



MEMORANDUM

FOR/TO : All Undersecretaries
All Assistant Secretaries
The Head Executive Assistant
All Bureau Directors
The Administrator
National Mapping and Resource Information Authority
The Executive Directors
National Water Resources Board
Philippine Council for Sustainable Development Staff

FROM : The Undersecretary
Finance, Information Systems and Climate Change

SUBJECT : **AGENCY PERFORMANCE REVIEW OF THE DENR FOR FY 2020**

DATE : MAY 25 2021

This refers to the attached letter of Undersecretary Tina Rose Marie L. Canda, Department of Budget and Management, informing us of the completion of the DBM's review of the DENR's physical, financial and income performance for FY 2020.

The following are the results of the review:

I. Physical Performance:

1. DENR was able to significantly accomplished majority of the set targets in the Performance Informed Budget (PIB) for FY 2020.
2. NAMRIA exceeded its' set targets for the fiscal year.
3. Targets for the following outcome and output indicators of certain offices were not met:
 - a. Percentage increase in stakeholders' environmental awareness and participation – 0%
 - b. Number of environmental research studies conducted for policy purposes- 0%
 - c. Percentage of HUCs and major urban centers within ambient air quality guidelines/values (PM10/2.5)- 43.64%
 - d. Percentage increase in river basins and critical areas with scientifically robust water information and decision support tools – 50%

- e. Number of LGUs adoption/using the development plans including the operation of monitoring stations as basis for their groundwater protection and development programs – 33.33%
- f. Percentage of water use violations/complaints acted upon within prescribed timeframe – 32%
- g. Number of water constrained areas with Groundwater Management Plan developed- 0%
- h. Number of water constrained areas with groundwater monitoring wells established- 0%
- i. Number of river basins with comprehensive water resources assessment- 0%
- j. Number of Environmentally Critical Areas Network (ECAN) maps updated – 50%.

II. FINANCIAL PERFORMANCE

- 1. DENR was able to achieve an overall obligation rate of 92.30% and disbursement rate of 85.11%.
- 2. NAMRIA posted the highest obligation rate of 98.80% followed by MGB with 96.13%.
- 3. PCSCDS posted the highest disbursement rate of 94.25% followed by MGB with 91.24%.
- 4. NWRB posted the lowest obligation and disbursement rate of 89.85% and 73.90%, respectively.

III. INCOME PERFORMANCE

- 1. The DENR reported an overall income of P2.913 Billion, 173.37% over its projected revenue for the year of P1.652 Billion.
- 2. NAMRIA reported the lowest income of 32.43%.

The DBM gave some recommendations to help us in addressing the deficiencies/gaps and provide opportunities to ensure achievement of our targets. We urge all offices to go over the recommendations and revisit your plans to address observed bottlenecks. For those Offices who are lagging behind with their targets for this year, we recommend that you formulate and immediately implement your catch-up plan. Kindly furnish the Office of the USEC for Policy and Planning and this Office of your catch-up plans so that they can monitor your progress.

For your information and appropriate action.


ATTY. ANALIZA I. EBUELTA-TEH



REPUBLIC OF THE PHILIPPINES
 DEPARTMENT OF BUDGET AND MANAGEMENT
 GENERAL SOLANO STREET, SAN MIGUEL, MANILA

APR 12 2021

SECRETARY ROY A. CIMATU

Department of Environment and Natural Resources
 Visayas Avenue, Diliman, Quezon City

APR 28 2021
 BY: JUDITH P. ARAGANAS
 DENR. Liaison Officer

Dear **Secretary Cimat**:

In compliance with the provisions of Book VI of the Executive Order No. 292 (Administrative Code of 1987) dated July 25, 1987, as cited in Chapter 2-Budget Policy and Approach (Section 9 – Performance and Financial Review) and Chapter 6-Budget Accountability (Section 56 – Semi-annual Report on Accomplishments of Government Agencies), on the conduct of semi-annual (i.e., as of June and as of December) monitoring and review of agency performance, please be informed that we have completed the review of your Department's FY 2020 physical, financial and income performance, the results of which may be summarized as follows:

Physical Performance:

With regard to physical performance, the Department was able to significantly accomplish a majority of the set targets appearing in its Performance Informed Budget (PIB) for FY 2020. Notably among the DENR agencies, the National Mapping and Resource Information Authority (NAMRIA) managed to achieve, if not exceed, its set targets for the fiscal year.

However, the targets for several outcome and output indicators of particular agencies were not met due to various reasons (among which are limitations due to the pandemic), as follows:

Agency	Performance Indicators	Accomplishment Rate
Office of the Secretary (OSEC)	Output Indicators:	
	▪ Number of hectares of open access/untitled lands of the public domain placed under appropriate management arrangement/tenure	62.80%
	▪ Number of residential free patents issued	81.07%
	▪ Area of denuded and degraded forestlands/PAs decreased (in ha. cumulative)	94.27%
	▪ Number of hectares planted, area maintained and protected	94.78%

Agency	Performance Indicators	Accomplishment Rate
Environmental Management Bureau (EMB)	<p>Outcome Indicators</p> <ul style="list-style-type: none"> ▪ Percentage increase of environmentally compliant projects (from the baseline) ▪ Percentage increase in stakeholders' environmental awareness and participation <p>Output Indicators</p> <ul style="list-style-type: none"> ▪ Number of environmental research studies conducted for policy purposes ▪ Percentage of HUCs and major urban centers within ambient air quality guidelines/values (PM10/2.5) 	<p>(100.00%)</p> <p>0.00%</p> <p>0.00%</p> <p>43.64%</p>
Mines and Geosciences Bureau (MGB)	<p>Outcome Indicator</p> <ul style="list-style-type: none"> ▪ Percentage of monitored mining permits/contracts complying with laws, rules and regulations <p>Output Indicators</p> <ul style="list-style-type: none"> ▪ Percentage of total Philippine area surveyed for geology and mineral potential ▪ Number of cities and municipalities where vulnerabilities and risk assessment were conducted ▪ Number of LGUs (cities/municipalities) provided with information, education, and communication campaigns on geohazard ▪ Number of LGUs assessed for groundwater resources and vulnerability 	<p>98.57%</p> <p>58.18%</p> <p>68.87%</p> <p>58.42%</p> <p>71.43%</p>
National Water Resources Board (NWRB)	<p>Outcome Indicator</p> <ul style="list-style-type: none"> ▪ Percentage increase in river basins and critical areas with scientifically robust water information and decision support tools ▪ Number of LGUs adopting/using the developed plans including the operation of the monitoring stations as basis for their groundwater protection and development program <p>Output Indicators</p> <ul style="list-style-type: none"> ▪ Number of water sources facilities monitored/assessed ▪ Percentage of water use violations/complaints acted upon within the prescribed timeframe 	<p>50.00%</p> <p>33.33%</p> <p>75.06%</p> <p>32.00%</p>

Agency	Performance Indicators	Accomplishment Rate
	<ul style="list-style-type: none"> ▪ Number of water-constrained areas with Groundwater Management Plan developed ▪ Number of water-constrained areas with groundwater monitoring wells established ▪ Number of river basins with comprehensive water resources assessment 	0.00%
Palawan Council for Sustainable Development Staff (PCSDS)	Outcome Indicator <ul style="list-style-type: none"> ▪ Average score of all ECAN zones Output Indicator <ul style="list-style-type: none"> ▪ Number of Environmentally Critical Areas Network (ECAN) maps updated 	(159.20%) 50.00%

Financial Performance

As shown in the table below, the Department was able to post an overall obligation rate of **92.30%** and a disbursement rate of **85.11%** in FY 2020.

Agency	Amount (In thousand PHP)			Budget Utilization Rate	
	Allotment Released	Actual Obligation	Disbursements	Obligation vs. Allotment	Disbursement vs. Obligation
OSEC	17,561,929	15,991,989	13,612,957	91.06%	85.12%
EMB	2,410,087	2,296,992	1,816,324	95.31%	79.07%
MGB	1,394,125	1,340,217	1,222,828	96.13%	91.24%
NAMRIA	1,419,827	1,402,737	1,255,475	98.80%	89.50%
NWRB	176,135	158,256	116,959	89.85%	73.90%
PCSDS	132,588	125,110	117,913	94.36%	94.25%
Total	23,094,691	21,315,301	18,142,456	92.30%	85.11%

While the DENR was able to achieve the foregoing financial performance, the COVID-19 pandemic brought about a great deal of challenge towards the attainment of its objectives. Considering that savings were generated during the pandemic due to various reasons, these were not sufficient to offset the negative effects of restrictions and community quarantine on the implementation of programs, projects and activities. Perhaps, this was felt more severely by the NWRB among the DENR agencies because it registered the lowest obligation as well as disbursement rate.

Despite the pandemic, NAMRIA was able to post a 98.80% obligation rate, followed by MGB's 96.13%. Insofar as disbursements are concerned, the PCSDS outranked the other DENR agencies with its 94.25% rate, while the MGB came in second at 91.24%.

Income Performance:

During the year, the actual combined income of the DENR agencies reached **P2.913 Billion** against a full-year target of **P1.652 Billion**, establishing an overall **176.37%** excess over its projected revenue for FY 2020, details as follows:

Agency	Amount (In Thousand PhP)		Accomplishment Rate
	Programmed	Actual	
OSEC	465,003	1,178,432	253.42%
EMB	383,723	312,376	81.41%
MGB	636,641	1,252,391	196.72%
NAMRIA	9,890	3,207	32.43%
NWRB	140,995	149,945	106.35%
PCSDS	15,555	16,935	108.87%
Total	1,651,807	2,913,286	176.37%

It is noted however that EMB and NAMRIA fell short of their revenue targets for FY 2020, with NAMRIA missing its target by as much as 67%.

Recommendations:

- For DENR – OSEC targets of outcome indicators that are expected to be accomplished by the end of FY 2022, the agency should consider coming up with annual/interim targets for the fiscal year preceding FY 2022 in order to effectively measure how far it has gone in terms of accomplishing its FY 2022 targets, and what should be undertaken in the immediate year prior to FY 2022 to achieve its targets;
- Revisit planning strategies of the agencies in order to formulate realistic targets (based on historical data to consider activities achievable within one fiscal year) to eliminate understatement of targets and improve physical, financial and revenue performance for the ensuing years;
- Undertake early procurement activities short of award upon the issuance of the National Expenditure Program, pursuant to Sections 7.6 and 20.1 of the Revised Implementing Rules and Regulations of RA 9184 (Government Procurement Reform Act), to allow ample time should the agency experience a problem during the procurement process;
- Address observed bottlenecks and continuously monitor performance throughout the year, formulate and implement catch up plan if necessary;
- Formulate strategies and mechanisms to consider the "new normal" scenario in order to recoup underperformance geared towards the achievement of its targets and the effective delivery of its mandated functions; and
- Propose P/A/Ps that are well-planned and implementation-ready, taking into consideration the department/agency's performance and absorptive capacity, and institute measures to strengthen linkages between its planning, budget, accounting, procurement and operations units/divisions/offices in order to ensure that programs and projects are implemented as scheduled in order to achieve full utilization of resources within one fiscal year.

Please find the details of the aforementioned findings, comments and recommendations in Attachment Nos. I to VI.

The government appreciates the efforts of the DENR in delivering its commitments in terms of the performance indicators reflected in Volume II of the FY 2020 General Appropriations Act.

The DBM shall be pleased to provide any clarification/additional information on the findings contained in this letter as needed.

We hope that the results of this review will guide you in ensuring a fruitful performance for this year.

Very truly yours,


TINA ROSE MARIE L. CANDA
Undersecretary

cc: **Director William P. Cufiada**
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