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SUBJECT: GUIDELINES ON THE GRANTING AND UTILIZATION OF FINANCIAL ASSISTANCE FOR BIODIVERSITY-FRIENDLY ENTERPRISE (BDFE) UNDER THE COASTAL AND MARINE ECOSYSTEMS MANAGEMENT PROGRAM (CMEMP)

Pursuant to Executive Order No. 533 (Adopting Integrated Coastal Management as a National Strategy to Ensure the Sustainable Development of the Country's Coastal and Marine Environment and Resources and Establishing Mechanisms for its Implementation), and DENR Administrative Order No. 2016-26 (Guidelines for the Implementation of the Coastal and Marine Ecosystems Management Program), this Technical Bulletin is hereby issued for the information and guidance of all concerned.

CRISANTA MARLENE P. RODRIGUEZ

United Nations Decade on Biodiversity

DTB-16016

GUIDELINES ON THE GRANTING AND UTILIZATION OF FINANCIAL ASSISTANCE FOR BIODIVERSITY-FRIENDLY ENTERPRISE (BDFE)

Section 1. Policy. It is the policy of the State to conserve Philippine biodiversity, including marine biological resources and their habitats and to encourage the sustainable use of these resources for the present and future generations. It is also the policy of the State to ensure that conservation and sustainable use of resources translate into tangible and sustainable economic benefits for the communities.

Section 2. Objective. This Order aims to prescribe the requirements and processes in the granting and utilization of the financial assistance for potential and/or existing biodiversity-friendly enterprise under the Biodiversity-Friendly Social Enterprise component of CMEMP.

Section 3. Scope and Coverage. This Order shall cover People's Organizations (POs) in protected areas under the NIPAS and Verde Island Passage (VIP). These POs are utilizing resources and engaged in livelihood with potential biodiversity-friendly enterprise or existing biodiversity-friendly enterprise. Further, this Order is limited to micro-enterprises as defined in Republic Act 9501 or Magna Carta for Micro, Small and Medium Enterprises.

Section 4. Definition of Terms. For the purpose of this Order, the following terms shall be construed to mean as:

a. Biodiversity-friendly enterprise (BDFE) - economic activities and practices of micro, small, and medium enterprises, that promote the sustainable use of biological resources, create wealth and value, and, open opportunities for the equitable sharing of benefits among stakeholders.

b. Financial Assistance (FA) - financial support for potential or existing biodiversity-friendly enterprises.

c. People's Organization (PO) - a group of people, which may be an association, cooperative federation or other legal entity, established by the community to undertake collective action to address community concerns and needs and mutually shared benefits from the endeavor.

d. Protected Area (PA) – refers to identified portions of land and/or water set aside by reason of their unique physical and biological significance, managed to enhance biological diversity and protected against destructive human exploitation.

Section 5. BDFE Financial Assistance Recipients. The recipients of the BDFE financial assistance are People's Organizations who are residing, utilizing and/or cultivating areas within the proclaimed NIPAS with PA Management Plan.

Section 6. Qualified Enterprise. The following are qualified enterprises for financial assistance. These enterprises are deemed not to have significant adverse effects to the environment. Only enterprises located or utilizing resources within Multiple-use zones shall be qualified for BDFE financial assistance.

A. Sustainable Agriculture, Forestry, and Fishery
- Application of biodiversity-friendly agricultural practices like diversified farming (intercropping), multi-cropping, agro-forestry including sloping agricultural practices, etc.
- Sustainable fisheries and fish farming/aquaculture practices that reduce the pressure and overexploitation of aquatic resources, seaweed farming, closed-cycle fish rearing systems, etc.
- Sustainable fishing and enterprise developed using marine products as raw materials
- Wildlife farming (with appropriate permit)
- Establishment of community-based or household/backyard nursery of indigenous trees/plants
- Planting of indigenous trees
- Growing traditional/indigenous agriculture crops
- Growing and sustainable harvesting of raw materials for medicinal/pharmaceuticals use
- Establishment of "wild flora gallery/production centers", sustainable horticulture
- Production of organic products (integrated organic agriculture)

Use of invasive or other introduced species is not allowed. Monoculture plantations are discouraged. Plantations shall only be allowed in public lands covered by tenurial agreements.

B. Food Processing
- Processing of fruits into jam, vinegar, wine and candies
- Processing of coffee and tea
- Processing of various agro-products to chips
- Processing of gourmet food (i.e tuyo, laing etc.)

C. Services
- Interpretive tour guiding
- Boating using non-motorized water vehicle
- Area rehabilitation services in the NIPAS Areas
- Food service promotion of local delicacy
- Other services supporting ecotourism

Section 7. Procedure of Granting Projects for Financial Assistance.

8.1 The PENRO shall determine the qualified POs to be granted with financial assistance based on the conditions set in Section 5 and 6 of this Order. Qualified POs shall submit their project proposal using the template in Annex 1.

8.2 After determining the POs that are compliant to the abovementioned conditions, the PENRO shall secure from the PO the required documents listed in Annex 4 of this Order.

8.3 The PENRO Bids and Awards Committee (BAC) shall evaluate the completeness of the submitted documents and the compliance of the Project Proposal with the standards set in Annex 3. POs who are compliant with the conditions and requirements will be issued with Notice of Award (NOA) by the PENRO BAC. The PENRO shall ensure that items/activities in the Proposed Work and Financial Plan (WFP) shall be in accordance with Section 9.

8.4 The PENRO shall then enter into a Memorandum of Agreement (MOA) (*template of MOA in Annex 2*) with the selected PO. Given that both parties agreed to the terms and conditions stipulated in the MOA, the PENRO issues Notice to Proceed (NTP).

8.5 The Protected Area Superintendent (PASu), DENR RO, and BMB shall be furnished a copy of the MOA and WFP. The funds shall be released by PENRO to PO quarterly in accordance with the approved WFP.

8.6 The PO shall submit progress reports on physical accomplishment and fund utilization quarterly. At the end of the financial assistance, the PO shall provide a final and liquidation report to the PENRO.

Section 8. Funding. The PENRO shall allocate funds for the financial assistance granted to POs for BDFE from the regular appropriations. This means that the BDFE selection process shall be done before the preparation of regular budget request in order to include the funds for BDFE financial assistance allocated budget for the PENRO.

Section 9. Allowable Expenditures. The funds shall be used by the concerned POs to finance their operational activities. However, wages and salaries of the members of the PO shall not be charged from the financial assistance granted to them.

Section 10. Monitoring and Evaluation. The PENRO in coordination with the concerned PASu/CENRO shall monitor the compliance of the PO with the terms and conditions stipulated in the MOA. The PENRO shall submit biannual progress report to BMB through the Regional Office. The BMB, together with the Regional Office, shall undertake monitoring and evaluation in the implementation of the financial assistance for BDFE.

Accounting and Reporting of the funds granted to the PO shall be in accordance with Commission on Audit (CoA) rules and regulations.

Section 11. Transitory Provision.

12.1 For a period of one (1) year from the issuance of this Order, the RO shall recommend BDFEs to be provided with assistance from the list of BDFEs who were previously assessed using the BMB Technical Bulletin 2017-11

within their region. This is to ensure that initial efforts made under the Coastal and Marine Ecosystem Management Program (CMEMP) to develop/enhance BDFEs shall be sustained.

12.2 With the assistance of the PASu and PENRO, required documents enumerated in Section 7 of this Order shall be collected from the concerned POs to be submitted to BMB through the RO. Only those POs with required documents shall be entitled for financial assistance.

12.3 The BMB shall download funds based on the WFP submitted by the PO to the concerned PENRO.

Section 12: Sustainability Mechanism. The duration of the financial assistance shall only be within the current year in which the fund is disbursed. However, POs who have been previously selected can still be granted with funding given that they are able to implement the agreements stipulated in the MOA. The PO shall still undergo the process of selection stated above which entail a new MOA between PENRO and PO.

For the sustainability of the assistance, linkages and networks shall be established with concerned government agencies and organizations, as well as concerned local government units to promote information exchange and synergies.

ANNEX 1. PROPOSAL OUTLINE

A. TITLE OF THE PROJECT	
B. PROPONENT (Name of the PO)	
C. DURATION OF PROJECT	
D. PROPOSED PROJECT BUDGET	

E. Enterprise Description:

- **Type of Ecosystem** where raw materials are being sourced out (put a check to the corresponding answer)
  - Forest
  - Grassland
  - Coastal and Marine (e.g mangrove, coral reef, seagrass beds mudflats)

- **Enumerate and describe main product/s**
  1.
  2.
- **Enumerate and describe secondary product/s**
  1.
  2.

F. PROCESS DETAILS

- Outline the processes involved in producing the product/s; as for service enterprise, detail the delivery of the service. Detail the input-process-output of the production of the enterprise's product/s. (frequency of resource extraction, manner of extraction, method of extraction, mechanism for sustainability of raw materials, detail the resources needed for the production)
- How will the enterprise contribute to biodiversity conservation
- What is the biodiversity threat to the area and how can the enterprise reduce the said threat

G. MARKET CONSIDERATIONS

- Who are the buyers of the product/s?
  - detail the profile of the buyers
  - origin of the buyers
- Estimate number of existing buyers

H. FINANCIAL AND ECONOMIC VIABILITY • Discuss budget allocation and funding source/s – How will the grant be utilized • How much is the expected income in the next 3 years? • What are the economic benefits that can be derived from the expansion of the enterprise?
I. SOCIAL CONSIDERATIONS • What are the perceived social impacts of the enterprise? • How can the community participate in the enterprise? • Who are the main beneficiaries of the enterprise?
J. INSTITUTIONAL ARRANGEMENTS • Discuss the organizational chart of the People's Organization, management and staff functions • What other assistance needed to ensure the success of the enterprise? Possible partners and their roles
K. Attach Work and Financial Plan

Prepared by:

_____

ANNEX 2. MEMORANDUM OF AGREEMENT TEMPLATE

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement (MOA) made and entered into this _____day of _____, 2018 in _____, Philippines, by and between:

The **DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES – PROVINCIAL ENVIRONMENT AND NATURAL RESOURCES OFFICE (DENR-PENRO) OF _____ PROVINCE**, a government entity with office address at _____, herein represented by its PENR Officer _____, and herein referred to as "*DENR-PENRO*";

and

(Name of PO), a people's organization duly organized and registered under the laws of the Philippines, with office address at _____, herein represented by its President/Chairman, _____ and herein referred to as "*BDFE Partner PO*".

WITNESSETH:

WHEREAS, it is the policy of the state to protect the nation's natural resources and biodiversity as well as promote the right to a healthful and balanced ecology in accord with the rhythm and harmony of nature pursuant to Republic Act No. 11038 (Expanded National Integrated Protected Areas System Act), amending Republic Act No. 7586, Executive Order No. 533 the Integrated Coastal Management (***ICM***) Strategy, RA 9147 or the Wildlife Resources Conservation and Protection Act and DAO 2016-26 Coastal and Marine Ecosystems Management Program (***CMEMP***). One of the seven components of the Program is the development of Biodiversity Friendly Enterprise (***BDFE***) which shall promote the sustainable use of natural resources and biodiversity and at the same time create wealth and equitable sharing of benefits to the community through the People's Organizations by supporting micro, small and medium enterprises;

WHEREAS, the BDFE shall be implemented in National Integrated Protected Areas System (NIPAS) sites in the country.

NOW THEREFORE, for and in consideration of the foregoing premises, both parties hereby agreed to enter into this MOA under the following terms and conditions:

Article I
General Conditions

1.1. All proposed BDFE activities shall be anchored on Sustainable Development principles which shall contribute to the objectives of environmental protection, biodiversity conservation, economic growth and development and social equity;

1.2. The DENR-PENRO will make available to the BDFE Partner PO a financial assistance in the amount of _____ (**PhP** _____) to be used exclusively for the implementation of the BDFE consistent with the submitted work plan duly approved by the concerned P.O. President/Chairperson and the DENR-PENRO which shall form an integral part of this Agreement.

Article II
Roles and Responsibilities of the DENR-PENRO

The DENR-PENRO shall:

2.1. Allocate and obligate funds to the BDFE Partner PO in the total amount specified in the approved work plan;

2.2. Release funds amounting to the total cost for the operation / implementation of the BDFE quarterly in accordance with the approved WFP

2.3. Inspect / evaluate / monitor actual project accomplishments, reports, items and receipt certifications of the BDFE Partner PO through an inspection team upon receipt of billing request following the standard accounting and auditing rules and regulations;

2.4. Provide necessary technical assistance, capacity building and skills enhancement to the BDFE Partner PO to facilitate the effective implementation of the BDFE;

2.5. Provide over-all guidance, supervision, and oversight to the performance of the responsibilities of the BDFE Partner PO, ensuring that all activities are within the scope of the approved work plan;

Articles III
Roles and Responsibilities of the BDFE Partner PO

The BDFE Partner PO shall:

3.1. Enhance the existing enterprise to be biodiversity-friendly in accordance with the TB No. 2017-11 on BDFE and approved Work and Financial Plan with due diligence and efficiency on the utilization of funds;

3.2. Receive funds from the DENR-PENRO quarterly in accordance with the approved WFP

3.3. Ensure that funds provided pursuant to this MOA shall be strictly used in accordance with the approved work plan and none may be used for any purpose other than those expressly set forth therein;

3.4. Submit the following documents and reports to the DENR PENRO concerned:

3.4.1. Progress report (physical and financial) and photo documentation of the on-going Biodiversity-Friendly Enterprise Development which shall serve as basis for the release of payments after the conduct of validation/verification of the assessment team;

3.4.2. Termination/Final Report;

3.4.3. Other documents and reports as may be required

3.8.1 Allow DENR PENRO to monitor the implementation of the project even beyond the effectivity of this Agreement for project sustainability purposes.

Article IV
Termination

4.1. DENR-PENRO may terminate the MOA based on the following grounds:

4.1.1. Fraud, misrepresentation or omission of material facts in obtaining the MOA;

4.1.2. Failure on the part of BDFE Partner PO to start the project on the date specified in the MOA without valid and legal justification/s and with corresponding obligation to refund the initial amount released;

4.1.3. Abandonment of the project for a period of at least one month from the date of discovery by the DENR of such fact with corresponding obligation to full refund the amount released;

4.2. Violation of any terms and condition of this MOA and pertinent environment and natural resources rules and regulations may cause the termination of this Agreement. The Partner shall be informed in writing within fifteen (15) days from the violations committed.

4.3. In case of disagreement on any of the terms of this MOA, the Parties may resort to Arbitration.

Article V
Delay

The partner PO shall complete the implementation of the Project within the time prescribed. Should the PO incur delay in its performance, PO shall accomplish target at its own cost, without prejudice to other course of action that may be taken by DENR.

In the event of the BDFE Partner PO's non-compliance or partial compliance with the terms and conditions of this Agreement without valid and legal justification and after due process, it shall refund to the DENR-PENRO any payment already received in respect

to activities that have not been performed by the recipient PO in accordance with the acceptable standard of DENR.

Only force majeure or fortuitous event/s are considered legal justifications that will except PO from liability.

Article VI
Settlement of Disputes

6.1. Any dispute between DENR-PENRO and the BDFE Partner PO arising out of this MOA shall be settled amicably by the parties. If DENR-PENRO and BDFE Partner PO fail to reach an agreement, the matter shall be referred to Arbitration to be held within a month, in accordance with the Philippines laws. The cost and expenses of arbitration shall be borne by the party against whom the dispute is resolved;

5.1. The party desiring Arbitration shall serve upon the other party a written notice specifying the question to be arbitrated and naming its chosen arbitrator;

5.2. During the arbitration, the implementation of the activities shall not be stopped except for such activities as may be the subject matter of the arbitration, or is directly affected thereby; and

5.3. The DENR and the BDFE Partner PO shall agree bound by any arbitration award rendered in accordance with the above, as the final adjudication of any such dispute.

Article VI
Amendments

No modification of, or change in this MOA, or any waiver of any of its provisions, or any addition of contractual obligations shall be valid or enforceable, unless previously approved in writing by the parties hereto or duly signed in the form of a written amendment by the parties hereto, or their duly authorized representatives.

Article VII
Entire Agreement and Severability

This MOA constitute the entire agreement between the parties and supersedes any and all prior oral and written undertakings, considerations, agreements, representations or understanding between them in relation to the subject matter hereof.

If any provision of this MOA is held invalid, void or unenforceable by any competent court or authority for any reason, the other provisions of this MOA shall remain valid and shall continue to be in force and effect.

Article VIII
Effectivity and Validity

This MOA shall take effect upon signing of the Parties herein stated and shall be in force and valid for one (1) year.

IN WITNESS WHEREOF, the parties hereto acting through their representatives duly authorized for this purpose, affix their signatures, this ___ day of _____, 2018 at _____.

ANNEX 3: BIODIVERSITY-FRIENDLY ENTERPRISE INDICATORS

Proposals submitted by the PO will be subjected to the following BDFE indicators to check the BD-friendliness of the enterprise.

INDICATORS	YES	NO	NA
Impact to Biodiversity			
1. Enterprise is within the Multiple-Use Zone			
2. Resources/ Raw materials are indigenous but not threatened, not indicator species			
3. Complement the conservation of biodiversity-rich areas and its threatened, indigenous and indicator fauna and flora species if any			
4. Promote the rehabilitation of degraded/ fragmented habitats of threatened, indigenous, and indicator fauna and flora			
5. Involvement in the prevention or mitigation against biodiversity damages/impact from natural and anthropogenic causes			
6. Discourage alteration of the natural landscapes			
INPUT INDICATOR (raw material sourcing, extraction process and assembly of product)			
7. Awareness of raw materials' natural regeneration (e.g maturity of timber and non-timber products, breeding season of fishes)			
8. Method for extraction will not have impact on the genetic makeup/ composition and population of flora and fauna species (e.g cross-breeding)			
9. Mechanism for sustainability of raw material is in place			
10. Promote the sustainable use of indigenous and traditional flora and fauna species			
11. Promote efficient use of renewable energy and materials			
PROCESS INDICATOR			
12. Do not cause any harm to the population and habitats of threatened, indigenous, indicator flora and fauna species			
13. Promote conservation of Philippine biodiversity			
14. Do not use any strong and harmful chemicals			
OUTPUT INDICATOR			
15. Finished product may likewise serve as a raw material for another BD-friendly product			
16. By-products may recyclable otherwise, the enterprise should have a system for proper disposal			

BIODIVERSITY-FRIENDLY ENTERPRISE INDEX

Enterprises should get an 80%-100% YES answers in the 16 indicators above to be biodiversity-friendly enterprise.

For DENR-PENRO:

PENR Officer

For BDFE Partner PO:

PO President

Signed in the presence of:

(witness)

(witness)

Funds Availability:

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES . . . . .)
PROVINCE OF . . . . . .) S.S.
CITY OF . . . .)

BEFORE ME, this_____day of _____2018 in _____.Philippines, personally appeared:

CTC Number:	CTC Number:
Date Issued:	Date Issued:
Place Issued:	Place Issued:

ANNEX 4. REQUISITES FOR ENTITLEMENT TO FINANCIAL ASSISTANCE
The PO recipient shall comply with the following requirements to be able to avail of the financial assistance:

a. Duly accomplished Proposal Form signed by its officers *(Annex 1)*
b. SEC/CDA/DOLE registration;
c. Authenticated copy of Articles of Incorporation;
d. Financial Report audited by an independent Certified Public Accountant, for the past three years preceding the date of project implementation. For POs which have been in operation for less than three (3) years, report of accomplishment or any equivalent proof certified by its President and Secretary that it has previously implemented similar projects shall be required, in addition to financial reports for the years it has been in operation;
e. Disclosure by the PO of other related business, if any, and extent of ownership by the Board;
f. Proposed Work and Financial Plan (WFP) specifying the time frame within which the activities are to be undertaken. The use of fund shall only be good for the current year;
g. Business Plan;
h. List and/or photographs of similar projects previously completed by the PO, if any, indicating the source of funds for their implementation;
i. Resolution from the PO Board authorizing their President to enter into a Memorandum of Agreement (MOA) with DENR; and
j. PO Board Resolution certifying that none of its officials or board of directors is an agent or related by consanguinity or affinity up to the fourth civil degree to the officials of BMB-DENR/DENR authorized to process and/or approve the proposal, MOA and the release of funds.