



**MEMORANDUM**

FOR : The Executive Director  
River Basin Control Office

FROM : The OIC Director  
Policy and Planning Service

SUBJECT: **SUMMARY OF AGREEMENTS DURING POLICY TECHNICAL WORKING GROUP (PTWG) MEETING NO. 2024-09 HELD ON 08 AUGUST 2024, 9:30 AM AT THE OASIA CONFERENCE ROOM, 5/F DENR-CENTRAL OFFICE BUILDING AND VIA ZOOM**

DATE : 28 AUG 2024

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This refers to PTWG Meeting No. 2024-09 held on 08 August 2024, 9:30 AM at the OASIA Conference Room and online via Zoom, which tackled the proposed **Draft DAO re Guidelines on the Development of Payment for Ecosystem Services (PES) for Water Use to Enhance River Basin and Watershed Management.**

Relative thereto, attached is the summary of agreements, for your information and reference in the revision of the proposed policies.

As agreed upon, the proposed policy shall be revised by the proponent and submitted to this Office within a period of two (2) weeks for recirculation to the PTWG members for final comment/vetting. Additionally, it was also agreed that the proponent will submit the Preliminary Impact Statement (PIS) of the draft policy to the Anti-Red Tape Authority (ARTA) to determine if the policy should undergo a Regulatory Impact Assessment (RIA).

In this regard, we kindly request the submission of the revised draft policy, along with a copy of the PIS to be submitted to ARTA, not later than 10 September 2024.

For your consideration, please.

  
CHERYL LOISE T. LEAL

MEMO NO. 2024 - 774



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CHERYL LOISE T. LEAL



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES  
KAGAWARAN NG KAPALIGIRAN AT LIKAS NA YAMAN



PTWG Meeting No. 2024-09  
SUMMARY OF AGREEMENTS

08 August 2024 | 9:30 AM | OASIA Conference Room, 5/F DENR Bldg.

I. Call to Order

The meeting was called to order by the PTWG Chairperson, Director Cheryl Loise T. Leal at 10:05AM. She recognized the PTWG meeting attendees. The Secretariat called the roll of the attendees, wherein, below is the list of the participants:

|   |  |
|---|--|
| <b>Chairperson:</b> Dir. Cheryl Loise T. Leal   |  |
| <b>Vice Chairperson:</b> Dir. Norlito A. Eneran |  |
| <b>Members:</b>                                 |  |
| <b>RBCO:</b> E.D. Seville D. David Jr.          | <b>FMB:</b> For. Kenneth Tabliga       |
| For. Nelson V. Gorospe                          | For. Claudett Endozo                   |
| Angelica Jacela                                 | For. Ediza Bonete                      |
| Dianella Cabral                                 | <b>OULA:</b> Lolita Presbitero         |
| <b>NWRB:</b> Engr. Snoofey Cabag-Iran           | <b>OUPPIA:</b> Maria Magnolia Danganan |
| <b>BMB :</b> Gabriel Ferrer                     | <b>OUFOM:</b> Jeruz Pahilanga          |
| Mariel Razon                                    |  |
| <b>GDO:</b> Layla Sevilla                       | <b>OUFISCC:</b> Nelgie Ann Belesario   |
| <b>ERDB:</b> Eugene Paranaque                   | <b>OUFOLVE:</b> Josefina Ocampo        |
| <b>MGB:</b> Mark Laurence Malabanan             | Lloyd Francis Sorrena                  |
| <b>EMB:</b> Ross Ian Avino                      | <b>OASECFOWM:</b> Jasmin Guarin        |
| Crister Kae R. Alcaraz                          | <b>OASFOEM:</b> Joel S Pardillo        |
| Janus Niño Alpaño                               | <b>CCS:</b> Theresa Legaspi            |
| <b>LMB :</b> Lovella Luzette Galindon           | Liz Silva                              |
| <b>SMCRD:</b> Ernestina Jose                    |  |
| <b>Secretariat:</b>                             |  |
| For. Llarina S. Mojica                          | Ms. Debra Tante                        |
| For. Amisol Talania                             | For. Hazel Jasmine Chua                |
| Ms. Mary Lou Retos                              | Ms. Alyssa Calisay                     |
| Ms. Leila Vega                                  | Ms. Nim Hydee Eusebio                  |
| For. Emma Liwliwa S. Baradi-Medina              | For. Kelsie Miniano                    |
| For. Raphael Celestino Y. Baskinas              | Mr. Lanli Mark Macay                   |

## II. Adoption of the Provisional Agenda

The meeting was called into order by the Chair, Director Cheryl Loise T. Leal at 10:05 AM. The body approved the agenda to review RBCO's proposed policy.

## III. Discussions on Proposed Policy

### A. GUIDELINES ON THE DEVELOPMENT OF PAYMENT FOR ECOSYSTEM SERVICES (PES) FOR WATER USE TO ENHANCE RIVER BASIN AND WATERSHED MANAGEMENT

| Provision                     | Comments/Agreements   |
|-------------------------------|---|
| Preliminary Discussions       | <ul style="list-style-type: none"> <li>• Dir. Gorospe presented a brief timeline of events on the formulation of the draft Policy.</li> <li>• The proponent conducted a comprehensive consultation process, engaging a wide range of stakeholders at the local, national, and private sector levels.</li> <li>• Ms.Cabral presented the revisions made to the draft DAO based on the comments and agreements during the 2nd PTWG meeting. The body reviewed if the revisions were adopted in the updated draft DAO.</li> </ul>  |
| Subject/Title                 | Adopted   |
| Prefatory Statement           | Adopted   |
| SECTION 1. Basic Policy       | Adopted   |
| SECTION 2.Objectives          | Adopted   |
| SECTION 3. Scope and Coverage | <ul style="list-style-type: none"> <li>• The PTWG members requested clarification on whether the policy is prescriptive, noting that the last part of the section stating, <b><i>"Except for its implementation in National Integrated Protected Area System (NIPAS) areas, this guideline is not intended to be prescriptive,"</i></b> could cause confusion. The proponent agreed to revise and clarify this portion of Section 3, emphasizing that the policy is indeed prescriptive for NIPAS areas. Dir. David also highlighted the need for the Scope and Coverage to clearly distinguish PES from IPAF, ensuring the policy's intent is explicit.</li> </ul> |

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|  | <ul style="list-style-type: none"> <li>• Ms. Presbitero inquired whether the guidelines would cover all Ecosystem Services, including water for drinking, domestic use, and irrigation. For. Gorospe clarified that the guidelines will only address water for domestic use. Dir. David added that the guidelines also apply to those benefiting from water, such as hydropower users, and those with permits covered by the NWRB</li> <li>• The PAMB can pass its own resolutions regarding the collection of PES, using this policy as a guide. However, since the draft policy lacks a legal basis, it is non-prescriptive. It was also mentioned that water is not classified as a forest product, which is why it cannot be linked to RA 9275.</li> </ul>  |
| SECTION 4. Definition of Terms         | <ul style="list-style-type: none"> <li>• Include <b><i>“ring-fencing mechanism”</i></b> in the definition of terms.</li> <li>• The suggestion to add examples of ES Sellers was adopted</li> <li>• Include <b><i>“landowners”</i></b> in the definition of terms</li> </ul>   |
| SECTION 5. Phases of PES for Water Use | <p><b>A. Phase 1: Prioritization of Watersheds for PES</b></p> <ul style="list-style-type: none"> <li>• Engr. Jose asked for clarification on the methodology for prioritizing watersheds based on the criteria in Annex A. Dir. Gorospe explained that a watershed will be prioritized if it meets the six criteria outlined in Annex A. He also suggested adding two additional criteria: the watershed must have an organized (1) <b>Watershed Management Council</b> and an (2) <b>Integrated Watershed Management Plan</b>. The group agreed to adopt this recommendation to be mentioned in the toolkit.</li> <li>• Ms. Legaspi suggested including Nature Based Solutions (NBS) as an intervention in Annex A. Criteria 2 (<i>Vulnerability Assessment</i>). Dir. Gorospe recommends instead to include Nature Based Solution (NBS) and Ecosystems Based Adaptation (EBA) as part of suggested PES Activities that may be implemented in Section 7.</li> </ul> <p><b>B. Phase 2: Identification of PES Prospects</b></p> |

- Adopted

### **C. Phase 3: Negotiation and Signing of PES Agreements or Ordinance**

- Engr. Cabag-iran proposed clarifying the limitations on charges to consumers in the MOA, a suggestion also supported by Dir. Leal. However, NWRB noted that such limitations are not included in the MOA because charges will vary based on the computation in Annex C. Dir. Gorospe mentioned that the cost-recovery equation shall address issues in sample MOAs for LGUs.
- Dir. David added that these charges will be bundled with the tariff collected by service providers, regulated by LWUA and NWRB. Each PES implementation area will have an implementing unit consisting of the buyer, seller, and intermediaries (DENR).
- BMB recommended to include PAMB Resolutions as a form of agreement. The body agrees to adopt the recommendation. BMB shall provide the proponent a sample template of the PAMB Resolution.

### **D. Phase 4. Implementation of the PES Scheme**

- RBCO to include a diagram of the PES Scheme which can be attached as Annex.
- BMB inquired whether the fees collected for Protected Areas will be directed to IPAF. Dir. Gorospe confirmed that, for Protected Areas, the collected fees will indeed accrue to IPAF according to existing mechanisms.

### **E. Phase 5. Monitoring, Reporting, and Knowledge Management**

- RBCO clarifies that Section 5 Phase 5 is for every implementing unit as created in Phase 4 while Section 11 activities are within the purview of DENR.
- For consistency, the RBCO suggested revising a

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|  | <p>more appropriate title for Section 5 Phase 5 that will also be reflected in the responsibility of the implementing unit. The PTWG agrees to this recommendation.</p> <ul style="list-style-type: none"><li>• Revise Section 5 Phase 5 to include the specific functions of implementation units including the RTWG.</li><li>• FMB sought clarification on DENR's role in each phase of PES Mechanisms Development. Dir. Gorospe responded that the roles and responsibilities of DENR and other PES actors are detailed in Section 9.</li><li>• For. Tabliga stated that the role of Regional Offices should be clear in which Phase they will be involved and what will be their role. For. Tabliga further seeks clarification on how the LGU Initiated PES is connected with the DENR Steering Committee.</li><li>• Dir. Gorospe responds that the toolkit defines the role of DENR as well as LGU Initiated PES.</li><li>• For. Tabliga recommends to utilize existing management units/bodies in the Regional Offices to lead Phase 1 and and Phase 2, while PAMB will lead for PAs. Dir. Gorospe agrees to revise the draft policy based on this suggestion.</li><li>• Ms. Legaspi suggested adding a separate section for the institutional mechanism with the institutional framework/structure that includes the Steering Committee and TWGs. However, Dir. David explained that this is the same as section 9.</li><li>• For. Tabliga further recommends for the Institutional Arrangement (Roles and Responsibilities) be mentioned first in the format of the draft policy prior to Section 5.</li><li>• Dir. David responds that they will discuss internally how to better package the draft policy as they believe it's better to "build the case first" for the draft policy then mention in the latter part of the policy the institutional framework.</li><li>• Mr. Pahilanga recommends that Section 9 be moved right after Section 5. Dir. Gorospe responded that the current order of Section 9 be retained and that the draft DAO must be read as a whole.</li></ul> |
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| <p>SECTION 6. PES<br/>Mechanism Development</p> | <ul style="list-style-type: none"> <li>• There was a recommendation to move Sections 9.3 to 9.6 to be placed under Section 6, right before Section 6.a (LGU-initiated). However, the proponent clarified that Section 9 addresses roles and responsibilities, so Sections 9.3 to 9.6 should remain in Section 9. Instead, previous provisions can reference Section 9 as needed.</li> <li>• For. Tabliga recommended revising Section 6.c to clearly specify which agencies or units (e.g., PAMB, LGUs) are responsible for collecting PES, in order to avoid confusion. Dir. Gorospe suggested creating a <b>separate section for the Collection of Fees</b> to address the issue of Section 6.c being misplaced. The body adopts this recommendation, with Section 7 being for <b>Collection of Fees</b> and for the proponent to adjust format of the draft policy accordingly.</li> <li>• NWRB to submit a proposal for payment mechanisms applicable to NWRB, MWSS, and other service providers.</li> <li>• Proponent to revise Section 6.a. i, specifying the types of local water supply systems (e.g., local water districts, LGU-run systems, private water service providers).</li> <li>• Consider creating a special provision for NWRB to access/utilize PES funds in the General Appropriations Act (GAA).</li> <li>• In Section 6.c (to be revised as a separate section), RBCO to evaluate the incorporation of PES as an additional environmental fee and consult with MWSS.</li> <li>• Ensure that the policy adheres to existing accounting rules and regulations of relevant agencies.</li> <li>• Revise Section 6.c.iii as <i>"Protected Areas Management Boards (PAMBs) for ES within the PA to accrue into the Integrated Protected Area Fund (IPAF)"</i></li> <li>• Move Section 6.a.iii to Section 10.</li> <li>• Revise Section 6.iv to refer to "bulk water suppliers"</li> </ul> |
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|   | <ul style="list-style-type: none"> <li>• For Section 6.c.v, revise “water service providers” to “water concessionaires.”</li> <li>• Replace lines 276-277 “DAO 2005-21” into “IPAF Manual as adopted by BMB Technical Bulletin No. 2019-02.”</li> </ul>  |
| <p>SECTION 7. Ring Fencing Mechanism</p>                                      | <ul style="list-style-type: none"> <li>• To spell out abbreviated terms.</li> <li>• For. Tabliga recommended replacing “<b>implementation of PES activities</b>” to “<b>rehabilitation of watershed and river basin</b>”.</li> <li>• Revise the title of section 7 into a more appropriate title.</li> <li>• RBCO to update the contents of Section 7 to include all relevant activities and mechanisms, including but not limited to: (1) Ring Fencing (2) Utilization of Collected Funds, (3) Application of Nature-Based Solutions and (4) Ecosystems-Based Adaptation.</li> <li>• RBCO to consult with E.D. David on these applicable mechanisms.</li> </ul> |
| <p>SECTION 8. Cost Recovery for Water Pricing</p>                             | <ul style="list-style-type: none"> <li>• Spell out abbreviated terms in the formula</li> <li>• Engr. Jose proposed changes on the values and formula on the related Annexes, making the values exact (including decimal places).</li> <li>• Include the “fruit plantation” in lines 321-323, as it is included in Annex D.</li> <li>• For the formula, show the summary first before the meaning of the abbreviated terms.</li> <li>• Include the derivation of numerical values in the formula</li> <li>• Remove parenthesis in Annex D’s “Total cost per m<sup>3</sup> = (total cost per year/available water)”</li> </ul>                                     |
| <p>SECTION 9. Roles and Responsibilities of the DENR and other PES Actors</p> | <ul style="list-style-type: none"> <li>• Specify when the PES toolkits shall be updated (e.g. every five years) instead of “<i>whenever necessary</i>”</li> <li>• Instead of creating another TWG, existing and established DENR management bodies/units can be utilized for PES.</li> <li>• Revise the composition of the Steering Committee based on existing and applicable composition of the</li> </ul>   |

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|  | <p>top management or recent developments. RBCO to consult Usec. CP David on the said composition.</p> <ul style="list-style-type: none"> <li>• WRMO to be included in the Steering Committee</li> <li>• There was a suggestion to include a designated secretariat for the TWGs.</li> </ul>  |
| SECTION 10. Capacity Building, and Communication, Education and Public Awareness (CEPA) Plan | <ul style="list-style-type: none"> <li>• Include the <i>Devolution Transition Plan</i> in Section 10</li> <li>• RBCO to be in-charge of conducting the roll out and capacity building, in coordination with HRDS</li> </ul>  |
| SECTION 11. Monitoring, Evaluation and Reporting   | <ul style="list-style-type: none"> <li>• Revise based on previous comments</li> </ul>  |
| SECTION 12. PES Initiatives Database   | <ul style="list-style-type: none"> <li>• RBCO to explore/utilize existing databases such as FMB's Watershed Ecosystem Management Information System (WEMIS).</li> <li>• To add "In addition, RBCO in coordination with KISS, shall publish and maintain in its webpage all knowledge products developed on PES for water use to finance river basin and watershed management"</li> </ul>                             |
| SECTION 13. Funding  | <ul style="list-style-type: none"> <li>• Double check formatting of sections 13 to 16 based on EPDS</li> </ul>   |
| SECTION 14. Separability Clause  | <ul style="list-style-type: none"> <li>• Adopted</li> </ul>  |
| SECTION 15. Repealing Clause   | <ul style="list-style-type: none"> <li>• Adopted</li> </ul>  |
| SECTION 16. Effectivity Clause   | <ul style="list-style-type: none"> <li>• Adopted</li> </ul>  |
| <b>Way Forward</b>   | <ul style="list-style-type: none"> <li>• The draft policy is hereby approved subject to revision/incorporation based on comments/suggestions by the PTWG for subsequent circulation to PTWG members for final vetting (in two weeks time).</li> <li>• Once revised, RBCO shall endorse the Preliminary Impact Statement (PIS) of the draft policy to ARTA for assessment on whether a full RIA is needed.</li> </ul> |

There being no other matters to discuss, the PTWG meeting was adjourned at 3:20PM

Prepared by the Secretariat

Noted by:



**CHERYL LOISE T. LEAL**  
OIC Director, Policy and Planning Service





**DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES  
KAGAWARAN NG KAPALIGIRAN AT LIKAS NA YAMAN**



**DENR POLICY TECHNICAL WORKING GROUP**

Notice of PTWG Meeting No. 2024-09

**FORTO:**

Director, Legal Affairs Service (Vice- Chairperson, PTWG)  
Assistant Director, Biodiversity Management Bureau  
Assistant Director, Ecosystems Research and Development Bureau  
Assistant Director, Environmental Management Bureau  
Assistant Director, Forest Management Bureau  
Assistant Director, Land Management Bureau  
Assistant Director, Mines and Geosciences Bureau  
Chief of Staff/HEA, Office of the Undersecretary for Legal and Administration  
Chief of Staff/HEA, Office of the Undersecretary for Finance, Information Systems and Climate Change  
Chief of Staff/HEA, Office of the Undersecretary Policy, Planning and International Affairs  
Chief of Staff/HEA, Office of the Undersecretary for Field Operations (FO) - Luzon, Visayas, MGB and EMB  
Chief of Staff/HEA, Office of the Undersecretary for FO – Mindanao, MGB and EMB  
Chief of Staff/HEA, Office of the Undersecretary for Organizational Transformation and Human Resources  
Chief of Staff/HEA, Office of the Undersecretary for Integrated Environmental Science  
Chief of Staff/HEA, Office of the Undersecretary for Special Concerns and Legislative Affairs  
Chief of Staff/HEA, Office of the Assistant Secretary for Policy, Planning and Foreign-Assisted and Special Projects  
Chief of Staff/HEA, Office of the Assistant Secretary for Legal Affairs  
Chief of Staff/HEA, Office of the Assistant Secretary for FO - Luzon and Visayas  
Chief of Staff/HEA, Office of the Assistant Secretary for FO - Eastern Mindanao  
Chief of Staff/HEA, Office of the Assistant Secretary for FO - Western Mindanao  
Senior Technical Staff, Legal Affairs Service  
Senior Technical Staff, Knowledge and Information Systems Service  
Senior Technical Staff, Climate Change Service  
Senior Technical Staff, Foreign-Assisted and Special Projects Service  
Senior Technical Staff, Strategic Communication and Initiatives Service  
Senior Technical Staff, Geospatial Database Office  
Senior Technical Staff, National Water Resources Board  
Senior Technical Staff, Water Resources Management Office  
Senior Technical Staff, PPS-Program Monitoring and Evaluation Division

Visayas Avenue, Diliman, Quezon City 1100, Philippines  
[www.dcnr.gov.ph](http://www.dcnr.gov.ph)

Chief, PPS-Policy Studies Division  
PSD Technical Staff

FROM: The OIC Director, Policy and Planning Service

DATE/TIME: **08 August 2024 (Thursday) | 09:30 AM**

VENUE: **Office of the Assistant Secretary for International Affairs, 5/F  
DENR-CO Building, Quezon City**

RESOURCE Engr. Seville D. David Jr.  
PERSONS: For. Nelson V. Gorospe  
RBCO Technical Staff

AGENDA: 1. Draft DAO re: Guidelines on the development of Payment for  
Ecosystem Services (PES) for Water Use to Finance River Basin and  
Watershed Management  
2. Other Matters

NOTE: The Primary members of the PTWG per DENR Special Order No.  
2021-94 are enjoined to attend in person.

  
CHERYL LOISE T. LEAL



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES  
KAGAWARAN NG KAPALIGIRAN AT LIKAS NA YAMAN



**MEMORANDUM**

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Division Chief, PPS-Program Monitoring and Evaluation Division

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Please be informed that the SOA has been circulated through email for further comments on 13 August 2024. The RBCO's comment had been incorporated in the said SOA last 22 August 2024. Moreover, there are no other substantial inputs received by the deadline hence, the SOA is hereby considered as concurred by the PTWG members who attended the said meeting.

Further, as agreed upon, the proposed policies shall be circulated to the PTWG members for final vetting, once revised by the proponent.

For your information and consideration, please.

  
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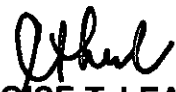
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*per* *per* *R*



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PTWG Meeting No. 2024-09  
SUMMARY OF AGREEMENTS

08 August 2024 | 9:30 AM | OASIA Conference Room, 5/F DENR Bldg.

I. Call to Order

The meeting was called to order by the PTWG Chairperson, Director Cheryl Loise T. Leal at 10:05AM. She recognized the PTWG meeting attendees. The Secretariat called the roll of the attendees, wherein, below is the list of the participants:

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|---|--|
| <b>Chairperson:</b> Dir. Cheryl Loise T. Leal   |  |
| <b>Vice Chairperson:</b> Dir. Norlito A. Eneran |  |
| <b>Members:</b>                                 |  |
| <b>RBCO:</b> E.D. Seville D. David Jr.          | <b>FMB:</b> For. Kenneth Tabliga       |
| For. Nelson V. Gorospe                          | For. Claudett Endozo                   |
| Angelica Jacela                                 | For. Ediza Bonete                      |
| Dianella Cabral                                 | <b>OULA:</b> Lolita Presbitero         |
| <b>NWRB:</b> Engr. Snoofey Cabag-Iran           | <b>OUPPIA:</b> Maria Magnolia Danganan |
| <b>BMB :</b> Gabriel Ferrer                     | <b>OUFOM:</b> Jeruz Pahilanga          |
| Mariel Razon                                    |  |
| <b>GDO:</b> Layla Sevilla                       | <b>OUFISCC:</b> Nelgie Ann Belesario   |
| <b>ERDB:</b> Eugene Paranaque                   | <b>OUFOLVE:</b> Josefina Ocampo        |
| <b>MGB:</b> Mark Laurence Malabanan             | Lloyd Francis Sorrena                  |
| <b>EMB:</b> Ross Ian Avino                      | <b>OASECFOWM:</b> Jasmin Guarin        |
| Crister Kae R. Alcaraz                          | <b>OASFOEM:</b> Joel S Pardillo        |
| Janus Niño Alpaño                               | <b>CCS:</b> Theresa Legaspi            |
| <b>LMB :</b> Lovella Luzette Galindon           | Liz Silva                              |
| <b>SMCRD:</b> Ernestina Jose                    |  |
| <b>Secretariat:</b>                             |  |
| For. Llarina S. Mojica                          | Ms. Debra Tante                        |
| For. Amisol Talania                             | For. Hazel Jasmine Chua                |
| Ms. Mary Lou Retos                              | Ms. Alyssa Calisay                     |
| Ms. Leila Vega                                  | Ms. Nim Hydee Eusebio                  |
| For. Emma Liwliwa S. Baradi-Medina              | For. Kelsie Miniano                    |
| For. Raphael Celestino Y. Baskinas              | Mr. Lanli Mark Macay                   |

## II. Adoption of the Provisional Agenda

The meeting was called into order by the Chair, Director Cheryl Loise T. Leal at 10:05 AM. The body approved the agenda to review RBCO's proposed policy.

## III. Discussions on Proposed Policy

### A. GUIDELINES ON THE DEVELOPMENT OF PAYMENT FOR ECOSYSTEM SERVICES (PES) FOR WATER USE TO ENHANCE RIVER BASIN AND WATERSHED MANAGEMENT

| Provision                     | Comments/Agreements   |
|-------------------------------|---|
| Preliminary Discussions       | <ul style="list-style-type: none"><li>• Dir. Gorospe presented a brief timeline of events on the formulation of the draft Policy.</li><li>• The proponent conducted a comprehensive consultation process, engaging a wide range of stakeholders at the local, national, and private sector levels.</li><li>• Ms. Cabral presented the revisions made to the draft DAO based on the comments and agreements during the 2nd PTWG meeting. The body reviewed if the revisions were adopted in the updated draft DAO.</li></ul>   |
| Subject/Title                 | Adopted   |
| Prefatory Statement           | Adopted   |
| SECTION 1. Basic Policy       | Adopted   |
| SECTION 2. Objectives         | Adopted   |
| SECTION 3. Scope and Coverage | <ul style="list-style-type: none"><li>• The PTWG members requested clarification on whether the policy is prescriptive, noting that the last part of the section stating, "<b><i>Except for its implementation in National Integrated Protected Area System (NIPAS) areas, this guideline is not intended to be prescriptive,</i></b>" could cause confusion. The proponent agreed to revise and clarify this portion of Section 3, emphasizing that the policy is indeed prescriptive for NIPAS areas. Dir. David also highlighted the need for the Scope and Coverage to clearly distinguish PES from IPAF, ensuring the policy's intent is explicit.</li></ul> |

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|  | <ul style="list-style-type: none"> <li>• Ms. Presbitero inquired whether the guidelines would cover all Ecosystem Services, including water for drinking, domestic use, and irrigation. For. Gorospe clarified that the guidelines will only address water for domestic use. Dir. David added that the guidelines also apply to those benefiting from water, such as hydropower users, and those with permits covered by the NWRB</li> <li>• The PAMB can pass its own resolutions regarding the collection of PES, using this policy as a guide. However, since the draft policy lacks a legal basis, it is non-prescriptive. It was also mentioned that water is not classified as a forest product, which is why it cannot be linked to RA 9275.</li> </ul>  |
| SECTION 4. Definition of Terms         | <ul style="list-style-type: none"> <li>• Include <b><i>“ring-fencing mechanism”</i></b> in the definition of terms.</li> <li>• The suggestion to add examples of ES Sellers was adopted</li> <li>• Include <b><i>“landowners”</i></b> in the definition of terms</li> </ul>   |
| SECTION 5. Phases of PES for Water Use | <p><b>A. Phase 1: Prioritization of Watersheds for PES</b></p> <ul style="list-style-type: none"> <li>• Engr. Jose asked for clarification on the methodology for prioritizing watersheds based on the criteria in Annex A. Dir. Gorospe explained that a watershed will be prioritized if it meets the six criteria outlined in Annex A. He also suggested adding two additional criteria: the watershed must have an organized (1) <b>Watershed Management Council</b> and an (2) <b>Integrated Watershed Management Plan</b>. The group agreed to adopt this recommendation to be mentioned in the toolkit.</li> <li>• Ms. Legaspi suggested including Nature Based Solutions (NBS) as an intervention in Annex A. Criteria 2 (<i>Vulnerability Assessment</i>). Dir. Gorospe recommends instead to include Nature Based Solution (NBS) and Ecosystems Based Adaptation (EBA) as part of suggested PES Activities that may be implemented in Section 7.</li> </ul> <p><b>B. Phase 2: Identification of PES Prospects</b></p> |

- Adopted

### **C. Phase 3: Negotiation and Signing of PES Agreements or Ordinance**

- Engr. Cabag-iran proposed clarifying the limitations on charges to consumers in the MOA, a suggestion also supported by Dir. Leal. However, NWRB noted that such limitations are not included in the MOA because charges will vary based on the computation in Annex C. Dir. Gorospe mentioned that the cost-recovery equation shall address issues in sample MOAs for LGUs.
- Dir. David added that these charges will be bundled with the tariff collected by service providers, regulated by LWUA and NWRB. Each PES implementation area will have an implementing unit consisting of the buyer, seller, and intermediaries (DENR).
- BMB recommended to include PAMB Resolutions as a form of agreement. The body agrees to adopt the recommendation. BMB shall provide the proponent a sample template of the PAMB Resolution.

### **D. Phase 4. Implementation of the PES Scheme**

- RBCO to include a diagram of the PES Scheme which can be attached as Annex.
- BMB inquired whether the fees collected for Protected Areas will be directed to IPAF. Dir. Gorospe confirmed that, for Protected Areas, the collected fees will indeed accrue to IPAF according to existing mechanisms.

### **E. Phase 5. Monitoring, Reporting, and Knowledge Management**

- RBCO clarifies that Section 5 Phase 5 is for every implementing unit as created in Phase 4 while Section 11 activities are within the purview of DENR.
- For consistency, the RBCO suggested revising a

more appropriate title for Section 5 Phase 5 that will also be reflected in the responsibility of the implementing unit. The PTWG agrees to this recommendation.

- Revise Section 5 Phase 5 to include the specific functions of implementation units including the RTWG.
- FMB sought clarification on DENR's role in each phase of PES Mechanisms Development. Dir. Gorospe responded that the roles and responsibilities of DENR and other PES actors are detailed in Section 9.
- For. Tabliga stated that the role of Regional Offices should be clear in which Phase they will be involved and what will be their role. For. Tabliga further seeks clarification on how the LGU Initiated PES is connected with the DENR Steering Committee.
- Dir. Gorospe responds that the toolkit defines the role of DENR as well as LGU Initiated PES.
- For. Tabliga recommends to utilize existing management units/bodies in the Regional Offices to lead Phase 1 and and Phase 2, while PAMB will lead for PAs. Dir. Gorospe agrees to revise the draft policy based on this suggestion.
- Ms. Legaspi suggested adding a separate section for the institutional mechanism with the institutional framework/structure that includes the Steering Committee and TWGs. However, Dir. David explained that this is the same as section 9.
- For. Tabliga further recommends for the Institutional Arrangement (Roles and Responsibilities) be mentioned first in the format of the draft policy prior to Section 5.
- Dir. David responds that they will discuss internally how to better package the draft policy as they believe it's better to "build the case first" for the draft policy then mention in the latter part of the policy the institutional framework.
- Mr. Pahilanga recommends that Section 9 be moved right after Section 5. Dir. Gorospe responded that the current order of Section 9 be retained and that the draft DAO must be read as a whole.

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| <p>SECTION 6. PES<br/>Mechanism Development</p> | <ul style="list-style-type: none"> <li>• There was a recommendation to move Sections 9.3 to 9.6 to be placed under Section 6, right before Section 6.a (LGU-initiated). However, the proponent clarified that Section 9 addresses roles and responsibilities, so Sections 9.3 to 9.6 should remain in Section 9. Instead, previous provisions can reference Section 9 as needed.</li> <li>• For. Tabliga recommended revising Section 6.c to clearly specify which agencies or units (e.g., PAMB, LGUs) are responsible for collecting PES, in order to avoid confusion. Dir. Gorospe suggested creating a <b>separate section for the Collection of Fees</b> to address the issue of Section 6.c being misplaced. The body adopts this recommendation, with Section 7 being for <b>Collection of Fees</b> and for the proponent to adjust format of the draft policy accordingly.</li> <li>• NWRB to submit a proposal for payment mechanisms applicable to NWRB, MWSS, and other service providers.</li> <li>• Proponent to revise Section 6.a. i, specifying the types of local water supply systems (e.g., local water districts, LGU-run systems, private water service providers).</li> <li>• Consider creating a special provision for NWRB to access/utilize PES funds in the General Appropriations Act (GAA).</li> <li>• In Section 6.c (to be revised as a separate section), RBCO to evaluate the incorporation of PES as an additional environmental fee and consult with MWSS.</li> <li>• Ensure that the policy adheres to existing accounting rules and regulations of relevant agencies.</li> <li>• Revise Section 6.c.iii as <i>"Protected Areas Management Boards (PAMBs) for ES within the PA to accrue into the Integrated Protected Area Fund (IPAF)"</i></li> <li>• Move Section 6.a.iii to Section 10.</li> <li>• Revise Section 6.iv to refer to "bulk water suppliers"</li> </ul> |
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|  | <ul style="list-style-type: none"> <li>• For Section 6.c.v, revise “water service providers” to “water concessionaires.”</li> <li>• Replace lines 276-277 “DAO 2005-21” into “IPAF Manual as adopted by BMB Technical Bulletin No. 2019-02.”</li> </ul>  |
| SECTION 7. Ring Fencing Mechanism                                      | <ul style="list-style-type: none"> <li>• To spell out abbreviated terms.</li> <li>• For. Tabliga recommended replacing “<b>implementation of PES activities</b>” to “<b>rehabilitation of watershed and river basin</b>”.</li> <li>• Revise the title of section 7 into a more appropriate title.</li> <li>• RBCO to update the contents of Section 7 to include all relevant activities and mechanisms, including but not limited to: (1) Ring Fencing (2) Utilization of Collected Funds, (3) Application of Nature-Based Solutions and (4) Ecosystems-Based Adaptation.</li> <li>• RBCO to consult with E.D. David on these applicable mechanisms.</li> </ul> |
| SECTION 8. Cost Recovery for Water Pricing                             | <ul style="list-style-type: none"> <li>• Spell out abbreviated terms in the formula</li> <li>• Engr. Jose proposed changes on the values and formula on the related Annexes, making the values exact (including decimal places).</li> <li>• Include the “fruit plantation” in lines 321-323, as it is included in Annex D.</li> <li>• For the formula, show the summary first before the meaning of the abbreviated terms.</li> <li>• Include the derivation of numerical values in the formula</li> <li>• Remove parenthesis in Annex D’s “Total cost per m<sup>3</sup> = (total cost per year/available water)”</li> </ul>                                     |
| SECTION 9. Roles and Responsibilities of the DENR and other PES Actors | <ul style="list-style-type: none"> <li>• Specify when the PES toolkits shall be updated (e.g. every five years) instead of “<i>whenever necessary</i>”</li> <li>• Instead of creating another TWG, existing and established DENR management bodies/units can be utilized for PES.</li> <li>• Revise the composition of the Steering Committee based on existing and applicable composition of the</li> </ul>   |



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|   | <p>top management or recent developments. RBCO to consult Usec. CP David on the said composition.</p> <ul style="list-style-type: none"> <li>• WRMO to be included in the Steering Committee</li> <li>• There was a suggestion to include a designated secretariat for the TWGs.</li> </ul>  |
| SECTION 10. Capacity Building and Communication, Education and Public Awareness (CEPA) Plan | <ul style="list-style-type: none"> <li>• Include the <i>Devolution Transition Plan</i> in Section 10</li> <li>• RBCO to be in-charge of conducting the roll out and capacity building, in coordination with HRDS</li> </ul>  |
| SECTION 11. Monitoring, Evaluation and Reporting  | <ul style="list-style-type: none"> <li>• Revise based on previous comments</li> </ul>  |
| SECTION 12. PES Initiatives Database  | <ul style="list-style-type: none"> <li>• RBCO to explore/utilize existing databases such as FMB's Watershed Ecosystem Management Information System (WEMIS).</li> <li>• To add "In addition, RBCO in coordination with KISS, shall publish and maintain in its webpage all knowledge products developed on PES for water use to finance river basin and watershed management"</li> </ul>                             |
| SECTION 13. Funding   | <ul style="list-style-type: none"> <li>• Double check formatting of sections 13 to 16 based on EPDS</li> </ul>   |
| SECTION 14. Separability Clause   | <ul style="list-style-type: none"> <li>• Adopted</li> </ul>  |
| SECTION 15. Repealing Clause  | <ul style="list-style-type: none"> <li>• Adopted</li> </ul>  |
| SECTION 16. Effectivity Clause  | <ul style="list-style-type: none"> <li>• Adopted</li> </ul>  |
| <b>Way Forward</b>  | <ul style="list-style-type: none"> <li>• The draft policy is hereby approved subject to revision/incorporation based on comments/suggestions by the PTWG for subsequent circulation to PTWG members for final vetting (in two weeks time).</li> <li>• Once revised, RBCO shall endorse the Preliminary Impact Statement (PIS) of the draft policy to ARTA for assessment on whether a full RIA is needed.</li> </ul> |

There being no other matters to discuss, the PTWG meeting was adjourned at 3:20PM

Prepared by the Secretariat

Noted by:



**CHERYL LOISE T. LEAL**  
OIC Director, Policy and Planning Service



**DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**  
**KAGAWARAN NG KAPALIGIRAN AT LIKAS NA YAMAN**



**DENR POLICY TECHNICAL WORKING GROUP**  
Notice of PTWG Meeting No. 2024-09

**FOR/TO:**

Director, Legal Affairs Service (Vice- Chairperson, PTWG)  
Assistant Director, Biodiversity Management Bureau  
Assistant Director, Ecosystems Research and Development Bureau  
Assistant Director, Environmental Management Bureau  
Assistant Director, Forest Management Bureau  
Assistant Director, Land Management Bureau  
Assistant Director, Mines and Geosciences Bureau  
Chief of Staff/HEA, Office of the Undersecretary for Legal and Administration  
Chief of Staff/HEA, Office of the Undersecretary for Finance, Information Systems and Climate Change  
Chief of Staff/HEA, Office of the Undersecretary Policy, Planning and International Affairs  
Chief of Staff/HEA, Office of the Undersecretary for Field Operations (FO) - Luzon, Visayas, MGB and EMB  
Chief of Staff/HEA, Office of the Undersecretary for FO – Mindanao, MGB and EMB  
Chief of Staff/HEA, Office of the Undersecretary for Organizational Transformation and Human Resources  
Chief of Staff/HEA, Office of the Undersecretary for Integrated Environmental Science  
Chief of Staff/HEA, Office of the Undersecretary for Special Concerns and Legislative Affairs  
Chief of Staff/HEA, Office of the Assistant Secretary for Policy, Planning and Foreign-Assisted and Special Projects  
Chief of Staff/HEA, Office of the Assistant Secretary for Legal Affairs  
Chief of Staff/HEA, Office of the Assistant Secretary for FO - Luzon and Visayas  
Chief of Staff/HEA, Office of the Assistant Secretary for FO - Eastern Mindanao  
Chief of Staff/HEA, Office of the Assistant Secretary for FO - Western Mindanao  
Senior Technical Staff, Legal Affairs Service  
Senior Technical Staff, Knowledge and Information Systems Service  
Senior Technical Staff, Climate Change Service  
Senior Technical Staff, Foreign-Assisted and Special Projects Service  
Senior Technical Staff, Strategic Communication and Initiatives Service  
Senior Technical Staff, Geospatial Database Office  
Senior Technical Staff, National Water Resources Board  
Senior Technical Staff, Water Resources Management Office  
Senior Technical Staff, PPS-Program Monitoring and Evaluation Division

Chief, PPS-Policy Studies Division  
PSD Technical Staff

FROM: The OIC Director, Policy and Planning Service

DATE/TIME: **08 August 2024 (Thursday) | 09:30 AM**

VENUE: **Office of the Assistant Secretary for International Affairs, 5/F  
DENR-CO Building, Quezon City**

RESOURCE Engr. Seville D. David Jr.  
PERSONS: For. Nelson V. Gorospe  
RBCO Technical Staff

AGENDA: 1. Draft DAO re: Guidelines on the development of Payment for  
Ecosystem Services (PES) for Water Use to Finance River Basin and  
Watershed Management  
2. Other Matters

NOTE: The Primary members of the PTWG per DENR Special Order No.  
2021-94 are enjoined to attend in person.

  
CHERYL LOISE T. LEAL