,177.2	1,124.0	160.2	2,461.3
MGB	822.7	578.3	89.8	1,490.7	780.0	604.1	104.8	1,488.9	833.7	516.8	40.2	1,390.6
NAMRIA	537.5	1,014.6	111.3	1,663.3	515.9	788.3	-	1,304.2	524.2	891.9	-	1,416.1
NWRB	85.7	53.7	13.8	153.2	74.3	52.0	9.2	135.5	83.4	46.0	-	129.4
PCSDS	59.5	56.6	6.8	122.9	58.9	61.0	6.5	126.4	59.9	49.7	-	109.6
Total	11,107.9	9,766.7	6,455.4	27,330.0	10,558.4	10,359.5	5,548.7	26,466.6	10,901.5	10,094.9	3,087.3	24,083.7

Source: BESF 2023

**EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2021-2023
(AS PERCENT TO TOTAL AGENCY)**

Particulars	2021				2022				2023			
	PS	MOOE	CO	Total	PS	MOOE	CO	Total	PS	MOOE	CO	Total
OSEC	42.3	34.2	23.6	100.0	41.1	38.7	20.2	100.0	44.3	40.2	15.5	100.0
EMB	29.3	31.5	39.2	100.0	28.2	33.1	38.7	100.0	47.8	45.7	6.5	100.0
MGB	55.2	38.8	6.0	100.0	52.4	40.6	7.0	100.0	59.9	37.2	2.9	100.0
NAMRIA	32.3	61.0	6.7	100.0	39.6	60.4	0.0	100.0	37.0	63.0	0.0	100.0
NWRB	55.9	35.1	9.0	100.0	54.8	38.4	6.8	100.0	64.5	35.5	0.0	100.0
PCSDS	48.4	46.1	5.5	100.0	46.6	48.3	5.2	100.0	54.6	45.4	0.0	100.0
Total	40.6	35.7	23.6	100.0	39.9	39.1	21.0	100.0	45.3	41.9	12.8	100.0

Source: BESF 2023