



## **Natural Capital Accounting and Assessment: Informing development planning, sustainable tourism development and other incentives for improved conservation and sustainable landscapes**

### **Part I: Project Information**

**GEF ID**

10386

**Project Type**

FSP

**Type of Trust Fund**

GET

**CBIT/NGI**

**CBIT No**

**NGI No**

**Project Title**

Natural Capital Accounting and Assessment: Informing development planning, sustainable tourism development and other incentives for improved conservation and sustainable landscapes

**Countries**

Philippines

**Agency(ies)**

UNEP

**Other Executing Partner(s)**

DENR-Biodiversity Management Bureau

**Executing Partner Type**

Government

**GEF Focal Area**

Biodiversity

**Taxonomy**

Communications, Type of Engagement, Stakeholders, Focal Areas, Biodiversity, Financial and Accounting, Natural Capital Assessment and Accounting, Conservation Finance, Protected Areas and Landscapes, Terrestrial Protected Areas, Coastal and Marine Protected Areas, Mainstreaming, Tourism, Influencing models, Demonstrate innovative approaches, Local Communities, Private Sector, Financial intermediaries and market facilitators, SMEs, Partnership, Awareness Raising, Indigenous Peoples, Gender Equality, Gender results areas, Access to benefits and services

**Sector**

**Rio Markers**

**Climate Change Mitigation**

Climate Change Mitigation 0

**Climate Change Adaptation**

Climate Change Adaptation 0

**Submission Date**

10/11/2019

**Expected Implementation Start**

8/1/2022

**Expected Completion Date**

7/31/2027

**Duration**

60In Months

**Agency Fee(\$)**

332,782.00

**A. FOCAL/NON-FOCAL AREA ELEMENTS**

<b>Objectives/Programs</b>	<b>Focal Area Outcomes</b>	<b>Trust Fund</b>	<b>GEF Amount(\$)</b>	<b>Co-Fin Amount(\$)</b>
BD-1-3	Natural Capital Assessment and Accounting	GET	1,527,664.00	5,000,000.00
BD-2-7	Improving Financial Sustainability, Effective Management, and Ecosystem Coverage of the Global Protected Area Estate	GET	1,975,304.00	9,525,247.00
<b>Total Project Cost(\$)</b>			<b>3,502,968.00</b>	<b>14,525,247.00</b>

## B. Project description summary

### Project Objective

To improve financial sustainability of protected areas and landscapes in the Philippines by mainstreaming the values of biodiversity and natural capital in government planning, especially for ecotourism development

<b>Project Component</b>	<b>Financing Type</b>	<b>Expected Outcomes</b>	<b>Expected Outputs</b>	<b>Trust Fund</b>	<b>GEF Project Financing(\$ )</b>	<b>Confirmed Co-Financing(\$)</b>
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Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
Component 1: Capacity and application of Natural Capital Accounting (NCA) in 2 priority geographies	Technical Assistance	<p>Outcome 1.1.: Enhanced foundation and capacity for implementation of the NCA Roadmap in the Philippines</p> <p>Indicator 1.1.1: 40 government staff (20 male, 20 female) trained with measured enhanced skills and assigned enhanced NCA/ENR data responsibilities in job description (disaggregated by agency / unit) (Baseline 0)</p> <p>Indicator 1.1.2: 6 SEEA-based NC accounts and 6 key indicators reported by provincial government (Baseline 0 and 0)</p> <p>Indicator 1.1.3: &gt;10 NCA-relevant and SEEA-</p>	<p>Output 1.1.1.: Technical assistance, training and protocols provided to national and selected subnational governments on NCA compilation</p> <p>Output 1.1.2.: SEEA Ecosystem Accounts (SEEA EA) implemented for Palawan (provincial level) and Davao Oriental (Mt. Hamiguitan Range Wildlife Sanctuary (MHRWS))</p> <p>Output 1.1.3.: Tourism satellite account implemented at priority geographies and used to inform national replication by Philippines Statistics Authority</p> <p>Output 1.2.1: Post-accounting analysis is implemented to</p>	GET	1,554,965.00	4,688,631.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
Component 2. Conservation and sustainable use of natural capital in two Protected Area Landscapes of Palawan and Davao Oriental provinces enabled through new financing and incentive-based mechanisms for enhanced sustainability of Protected Area Landscapes.	Technical Assistance	<p>Outcome 2.1: Enhanced protection of biodiversity and other NC through new revenue flows, cost-recovery or minimization, NC-friendly enterprises and partnership for sustainable tourism in two PA landscapes</p> <p>Indicator 2.1.1: New financing secured to meet PA management costs, reflected in 25% increase in METT scores for 9 PAs (Baseline 0)</p> <p>Indicator 2.1.2: 4 new sustainable business practices (including cost recovery or minimization) applied in each of 9 PAs to reinforce maintenance of biodiversity and natural capital,</p>	<p>Output 2.1.1: Business opportunities and incentive-based mechanisms for more sustainable activities established or scaled up, informed by NCA results on the magnitude of the contribution of current nature-based business in two PA landscapes</p> <p>Output 2.1.2.: Ecotourism and other corporate sustainable enterprises, investments and business partnership developed and agreed with Local Government Units (LGUs), Protected Area Management Board (PAMBs) and the Department of Tourism in support of enhanced NC-outcomes through new revenue flows for meeting the costs PA management in 2 PA landscapes</p> <p>Output 2.1.3.: Conservation agreements with Peoples Organizations supported through</p>	GET	907,712.00	2,814,279.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
Component 3. National replication and Investment Plan for sustainable business and tourism in the National Integrated Protected Areas System (NIPAS)	Technical Assistance	<p>Outcome 3.1: Enhanced financial sustainability of the NIPAS through national replication of best practice and Investment Plan for sustainable business and tourism for improved NC and biodiversity outcomes</p> <p>Indicator 3.1.1: 10% increase in number of NC-based sustainable businesses and tourism operations in PA landscapes (50% women-led) (Baseline TBD in Y1)</p> <p>Indicator 3.1.2: 10% increase in public and private finance applied to NIPAS landscapes (at national level) (Baseline estimated as PhP3 billion)</p>	<p>Output 3.1.1: Technical assistance provided to apply NCA and lessons learned from Davao Oriental and Palawan provinces to formulate and adopt the National Investment Plan for Sustainable Tourism in priority PAs &amp; tourism development zones</p> <p>Output 3.1.2.: Sustainable investments implemented in additional PA landscapes in accordance with outcomes of BioFin program (e.g., feasibility of financing mechanisms assessed, and agreement reached with national seed funding, credit and loan facilities (a.o. DOT - Tourism Infrastructure and Enterprise Zone Authority (TIEZA) &amp; Department of Trade and Industry (DTI) - Small Business Corporation/mSME )</p> <p>Output 3.1.3.: Agreement reached</p>	GET	706,675.00	2,507,739.00

<b>Project Component</b>	<b>Financing Type</b>	<b>Expected Outcomes</b>	<b>Expected Outputs</b>	<b>Trust Fund</b>	<b>GEF Project Financing(\$)</b>	<b>Confirmed Co-Financing(\$)</b>
Component 4: Knowledge management and monitoring and evaluation	Technical Assistance	<p>Outcome 4.1: Improved knowledge management and sharing of lessons learned on Natural Capital Accounting between local and national levels</p> <p>Indicator 4.1.1:</p> <p>? 15 annual stakeholder forums including local and national stakeholder participants (at least 50% female participants) held where lessons on sustainable tourism, PA management improvements, and application of NCA are shared;</p> <p>? 30 articles related to project approach, methods and outcomes on project-related websites (with gender incorporated as a theme throughout,</p>	Output 4.1.1: Project lessons captured and disseminated to project stakeholders and to other GEF and non-GEF projects and partners	GET	166,808.00	2,041,441.00



Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
				<b>Sub Total (\$)</b>	<b>3,336,160.00</b>	<b>12,052,090.00</b>

**Project Management Cost (PMC)**

	GET		166,808.00		2,473,157.00	
			<b>Sub Total(\$)</b>	<b>166,808.00</b>	<b>2,473,157.00</b>	
			<b>Total Project Cost(\$)</b>	<b>3,502,968.00</b>	<b>14,525,247.00</b>	

Please provide justification

**C. Sources of Co-financing for the Project by name and by type**

<b>Sources of Co-financing</b>	<b>Name of Co-financier</b>	<b>Type of Co-financing</b>	<b>Investment Mobilized</b>	<b>Amount(\$)</b>
Recipient Country Government	Biodiversity Management Bureau ? DENR	In-kind	Recurrent expenditures	5,941,695.00
Recipient Country Government	Biodiversity Management Bureau ? DENR	Grant	Investment mobilized	3,967,559.00
Recipient Country Government	FASPS-DENR	Grant	Investment mobilized	30,000.00
Recipient Country Government	FASPS-DENR	In-kind	Recurrent expenditures	147,421.00
Recipient Country Government	Knowledge and Information Systems Service ? DENR	Grant	Investment mobilized	260,745.00
Recipient Country Government	Knowledge and Information Systems Service ? DENR	In-kind	Recurrent expenditures	957,043.00
Recipient Country Government	Policy and Planning Service ? DENR	In-kind	Recurrent expenditures	56,556.00
Recipient Country Government	Protected Area budget (MHRWS RO XI, MIMAROPA)- DENR	Grant	Investment mobilized	75,000.00
Recipient Country Government	Protected Area budget (MHRWS RO XI, MIMAROPA)- DENR	In-kind	Recurrent expenditures	169,336.00
Recipient Country Government	Department of Tourism (DoT)	In-kind	Recurrent expenditures	20,038.00

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount(\$)
Recipient Country Government	Philippines Statistics Authority	In-kind	Recurrent expenditures	32,451.00
Recipient Country Government	Palawan Council for Sustainable Development	In-kind	Recurrent expenditures	221,519.00
Donor Agency	USAID - SIBOL Project	In-kind	Recurrent expenditures	1,611,900.00
Civil Society Organization	Non-Timber Forest Products Exchange Programme	In-kind	Recurrent expenditures	51,984.00
Other	REECS	In-kind	Recurrent expenditures	120,000.00
Donor Agency	Conservation International Philippines	Grant	Recurrent expenditures	500,000.00
Donor Agency	Conservation International Philippines	In-kind	Recurrent expenditures	212,000.00
GEF Agency	UN Environment - Regional Office Asia and Pacific, TEEB program	In-kind	Recurrent expenditures	80,000.00
Other	UN Statistical Division	In-kind	Recurrent expenditures	70,000.00
<b>Total Co-Financing(\$)</b>				<b>14,525,247.00</b>

**Describe how any "Investment Mobilized" was identified**

Investments mobilized was identified internally by the department of environment and natural resources sub-offices. The identification was made by the respective planning officers and the finance and accounting officer of each office. The head of office, after examination, approved the inclusion of the amount as investment mobilized. The General Appropriations Act (GAA) for Fiscal Year 2022 or the Republic Act No.11639 has appropriated a total budget of Php 2,511,326,000 (USD 50,226,520) for the Protected Area Development and Management Program of the DENR. The DENR Offices involved in the NCA project has committed a total co-financing of USD 11,826,874.71 for the project of which, USD

4,333,304.02 was tagged as investment mobilized which are in the form of Projects, Programs, and Activities of the DENR that will complement the NCA Project during its implementation?.

**D. Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds**

<b>Agency</b>	<b>Trust Fund</b>	<b>Country</b>	<b>Focal Area</b>	<b>Programming of Funds</b>	<b>Amount(\$)</b>	<b>Fee(\$)</b>	<b>Total(\$)</b>
UNEP	GET	Philippines	Biodiversity	BD STAR Allocation	3,502,968	332,782	3,835,750.00
<b>Total Grant Resources(\$)</b>					<b>3,502,968.00</b>	<b>332,782.00</b>	<b>3,835,750.00</b>

**E. Non Grant Instrument**

NON-GRANT INSTRUMENT at CEO Endorsement

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Includes Non grant instruments? **No**

Includes reflow to GEF? **No**

**F. Project Preparation Grant (PPG)**

PPG Required **true**

**PPG Amount (\$)**

150,000

**PPG Agency Fee (\$)**

14,250

<b>Agency</b>	<b>Trust Fund</b>	<b>Country</b>	<b>Focal Area</b>	<b>Programming of Funds</b>	<b>Amount(\$)</b>	<b>Fee(\$)</b>	<b>Total(\$)</b>
UNEP	GET	Philippines	Biodiversity	BD STAR Allocation	150,000	14,250	<b>164,250.00</b>
<b>Total Project Costs(\$)</b>					<b>150,000.00</b>	<b>14,250.00</b>	<b>164,250.00</b>





Name of the Protected Area	WD PA ID	IUCN Category	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)	METT score (Baseline at CEO Endorsement)	METT score (Achieved at MTR)	METT score (Achieved at TE)
Akula National Park Cleopatra's Needle Critical Habitat	125 689	SelectOther s		38,693.00			17.00		
Akula National Park Cleopatra's Needle Critical Habitat	125 689	SelectHabitat/Species Management Area		37,652.00			69.00		
Akula National Park Malampaya Sound Protected Land/Seascape	125 689	SelectProtected Landscape/Seascape		88,115.00					
Akula National Park Mount Hamiguitan Range Wildlife Sanctuary	125 689	SelectHabitat/Species Management Area	7,133.00	7,133.00			74.00		

Name of the Protected Area	WD PA ID	IUCN Category	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)	METT score (Baseline at CEO Endorsement)	METT score (Achieved at MTR)	METT score (Achieved at TE)
Akula National Park Mount Matalingahan Protected Landscape	125 689 555 - 715 015	SelectProtected Landscape/S eascape	120,457.00	120,457.00			90.00		
Akula National Park Palawan Flora and Fauna Watershed Reserve	125 689 306 432	SelectOthers		8,039.00					
Akula National Park Puerto Princesa Subterranean River National Park	125 689 728 9	SelectNational Park	22,202.00	22,202.00			59.00		
Akula National Park Victoria-Anepahang Mountain Range	125 689	SelectOthers		164,789.00					

**Indicator 2 Marine protected areas created or under improved management for conservation and sustainable use**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
0.00	169,888.00	0.00	0.00

**Indicator 2.1 Marine Protected Areas Newly created**

Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
0.00	0.00	0.00	0.00

Name of the Protected Area	WDPA ID	IUCN Category	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
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**Indicator 2.2 Marine Protected Areas Under improved management effectiveness**

Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
0.00	169,888.00	0.00	0.00

Name of the Protected Area	WDPA ID	IUCN Category	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)	METT score (Baseline at CEO Endorsement)	METT score (Achieved at MTR)	METT score (Achieved at TE)
Akula National Park Bulalacao (Coron)	125689	SelectOthers		3,468.00					

Name of the Protected Area	WD PA ID	IUCN Category	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)	METT score (Baseline at CEO Endorsement)	METT score (Achieved at MTR)	METT score (Achieved at TE)
Akula National Park Caluit (Basuanga)	125 689 147 47	SelectHabitat/Species Management Area		778.00					
Akula National Park EI Nido-Taytay Managed Resource Protected Area	125 689 712 75	SelectHabitat/Species Management Area		54,303.00			69.00		
Akula National Park Malampaya Sound Protected Land/Seascape	125 689 147 53	SelectProtected Landscape/Seascape		111,339.00					

**Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
20000.00	20000.00	0.00	0.00

**Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
20,000.00	20,000.00		

**Indicator 4.2 Area of landscapes that meets national or international third party certification that incorporates biodiversity considerations (hectares)**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Type/Name of Third Party Certification

Indicator 4.3 Area of landscapes under sustainable land management in production systems

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4.4 Area of High Conservation Value Forest (HCVF) loss avoided

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

**Documents (Please upload document(s) that justifies the HCVF)**

Title

Submitted

Indicator 5 Area of marine habitat under improved practices to benefit biodiversity (excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
10,000.00	10,000.00		

Indicator 5.1 Number of fisheries that meet national or international third party certification that incorporates biodiversity considerations

Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)

Type/name of the third-party certification

Indicator 5.2 Number of Large Marine Ecosystems (LMEs) with reduced pollutions and hypoxia

Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (achieved at MTR)	Number (achieved at TE)
0	0	0	0

LME at PIF	LME at CEO Endorsement	LME at MTR	LME at TE

<b>LME at PIF</b>	<b>LME at CEO Endorsement</b>	<b>LME at MTR</b>	<b>LME at TE</b>
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**Indicator 5.3 Amount of Marine Litter Avoided**

<b>Metric Tons (expected at PIF)</b>	<b>Metric Tons (expected at CEO Endorsement)</b>	<b>Metric Tons (Achieved at MTR)</b>	<b>Metric Tons (Achieved at TE)</b>
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**Indicator 6 Greenhouse Gas Emissions Mitigated**

<b>Total Target Benefit</b>	<b>(At PIF)</b>	<b>(At CEO Endorsement)</b>	<b>(Achieved at MTR)</b>	<b>(Achieved at TE)</b>
<b>Expected metric tons of CO<sub>2</sub>e (direct)</b>	0	4641731	0	0
<b>Expected metric tons of CO<sub>2</sub>e (indirect)</b>	0	0	0	0

**Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector**

<b>Total Target Benefit</b>	<b>(At PIF)</b>	<b>(At CEO Endorsement)</b>	<b>(Achieved at MTR)</b>	<b>(Achieved at TE)</b>
<b>Expected metric tons of CO<sub>2</sub>e (direct)</b>		4,641,731		
<b>Expected metric tons of CO<sub>2</sub>e (indirect)</b>				
<b>Anticipated start year of accounting</b>		2022		
<b>Duration of accounting</b>		20		

**Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector**

<b>Total Target Benefit</b>	<b>(At PIF)</b>	<b>(At CEO Endorsement)</b>	<b>(Achieved at MTR)</b>	<b>(Achieved at TE)</b>
<b>Expected metric tons of CO<sub>2</sub>e (direct)</b>				
<b>Expected metric tons of CO<sub>2</sub>e (indirect)</b>				
<b>Anticipated start year of accounting</b>				
<b>Duration of accounting</b>				

**Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)**

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
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Target Energy Saved (MJ)
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Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)
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Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	210	300		
Male	140	300		
<b>Total</b>	<b>350</b>	<b>600</b>	<b>0</b>	<b>0</b>

Provide additional explanation on targets, other methodologies used, and other focal area specifics (i.e., Aichi targets in BD) including justification where core indicator targets are not provided

**Core Indicator 1** This target comprises the following protected areas: Mount Hamiguitan Range Wildlife Sanctuary (7,133 ha), Mount Mantalingahan Protected Landscape (120,457 ha), Puerto Princesa Subterranean River National Park (22,202 ha), Cleopatra's Needle Critical Habitat (38,693 ha), Palawan Flora and Fauna Watershed Reserve (8,039 ha), El Nido-Taytay Managed Resource Protected Area (37,652 ha), Malampaya Sound Protected Land/Seascape ( 88,115 ha), and Victoria-Anepahan Mountain Range (164,789 ha). Per the Results Framework, improved management will be reflected in improved METT scores as a result of increased financing; incorporation of sustainable practices in PA management and business plans; and stable or increasing conservation indicators per the Biodiversity Assessment and Monitoring System (BAMS) currently in use by the DENR-BMB for PAs in the Philippines. **Core Indicator 2** This target comprises the following coastal/marine protected areas: Caluit (Basuanga; 778 ha), Bulalacao (Coron; 3,468 ha), Malampaya Sound Protected Land/Seascape (111,339 ha) and El Nido-Taytay Managed Resource Protected Area (54,303 ha). As with Core Indicator 1 and per the Results Framework, improved management will be reflected in improved METT scores as a result of increased financing; incorporation of sustainable practices in PA management and business plans; and stable or increasing conservation indicators

per the Biodiversity Assessment and Monitoring System (BAMS) currently in use by the DENR-BMB for PAs in the Philippines. Core Indicator 4 & 5 For Core Indicator 4 & 5, the project will improve management to benefit biodiversity by catalyzing biodiversity-friendly business, through both corporate investment and grants and incentives for community-based enterprise. These will be subject to feasibility assessment to guide final selection, but are anticipated to focus on areas in the Mt. Hamiguitan and/or Mt. Mantalingahan landscapes to improve management on 20,000 ha of terrestrial areas, and Malampaya Sound and/or El Nido-Taytay Managed Resource Protected Area landscapes to improve management on 10,000 ha of coastal/marine areas. Core Indicator 6 In 20 years from an initial forested area of 180,858 ha, forest loss would be 18,840 ha with project compared to 25,425 ha without the project. Method and assumptions to get to these numbers are: Mitigation potential for 5 years project implementation plus 15 capitalization phase (20 years in total) was assessed using the following EX-ACT tabs: 1.Description, 2.LUC, 7.Coastal Wetlands. For the target landscapes inside protected areas, the size of actual area of three types of ecosystems (tropical forest, tropical shrubland, and mangroves) was distilled from recent baseline studies and other online resources including management plans stored on the WDPA website (several target landscapes were not considered in calculations due to the lack of information on the actual areas of ecosystems). The land use change area ?with? and ?without? project interventions was calculated using actual deforestation rates when known and an average rate when unknown. The efficiency to slow down the deforestation rate due to the project implementation was assumed to be 20%. In the target landscapes located outside of protected areas, we assumed that restoration of forest and mangrove ecosystems will take place for 1% and 5% of the total target area after 5 years and 20 years respectively. The 20 year number is -4,641,731 tCO<sub>2</sub>-e. Core Indicator 11 Number of direct beneficiaries is estimated as: 40 government agency staff trained in NCA; 60 policy-makers trained in decision-making linked to NCA; 100 households participate in incentive programs with assumed average of 5 people per household; 50% female.



## Part II. Project Justification

### 1a. Project Description

1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description)

There are no changes in alignment, but the ProDoc has expanded significantly on the descriptions of threats, root causes and barriers presented in the PIF. The relevant updated text is as follows:

#### Threats

Besides its high biodiversity, immense land/seascape beauty supporting a vibrant tourism sector, productive agriculture, and long history of marine resource utilization, the Philippines is also known for some of the highest rates of deforestation, severe watershed degradation, reef destruction, and loss of much of the original extent of its mangroves. Despite the high value of natural capital and biodiversity, the Philippines ranks among the top ten countries globally with the largest number of species threatened with extinction (CI 2013). Core threats to biodiversity and ecosystem services in the Philippines include:

##### *Loss of primary forests*

The deforestation rate in the Philippines remains among the highest in the world. From 2002 to 2019, The Philippines lost 143,000 ha of humid primary forest from 2002 to 2019, accounting for 12% of its total tree cover loss over the period.[1]<sup>1</sup> This amounts to a decrease of 3.1% of humid primary forest. The total decrease in tree cover accounts for nearly 500 million tons of carbon emissions. Palawan tops the list of regions in the country with the greatest areas of tree cover loss over this period, with 152,000 ha; Davao Oriental ranks 4<sup>th</sup> with 46,700 ha. The principal causes of tree cover loss in the Philippines are commodity agriculture and agroforestry (76%), commercial forestry (16%), shifting agriculture (5%), and urbanization (3%).[2]<sup>2</sup> Between 2013 and 2019, 71% of tree cover loss took place within natural forest. Despite a ban on logging in old growth forests, illegal logging activities continue; in this regard, Palawan and Davao Oriental stand out on a map of overlapping illegal logging hotspots, protected areas and Key Biodiversity Areas (KBAs).[3]<sup>3</sup> Clearing and degradation of natural forests as well as conversion of secondary forest land reflect the limited scope and enforcement capacity for forest protection, the failure to value ecosystem services, and limited public and private investment in Protected Area management or forest rehabilitation.[4]<sup>4</sup>

The Davao Region's economy is largely agriculture-based, and Davao Oriental is intensifying efforts to uplift the Agriculture, Forestry and Fisheries (AFF) sector. This is fueling direct and indirect threats from illegal logging, excessive harvesting of forest products, slash-and-burn farming (kaingin), and conversion of the land to agricultural production PA landscapes (in addition to the aforementioned threat of mineral exploration). Deforestation and forest degradation are evident in the result of land cover change analysis conducted using NAMRIA's land cover maps for 2010 and 2015. Land cover change analysis shows the significant increase in perennial crops, inland water and grassland accompanied with a decrease in closed and open forest in the Mount Hamiguitan Range Wildlife Sanctuary. The entire Eastern Mindanao Biodiversity Corridor (EMBC) which runs through Davao

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Oriental is home to well over 2 million people. The majority are distributed among 2,055 rural barangays (villages) near or within KBAs; each KBA in the EMBC is surrounded by upland farming communities, where slash-and-burn is a common farming method.[5]<sup>5</sup> These farms grow either vegetables for the local market, or export crops like Cavendish bananas and palm oil. However, traditional agro-ecosystems are also losing plant and animal diversity as shifting cultivation of traditional crops is being replaced by permanent but less environmentally sustainable farming of high-yielding or non-native varieties such as hybrid corn, potatoes, cabbages, and other cash crops. Forests, marshes, and wetlands are converted to farms at the expense of breeding places, foraging grounds, and shelter for wildlife, push many threatened species of plants and animals closer to the brink of extinction.

Forests in Palawan have suffered relatively less pressure than those in other parts of the Philippines, but this threat has grown in recent years. A growing human population is increasing demand for land (for settlement and agriculture), construction material, fuel and other forest resources. Land cover change analysis presented in Castillo (2021) shows that vegetation loss has affected PAs throughout the province. Total area of humid primary forest in Palawan decreased by 4.6% from 2002 to 2020; however, as this accounts for 14% of total tree cover loss in this time period, evidence suggests that land conversion pressure is disproportionately directed to primary forest.[6]<sup>6</sup>

#### *Degradation of coastal and marine resources*

Fish is the second most important staple food of Filipinos. Philippine marine fisheries produced a total fisheries volume of 5 million metric tons in 2009; the Bureau of Fisheries and Aquatic Resources (BFAR) estimates the fishing industry's contribution to the country's GDP to be on the order of 4.4%. Coral reefs, seagrass meadows and mangroves are vital to sustain the supply of edible and economically important fish. However, about 97% of existing coral reef cover is under medium to high threat; seagrass beds have declined by 30-50% over the past 50 years; and mangrove areas have declined by an average of 7,500 hectares per year since 1970. Negative impacts on fisheries threaten livelihoods and food security, and loss of these habitats also reduces the natural coastal protection services and undermines potential tourism revenue. Drivers of coastal habitat loss include coastal development that leads to increased coastal erosion, sedimentation and nutrient inputs. Depletion of the stock of aquatic marine resources, fish and coral reef species also are attributable to unregulated resource extraction and overfishing, as well as pollution, rising sea levels and warming surface waters.[7]<sup>7</sup> In Davao Oriental, mangrove forests have been converted into fishponds and reclamation areas for agriculture, aquaculture, and urban expansion, including in the Dinagat and Siargao KBAs; mangrove forests give way to beach resorts, piers, and docks to accommodate tourism and trade. These trends are particularly acute in Palawan, where the tourism sector depends heavily on coastal and marine ecosystems; for example, Palawan lost an estimated 11% of its mangrove area between 2010 and 2015 (Castillo 2021).

#### *Tourism*

Tourism is an important growth sector for the economy of the Philippines (more on this below). However, tourism expansion also has potential negative impacts, including socio-cultural and environmental pressures as well as threats to built infrastructure. Though intended as a sustainable sector, ecotourism, if uncontrolled, can lead to overcrowding, overdevelopment, and pollution. This threat is exacerbated by several factors such as propensity of some economic actors to disregard environmental regulations, insufficient monitoring by regulatory agencies, and limited public awareness and appreciation of the environment. For instance, the construction of additional lodging facilities, food and beverage establishments and other tourism related infrastructure contributes to the generation of solid waste and sewage pollution and to the modification of the physical landscape of

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some sites.[8]<sup>8</sup> Ignacio (2019) lists the following potential adverse impacts of ecotourism include: destruction of flora and fauna, local resource depletion (e.g. water), water quality degradation, land degradation, vegetation degradation, wildlife disturbance, solid waste and litter accumulation, soil contamination, groundwater and coastal water pollution, sewage pollution, aesthetic pollution, natural habitat loss, deforestation, soil erosion and compaction, accelerated erosion, damage to natural features, vandalism, ground cover loss. This points to the need for thorough risk analysis and impact assessment before tourism development takes place (i.e., in permitting processes), rigorous monitoring of regulatory and standards compliance, and robust enforcement and application of penalties and remediation measures in the event of non-compliance.

### *Mining*

The Philippines is a significant producer of gold, copper, nickel and chromite, and of non-metallic and industrial minerals such as marble, limestone, clay, feldspar and aggregates. The country's mineral resources are in areas that are also rich in biological resources that sustain lives and livelihoods. Formal mining claims and rights overlap with defined areas for Protected Areas and conservation areas as well as ancestral lands, threatening their ecological sustainability in direct conflict with prescribed land uses and management objectives. As of 2013, about 339 Mineral Production Sharing Agreements within 602,012 ha have been issued (DENR-MGB 2013). Within the project areas, the issue is particularly prevalent in Davao Oriental and in southern Palawan (see Figure 3 for Target 10 in DENR-BMB 2019); in Palawan mining operations in several areas are in conflict with government regulators and the PCSD on expansion into critical watersheds and other areas where exploitation or exploration are prohibited.[9]<sup>9</sup>

### *Climate Change*

Impact on ecosystems: As an archipelagic country with one of the world's longest national coastlines, the Philippines is exposed to sea level rise, warmer seas and stronger storms that result from climate change. The Philippines is considered to be among the world's most disaster-prone countries, with commonly occurring hazards including floods, droughts, typhoons, landslides and mudslides, earthquakes, and volcanic eruptions. Recent decades have witnessed an increase in damaging extreme events, such as heavy rainfall and tropical cyclone activity, and this trend is expected to continue under a changing climate.[10]<sup>10</sup> The PBSAP identifies ecological impacts of climate change including: timing of biological events; changes in distribution and behavior of plant and animal species; and increased frequency of pests and diseases. For example, in Palawan the Tubbataha Reefs National Park (TRNP) Management Office reported that climate change has reduced the size of Bird Islet from 1.5 ha to 1.1 ha; Bird Islet is the last intact and primary habitat for seabirds in the Philippines, and its shrinking may account for the steady decline in migratory bird population counts in TRNP. Climate change ultimately increases the vulnerability of species to extinction and reduces net productivity of ecosystems.[11]<sup>11</sup> In Davao Oriental, climate change impacts include intensifying extreme weather events. For example, Global Forest Watch analysis showed significant forest loss after typhoon Pablo passed through Davao Oriental in 2012; the municipality of Baganga in particular lost hundreds of hectares of mangrove, thereby further reducing natural coastal protection.

Socio-economic impact: About one third of the Philippine population is employed in agriculture which, with fisheries, accounts for 15% of national GDP. The dependency of a large part of the population on the agricultural sector (either directly or indirectly) makes the country particularly vulnerable to climatic shocks, such as flooding and drought. For example, between 1970 and 1990, typhoons, floods and droughts were responsible for 84.2% of Philippine rice losses. The Philippines is projected to experience an estimated decline in agricultural productivity of 9-21% by 2050 as a consequence of

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climate change.[12]<sup>12</sup> Spatial analysis suggests that up to 85% of the country's strategically important agricultural land could be affected by typhoons, floods and droughts.[13]<sup>13</sup> In the fisheries sector, by 2060 climate change impacts are projected to cause a decrease of about 9% of sectoral GDP with effective mitigation, and as much as 18% of fisheries GDP under an extreme scenario, compared to the baseline scenario.[14]<sup>14</sup> Given the importance of agriculture and fisheries to the preponderance of households in the Philippines, the socio-economic impacts of climate change will be extensive.

#### *Threats to Protected Area Landscapes*

Impact on Protected Area (PA) Landscapes: the threats described above relate to PAs and PA landscapes throughout the Philippines. Per the PBSAP, the major threats to effective PA management in the Philippines are increasing conversion to agricultural land, illegal extraction of timber and non-timber forest products, increasing human settlements within PAs, and increasing unregulated tourism activities.[15]<sup>15</sup> In Davao Oriental, the loss of primary forests is the main challenge in PAs due to: degradation and conversion to agriculture; limited scope and enforcement capacity for forest protection; the failure to value ecosystem services; and limited public and private investment in PA management or forest rehabilitation. Illegal logging continues despite a ban on logging in old growth forests. Marine PAs in Davao Oriental also face pressure, threatened by: unregulated resource extraction; overfishing; conversion and degradation of coastal habitats; pollution; warming of surface waters and coral bleaching; and rising sea levels and coastal erosion. In Palawan, identified threats to PAs include: land use change/conversion (e.g., proliferation of plantations, settlements and urbanization); unmanaged growth in tourism; climate change impacts, natural disaster risks and extreme weather events; poor waste management; and biodiversity loss from resource extraction and wildlife poaching. An inefficient construction sector and limited availability of stable energy sources also are noted as drivers of unsustainable wood collection in and around PAs. In addition to these threats, Palawan's coastal and marine PAs also face unsustainable fishing practices, mangrove ecosystem destruction, and rapid coastal development.[16]<sup>16</sup>

#### **Root Causes**

##### *Population growth*

Human population growth in the Philippines is a root cause of extensive forest conversion, coastal degradation and overexploitation of biological resources such as fish, reefs or wetlands. Although the projected growth rate for 2021 is about 1.3%, down from nearly 2% in 2004, the Philippines remains one of the fastest growing countries in ASEAN in terms of population. The population is expected to reach 142 million by 2045, up from its current level of about 108 million – an increase of 32%. [17]<sup>17</sup> Growing populations combined with poverty, landlessness and absence of secured tenurial rights has prompted conversion of secondary forest areas and logged-over areas into agricultural land and settlements. Pressure from population growth also increases demand for forest resources such as fuelwood, timber, and major and minor forest products, to meet domestic needs and livelihoods of communities.[18]<sup>18</sup> As a result, as many as 50% of the sites in the National Integrated Protected Areas System may have some to severe level of human settlements, habitat conversion or degradation.

##### *Economic Development*

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The Philippines has shown strong economic performance over the past two decades, including strides in poverty reduction.[19]<sup>19</sup> However, as a consequence of the COVID-19 pandemic, the economy is contracting and household income is declining, and the poverty rate is estimated to have increased from 20.5% percent in 2019 to 22.6 percent in 2020; nearly 25 million people. This reverses the trend of a steady decline in poverty in recent years, resulting in an additional 2.7 million poor people in 2020 compared to 2019 estimates.[20]<sup>20</sup> Moreover, poverty is disproportionately prevalent in rural areas compared to urban areas, and thus in areas where people may turn to natural resources for survival strategies. For example, in Davao Oriental the municipalities that overlap with Mt. Hamiguitan have an average poverty rate of 56%, substantially higher than in Mati (39%), the provincial capital. At the same time, rapid economic growth has been accompanied by infrastructure development, land conversion and coastal development without sufficient coordination and planning to safeguard natural capital and ecosystem integrity; the resulting natural capital losses undermine prospects for future sustainable development.[21]<sup>21</sup>

## **Barriers**

### ***Barrier 1: Limited appreciation of the value of natural capital, biodiversity and ecosystem services, and the merit of natural resource management and protection***

The Philippines is a natural resource dependent country, with a large rural population (nearly 60 million people) relying on natural resources for their livelihoods. However, knowledge on the contributions of natural resources to the local community and on baseline conditions of the health of ecosystems and their ability to provide ecosystem services sustainably is limited. This is confirmed in the 2014 report on the Sustainable Financing of Protected Areas Project by DENR. This assessment found that very few sites reported on how the Protected Areas are contributing to the local economy, including economic opportunities from ecotourism, the supply of key ecosystem goods and services to downstream areas, and Protected Area dependent livelihoods (REECS, 2014). These findings are echoed in the PBSAP. This barrier is exacerbated by the lack of standardized measurement and valuation systems for natural capital, and the absence of a coherent national Environment and Natural Resource (ENR) data system (as per the baseline situation described below). This poses an obstacle to expanding and deepening the coverage of the national Natural Capital Accounting (NCA) framework, which is intended to generate usable data and information on values and trends relating to natural capital, biodiversity and ecosystem services.

Due to lack of capacity and adequate knowledge on the contributions of natural capital to the economy and human welfare, the values of most ecosystem services have not been inventoried, and the impacts of externalities (e.g., from extractive activities that may have depleted natural assets and degraded the environment) have yet to be identified and incorporated in business plans and budgets of the sectors concerned. Capacity and data constraints prevent the generation of NCA results to inform planning, budgeting and monitoring. This limits opportunities to strengthen the case for maintaining PA landscapes within the context of local government development objectives, as these objectives exclude the values of ecosystem services generated by PAs. Missed opportunities range from business opportunities such as ecotourism, to ecosystem dependencies such as water quality for downstream users, to innovative financing options such as Payment for Ecosystem Services (PES) mechanisms.

### ***Barrier 2: Limited capacity to integrate natural capital and biodiversity into national and sectoral development policy***

Despite the existence of a national policy framework for integrating the values of natural capital and biodiversity into government policy, and programs on biodiversity conservation and sectoral operations including sustainable tourism, practical implementation has been limited by weak institutional capacity and methodological constraints. Mainstreaming of biodiversity and natural capital is sophisticated and its practical application generally is poorly understood. In the Philippines, experience among resource

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managers and the private sector on practical approaches for accounting for natural capital is limited. Furthermore, mainstreaming natural capital into national and local planning, policies, budgets, resource accounting and allocation requires more integrated information on how the economy, environment and society interact. Methodologies capable of handling such complex interactions have only been recently formalized. The System of Environmental Economic Accounting Ecosystem Accounting (SEEA) is the internationally accepted framework for incorporating nature into national accounting systems, bringing together economic and environmental information into a common framework on par with the System of National Accounts (SNA). SEEA includes the *Central Framework (CF)* and *Ecosystem Accounting (EA)*. The SEEA *CF* focuses on environmental flows between the environment and the economy (, stocks of environmental assets and economic activity related to the environment. The SEEA *EA* expands *CF* measurements to include ecosystems, including their extent and condition and contributions to economy. The SEEA Ecosystem Accounting was adopted as international statistical standard by the United Nations Statistical Commission in March 2021. This underscores the importance of building capacity among PA managers and sectors dependent on natural capital with practical NCA skills to ensure that natural capital dependencies and investment risks are assessed and incorporated into sustainable business planning, natural capital-responsive corporate budgeting and investments, and other opportunities such as sustainability reporting.

Currently, the integration of biodiversity and ecosystem services in landscape and seascape planning and sector development remains inadequate, resulting in economic investments that undermine environmental values such as the conversion of fragile uplands, coastal zones or other important biodiversity-rich areas to agriculture, industry and other uses. It also means that rapidly expanding sectors such as tourism may be growing at the expense of the integrity of the ecosystems on which they depend for their operations, as in the case of scuba diving businesses that do not adhere to the Green Fins principles for sustainable dive activities and reef protection. Although some industry players and governments gradually are recognizing this deficiency and responding with measures such as the introduction of sustainability and certification standards, these need to be promoted and applied more widely, including measurement of compliance and impact in relation to management objectives in PA landscapes.

### ***Barrier 3: Gaps in national policy and technical capacity with respect to sustainable financing options for protected area landscape management***

There is a need to strengthen national policy and legal frameworks to support institutionalization of alternative revenue sources and benefit sharing from e.g., Payment for Ecosystem Services (PES) schemes, sustainable tourism operations linked to Protected Areas (through Public Private Partnerships, conservation concessions, etc.), and community-based Social Enterprises. The latter have the potential to both generate income and to attenuate some of the drivers and pressures challenging PA managers. Institutional and legal capacity shortfalls are attributable to a lack of basic information on the country's biodiversity and strategic management priorities and options; incomplete awareness of tangible values of natural capital limits the ability or inclination of government agencies to dedicate time and resources to developing and implementing policies and mechanisms in furtherance of sustainable financing options. This is a particular element of the broader ongoing need to improve awareness and demonstrate long-term benefits of conservation actions and economic merits of sustainable natural resource management, to local governments as well as the wider public, notably communities living in and around PAs.

Financial sustainability has been identified as a major barrier to effective management of PAs in the Philippines (BMB-GIZ, 2014; UNDP-GEF, 2016). Estimates (e.g., BIOFIN program) suggest that on the order of USD 8.2 million would be needed annually for the management of the 107 legislated protected areas under the ENIPAS. A significant funding gap for PA budgets as well as management in larger PA landscapes and biodiversity programming in general means that alternative income sources, funding mechanisms and cost reductions are urgently needed.[22]<sup>22</sup> PA management requires greater and more diversified revenue streams, and less reliance on entrance and facilities user fees. A particular legal and institutional gap relates to capture of potential revenue streams from natural capital dependent

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sectors such as ecotourism, local industries or public utilities (e.g., water); this is closely related to the barrier of limited technical capacity to apply resource economics or conduct pre-feasibility studies, and unclear legal bases for formal agreements with beneficiaries of ecosystem services generated by PA landscapes. As a result, although some financing mechanisms such as PES and biodiversity-friendly Social Enterprises have been tested and implemented in a few sites, these efforts have been too limited in scope to enable national upscaling and make significant impact on the PA financing gap.

Most ecosystem services are generated or impacted by systems surpassing the administrative boundaries of a particular PA (e.g., watershed services), and stewards as well as beneficiaries of ecosystem services may be situated outside PA boundaries. Therefore sustainable financing for ecosystem service maintenance needs to consider wider PA landscapes, not just PA budgets. However, despite the dependence of various economic activities in PA landscapes on ecosystem services sustained by conservation and PA management, in the Philippine sectors such as agriculture and tourism do not contribute to PA financing or financing for sustainable resource management in the wider landscapes. This reflects both a lack of awareness and recognition of ecosystem services values as noted above, and technical and policy gaps with respect to structuring financing relationships between economic activities in PA landscapes and management of PAs and landscape ecosystems. Even the National Ecotourism Strategy and Action Plan, which clearly depends directly on natural capital and biodiversity, does not specify sectoral contributions to financing for PA and PA landscape management.

## 2) the baseline scenario and any associated baseline projects

There are no changes in alignment, but the ProDoc has expanded significantly on the description of the baseline and associated baseline projects presented in the PIF. The relevant updated text is as follows:

In the baseline, several national projects and programs address barriers related to financial sustainability and the inadequate capacity of the NIPAS, including support towards ecotourism in Protected Area landscapes. Other baseline initiatives in the Philippines specifically support the integration of natural capital and biodiversity into policies and operations of key economic sectors that depend on natural capital. These include government initiatives as well as several projects from international donor partners that complement national government efforts.

### Baseline programs on management and protection of biodiversity and other natural capital ? including financing:

One of the key baseline initiatives of the Government is the passage of the National Protected Areas System Act of 1992 as amended by the Expanded National Integrated Protected Areas System Act of 2018 and initiatives related to PA financing and ecotourism. The NIPAS Act, as amended, provides the legal framework for the establishment and management of protected areas in the Philippines, administered by DENR-BMB. The NIPAS Act recognizes rights of ?tenured migrants? (defined in the Act as ?protected area occupants who have been actually, continuously and presently occupying a portion of the protected area for five (5) years before the proclamation or law establishing the same as a protected area, and are solely dependent therein for subsistence?) and Indigenous Peoples (group of people sharing common bonds of language, customs, traditions, and other distinctive cultural traits, and who have, since time immemorial occupied, possessed and utilized a territory) who depend on the natural resources within PAs for survival, such that they are central stakeholders in in-situ biodiversity conservation. To reduce pressure on PAs, the law stipulates that buffer zones may be established along their periphery to support the needs of local and indigenous communities living in or adjacent to the

protected areas. Per the PDP and other policy instruments, ecotourism is one of the strategies prioritized as a means to generate alternative livelihoods to both tenured migrants and indigenous people. In response to the need for new and additional funding mechanisms, the Integrated Protected Area Fund (IPAF) was created under the NIPAS Act, as amended, and is now the main funding vehicle for PA management. The NIPAS Act positions IPAF as an effective structure for collecting and allocating revenue to PAs once they are formally established as part of NIPAS. The approximate annual budget for protected areas under the NIPAS is USD 28 million, while Castillo (2021) reports an estimated annual funding gap in the range of USD 349 million to USD 437 million to stem habitat loss and deterioration in the country's PAs. Thus, a substantial funding shortfall persists, and regular government budget allocations appear unlikely to address this shortfall, highlighting the need for new, innovative sources including the private sector.

Sustainable tourism including specialised forms such as ecotourism has been identified as one of the most powerful revenue mechanisms to both benefit from as well as support the conservation of biodiversity and other natural capital in PA land/seascapes in the Philippines. As noted above, in 2019 the number of visitors from abroad was 8.26 million; nearly 5 million of these visitors came for holidays/recreation (versus business or family visits). The Department of Tourism estimated that growth in domestic tourism would reach 35 million in 2016, for total potential earnings from ecotourism of as much as USD 3.14 billion. However, visitor counts in PAs and other adventure destinations indicate that domestic and foreign visitors to over 200 PAs under the NIPAS averaged 778,008 per year over the 2000-2012 period, far below the potential market size for ecotourism in the Philippines which has been estimated to be as high as 14,176,500 ecotourists annually. Thus, the potential is enormous, though anticipated growth of ecotourism related to natural capital and biodiversity held in the ENIPAS is not without environmental risk, including a possibly large footprint observed related to e.g. water use and habitat degradation.

The importance of biodiversity-tourism linkages has been emphasized in the NIPAS Act, as has the need for the tourism sector to involve the local and indigenous people residing in and around the PAs. The Philippines has over 15 years' experience with strategizing ecotourism development for enhanced biodiversity conservation in PAs, which is anchored both in the Presidential Executive Order (EO) No. 111 (1999), as well as in a national inter-agency resolution between the Department of Tourism (DOT) and the Department of Environment and Natural Resources (DENR), stating that 'the state shall develop and promote ecotourism as a tool for sustainable development to support the development, management, protection and conservation of the country's environment, natural resources and cultural heritage'. Both agencies are responsible for providing funding and establishing programs for ecotourism development linked to PAs and conservation objectives. This is enabled, among other actions, through identification of 32 key ecotourism zones, over 65% of which are inside PAs. The DOT's most recent National Tourism Development Plan (NTDP 2016-2022) identifies 49 Tourism Development Areas (TDA) in 20 Clusters for improved tourism development, transport linkages and services. However, challenges persist with respect to systematically empowering community-based enterprise, such that tourism can serve as a pro-poor growth sector and result in local benefits in and around PAs. More broadly, there remains a disconnect between tourism operations and financing for PA and PA landscape management; the sector that depends critically on natural capital and biodiversity contributes little to financing to ensure that these assets are sustainably managed.

The many policies and management strategies that seek to harmonize biodiversity conservation with tourism development in PAs include the PDP, PBSAP, ENIPAS and community-based marine protected areas (MPAs), as well as the national tourism policy framework comprised of the NTDP and the National Ecotourism Strategy and Action Plan (NESAP 2013 - 2022). Programs under NESAP 2013-2022 supported through the national government budget seek to promote sustainable tourism development at the LGU level, including ecotourism development in priority PAs. This baseline work aligns well with the proposed Project's use of incremental GEF support to establish innovative financing solutions that include catalyzing sustainable ecotourism investment in PAs, particularly if such ecotourism development is linked to more direct contributions to financing for PA and PA landscape management.



Another major baseline program is the Coastal and Marine Ecosystems Management Program (CMEMP) - 2017-2028, with an estimated (central) government budget of USD 50 million over the life of the GEF project. This national program aims to comprehensively assess, address and effectively reduce the drivers and threats of degradation in coastal and marine ecosystems, to enhance sustainability of ecosystem services, food security and climate change resilience. Of direct relevance to the proposed Project are CMEMP activities including: to conduct a national inventory and mapping of all marine and coastal resources, the valuation of ecosystems services, the development of ecotourism/sustainable tourism as part of Integrated Coastal Zone Management, and conducting a communication, education and public awareness program. These will reinforce efforts under the Project to establish Natural Capital Accounts for the two targeted PA landscapes (Component 1), and to increase stakeholder understanding of the importance of natural capital to local economies, the tourism sector, and people depending on PAs (Component 2). The CMEMP's work on ecotourism development will provide key baseline and co-funding support to development of ecotourism through SMEs and conservation concessions in the targeted PA landscapes (Component 2). The DENR-BMB has a number of closely related baseline projects which have an estimated value of USD 400 million over the life of the project, of which a total of USD 4.5 million will directly benefit the investment sites and the remainder the NIPAS.

In the baseline, DENR supports provincial field offices in their task of PA patrolling, law enforcement, conservation monitoring, providing operational budgets for Protected Area Management Boards (PAMBs) and running a number of information centers. However, provincial offices lack knowledge and technical capacity to assess and value ecosystem services, and mostly are unable to identify opportunities, pursue public-private partnerships, or issue tenders for business investment in sustainable tourism in PAs. Therefore they are not able to generate and use extra revenue as regulated under the IPAF.

A key baseline activity relating to financing for PAs is the Biodiversity Finance Initiative (BIOFIN Philippines). This UNDP-led project, funded by the EU and other European donor countries, assists the government through BMB-DENR in assessing needs and testing feasibility of various financing solutions for PBSAP implementation, including the NIPAS. As a basis for the financing strategy, the project found that the current level of spending in the Philippines on biodiversity - USD 110 million annually - represents a financing gap of 80% (USD 378 million). Full implementation of the PBSAP would require between USD 7.4 and USD 8.6 billion, which represents an annual budget of USD 530 million. Of this, 39% or (USD 2.9 billion) is the estimated total cost to prevent habitat loss and overexploitation of PAs. Major activities and achievements of the project include:

? Facilitating the successful mainstreaming of PBSAP targets into the PDP, providing a strong basis for additional and sustained public resources for biodiversity conservation. However, this was done without explicitly quantifying economic contributions of these targets in terms of natural capital and ecosystem services, which would strengthen the basis for budget allocations.

? Feasibility testing of 16 conservation finance mechanisms, including Corporate Social Responsibility, PPP and other partnerships with the private sector for bufferzone development linked to economic commodities, ecological tissue transfers, etc. However, BIOFIN has not applied NCA to assess options and feasibility relating to finance mechanisms; has not focused on advancing the national enabling environment for PES; and has not included assessment of environmental impact/sustainability of ecotourism. Thus, the proposed Project offers significant complementarities and advances on the BIOFIN work.

? Filing of a bill to reform the NIPAS Act to formalise 100 proclaimed protected areas into law, which would enable them to access state funds and management support through DENR-BMB. However, there is still a gap with respect to rationalizing funding requests on the basis of natural capital value, economic contribution to ecotourism, and other ecosystem services.

? Prepared draft legislation to access the country's fossil fuel-derived Special Fund (The Malampaya Fund) to increase finance for biodiversity initiatives.

? Partnership between BIOFIN and the Philippine Business for Environment (PBE) and other related foundations to create a platform to identify opportunities for private sector investment in biodiversity-friendly enterprises including ecotourism. However, while investment in such enterprises

is important, this needs to be accompanied by a strong case for also investing in sustainable management of the natural capital on which biodiversity-friendly businesses depend.

? Work to advance a framework for Ecological Fiscal Transfers (EFTs) as a means to address the PBSAP funding gap (see below).

? BIOFIN Phase II has been extended to 2025.[23]<sup>23</sup>

BIOFIN work on Ecological Fiscal Transfer (EFTs) is of particular interest to the proposed Project. Each LGU in the Philippines receives a share of national tax revenue as internal revenue allotments (IRA) from the central government. The share is based on a weighted formula based on land area, population, and equitable distribution. For many LGUs, the IRA accounts for as much as 90% of total revenues. However, allocations for biodiversity conservation and sustainable resource management rarely are included as line items in IRAs. BIOFIN has proposed the concept of using an ecological index as the basis for EFTs, as a PA financing solution, recognizing that ecological and economic benefits may be distributed far beyond the local government jurisdiction, even at regional and national levels, whilst being financially supported solely by the concerned LGU. Further development of this concept could benefit from the use of NCA results to inform the definition of concrete metrics to calibrate EFT amounts.

With respect to other potential sources of investment support for enterprise development, the DOT's TIEZA was described in Section 2.4. Another relevant funding source is the Small Business Corporation (SB Corp) of the Department of Trade and Industry. This government financing institution has the primary responsibility of implementing comprehensive policies and programs to assist micro, small and medium enterprises (MSMEs), including but not limited to access to finance and information services, and support for financial management, training and marketing. Programs for the MSME segment include: wholesale lending to smaller financial institutions, cooperatives and foundations; retail or direct lending to MSMEs; and guarantee programs for larger banks to cover MSME loans without collateral or with insufficient collateral. The SB Corp also serves as a channel for government relief funding for MSMEs impacted by natural disasters. This institution's mandate makes it a promising potential source for supporting sustainable community-based enterprise development in PA landscapes, but the DENR-BMB has not yet defined a strategy for systematically leveraging this opportunity, and PAMBs lack the capacity to work with stakeholders in their respective landscapes to engage this source.

The USAID funded Fish Right Program is a 5-year technical assistance project in three Marine Key Biodiversity Areas (MKBAs) in the country, including Northern Palawan's Calamianes Island Group. Fish Right aims to enhance the sustainable use and resilience of critical coastal and marine resources that provide food, livelihoods and coastal protection to local communities. One of its major activities is the monitoring of the volume of fish biomass and coral reef conditions within and outside MPAs in its project sites. These biophysical indicators will be useful inputs for natural capital accounts in Palawan, and to inform design of sustainable financing mechanisms. Fish Right will run from 2018 to 2022, with a total budget of USD 25 million. In connection with fish catch monitoring, the Bureau of Fisheries and Aquatic Resources (BFAR) conducts an annual National Stock Assessment Program (NSAP) for fisheries. With assistance from Fish Right, BFAR will expand NSAP to cover Northern Palawan waters during the project's lifetime, funded through the regular government budget. However, these efforts are not linked directly to advancing NCA in Palawan or the Philippines.

Another USAID-funded program that complements this proposal is the 5-year PROTECT project (USD 23 million), which aimed to combat illegal wildlife trafficking in the Philippines. Together with ADB's Illegal Wildlife Trafficking Project, this included valuation studies of selected species originating from the Philippines that are illegally traded in the region. PROTECT also piloted PES schemes in Palawan. These efforts are relevant to NCA, but to date have not explicitly been linked to NCA efforts, reflecting a significant missed opportunity for synergy and impact.

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*Baseline programs related to natural capital assessment and accounting:*

The Philippines has three decades of experience on efforts to incorporate environmental issues into national accounts, both through the SEEA Central Framework and SEEA Ecosystem Accounting, as well as on development of macro-economic indicators. The GoP has expressed strong commitment to institutionalize NCA, as demonstrated by the development of a Natural Capital Accounting Road Map under the leadership of NEDA in close collaboration with the PSA and other agencies.[24]<sup>24</sup> The NCA Roadmap proposes a standardized ENR database to serve as a repository of input data for generation and sharing of NCA-generated results; it also envisions linking ecosystem accounting to the existing System of National Accounts. The PSA is tasked with compilation of national and subnational asset and ecosystems accounts, as well as natural capital-adjusted macroeconomic indicators, and has overall responsibility for NCA institutionalization. NEDA, the chair of the PSA Board, will provide strategic direction and guidance, with support from the Interagency Committee on Environment and Natural Resources Statistics (IACENRS). The Roadmap is a strong indication that the Government has prioritized NCA; however, as of November 2021 it has not yet been formally adopted, and means for its implementation have not been committed. The road map was shared with the IACENRS and peer reviewers in August 2021. NEDA is currently revising the document based on the comments/suggestions received from the IACENRS member agencies and peer reviewers. After this revision is completed and confirmed by the Task Force on NCA (NEDA, PSA and DENR), it will be presented to the IACENRS for approval/adoption. The target date for approval is January 2022, before Project implementation commences.[25]<sup>25</sup>

As noted, the Philippines Statistics Authority (PSA) is responsible for all aspects of the production of official government statistics, including environmental and natural resource data, and does so following the Philippine Statistical Development Program (PSDP). The current PSDP for the period 2018-2023 includes an intention to improve collection of environmental and natural resource data, but does not appear to allocate specific resources for doing so, relegating this role to the DENR. However, data collection and management functions remain distributed among a wide array of agencies, without a systematic, centralized or standardized ENR data framework.

EO 406, *Institutionalizing the Philippine Economic-Environmental and Natural Resources Accounting (PEENRA) System*, has been implemented by the PSA since 1997, focusing on developing and institutionalizing environmental and natural resource accounts of the Philippines based on the United Nations SEEA Central Framework (2012). SEEA Central Framework accounts provide key information on a broad spectrum of environmental and economic issues such as the sustainable use of natural resources, particularly non-renewable resources, the extent of emission and discharges to the environment resulting from economic activities, and the amount of economic activity undertaken for environmental purposes. Furthermore, compilation of environmental accounts leads to the generation of environmentally adjusted measures of economic growth and wealth by considering resource depletion, environmental degradation, and protective and restorative environmental initiatives in the traditional GDP and wealth measures. Environmental accounts will also provide the essential information for monitoring/measuring climate change and its impact, adaptation and mitigation to climate change and disaster risk management, sustainable development and the environment in general. Currently, accounts for Energy, Water, Land and Material Flow are under development at the national level, while accounts for Minerals, Water, Land and Timber are being compiled at the sub-national level by selected regional offices. However, PEENRA has proceeded in fits and starts, with the last major initiative taking place in 2014. Moreover, PEENRA does not focus on PA landscapes or ecosystem services linked to tourism, and thus is not positioned to inform efforts to increase financing for sustainable management for PAs or PA landscapes.

An additional key baseline project in support of NCA is the Statistical Framework for Measuring Sustainable Tourism (SF-MST). This project initiated by the UN World Tourism Organization

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(UNWTO) with support from the UN Statistics Division (UNSD) has invited the Philippines through PSA to participate as a pilot country of the SF-MST. The project seeks to extend current statistical standards beyond their economic focus to cover social and environmental dimensions, as a direct response to the global commitment to sustainable tourism and the demand for high quality indicators that monitor progress towards the SDGs. Integrating statistics on economic and environmental dimensions of sustainable tourism by linking SEEA and the Philippines Tourism Satellite Account (TSA) found great traction at the International Conference on Tourism Statistics in Manila, June 2017. The GEF increment will support pioneering work to link the TSA to environmental accounts using the SEEA-EEA framework. This will be an important milestone towards measuring and monitoring sustainable tourism by extending the current scope of the PSA to account for environmental impacts. The PSA's Satellite Accounts Division has committed to measure and monitor sustainable tourism, and has established a provisional methodology to compile indicators of tourism impacts on the environment. This methodology uses the Philippine Input-Output tables and the TSA to generate indicators, with a focus to date on energy and water use. Although this may produce information on the environmental footprint of tourism, it does not reveal the importance of ecosystem services and natural capital, and of nature-based tourism in particular, as an input to successful sustainable tourism enterprises.

A key part of the baseline is the USAID-supported Philippines Sustainable Interventions for Biodiversity, Oceans, and Landscapes (SIBOL) project, launched in 2020.<sup>[26]</sup> SIBOL is a five-year, USD 22 million project with the goal of supporting the government to improve natural resource governance and stimulating public and private investments, thereby improving ecosystem stability and inclusive green growth. SIBOL activities are planned on region 3, 4B and XIII (Caraga), with project sites in Masinloc and Oyon Bay, Siargao Island, Palawan. SIBOL will be implemented in close coordination with DENR and BFAR, as well as with the Palawan Council for Sustainable Development (PCSD) in Palawan. Key project partners include the Center for Conservation Innovations Philippines, Inc. (CCIPH), Resources, Environment, and Economics Center for Studies, Inc. (REECS), Forest Foundation Philippines (FFP), and Zoological Society of London (ZSL). SIBOL activities will include ecological, economic and social data collection; valuation of ecosystem services (esp. mangroves and coastal ecosystems); capacity building on natural resource accounting; and support for local biodiversity-friendly enterprise and financing solutions. SIBOL's focal sites in Palawan offer a notable contribution to the proposed Project's province-wide efforts, such that coordination and synergies between the Project and SIBOL will be a high priority. SIBOL itself will focus on provisioning services with a market value, including carbon, mangrove stands, fisheries, coral reefs and possibly NTFPs; partners CCIPH and ZSL will also collect data on regulating services. The proposed Project can contribute significant incremental benefits by building on the SIBOL work to include attention to ecosystem function and linkages to economic sectors.

Below please see a table comparing SIBOL and the Phil-GEF NCAA with respect to goals, proposed framework, scope, scale (Baseline Report 3. NCAA, page 62). There are some obvious synergies and complementarity between the two projects, particularly with respect to methodological approaches for accounting related measurements, which should be explored in more in-depth in advance at project inception to inform priorities and planning of work.

That said, it is important to note that the Phil-GEF NCAA expands on SIBOL both on a. the comprehensive of its scope with respect to SEEA Ecosystem Accounts, with full set of SEEA EA (i.e., extent, condition, ecosystem services and asset accounts) as well as thematic account (e.g., biodiversity), compared with subset proposed by SIBOL, which focus on a few ecosystem services flows from forest (carbon), ocean (fisheries) and coral reefs (recreation). Another important distinction the scale of implementation: the Phil-GEF NCAA adopts the entire province of Palawan as the proposed Ecosystem Accounting Area, compared to SIBOL's work on a selected PAs in the province, coral reefs and ocean. The Phil-GEF NCAA will also deliver SEEA Central Framework Tourism Satellite Accounts for the province.

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The proposed Phil-GEF NCAA scope and provincial boundary accounting allows for measurement of all Palawan ecosystem assets (including all ecosystems classes in Palawan) and their contribution of a broader set ecosystems of ecosystem services to be measured (e.g., eco-tourism, climate, water, sediments, etc.). Most importantly, it enables for such accounting information to be incorporated into the Palawan Provincial Product Accounts. For example, Phil-GEF NCAA will be able to deliver information on ecotourism from all ecosystems in Palawan, regardless of the type of ecosystem or conservation status. That will help to demonstrate the linkages between ecosystems and their services to the economy, including to the tourism economy.

Table 15. PHIL-GEF NCAA and SIBOL: Proposed frameworks, scope and scale of intervention

SIBOL Goal: To improve natural resource governance, stimulating public and private investments, thereby improving ecosystem stability and inclusive green growth [1]				Phil-GEF NCAA Goal: To improve financial sustainability of PAs by mainstreaming the values of biodiversity and natural capital in government planning			
Framework	Scope	Scale	Framework	Scope	Scale		
SEEA Central Framework	?	Forest asset accounts	National	SEEA Central Framework	?	Tourism Satellite accounts	Palawan
	?	Fisheries asset accounts					
	?	Coral reef asset accounts					
SEEA Ecosystem Accounting	?	Forest ecosystem services, e.g., carbon, fish and other products	Sub-national scale in select sites including in PA(s) in Palawan	SEEA Ecosystem Accounting	?	Extent accounts	Palawan/ Davao Oriental
					?	Condition accounts	
	?	Coral reefs extent, condition, recreational services			?	Ecosystem services accounts	
					?	Monetary asset accounts	
					?	Thematic accounts	

#### *Baseline Factors in the two targeted PA Landscapes*

In addition to points noted in the preceding discussion, principal features of the baseline in Palawan are:

? Despite various past and ongoing NCA-related initiatives in the province, NCA has yet to be robustly embedded in the provincial statistical system

? Although Palawan is one of the main tourism assets in the country, and nature-based tourism is an economic mainstay of the province, there are no mechanisms by which the tourism sector contributes to financing of PA and PA landscape management in a manner commensurate with the economic contribution of natural capital to tourism enterprise

? While tourism is prioritized for investment, there is no systematic framework for prioritizing investments in community-based ecotourism or other sustainable tourism enterprise on the basis of ecosystem service linkages as revealed through NCA

Thus, Palawan offers a foundation of familiarity with NCA among some stakeholders and experience relating to NCA within government agencies. This will enable the Project to help the province consolidate past work, expand the NCA framework, and advance to more ambitious use of NCA results to inform planning, investment and financing solutions.

In addition to points noted in the preceding discussion, principal features of the baseline in Davao Oriental and MHRWS are:

? There has been no work relating to NCA conducted in the province to date.

? Although the MHRWS attracts considerable research attention, this predominantly relates to species inventories, leaving gaps with respect to ecosystem service functioning and valuation that could inform NCA establishment.

? Though situated in a designated TEZ, significant investment in tourism development in the MHRWS has yet to take place, especially for community-based enterprise.

Thus, Davao Oriental and the MHRWS provide a clean slate for NCA establishment, and a setting with significant need and appetite for solutions that promote community development while strengthening financing for PA and PA landscape management.

3) the proposed alternative scenario with a brief description of expected outcomes and components of the project

There are no changes in alignment, but the ProDoc has expanded significantly on the description of components and expected outcomes presented in the PIF, and added a Component 4: Knowledge management and monitoring and evaluation. The relevant updated text is as follows:

The project objective is to improve financial sustainability of protected areas and landscapes in the Philippines by mainstreaming the values of biodiversity and natural capital in government planning, especially for Ecotourism development. A core proposition that underlies the Theory of Change for the Project is that Natural Capital Accounting (NCA) provides an effective means to measure the values of biodiversity and natural capital, and track changes in these values over time. By demonstrating direct links between these values and economic indicators, NCA will increase understanding on the part of policy- and decision-makers of the importance of biodiversity, natural capital and ecosystem services in development planning. Thus, the Project will promote consideration of the contributions of nature to economic growth and development, as well as the economic risks that attend under-investment in conservation and sustainable resource management. Demonstrating the economic return to investment

in sustainable management and protection of biodiversity and natural resources will help the Project engage relevant government authorities and the finance sector to catalyse additional public and private funding for improved management of protected area landscapes.

Summary of changes made	PIF	GEF CEO ER/ Prodoc	Rationale
<b>Project Objective and Components</b>			
Project Objective	To improve financial sustainability of protected areas and landscapes in the Philippines by mainstreaming the values of biodiversity and natural capital in government planning, especially for eco-tourism development	No change	
Core Indicator 1	149,792 ha	487,080 ha	Increase is due to baseline assessment that identified additional priorities in the overall Palawan PA landscape, notably the Palawan Flora and Fauna Watershed Reserve and Cleopatra's Needle Critical Habitat
Core Indicator 2	34,618 ha	169,888 ha	Increase is due to baseline assessment that identified additional priorities in the overall Palawan PA landscape, notably the Malampaya Sound Protected Land/Seascape and the El Nido-Taytay Managed Resource Protected Area.
Core Indicator 4	20,000 ha	20,000 ha	
Core Indicator 5	10,000 ha	10,000	

Core Indicator 6	None	1,067,884 (5 years) and 17,328,513 (20 years)	EX-ACT estimate of GHG emissions avoided added per GEF Sec guidance
Core Indicator 11	350	600	Increased to reflect enumeration of training beneficiaries and updated estimate of beneficiary households in pilot sites
Component 1 name and focus	Capacity and application of Natural Capital Accounting (NCA) in 2 priority geographies	No change	
Component 2 name and focus	Conservation and sustainable use of natural capital in two Protected Area Landscapes of Palawan and Davao Oriental provinces enabled through new financing and incentive-based mechanisms for enhanced sustainability of Protected Areas.	Conservation and sustainable use of natural capital in two Protected Area Landscapes of Palawan and Davao Oriental provinces enabled through new financing and incentive-based mechanisms for enhanced sustainability of Protected Area Landscapes.	?Landscapes? added to make explicit that the Project involves a landscape approach, addressing protected areas and surrounding areas.
Component 3 name and focus	National replication and Investment Plan for sustainable business and tourism in the National Integrated Protected Areas System (NIPAS)	No change	
Component 4	None	Knowledge management and monitoring and evaluation	New Component added to address GEF priority given to effective knowledge management and M&E
<b>Project Outcomes</b>			
Outcome 1.1 name and focus	Enhanced foundation and capacity for implementation of the NCA Roadmap in the Philippines	No change	
Outcome 1.2 name and focus	Enhanced understanding and policy making for improved biodiversity conservation and natural resource management through the use of NCA-generated indicators in provincial policy, planning and resource allocation	Enhanced policy making for improved biodiversity conservation and natural resource management through the use of NCA-generated indicators in provincial policy, planning and resource allocation	Removed ?understanding? for parsimony, and because understanding is an intermediate step towards the Outcome of interest which is improved policy making.



Outcome 2.1 name and focus	Enhanced protection of biodiversity and other NC through new revenue flows, costrecovery or minimization, NCfriendly enterprises and partnership for sustainable tourism in two PA landscapes	No change	
Outcome 3.1 name and focus	Enhanced financial sustainability of the NIPAS through national replication of best practise and Investment Plan for sustainable business and tourism for improved NC and biodiversity outcomes	No change	
Outcome 4 .1	None	Improved knowledge management and sharing of lessons learned on Natural Capital Accounting between local and national levels	New Outcome on knowledge management
Outcome 4.2	None	Project monitoring system operates, systematically provides information on progress and project impact performance, and informs adaptive management to ensure results	New Outcome on M&E
<b>Project Outputs</b>			
Output 1.1.1	Technical assistance, training and protocols provided to national and selected subnational governments on NCA compilation and improved Environment and Natural Resources (ENR) data systems for application in two PA landscapes	Technical assistance, training and protocols provided to national and selected subnational governments on NCA compilation	Key stakeholders (DENR departments) indicated that ENR data systems are widely distributed across departments, and do not lend themselves to the Output as originally formulated. Therefore activities will focus on the ability of competent authorities to collect data in the course of NCA compilation.

Output 1.1.2	Experimental Ecosystem accounts established for two PA landscapes (Palawan and Davao Oriental, and incorporated into the adjusted provincial supply and use table (SUT)	SEEA Ecosystem Accounts (SEEA EA) implemented for Palawan (provincial level) and Davao Oriental (Mt. Hamiguitan Range Wildlife Sanctuary (MHRWS))	Rephrased to align with up-to-date terminology, and make more explicit the geographical scope
Output 1.1.3	Tourism satellite account implemented at priority geographies and used to inform national replication by Philippines Statistics Authority	No change	
Output 1.2.1	Post-accounting analysis is implemented to inform key priority sectoral policies (e.g., tourism, agriculture and water) through e.g. sector round tables	Post-accounting analysis is implemented to inform key priority sectoral policies	Edited for parsimony; no change in substance
Output 1.2.2	NCA-informed budget allocation criteria developed and demonstrated to inform provincial Ecological Fiscal Transfer (as per NEDA's NCA Roadmap).	NCA-informed budget allocation criteria developed and demonstrated to inform provincial Ecological Fiscal Transfer	Edited for parsimony; no change in substance
Output 1.2.3	NCA-based indicators used for monitoring provincial contributions to the Philippines Development Plan, Philippines Biodiversity Strategy and Action Plan, and Sustainable Development Goals	No change	
Output 1.2.4	Gender-sensitive communications and outreach campaign designed and implemented, including policybriefs and high-level subnational and national engagements on key role of NC for sustainable development ? specifically eco-tourism	No change	

Output 2.1.1	NCA results on the magnitude of the contribution of current nature-based business in two PA landscapes used to inform the establishment or scaling-up of business opportunities and incentive-based mechanisms for more sustainable activities	Business opportunities and incentive-based mechanisms established or scaled up, informed by NCA results on the magnitude of the contribution of current nature-based business in two PA landscapes	Edited for clarity; no change in substance
Output 2.1.2	Eco-tourism and other corporate sustainable enterprises, investments and business partnership developed and agreed with Local Government Units (LGUs), Protected Area Management Board (PAMBs) and the Department of Tourism in support of enhanced NC-outcomes through new revenue flows for meeting the costs PA management in 2 PA landscapes	No change	
Output 2.1.3	Conservation agreements with Peoples Organizations supported through financing schemes (e.g. micro-credit and small grants) on biodiversity-friendly and gender sensitive Social Enterprises (SMEs) benefitting PA objectives and management costs (in/directly outside PAs)	No change	
Output 3.1.1	Technical assistance provided to apply NCA and lessons learned from Davao Oriental and Palawan provinces to formulate and adopt the National Investment Plan for Sustainable Tourism in priority PAs & tourism development zones	No change	

Output 3.1.2	Sustainable investments implemented in additional PA landscapes in accordance with outcomes of BioFin program (e.g., feasibility of financing mechanisms assessed, and agreement reached with national seed funding, credit and loan facilities (a.o. DoT - Tourism Infrastructure and Enterprise Zone Authority (TIEZA) & Department of Trade and Industry (DTI) ? Small Business Corporation/mSME)	No change	
Output 3.1.3	Agreement reached for replication/new PSA-co-financed NCA program or geography in support of enhanced planning, financing and management of PA landscapes	No change	
Output 3.1.4	BAMS reviewed and if needed modified to better meet the NCA data needs based on project application and experience in PA landscapes	Updated BAMS reflecting NCA data needs based on project application and experience in PA landscapes	Edited for parsimony; no change in substance
Output 3.1.5	M&E system established for tracking sustainable tourism, enhanced finance and PA management effectiveness, gender aspects, and community welfare.	Deleted	Moved to new Component 4.
Output 4.1.1	None	Project lessons captured and disseminated to project stakeholders and to other GEF and non-GEF projects and partners	New Output addressing knowledge management needs for the project
Output 4.2.1	None	Capacity established for participatory and efficient monitoring and evaluation and adaptive management	New Output addressing M&E needs for the project
Output 4.2.2	None	M&E system established for tracking sustainable tourism, enhanced finance and PA management effectiveness, gender aspects, and community welfare.	Moved from PIF Component 3

GEF Budget			
Component budgets were adjusted	Component 1: \$1,686,160 Component 2: \$1,000,000 Component 3: \$650,000 PMC: \$166,808	Component 1: \$1,543,196 Component 2: \$892,319 Component 3: \$733,837 Component 4: \$166,808 PMC: \$166,808	The budget was adjusted to provide funds for the new Component 4 and to reallocate resources between the project Components in relation to fine-tuned needs that were determined in consultation with key stakeholders.
Cofinancing			
Component budgets were adjusted	Component 1: \$4,200,000 Component 2: \$8,072,312 Component 3: \$1,650,000 PMC: \$670,000 Total: \$14,592,312	Component 1: \$4,688,631 Component 2: \$2,814,279 Component 3: \$2,507,739 Component 4: \$2,041,441 PMC: \$2,473,157.04 Total: \$14,525,247.04	The total amount of cofinancing is \$67,065 lower than at the PIF stage. The cofinancing budget was also adjusted to provide funds for the new Component 4.

### Project components and expected results

**Component 1** will address the first barrier (Limited appreciation of the value of natural capital, biodiversity and ecosystem services, and the merit of natural resource management and protection) as well as the second barrier (Limited capacity to integrate natural capital and biodiversity into national and sectoral development policy), through a set of activities that will enhance the foundation and capacity for implementation of the NCA Roadmap in the Philippines (Outcome 1.1), and enhance policy making for improved biodiversity conservation and natural resource management through the use of NCA-generated indicators in provincial policy, planning and resource allocation (Outcome 1.2).

This Component will support capacity building and implementation of NCA processes, including: technical assistance, training and protocols for national and selected subnational governments on NCA compilation; implementation of SEEA Ecosystem Accounts for Palawan (provincial level) and Davao Oriental (Mt. Hamiguitan Range Wildlife Sanctuary - MHRWS); and implementation of a Tourism Satellite Account (TSA) for Palawan, to be used to inform national replication by the Philippines Statistics Authority (PSA). Reinforced by awareness-raising efforts among policy- and decision-makers, these activities will make it possible to generate the NCA results needed to inform planning and decision-making and to cultivate commitment to do so.

**Component 2** also addresses the two barriers mentioned above, as well as the third barrier (Gaps in national policy and technical capacity with respect to sustainable financing options for protected areas). Activities under this Component will involve the application of NCA results and increased understanding of and appreciation for the value of natural capital and biodiversity, to generate a suite of financing solutions for PA management and local green enterprise development. The project will achieve enhanced protection of biodiversity and other NC through new revenue flows, cost-recovery or

minimization, NC-friendly enterprises and partnership for sustainable tourism in two PA landscapes (Outcome 2.1).

NCA results will be used to identify new business opportunities in PA landscapes arising from the value of natural capital and ecosystem services, to inform local government planning, PA business planning (which includes cost minimization and recovery), and private sector investment. This value also will be used to rationalize incentives for sustainable activities, structured through Conservation Agreements with local communities. A key ingredient in these incentive structures will be financing for community-based green Small- and Medium-sized Enterprises (SMEs) that align with sustainability objectives, particularly in the ecotourism sector but potentially also building on Non-timber Forest Product (NTFP) activities such as honey and resin collection. Design of incentives and selection of SMEs for support will include criteria that consider contributions to women's participation and gender equity. These various opportunities will be positioned so as to justify support for PA management costs in the two focal PA landscapes of the Project.

**Component 3** will address the second and third barriers at a national level by building the basis for national replication and formulating an Investment Plan for sustainable business and tourism in the National Integrated Protected Areas System (NIPAS). Thus, Outcome 3.1 will achieve financial sustainability of the NIPAS for improved NC and biodiversity outcomes. This will entail applying lessons learned and best practices identified in Components 1 and 2, building on installed technical capacity and heightened recognition of the contributions of NCA to effective planning and decision making for sustainable development.

The purpose of Component 3 is to facilitate replication and scale-up of Project results. A key instrument for doing so will be the National Investment Plan for Sustainable Tourism, which will converge with efforts to channel sustainable investments in additional PA landscapes where natural capital and biodiversity values serve as important tourism assets. To capture and articulate these values, the Project will include DENR-BMB and PSA collaboration to develop and initiate a replication plan for NCA implementation in other PA landscapes; DOT also will be closely involved in this collaboration, given the emphasis on expanding ecotourism in additional PA landscapes. Moreover, to further integrate and align monitoring systems, the Project will examine the data systems used under the Biodiversity Assessment and Monitoring System (BAMS) and Socio-Economic Assessment and Monitoring System (SEAMS) currently in use for PAs in the Philippines, and identify ways to refine these systems to support NCA data needs.

**Component 4** will support the implementation of Components 1-3 through knowledge management and monitoring and evaluation inputs, ensuring: improved knowledge management and sharing of lessons learned on Natural Capital Accounting between local and national levels (Outcome 4.1), and that the project monitoring system operates smoothly, systematically provides information on progress, and informs adaptive management to ensure results (Outcome 4.2). Further integration will be pursued by establishing an M&E system for tracking sustainable tourism, enhanced finance and PA management effectiveness, gender aspects, and community welfare.

The proposed activities and an implementation schedule are given in the Project Work Plan in ProDoc Appendix 5, while project indicators and targets are included in the Results Framework in ProDoc Appendix 4 and GEF Core Indicators in ProDoc Appendix 4.1.

**Component 1: Capacity and application of Natural Capital Accounting (NCA) in 2 priority geographies.**

***Outcome 1.1: Enhanced foundation and capacity for implementation of the NCA Roadmap in the Philippines***

**Output 1.1.1: Technical assistance, training and protocols provided to national and selected subnational governments on NCA compilation**

The Philippine Statistical Research and Training Institute (PSRTI) will lead on Output 1.1.1, guided by NEDA in its capacity as lead on implementation of the NCA Roadmap, which will (i) establish the SEEA-NCA partnership at national and provincial levels (including with the Planning and Policy Service and Knowledge, Information and Systems Service divisions of DENR; and also the Palawan

Council for Sustainable Development); (ii) agree on methods, formats and data exchange protocols for Environment and Natural Resources (ENR) data needed for NCA (including attention to, for example, the BAMS), as well as (iii) build capacity for the compilation of a series of natural capital accounts. Key to these processes is the consolidation of ENR-related data collection and management systems towards provincial application and establishment of the NC accounts, including specifically (a) inventory of flora and fauna stocks, (b) condition of ecosystems, and (c) metadata defining the data requirements, parameters and data sources to populate and make NC accounts practicable and useful. These efforts will advance two objectives pertaining to NCA in the Philippines: to (a) systematize ENR data processes to permit data standardization, collection and compilation enabling site-specific NCA applications; and (b) enable macro-level applications of NCA such as estimation of adjusted macroeconomic indicators (e.g., how natural capital and ecosystem services contribute to the tourism sector).

For Output 1.1.1, the Project will provide incremental support to implementation of the national 'Roadmap to Institutionalize Natural Capital Accounting in the Philippines,' through technical assistance, capacity building and tools. Gender and Development (GAD) considerations will inform design and delivery of training programs, incorporating gender factors into capacity needs assessments, participant recruitment, and post-training surveys. The capacity building program will include attention to:

- ? Conceptual framework on SEEA Central Framework and SEEA Ecosystem Accounting as well as analytical approaches used in for data producers and users of accounts;
- ? Improving the ENR system for NCA use: Data collection, assessment and consolidation for data providers? agencies to the NC accounts, with an emphasis on standardizing collection of spatially explicit data. Use of software (e.g., Excel) to store data, integrate data and manipulate data files; create metadata; and prepare data documentation.
- ? Training and capacity building on SEEA-based account compilation, calculation of macroeconomic indicators, especially at subnational level to link to national framework, including:
  - o SEEA Central Framework 2012: covering asset and stock/flow accounting
  - o SEEA Ecosystem Accounting 2021: ecosystem accounting units; ecosystem service classification and links to ecosystem functions and conditions; measurement and modeling of ecosystem condition and services; structure of ecosystem accounts and hands-on training on physical and monetary asset accounts
  - o Deployment of existing available and/or development, local adaptation of existing tools on ecosystem services modeling and mapping (including software use); biophysical modeling; GIS, SedNet modeling; use of radar data
  - o Valuation of ecosystem services NCA for specific ecosystem asset (e.g., forests), specific ecosystem (e.g., beach forest), or specific ecosystem service (e.g., recreational service)

It would also build capacity with selected provincial counterpart agencies towards conducting post-accounting analytical work to inform application of NCA results as needed in areas such as planning, budgeting and management of PA Landscapes, and investment in sustainable tourism. Latest knowledge, formats and expertise in SEEA-EA-based NCA will be secured through partnership with UN Statistics Division, REECS (former WAVES TA partner), the UNWTO and other NCA-related initiatives in the region. Best practice guidelines on NCA will be documented and disseminated to key national agencies to enable wider replication under the recently developed 'NCA Roadmap,' led by National Economic and Development Authority. A full-time NCA Specialist/Statistician and two Research Assistant/Statisticians will be contracted through the project to strengthen this KM and capacity building aspect.

**Output 1.1.2: SEEA Ecosystem Accounts (SEEA EA) implemented for Palawan (provincial level) and Davao Oriental (Mt. Hamiguitan Range Wildlife Sanctuary (MHRWS))**

Output 1.1.2 will establish 5 SEEA Ecosystem Accounts for two targeted PA Landscapes ? one involving the entire island group of Palawan, as well as one focused on the Mount Hamiguitan Range Wildlife Sanctuary (26,653 ha) in Davao Oriental.

In the Palawan Protected Area Landscape, the Project will place particular emphasis on linking provincial accounts to the geographies in and around the Mt. Mantalingahan Protected Landscape, Calamianes Group of Islands, Victoria Anepahan Mountain Range (where there is potential for PA establishment) and the Puerto Princesa Subterranean River National Park. Doing so will build and expand on ongoing site-level work on ecosystem accounts under the SIBOL project (see Section 2.6), for Mt. Mantalingahan, Puerto Princesa Subterranean River Natural Park, Victoria-Anepahan Mountain Range (Critical Habitat) and Cleopatra's Needle Critical Habitat. Led by the Philippines Statistics Authority (PSA-ENRAD), this part of the Project will also build on the significant GIS, data and staff capacity under the previous WAVES program in southern Palawan through further localizing and vetting of the methodologies. For Palawan this will be conducted in collaboration with the Palawan Council for Sustainable Development, which has undertaken lead roles in a number of valuation and SD initiatives in Palawan (including the Palawan Environmentally Critical Areas Network Management Program). In Palawan, the Ecosystem Accounts will be linked to the adjusted Supply and Use Table (SUT) of the existing provincial statistics system (building on anticipated progress under SIBOL to advance similar linkages at the national level).

Accounts to be implemented in Palawan include a complete set of SEEA Ecosystem Accounts, including extent, condition, ecosystem services (e.g., ecotourism, climate regulation, water supply, sediment retention), asset and biodiversity thematic accounts at the administrative provincial boundary. The SEEA Central Framework Tourism Satellite Account (TSA) will also be implemented. CI-P will serve as the Responsible Party for Palawan, leading the on-the-ground activities to implement accounts with technical support from the PMU, and working in close coordination with DENR, DENR-BMB, PSA NAMRIA, DOT, PCSD and REECS. ecotourismComponent 1 results will support Components 2 and 3 through post-accounting analytical work that relies on spatially explicit NCA-generated information (e.g., ecosystems type, condition, and ecosystem service values) to inform a prioritization exercise for the chosen policy, e.g., implementation of PES, etc. This pilot approach will inform scaling up efforts to the national level, particularly as it relates to resource mobilization (e.g., fiscal transfer) within the scope of the GAA and E-NIPAS. Implementation is envisioned through a collaborative effort that relies on national-level support provided by PSA, NEDA, DENR-BMB and DOF and local-level implementation led by local offices of PSA, DENR, PCSD and LGUs.

Accounts to be implemented in Davao Oriental include a complete set of SEEA Ecosystem Accounting, including extent, condition, ecosystem services (ecotourism, water supply), asset and biodiversity thematic account at the MHRWS boundary. Water will be a principal focus in response to input received during stakeholder consultations, mainly for its role as an agriculture input. Other priority accounts include recreation (in support of provincial efforts to grow ecotourism) and non-timber forest products. The latter will require community mapping inputs, working with local cooperatives. The University of Southeastern Philippines (USEP) and Central Mindanao University will support the process and will undergo capacity building on NCA and NCA-data analytics. These academic institutions have historical engagement in the MHRWS and with DENR-PENRO (Provincial Environment and Natural Resources Officer) and the provincial Protected Area Superintendent, and have compiled biodiversity data. USEP already is engaging cooperatives on capacity building on financing. REECS will serve as Responsible Party for Davao Oriental, leading on-the-ground activities to implement accounts with technical support from the PMU, and working in close coordination with DENR, DENR-BMB, PSA, NAMRIA, DOT, PCSD, and the MHRWS PAMB.

Recognizing that data generation will largely fall to DENR-BMB and other DENR bodies, data management expertise retained within the PMU will work with the RPs, PSA and DENR to ensure that data and account structures are incorporated into PSA systems.

**Output 1.1.3.: Tourism satellite account implemented at priority geographies and used to inform national replication by Philippines Statistics Authority**

Under output 1.1.3, the Project will expand on the existing national-level Tourism Satellite Account (TSA), demonstrating the utility of SEEA EA accounts, and ecotourism services flows in particular, to



TSA (SEEA Central Framework). This will enable the PSA to measure and report on dependencies between the tourism sector and key ecosystems and their ecosystem services, through the Philippines Statistical Development Program. This work will be supported by the PSA as part of its participation in the Statistical Framework for Measuring Sustainable Tourism (SF-MST), a project initiated by the UN World Tourism Organization (UNWTO) with support from the UN Statistics Division (UNSD), and in collaboration with the Philippines Department of Tourism. The incremental support provided under the Project will achieve an important milestone towards measuring and monitoring sustainable tourism by extending the current scope of the PSA to account for environmental impacts.

***Outcome 1.2: Enhanced policy making for improved biodiversity conservation and natural resource management through the use of NCA-generated indicators in provincial policy, planning and resource allocations***

**Output 1.2.1: Post-accounting analysis is implemented to inform key priority sectoral policies**

NCA-generated information will be applied in post-accounting analysis to identify trends in land cover change, ecosystem service provision and biodiversity. This analysis will highlight the economic impact of different trajectories with respect to natural capital maintenance and the resulting values of biodiversity and other ecosystem services. To ensure relevance to decision-makers in government as well as the private sector, PMU experts will engage these decision-makers at the outset to define key parameters (e.g., policy and economic factors) that vary under different trajectories. Moreover, to inform risk management and adaptation, the analyses will consider trajectories under different assumptions with respect to climate change impacts on ecosystem functions. These analyses will inform arguments for investment in sustainable practices and PA management, by highlighting the dependencies of economic activities on natural capital, and the impacts of these activities on natural capital values. For example, analysis applied to the Palawan Environmentally Critical Areas Network (ECAN) Management Program will inform zoning based on natural capital value, and also policies and measures to stimulate of biodiversity-friendly enterprises/businesses (e.g. sustainable agriculture, tourism and fisheries). These analyses also will consider differential impacts of policies and measures with respect to gender participation in different sectors and gender roles in natural resource use. Analyses will be conducted by technical experts in the PMU and sub-contractors, coordinated by NEDA as lead government agency for economic analysis and policy development. The analytical results will be important inputs for the Project's communications efforts. Results will be synthesized in knowledge products as inputs into sector roundtable discussions, particularly in the tourism, agriculture and water services sectors, to inform policy discussions and planning. Roundtables will include participants from public, private and civil society sectors, as well as PA management; specific participants will be identified and solicited through targeted engagement efforts. In Palawan, this will enable the incorporation of the value of natural capital and biodiversity in the Palawan ECAN Management Program to enhance the ability of this Program to help shape other government programs. In both Palawan and Davao Oriental, as well as at the national level, roundtables led by the Department of Tourism will seek to catalyze adoption of more NC-inclusive national standards for sustainable tourism, particularly to guide tourism investment decisions and operations in Protected Area Landscapes.

To achieve NCA-based impact on sectoral policies, the Project's incremental contribution will be to build capacity of national and provincial policy decision-makers to prioritize linkages between NCA and planning and decision-making, as measured by number of decision-makers trained by the project. The target is to reach 60 priority participants (with balanced gender representation), comprising 12 at the national level (4 each from NEDA, PSA, DENR), and 48 at the local level (provincial & municipal). Beyond this target of 60 participants, trainings will be open to additional participants as resources allow, noting that government agencies may fund the participation of additional staff.

**Output 1.2.2.: NCA-informed budget allocation criteria developed and demonstrated to inform provincial Ecological Fiscal Transfer**

Output 1.2.2 of the Project will entail formulation of NC-informed budget allocation criteria using SEEA-based indicators. The purpose is to inform decision-making processes within the Government of

the Philippines relating to budgeting for PAs and work in wider PA landscapes. Although Ecological Fiscal Transfer (EFT) is not yet an established mechanism in the Philippines, the NCA Roadmap envisions the use of NCA-generated information to rationalize EFTs, in line with other Fiscal Transfer mechanisms being applied within the overall context of ongoing decentralization. This output builds on previous work and partnerships established under the UNDP-led BIOFIN project, including with the Ministry of Finance. EFTs from national to provincial governments could constitute a significant increase in financing for PAs and management of biodiversity and other natural capital.

The process of formalizing EFTs will depend on successful legislative engagement, as the General Appropriations Act (GAA) defines fixed guidelines for the allocation of regular LGU funding shares. Any fiscal transfer to LGUs requires earmarking as line item under the GAA, and thus requires confirmation by congress and subsequent GAA approval by the President. Precedent suggests that line item definition must be preceded by a legislative act. Therefore, given that EFT is not an established mechanism, this output may be achieved through new budget allocations that align conceptually with such transfers, even if not explicitly referred to as such. The Project target is to catalyze 2 transfers each from the national government to Palawan and Davao Oriental, explicitly grounded in NCA-informed budget allocation criteria. The incremental contribution of this output will be a new precedent for rationalizing additional funding for PA landscape management, based on natural capital value and ecosystem services. The formulation of budget requests using these NCA-informed criteria will be the responsibility of DENR-BMB, for feeding into the DENR budget allocation request process, with technical input from CI and REECS. Once the precedent has been established, this will provide a basis for formalizing EFTs as a regular element in the budgeting process.

**Output 1.2.3.: NCA-based indicators used for monitoring provincial contributions to the Philippines Development Plan, Philippines Biodiversity Strategy and Action Plan, and Sustainable Development Goals**

A critical contribution of enhanced NCA capacity in the Philippines, as envisioned in the NCA Roadmap, is to strengthen the ability of institutions to measure and report on progress with respect to sustainable development objectives. NCA capacity installed in national and provincial bodies under Output 1.1.1, and the standardized framework and robust methodologies deployed through NCA under Output 1.1.2, will permit quantification of the contributions of natural capital, biodiversity and ecosystem services to economic growth and development, as well as identification of trade-offs imposed by particular development choices, through analytical results produced under Output 1.2.1. Under this Output, these types of applications will focus on monitoring provincial contributions to national strategies, namely the Philippines Development Plan (PDP), Philippines Biodiversity Strategy and Action Plan (PBSAP), and Sustainable Development Goals (SDGs).

The Project has set a target of at least 6 NCA-based indicators being applied to monitor progress on government policy goals. These include indicators relating to International Commitments (2 indicators relating to post-2020 Global Biodiversity Framework, SDGs and/or UNFCCC; national policy targets (2 indicators relating to the PDP); and regional development targets (2 indicators relating to the Davao RDP and Palawan PSDSAP). The project will ensure that both men and women participate in the process of selecting and defining indicators, such that the indicators reflect diverse gender perspectives on priorities for meaningful metrics.

**Output 1.2.4.: Gender-sensitive communications and outreach campaign designed and implemented, including policy-briefs and high-level subnational and national engagements on key role of NC for sustainable development ? specifically ecotourism**

Using analytical results derived under Output 1.2.1, the Project will enhance awareness and understanding among policy and decision makers on the contribution of natural capital and biodiversity in PA landscapes to national and provincial economies. To this end, the project will appoint a full time Communications Specialist to lead, coordinate and implement a gender-sensitive Communications and Outreach Plan. This position will be supported by technical subcontracts and consultancy inputs on

specific tasks, as well as stakeholder engagement through committees, working groups and forums at different levels (further elaboration also provided in Section 3.10).

Output 1.2.4 will involve the preparation of NCA knowledge products (e.g. policy briefs, background materials for roundtables and media engagement, documentation of lessons learned and best practices) to be used in a gender-sensitive national communications and outreach campaign. The campaign will target high-level fora to disseminate information on the key role of natural capital for sustainable development, making the case for sector transformation through mainstreaming of natural capital value; this will make use of, among other results, the NCA-based indicators of contributions to the PDP, PBSAP and SDGs. There will be a particular focus on sustainable tourism, in addition to the importance of biodiversity and natural capital considerations in spatial planning, green investments, and sustainable sector operations in and around PAs in the NIPAS. The campaign will include facilitating the sector roundtables under 1.2.1 to introduce post-accounting results to discussions of priority sectoral policies (e.g., tourism, agriculture and water).

In addition to ongoing engagement of NEDA and PSRTI, the Project will work with NEDA and PSRTI upon formal adoption of the national NCA Roadmap to explore synergies between the Project's communications campaign, the Project's investments in capacity building (Output 1.1.1), and training and awareness programs under the Roadmap, with potential topics including:

- ? Valuation of ecosystem services NCA for specific environmental resources (e.g., water), specific ecosystems (e.g., watersheds, reefs, etc), or specific ecosystem service (e.g., recreational service) (linked to Outputs 1.1.1 (training) and 1.1.2 (EA establishment))
- ? Applying NCA results to policy use (Output 1.2.1), through e.g. hands-on training on policy analysis for sustainable tourism, agri-food security and sustainable production practices in fisheries, and rice production (linked to capacity building under Outputs 1.1.1 and 1.2.1)
- ? Adjusting macroeconomic indicators and reporting for natural capital (e.g. factors in the estimation and sources of data/statistics) (using results from Outputs 1.1.2 (EAs), 1.2.1 (analysis) and 1.2.3 (reporting))
- ? Using NCA as reference system for budget tagging, ecological fiscal transfers, etc. (linked to Output 1.2.2)

Outreach activities also will be important to spread local beneficiary awareness of opportunities facilitated under the project, relating to access to sources of investment for ecotourism and other biodiversity-friendly businesses. This is one aspect of how communications and outreach will support stakeholder engagement and field engagement; another is ensuring widespread awareness of the availability of the grievance redress mechanism among project-affected persons. Finally, a major purpose of the communications campaign will be to support mainstreaming and replication activities under Component 3, with local governments and PAMBs in PA landscapes throughout the Philippines as key target audiences.

**Component 2: Conservation and sustainable use of natural capital in two Protected Area Landscapes of Palawan and Davao Oriental provinces enabled through new financing and incentive-based mechanisms for enhanced sustainability of Protected Area Landscapes.**

***Outcome 2.1: Enhanced protection of biodiversity and other NC through new revenue flows, cost-recovery or minimization, NC-friendly enterprises and partnership for sustainable tourism in two PA landscapes***

**Output 2.1.1: Business opportunities and incentive-based mechanisms for more sustainable activities established or scaled up, informed by NCA results on the magnitude of the contribution of current nature-based business in two PA landscapes**

Based on the new provincial Ecosystem Accounts of Component 1 as well as capacity built with provincial agencies (principally the Palawan Council for Sustainable Development and provincial

DENR and PSA bodies) on NCA implementation, the Project will use NCA results to inform provincial authorities in Palawan and Davao Oriental on the magnitude of the contribution of current nature-based business in the two PA landscapes. In Davao Oriental, this will include a particular focus on the contribution of water-related ecosystem services to key economic activities. NCA results will provide the basis for work with these authorities to facilitate the establishment or scaling-up of business opportunities and incentive-based mechanisms for more sustainable activities, with an emphasis on sustainable tourism. In the priority sites in each of the two PA landscapes, this first will involve analysis to determine the economic contribution of recreational/tourism sites, to highlight the value of natural capital and biodiversity. These values will provide the basis for examination of the feasibility of several financing mechanisms (e.g. natural capital insurance, user fees, resource rent charges, or payments for ecosystem services as developed under baseline programs described in Section 2.6) that can link PA finance to biodiversity-based businesses. Natural capital insurance is receiving growing attention as a means to unlock private sector financing for nature-based solutions to climate change mitigation and adaptation.[27]<sup>27</sup> Increasing emphasis on green infrastructure (e.g. mangroves to protect coastlines against extreme weather events; reefs as core tourism assets) has highlighted the need for innovative insurance solutions to protect investments in natural capital. An example is parametric insurance products applied to coral reefs in Mesoamerica. Such tools can help overcome risk-related obstacles to private sector financing for nature-based solutions. The market for these instruments is still young, requiring considerable attention to feasibility assessment and creative adaptation of tools, in collaboration with the private finance/insurance sector.) Training on access to and the use of these financing mechanisms will be provided to PA management and Local Government Units (LGUs), as a precursor to working with PAs to develop business plans that incorporate best practices for sustainable finance. Finally, the project will work with PAs, LGUs and other stakeholders to deploy suitable financing mechanisms, identified through feasibility assessments to be conducted under this Output.

PMU-contracted specialist expertise in financing mechanisms will conduct the feasibility assessments. They will use the results to prepare: investment proposals to potential financing sources (i.e. the DOT's TIEZA, impact investors); concept notes for PES arrangements (anticipated for the MHRWS landscape) for consideration by LGUs and the PPP Center; and draft Conservation Agreements to structure incentives for local communities (see Output 2.1.3 below), for consideration by CI, REECS and implicated PAMBs.

The incremental contribution of Output 2.1.1 will be to explicitly ground efforts to promote sustainable business opportunities in NCA results, demonstrating practical application of NCA to design and deployment of interventions. The purpose for doing so will be to generate financing for sustainable management in PA landscapes, through new revenue for PAs in addition to baseline income from visitor fees and budget allocations from the national government. Positing that increased revenue will enable more effective management, the Project target reflecting success for this Output is to achieve an increase of at least 25% in METT scores for PAs and MPAs in the Project's two PA landscapes (MHRWS in Davao Oriental, and Puerto Princesa Subterranean River National Park, El Nido-Taytay Managed Resource Protected Area, and Mt. Mantalingahan Protected Landscape in Palawan).

The project shall complement and build on the work to be started by USAID Sibol in late 2022 on the PES mechanism related to water ecosystem services to be provided by the Puerto Princesa Subterranean River National Park in Palawan. The GEF NCAA Project shall be coordinating with the USAID Sibol Project Team on the PES work. The Palawan Council for Sustainable Development (PCSD) has recently released a policy on PES and would want to see this mechanism implemented and expanded in Palawan. The GEF NCAA project will work closely with PCSD and its partners in accessing funding from PPP Center among others and this will be tasked to the Sustainable Development Specialist.

Ultimately, strengthened governance, partnership and sustainable business strategy and associated investments, through both corporate links as well as community-based SMEs, are anticipated to reduce

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conflict and PA management burdens, while strengthening the mainstreaming of PAs and sustainable sector development in provincial spatial allocations, policy development and programming. Importantly, relationships will be performance-based and monitored by PAMBs, including PA management effectiveness using DENR's Biodiversity Assessment and Monitoring System (BAMS).

**Output 2.1.2.: Ecotourism and other corporate sustainable enterprises, investments and business partnership developed and agreed with Local Government Units (LGUs), Protected Area Management Board (PAMBs) and the Department of Tourism in support of enhanced NC-outcomes through new revenue flows for meeting the costs PA management in 2 PA landscapes**

Building on Output 2.1.1, with the objective of securing corporate business interest and financing, the Project will work with the Public Private Partnership Center (PPP Center) as well as the Tourism Infrastructure and Enterprise Zone Authority (TIEZA - DOT) to support market identification and feasibility analysis of at least two potential sustainable tourism concessions and other sustainable investments in the targeted PA landscapes. Investment opportunities deemed viable will be offered through commercial tender to prospective investors; development costs will be met through co-funding by TIEZA and PPP Center as well as GEF incremental support, but the actual investments would be fully co-funded.[28]<sup>28</sup> Depending on opportunities identified, this may be in the form of impact investment in local community-based enterprise. Key selection criteria for these investments will include alignment with sustainable landscape management objectives and prospective new revenue flows that help cover PA landscape management costs; criteria will also include implications for women's participation and gender equity. Compliance with these criteria, as well as positive contributions to maintenance of natural capital and biodiversity, will be verified using both the DENR's Biodiversity Assessment and Monitoring System (BAMS) and the GEF METT scorecard. (BAMS will be reviewed under 3.1.4 to identify possible refinements to better serve NCA data needs). Output 2.1.2 will require effective coordination and joint planning between LGUs, PAMBs and line agencies such as the Department of Tourism, particularly with respect to the national push to advance tourism development zones in PA landscapes.

The incremental contribution of this Output will be to catalyze at least two new enterprise relationships in PA landscapes that contribute to financing for sustainable management in those landscapes. The terms of those relationships (i.e. determination of the appropriate level of financing contributions) will be informed by NCA results. This will set a significant precedent for natural capital-dependent enterprises in PA landscapes contributing to funding for PA landscape management.

**Output 2.1.3.: Conservation agreements with Peoples Organizations supported through financing schemes (e.g. micro-credit and small grants) on biodiversity-friendly and gender sensitive Social Enterprises (SMEs) benefitting PA objectives and management costs (in/directly outside PAs)**

As part of its community-based approach, the Project will provide incremental support to facilitate access, build capacity and conduct feasibility design towards the establishment of Social Enterprises with local communities in and around PAs in the target landscapes. Conservation Agreements will be used to structure relationships with local communities, in participatory negotiated arrangements whereby communities commit to support for PA management objectives in return for Social Enterprise support. The support will focus on community-based enterprises in the ecotourism sector for both terrestrial and marine sites, and, depending on community priorities and preferences, other biodiversity-friendly businesses and cooperatives; for example, stakeholder consultations prioritized NTFPs such as honey and resin collection. Specific forms of support will be determined through participatory co-design processes, guided by FPIC and best practices for stakeholder engagement. Crucially, processes to identify priority areas for support must apply gender-sensitive lenses to surveys, consultations and participatory activities and actively engage both men and women; the target for enterprise support will seek gender balance among beneficiaries. The Project will facilitate access to financing schemes available at national and provincial levels; baseline work on financing opportunities suggests that the PPP Center, Small Business Corporation (Department of Trade and Industries) and the

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Tourism Infrastructure and Enterprise Zone Authority (TIEZA ? DOT) remain the most pertinent potential sources (see ProDoc Appendix 20), as well as the finance sector including banks and impact investors. Financing will take the form of micro-credit, small-grants and loans. In addition to stimulating local economic growth and livelihood development, and thereby aligning community incentives with PA management goals, the principal goal of Output 2.1.3 is to contribute to PA management costs (inside the PA as well as the wider PA landscape).

To achieve this output, site-based implementation units will engage communities together with PAMBs in the PA landscapes, guided by the Project Outreach and Communications strategy, to disseminate the opportunity for collaboration and solicit interest in participation. CI's Conservation Agreement process will be used, with well-defined engagement and agreement-design steps, to ensure transparency, participation, and FPIC such that the Conservation Agreements are voluntary, equitable, and reflect broad-based community buy-in, including gender equity. Agreement negotiation will include joint design of the process by which CI (in Palawan) or REECS (in Davao Oriental) will support community-based enterprise development, including but not limited to technical support (using contracted expertise as needed) for business plan design (with market assessment and feasibility analysis), preparation of financing requests, and targeted training in basic enterprise management.

The incremental contribution of this output will be to demonstrate the use of NCA results to reinforce proposals for investment in community-based, biodiversity-friendly enterprise in PA landscapes, in a way that contributes to PA financing and management objectives. To demonstrate this novel application of NCA results, the Project has a target of involving at least 100 households (50% female; 250 male and 250 female) in biodiversity-friendly and gender sensitive Social Enterprises (particularly ecotourism, but potentially also NTFPs and sustainable agriculture and fisheries), with support subject to verified performance on commitments to contribute to management objectives for PAs and PA landscapes. The project will seek to ensure that at least 50% of these Social Enterprises include female leadership.

### **Component 3: National replication and Investment Plan for sustainable business and tourism in the National Integrated Protected Areas System (NIPAS).**

*Outcome 3.1: Enhanced financial sustainability of the NIPAS through national replication of best practice and Investment Plan for sustainable business and tourism for improved NC and biodiversity outcomes*

#### **Output 3.1.1: Technical assistance provided to apply NCA and lessons learned from Davao Oriental and Palawan provinces to formulate and adopt the National Investment Plan for Sustainable Tourism in priority PAs & tourism development zones**

Building on the partnerships, roundtables and agreements with industry leaders, finance institutions and government sector agencies catalyzed under Component 1, and incorporating best practices captured in knowledge products under Output 2.1, Output 3.1.1 will entail development of a National Investment Plan for Sustainable Tourism that explicitly prioritizes the maintenance and improvement of natural capital. This plan will use NCA-generated results and analysis to identify and rationalize opportunities for financing, fiscal measures and tourism sector development in the NIPAS, with measurable natural capital interventions and target indicators (e.g. actions to conserve habitat and species, management of water resources and pollution, visitation limits and management, etc.). The Plan will reflect joint priorities of DENR-BMB and DOT, and align with wider economic development strategy under the aegis of NEDA. Per the project elements above, the Plan will also reflect mainstreaming of gender considerations. Formal adoption of the Plan by agencies (principally DENR, DOT, NEDA, MoF, DTI, and PSA) will provide the basis for interagency cooperation in its execution; as well as a strong business case for increasing national and provincial investments from both public (government budgeting, EFTs) and private (green loans, impact finance) sources, and other sustainable financing mechanisms including natural capital insurance. This output will engage with IFIs and PFIs for natural capital insurance for tourism establishments (emphasizing gender equity in access to opportunities as well as to develop gender-sensitive communication materials on natural capital insurance and other sustainable investment for private companies Building on the baseline context that includes the

existing National Tourism Development Plan and National Ecotourism Strategy and Action Plan, the incremental contribution of this output will be to introduce, on the basis of NCA results, explicit provisions for investment in conservation and management of natural capital in priority Tourism Enterprise Zones. Activities to this end include CI and REECS technical support for articulating in quantitative terms the economic contribution of natural capital to tourism development. With contracted expertise on sustainable financing solutions, the PMU will facilitate joint development of the plan by DENR-BMB and DOT, including concrete measures to advance a menu of financing options for specific investments. To ensure compatibility of investments with social and environmental sustainability objectives reflected in the National Tourism Development Plan and National Ecotourism Strategy and Action Plan, the Project will work with the DOT to develop screening criteria and conditionality requirements to be applied when brokering financing arrangements.

**Output 3.1.2.: Sustainable investments implemented in additional PA landscapes in accordance with outcomes of BioFin program (e.g., feasibility of financing mechanisms assessed, and agreement reached with national seed funding, credit and loan facilities (a.o. DOT - Tourism Infrastructure and Enterprise Zone Authority (TIEZA) & Department of Trade and Industry (DTI) - Small Business Corporation/mSME)**

Much of the national available credit and loan facilities do not specifically target sustainable financing and nature-based or biodiversity-friendly enterprise development needs in PA landscapes. The finance sector also does not apply conditions that seek to induce sustainability or conservation outcomes. To address these gaps, Output 3.1.2 will involve brokering new or modified credit, seed funding and loan facilities that support natural capital and biodiversity-friendly enterprise development in the NIPAS. This effort will focus on collaboration with the DOT - TIEZA seed funding facility and the Small Business Corporation/mSME Credit Facility of DTI, as well as engagement with the finance sector to solicit potential partnerships with private sector banks and credit facilities. The purpose of these efforts is to spur replication of the process of securing new investment for sustainable ecotourism and biodiversity-friendly community-based SMEs achieved by the Project in Palawan and Davao Oriental; the goal is to increase public and private funding for sustainable enterprise development in PA landscapes throughout the Philippines.

Building on experience with supporting sustainable enterprise development in the Project's two PA landscapes in Component 2, as well as relationships with TIEZA, the Small Business Corporation and other financing sources developed in doing so, the PMU will support DENR-BMB in working with PAMBs in other PA landscapes to identify potential investment opportunities. The incremental contribution will include making available to PAMBs throughout the NIPAS explicit guidance on how to pursue these opportunities, through informational material reinforced by documentation of case studies and lessons learned in the Project. A critical element of this guidance will be the application of selection screens and conditionality requirements in financing arrangements with enterprises, to ensure conformity with sustainability standards. The purpose of this output is to unlock new financing for the NIPAS, with a targeted 10% increase, in 5 years, over baseline public and private spending on the NIPAS (estimated by BIOFIN at no more than USD 60 million in 2020). This is to be achieved in part by reaching a targeted 10% increase in the national number of natural capital-based sustainable tourism operations in PA landscapes.

**Output 3.1.3.: Agreement reached for replication/new PSA-co-financed NCA program or geography in support of enhanced planning, financing and management of PA landscapes**

Output 3.1.3 will consist of an explicit, agreed-upon plan, with associated funding commitments, to replicate and scale up NCA in other PA landscapes in the Philippines. Scale up of the NCA system itself will consist of the PSA expanding on the Project by adding an additional SEEA-based Ecosystem Account to those implemented under the Project. Replication will entail applying the NCA framework to a new PA landscape, to be identified jointly by PSA, DENR-BMB and DOT, taking into consideration data availability, priorities for biodiversity investment, and priorities for sustainable tourism investment. Selection of the additional EA and the geography for replication will be informed by the National NCA Roadmap and consultation with NEDA.

The incremental contribution of this output will be the articulation of steps to further expand the SEEA framework in the Philippines, and replicate the Project in an additional PA landscape, thereby making concrete the path by which NEDA's National Roadmap will continue to roll out in the country's PA landscapes. CI and REECS will distill Project experience into well-defined, costed steps for replication to facilitate planning and budget negotiations led by PSA, to jointly develop the replication plan with the other implicated agencies. CI and REECS will also support efforts to engage stakeholders in candidate PA landscapes (mainly the relevant LGUs, PENROs and PAMBs) in the process of selecting the next landscape for replication.

**Output 3.1.4.: Updated BAMS reflecting NCA data needs, based on project application and experience in PA landscapes**

DENR employs the Biodiversity Assessment and Monitoring System (BAMS) to measure the condition of ecosystems, flora and fauna.[29]<sup>29</sup> It also uses the Socio-Economic Assessment and Monitoring System (SEAMS) to track social and economic conditions in communities in and around PAs. These systems are used to ensure implementation of science-based management interventions and in the formulation or updating of PA Management Plans, as well as in determining ecosystem services, values and benefits of protected areas to the communities. They also provide ready tools for verifying that future sustainable business development in the NIPAS complies with management objectives relating to sustainability, natural capital and biodiversity, and generates positive socio-economic impacts. It also provides a strong foundation for generation of data needed for NCA, but as this was not the intent when the systems were designed, there may be opportunities for refinement to this purpose. Therefore Output 3.1.4 will involve review of the BAMS and SEAMS and consideration of potential adjustments or additions to maximize their ability to help meet NCA data requirements; the review will be informed by Project experience with BAMS- and SEAMS-generated data in Components 1 and 2, and also incorporate anticipated learnings under SIBOL with respect to applications of these tools.

**Component 4: Knowledge management and monitoring and evaluation**

***Outcome 4.1: Improved knowledge management and sharing of lessons learned on Natural Capital Accounting between local and national levels***

**Output 4.1.1: Project lessons captured and disseminated to project stakeholders and to other GEF and non-GEF projects and partners**

The knowledge management objectives of the project are:

- i. By the end of the project, the Executing Agency will have created a system of Knowledge Management (e.g. containing multiple services lines such as annual stakeholder forums, cataloguing of reports) that captures learning from the process of implementing the project to inform replication.
- ii. By the end of the project, a majority of project documents (including monitoring and evaluation results, case studies and best practices, planning documents, etc.) are available on a publicly accessible digital platform, and stakeholders have the means to access available Knowledge Management Products.

To support the documentation and sharing of project results and lessons, and to support the replication and upscaling of project outcomes, the project will support knowledge management activities led by the project Communications and Stakeholder Engagement Officer, who will be a core member of the Project Management Unit. Knowledge management platforms for the project will include a GIS/database to systematize NCA data and analysis (also to be used as a tool for mainstreaming into

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agency data and information systems) and a project website, both maintained by the PMU. Annual stakeholder fora will provide a mechanism for presenting project results and lessons learned and obtaining stakeholder feedback. Proposed activities include:

- ? Establish and maintain a project website for sharing of project progress, news, reports, lessons learned, and knowledge resources. This will include a digital resource library;
- ? Capture, document and share project lessons at annual stakeholder forums in Palawan and Davao Oriental;
- ? Issue press releases on stakeholder forums and other project events and publications
- ? Compile case studies on the mainstreaming of natural capital, biodiversity and ecosystem services into sectors and target areas through NCA for sharing through multiple channels (at annual forums, in digital library, as contributions to grey literature, etc.);
- ? Additional approaches should encourage multi-directional learning, and can include seminars, webinars, web-pages, databases, meetings, e-learning forums, knowledge networks, newsletters, and technical reports.

***Outcome 4.2: Project monitoring system operates, systematically provides information on progress and project impact performance, and informs adaptive management to ensure results***

**Output 4.2.1: Capacity established for participatory and efficient monitoring and evaluation and adaptive management**

The project will build the capacity of project staff for effective project management and reporting at all levels of organization through establishment and sharing of clear procedures, orientation and training, per UNEP requirements as GEF Implementing Agency. Proposed activities include:

- ? Provide orientation for project management staff at all levels to ensure adequate capacity for project coordination, results based management, monitoring and evaluation, gender mainstreaming and application of social and environmental safeguards during implementation
- ? Annual project reflection meetings convened for project staff after project progress/National SC meetings or stakeholder forums to integrate lessons learned into project workplans and strategies
- ? Implement the project M&E Plan (ProDoc Appendix 7) including: project inception workshop, project steering committee and technical task force meetings, annual stakeholder forum meetings, data collection and reporting on Results Framework indicators including GEF-7 Core Indicators, mid-term review, terminal evaluation, quarterly progress reporting, annual reporting and annual workplan development, project supervision field visits and annual audits, and risk management in line with the Safeguard Risk Identification Form (SRIF) (ProDoc Appendix 9)
- ? Implement and report on gender mainstreaming activities and indicators in line with the Gender Analysis and Action Plan (ProDoc Appendix 11)
- ? Prepare a project Exit Plan for discussion during the Mid Term Review in Year 3 and subsequent National Project Steering Committee (NPSC) approval for implementation during the second half of the project and post-project in order to ensure the sustainability of the project outcomes

**Output 4.2.2.: M&E system established for tracking sustainable tourism, enhanced finance and PA management effectiveness, gender aspects, and community welfare.**

Complementing the M&E system for Project execution, Output 4.2.2 will entail targeted tracking of key indicators relating to Project impacts, including progress on Core Indicators. Noting that the Project seeks to promote sustainable tourism (and other biodiversity-friendly, community-based enterprise) as a means to generate financing to bolster PA management effectiveness, Output 4.2.2 will be a system for tracking sustainable tourism (designed for compatibility with the national Sustainable Tourism Account), enhanced finance, and PA management effectiveness. As the Project strategy also seeks to ensure local community benefits, Output 4.2.2 also will track community welfare in PA landscapes, including gender dimensions. These elements of the M&E system will be designed and deployed by month six in the first year of the Project, so as to establish a clear baseline against which

to measure these Project impacts over the course of implementation. By tracking Project- as well as policy-relevant indicators, this output also provides an important source of communications material (Output 1.2.4) and contribute to mainstreaming and replication under Component 3.

4) alignment with GEF focal area and/or Impact Program strategies

There are no changes in alignment with the original PIF, but the ProDoc has expanded on the project's alignment with GEF focal areas per the updated text below:

The Project for which GEF support is requested aligns closely with GEF-7 Focal Areas as follows:

The project is aligned with BD Program 1-3: *Mainstream biodiversity across sectors as well as landscapes and seascapes through Natural Capital Assessment and Accounting*. Building on the establishment of the SEEA-based Ecosystem Accounts (1.1.2) and Tourism Satellite Account (1.1.3), various applications of NCA would contribute to this program, including through:

? valuation, provincial spatial planning, sector scenario analysis, and policy adjustments (specifically towards sustainable tourism, but also agriculture and water resources services);

? using SEEA-based indicators to guide and measure the impact of proposed Ecological Fiscal Transfers;

? reporting by provincial authorities on natural capital contributions to the Philippine Development Plan, PBSAP, SDGs and the CBD post-2020 Global Biodiversity Framework (GBF), as applicable.

Application of installed NCA capacity and NCA results will feed into high-level sub-national and national policy- and decision-making processes, to better position biodiversity and natural capital for support in policy, planning and budgeting, especially through the NIPAS. NCA analysis will also be conducted and results communicated with authorities of the two targeted provinces, making clear the magnitude of the contribution, dependency and potential of nature-based business that depend on natural capital and biodiversity. This mainstreaming at the provincial level will be reinforced through demonstration of new financing and investment for green enterprises in the two Protected Area landscapes under Component 2, and replicated for national impact and mainstreaming under Component 3. A critical aspect of mainstreaming under Component 3 will be initiating of processes for NCA replication and scale-up led by the PSA, to firmly establish NCA as an integral part of the national System of Accounts of the Philippines, as envisioned in the National NCA Roadmap.

The Project will also contribute to achieving BD program 2-7: *Address direct drivers to protect habitats and species and Improve financial sustainability, effective management, and ecosystem coverage of the global protected area estate*. NCA results will be used to articulate the economic rationale for conservation and investment in sustainable resource management and green enterprises (particularly ecotourism, but also sustainable agriculture and NTFP-based businesses) in and around PAs. Capturing the value of forested watersheds and their associated ecosystem services in the MHRWS landscape will provide a concrete focus for such a rationale, responding to local government priorities and laying a foundation for future PES development. NCA will also enhance provincial (spatial) planning through engagement with local government, communities and the private sector to better consider the value of natural capital and biodiversity. The combination of increased financing and better management will be reinforced by monitoring of enterprise compliance with sustainability criteria. Thus, through support for biodiversity-friendly social enterprise development in local communities, positioned as incentives using Conservation Agreements, the Project will address direct drivers related to rural poverty and local economic development pressures, and the provision and

mainstreaming of information on natural capital value will address barriers linked to knowledge and capacity gaps. Financial sustainability will also be addressed through Project activities that facilitate access to and implement a range of financing mechanisms such as Payment for Ecosystem Services and national seed funding, micro-credit and loan facilities. Work with the Department of Tourism to reduce conservation threats and drivers through focused investments and programs in sustainable tourism in priority protected areas will further attenuate direct drivers and strengthen the financial sustainability of the PA network (NIPAS).

5) incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing

There is no change in expected contributions from the GEF TF, baseline or co-financing, or alignment with the original PIF. The ProDoc has expanded on the incremental cost reasoning with the relevant updated text is as follows:

**Baseline scenario without GEF support:** Although there have been multiple efforts to advance NCA in the Philippines, the process has not been continuous and the adoption of a National Roadmap for Natural Capital Accounting appears to have stalled. While Palawan has been the geographic focus of various efforts in this regard (including, for example, the current SIBOL project described above), the process there also remains incomplete with respect to integrating site-level data collection and analysis into a comprehensive regional framework, and linking such a framework to the national level; at the same time, progress in advancing NCA in other parts of the Philippines has been limited. Barriers described in Section 2.3 persist and continue to lead to suboptimal decision-making that fails to account for natural capital values and biodiversity. As a result, despite government recognition of the importance of protected areas as well as ecotourism development, under the baseline scenario there will remain persistent missed opportunities to: a) use NCA to ground financing for protected areas and PA landscapes in their role as vital assets to sustain ecotourism development and other ecosystem services, and b) better integrate natural capital values in planning that balances other sectors with ecotourism development.

**In the alternative scenario enabled by the GEF:** barriers to improved financial sustainability of PAs and landscapes in the Philippines will be addressed by strengthening the foundation and capacity to implement NCA; using NCA indicators to enhance decision-maker understanding of NC values and its tracking for progress on e.g. SDGs and other policies; catalyzing new funding for PAs, ecotourism development, and biodiversity-friendly Social Enterprises; and fostering replication and scale-up to the national level. These efforts will mainstream the values of biodiversity and NC in government planning, and reinforce emphasis on ecotourism development. The incremental cost analysis for the project alternative is presented by Component in Appendix 3.

The incremental GEF contribution to advancing NCA in the project geographies (Component 1) will strengthen the capacity of national and sub-national agencies to collectively execute their roles in collection, management and analysis of required data and information (Outcome 1.1), and use NCA-generated information to enhance policy making for improved biodiversity conservation and natural resource management (Outcome 1.2). Importantly, this will result in SEEA Ecosystem Accounts generated data being used to inform indicators to monitor and report on targets of regional and national (e.g., the Palawan Sustainable Development Strategy and Action Plan (PSDSAP), Philippines

Development Plan (PDP)), as well as international commitments (e.g., Philippines Biodiversity Strategy and Action Plan, and Sustainable Development Goals Post-2020 Global Biodiversity Framework) (Output 1.2.3). Further, SEEA Ecosystem accounts derived data will be used to inform additional analytical work required to inform key priority sectoral policies (Output 1.2.1), including allocation criteria developed and demonstrated to inform provincial Ecological Fiscal Transfer (Output 1.2.2). Advancing NCA and its awareness will result on the generation of policies that recognize the role of natural capital to the regional economic development, including through ecotourism (Output 1.2.4), paving the way for scaling up of efforts at the national level under the leadership of the Philippines Statistical Authority (PSA). Under the Project, management will be strengthened for 196,524 ha (terrestrial) and 259,567 ha (marine) under protected status, and management will be strengthened outside these areas for 20,000 ha (terrestrial) and 10,000 ha (marine) in wider PA landscapes; management will be enhanced by explicit incorporation of the value of natural capital and biodiversity into planning and decision-making, particularly with respect to PA financing and ecotourism investment.

Component 2 will result in enhanced sustainability of PA landscapes by generating new financing and incentive-based mechanisms to support conservation and sustainable use of natural capital in two PA landscapes. The Project will use NCA results on the magnitude of the contributions of current nature-based business (e.g. tourism and other recreational activities, enterprises based on non-timber forest products such as honey and resin) in two PA landscapes to inform the establishment or scaling-up of business opportunities and incentive-based mechanisms for additional sustainable activities (Outcome 2.1). The Project will foster collaboration between sustainable enterprise, Local Government Units (LGUs), Protected Area Management Boards (PAMBs) and the Department of Tourism to identify new revenue flows to meet the costs of PA management. Local benefits will further be generated through financing schemes (e.g. micro-credit and small grants) for Social Enterprise development in communities in the two PA landscapes, as part of holistic strategies for PA management and financing. Grounding these activities firmly in economic rationales through feasibility design and analysis underpinned by NCA results will provide a strong basis for mainstreaming NC and biodiversity value in decision-making relating to PA landscapes in the Philippines.

Component 3 will build on enhanced capacity (Component 1) and practical demonstration (Component 2) to spur national replication, with a focus on the investment plan for sustainable business and tourism in the National Integrated Protected Areas System (NIPAS). NC and biodiversity outcomes throughout the NIPAS as a result of enhanced financial sustainability, with an emphasis on sustainable business and tourism development (Outcome 3.1). The Project will provide technical assistance to other geographies to initiate application of lessons learned, including guidance on how to use NCA to inform sustainable investments in other PA landscapes. The Project also will work with the PSA to reach agreement on a plan for replication and financing of NCA deployment in additional PA landscapes.

Component 4 will support the implementation of Components 1-3 through knowledge management and monitoring and evaluation, ensuring: improved knowledge management and sharing of lessons learned on NCA between local and national levels (Outcome 4.1), and that the project monitoring system operates smoothly, systematically provides information on progress, and informs adaptive management to ensure results (Outcome 4.2). Included in this set of activities will be examination of existing tracking and monitoring tools (i.e. BAMS, SEAMS) to assess their suitability for NCA needs.

Two particularly relevant baseline initiatives include SIBOL and the GIZ-funded E2RB (Ecosystem-based management and application of ecosystem values in two river basins in the Philippines) initiative. Like the Project, SIBOL will involve data collection, valuation of ecosystem services,

capacity building on natural resource accounting, and support for local biodiversity-friendly enterprise and financing solutions. The incremental contribution of the Project will be to incorporate its own site-based efforts and those of SIBOL into a province-level NCA framework to inform regional planning and reporting. The Project also will build on SIBOL by using site-based results to better incorporate landscape-level ecosystem function and linkages to economic sectors into the NCA framework. E2RB employs an ecosystem-based approach focused on water governance to increase financing for ecosystem service maintenance and biodiversity conservation. The geographic focus of E2RB does not overlap with the Project sites in Palawan and Davao Oriental, and the intervention does not include direct support for strengthening sustainable enterprise. Nevertheless, E2RB experience generates important lessons with respect to valuing watershed services, using these values to inform design of PES arrangements, and working with relevant authorities to design PES schemes, in alignment with guidance currently being developed by the DENR Forest Management Bureau (*Financing Watershed Management in the Philippines: A Guide in Developing Payments for Ecosystem Services Mechanisms for Water Users*). Therefore the Project will engage with E2RB through the DENR to exchange technical experience and lessons learned, and also to align policy work.

6) global environmental benefits (GEFTF) and/or adaptation benefits (LDCE/SCCF)

There is no change in alignment with the original PIF, but the ProDoc has expanded on description of expected global environmental benefits as follows:

### **Expected Global Environmental Benefits**

The Project is expected to generate the following types of global environmental benefits (GEBs), based on the baseline analysis and proposed scope of project intervention:

- ? Increased terrestrial and marine areas in PA landscapes in Palawan and Davao Oriental with enhanced conservation and sustainable use of globally significant biodiversity
- ? Integration of the value of natural capital and biodiversity into national and provincial planning and budgeting systems for protected areas and investment in tourism
- ? Increased local community participation in the ecotourism sector and other biodiversity-friendly enterprise

Per the Core Indicators (see above), the Project will generate these global environmental benefits through:

- ? Improved management of terrestrial protected areas totaling 196,524 ha
- ? Improved management of marine protected areas totaling 259,567 ha
- ? Improved management of landscapes (outside PAs) on at least 20,000 ha
- ? Improved management of seascapes (outside MPAs) on at least 10,000 ha
- ? Mitigation of Greenhouse Gas Emissions of at least **4,641,731** metric tons of CO<sub>2</sub>e
- ? 100 direct beneficiaries of training and capacity building in government agencies (at least 50% female; 50 male and 50 female)
- ? 500 direct beneficiaries of incentives and facilitated access to funding for biodiversity-friendly enterprise development (50% female; 250 male and 250 female)

As one of the world's mega-diverse countries in terms of biological richness on a per hectare basis, the Philippines clearly is of great global importance. More than half of the 52,177 described species in the Philippines are found nowhere else in the world. In addition to prominence on account of terrestrial biodiversity, the Philippines ranks third in the world in marine biodiversity. The Project will generate Global Environmental Benefits (GEBs) by increasing the terrestrial and marine areas in PA landscapes in Palawan and Davao Oriental with enhanced conservation and sustainable use of globally significant biodiversity; integrating the value of natural capital and biodiversity into national and provincial planning and budgeting systems for protected areas and investment in tourism; and increasing local community participation in the ecotourism sector and other biodiversity-friendly social enterprise. This will improve management of 456,091 ha of habitat in one of the world's mega-diverse countries in terms of biological richness on a per hectare basis. The Project will generate the following GEBs related to biodiversity:

? Biodiversity and/or ecosystem services stable or improving in at least 10,000 ha of marine seascapes, and 20,000 ha in landscapes (and tracked through water account for MHRWS and biodiversity thematic accounts in both landscapes).

? At least 456,091 ha of PA landscapes (259,567 MPA; 196,524 terrestrial PAs) directly and indirectly benefitting from improved conservation and increased revenue streams applied to conservation, sustainable tourism operations and biodiversity-friendly social enterprises.

In Davao Oriental province the Project will support enhanced management effectiveness of the Mount Hamiguitan Range Wildlife Sanctuary (MHRWS), which will involve the extremely rare and nationally threatened lowland dipterocarp forest, montane forest, mossy forest and unique mossy-pygmy forest. The latter houses a specialized group of plants only found here such as endangered and endemic (as well as rare) fauna such as *Lipinia vulcanicum* (Girard's Tree Skink), *Calamaria virgulata* (Southern Worm Snake), *Sus philippensis* (Philippine Warty Pig) for mammals; and *Philautus acutirostris* (Pointed-Snouted Tree Frog) for amphibians. The endemic *Delias magsadana* and the new rat species, *Batomys hamiguitan* are also found in this ecosystem. Improved MHRWS management will benefit 124 fauna species endemic to the Philippines, of which 39 are found only on Mindanao island. In terms of conservation status, 72 species are threatened, 2 are Critically Endangered, six are Endangered, and 19 are Vulnerable. The wealth of plant diversity found in the MHRWS (957 species) includes 35 plant species classified as Critically Endangered, Endangered or Vulnerable, and 171 endemic species of plants found only in the Philippines. These include three species of pitcher plants, the *Nepenthes peltata*, *N. micramphora* and *N. hamiguitanensis*. The Dipterocarp forests harbors *Shorea guiso* and *S. polysperma* which are both Critically Endangered. Other Critically Endangered plant species benefitting from enhanced PA management effectiveness include *Nepenthes copelandii*, *Paphiopedilum adductum*, *Platyterium coronarium*, *Rhododendron kochii*, *Shorea astylosa* and *Shorea polysperma*.

In Palawan the Project will help enhance management effectiveness in terrestrial and marine PA land/seascapes throughout the province, including targeted contributions to ongoing work by other initiatives (notably the USAID-funded SIBOL project) and direct investment in selected scapes. This will enhance protection of an estimated 67 mammal species (30 threatened and 15 endemic), 261 bird species (77 threatened species including 6 Critically Endangered & 10 endangered, and 15 endemic), 72 reptiles species (18 threatened and 5 endemic), and 22 amphibian species (13 threatened and 3 endemic).[30]<sup>30</sup> A focus on the El Nido-Taytay Managed Resource Protected Area in the north-western tip of mainland Palawan will improve protection for 100 species of corals, and 813 species of fish, as well as 4 endangered marine turtle species, 6 endemic marine mammal species (including the Irrawaddy dolphin (*Orcaella brevirostris*) and native dugong (*Dugong dugon*); endemic bird species include the threatened Palawan Peacock Pheasant (*Polyplectron napoleonis* VU), the Palawan Hornbill (*Anthracoceros marchei* VU) and Palawan Scops Owl (*Otus fuliginosus*). Terrestrial mammals include endemics such as the Palawan tree shrew (*Tupaia palawanensis*), the Palawan stink badger (*Mydaus*

*marchei*), the Palawan spiny rat (*Maxomys panglima*), the Palawan anteater (*Manis culionensis*), the northern Palawan tree squirrel (*Sundasciurus juvencus*), and the endangered Philippine Pangolin (*Manis culionensis*). Enhanced management of the biodiversity-rich Malampaya Sound Protected Land/Seascape will help protect the Tabon Strubfowl megapode (*Megapodius cumingii*), Palawan Racket-tailed Parrot (*Prioniturus platenae*), Palawan Porcupine (*Hystrix pumila*) and Palawan Bearcat (*Arctictis binturong whitei*). Improved management effectiveness in the Calamines island group will benefit reefs, mangroves and seagrasses and their dependent species, while strengthened management of the Puerto Princesa Subterranean River National Park will benefit threatened flora species including *Pterocarpus indicus* (EN), *Intsia bijuga* (VU), *Palaquium luzoniense* (VU), *Xylosma palawanense* (VU), *Cryptocarya palawanensis* (VU), and *Brackenridgea palustris* (NT). Species endemic to Palawan in the park include: *Licuala spinosa* (balatbat), *Orania paraguayensis* (banga), *Diospyros pulgarensis* (kamagong), *Xylosma palawanense* (porsanbagyo)- VU, *Walsura monophylla*, and *Ardisia romanii* (tagpo). There are also economically valuable species, including ipil (*Intsia bijuga*) - VU, narra (*Pterocarpus indicus*) - EN, rattan (*Calamus* spp.), nato (*Palaquium luzoniense*) - VU, and anibong (*Oncosperma trigillaria*). Improving management of the Victoria-Anepahan Mountain Range will enhance protection of six forest types from the peak of Mt. Victoria down to the mangroves of Puerto Princesa, including habitat for above-listed species as well as the Philippine cockatoo (*Cacatua haematuropygia* CR) and the Palawan fruit bat (*Cynopterus brachyotis*; LC), and the world's largest pitcher plant, *Nepenthes attenboroughii* (discovered in 2009). Finally, strengthening management of the Mount Matalingahan Protected Landscape (MMPL) will benefit a host of species, as one of only ten Alliance for Zero Extinction sites in the Philippines and one of 11 Important Bird Areas in Palawan.

#### Additional Global Environmental Benefits

The Project will generate GEBs by enhancing conservation and sustainable use of biodiversity and ecosystem flows, thereby reducing loss and degradation of ecosystems in both terrestrial and coastal areas. Related benefits include:

- ? Improvements to understanding, measurement and monitoring of natural capital, and opportunities for their conservation and sustainable management;
- ? Enhanced sustainable livelihoods for local communities and ecosystem-dependent people;
- ? Enhanced incorporation of protection and sustainable use of biodiversity in existing and new sustainable/ecotourism operations;
- ? Mainstreaming of GEB recognition through incorporation into reporting through routine government mechanisms such as on the Philippine Development Plan, Philippine Biodiversity Strategy and Action Plan, and national reporting on SDGs.

Finally, integration of NCA approaches and analytical results into planning, business models, risk analyses and decision-making processes within government, private sector entities and financial institutions is expected to align national and local governance with goals articulated in policy instruments such as the PBSAP and the National NCA Roadmap.

7) innovativeness, sustainability and potential for scaling up.

There is no change in alignment with the original PIF, but the ProDoc has expanded on description of innovativeness, sustainability and replication/scale-up as follows:

#### **Innovativeness**

Previous attempts to integrate natural capital into national policies and programs have been limited by methodological constraints and limited technical capacity. This project will be innovative in introducing and implementing state-of-the-art methods in Natural Capital Accounting to mainstream biodiversity and ecosystem services into policies and programs at provincial and sectoral levels. Particularly in the tourism sector, the Project will bring innovation in the form of NCA-informed consideration of its impact as well as dependency on natural capital for sustained growth, highlighting the importance of increased financing for protected area landscape management. The application of NCA to inform long-term sustainability goals and reporting by provincial authorities on performance relating to natural resource management and international commitments is also innovative (e.g., SDGs, Philippines Development Plan, Aichi Biodiversity Targets). The absence of a systematic basis for structuring fiscal transfers between various levels of government (national to provincial; provincial to local) means that a particularly valuable innovation will be the use of NCA to rationalize Ecological Fiscal Transfers. Another Project innovation will be to base planning and delivery of sustainable enterprise support on landscape-level NCA-based analysis of the value of natural capital and ecosystem services. Finally, an innovation relevant to future work will be the availability of provincial data sets on natural capital values, with clear methodologies on data collection and processing to link ecosystem conditions to planning and decision-making, which can support baseline and monitoring frameworks for a wide range of other future initiatives, including replication in other provinces by the Philippines Statistics Authority.

### **Sustainability**

As a means to improve financial sustainability of PAs and PA landscapes, the Project will facilitate development and adoption of a National Investment Plan with the Department of Tourism and DENR (Component 3) to support sustainable tourism in priority PA landscapes and tourism development areas. This Plan will promote replication of the Project's investments in ecotourism and supporting biodiversity-friendly enterprises, building on the demonstration (Component 2) of how to build linkages between enterprises and different credit and finance facilities, and how to structure incentives to promote local green enterprise growth, grounded in analytical results from NCA.

*Institutional Sustainability:* The Project will be executed by the Biodiversity Management Bureau of the Department of Environment and Natural Resources (DENR-BMB). The DENR-BMB has a strong interest in ensuring that NCA becomes mainstreamed into the national accounting systems of the Philippines, to reinforce its mandate with respect to protected areas and environmental management, and to amplify its case for enhanced government funding allocations for the E-NIPAS. Therefore, DENR-BMB in partnership with NEDA and PSA will enable institutional sustainability of the Project's targeted outcomes beyond the project. Moreover, other ongoing work on SEEA and NCA (e.g. SIBOL) signals strong appetite within the government for consolidating and continuing NCA work, providing a promising basis for sustainability and replication. Training, capacity-building and enhanced knowledge and awareness of key staff in other agencies, particularly the Philippines Statistical Authority, the Department of Tourism and the National Economic Development Authority, the Project will cultivate a core constituency for NCA and its application to improved financing for PA management and ecotourism development, which will reinforce institutional sustainability. In this, the Project benefits from the existence of the National Roadmap for NCA, which defines roles and responsibilities for the various agencies; the incremental contribution of this GEF investment will be to enable the Philippines to move from the Roadmap document to practical implementation. At the PA landscape level, Protected Area Management Boards (PAMBs) will have a vested interest in continued cultivation of multi-stakeholder support for the application of NCA to secure enhanced finance, and investment in capacity-building and awareness within Local Governance Units will provide the PAMPs institutional partners in this endeavour. Finally, the replication and investment plans to be developed under Component 3 will secure commitments from key institutions to continue building on the Project results after the Project is completed.

*Financial Sustainability:* The Project design includes activities directly intended to advance financial sustainability. The Government of the Philippines makes budget provisions for PAs, and this Project will use NCA to further rationalize budget allocations to PAs, including arguments for increased



budgets on the basis of the value of ecosystem services in PA landscapes. Financial sustainability of PAs will be furthered through the identification of new revenue options revealed through NCA. Coverage of the costs of NCA systems themselves is addressed in the National Roadmap, and as mainstreaming progresses this coverage will be aided by being embedded in budgets for relevant information collection and processing activities of the Philippines Statistical Authority and the agencies that support these activities. In the Project's two PA landscapes, financial sustainability of local enterprise (particularly ecotourism but also other biodiversity-friendly businesses) will be enhanced by better natural resource management that preserves the ecosystem services in the targeted PA landscapes on which their business models depend, as well as linkages to relevant existing national programs of loan, seed-funding, and micro-credit facilities.

*Environmental Sustainability:* The motivation of the Project is to improve environmental sustainability of land and resource use in the target geographies, across economic sectors. NCA is a means to this end, positing that recognition of the value of NC and biodiversity will lead to better decision-making and management. More reliable financing for PAs will enhance environmental sustainability as well as PA management effectiveness through both core PA management activities in Palawan and Mt. Hamiguitan, as well as improved planning and financing for sustainable use of NC and BD in the wider PA landscapes. The Project will reinforce sustainable business practices in the tourism sector by brokering adoption of sustainability standards that emphasize biodiversity and natural capital protection (in coordination with UNWTO). Likewise, environmental sustainability criteria will be applied in selection processes for Social Enterprise support, such that incentives are designed to directly support biodiversity-friendly business development. By laying the basis for additional ecosystem accounts to be developed in the future, the Project will initiate a process of incorporating an expanding set of environmental sustainability considerations into local and national planning and decision-making processes.

## **Replication**

The new NCA accounts that will be established under Component 1 will be used to support replication in other PA landscapes, as will the new Tourism Satellite Account (Component 3). Additionally, communications and capacity building outputs (Component 1) will enable a broader user base with the skills, best practice tools and willingness to take the approach of the project beyond the two PA landscapes targeted by the Project. Review and potential refinements of the BAMS that already is in use in the Philippines will further facilitate such replication, by standardizing indicators and data and information collection protocols. In addition, enhanced capacity with respect to NCA and mainstreaming of NCA into government statistical systems and planning will provide a foundation for extending the NCA framework over time with additional ecosystem accounts, in alignment with the progression articulated in the National NCA Roadmap. Thus, replication of the Project will contribute to actualization of the national-level NCA system.

The Project will facilitate development and adoption of a National Investment Plan with the Department of Tourism and DENR (Component 3), to support sustainable tourism in priority PA landscapes and tourism development areas. This Plan will promote replication of the Project's investments in ecotourism and supporting biodiversity-friendly enterprises, building on the demonstration (Component 2) of how to build linkages between enterprises and different credit and finance facilities, and how to structure incentives to promote local green enterprise growth.

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[1] All deforestation figures from Global Forest Watch, available at: <https://gfw.global/3ds2Z1A>.

[2] Percentages calculated from figures for 2019 in GFW (2021).

- [3] BMB. 2019. The Philippines 6th Report for the Convention on Biological Diversity. Biodiversity Management Bureau, Department of Environment and Natural Resources. Government of the Philippines: Manila.
- [4] *Ibid.*
- [5] PEF, CI-Philippines, DENR. 2008. *Eastern Mindanao Biodiversity Corridor Conservation Framework*. Davao City: Philippine Eagle Foundation.
- [6] GFW (2021).
- [7] *Ibid.*
- [8] Ignacio, JG. 2019. *Overview of the Environmental Impacts of Ecotourism in the Philippines*. Briefing Note.
- [9] Castillo, G. 2021. Landscape Assessment, Analysis of Gaps, Barriers and Opportunities for NCA and Sustainable Investment in Conservation Financing and Ecotourism Investment (Baseline Report 1). Prepared for CI-Philippines.
- [10] World Bank. 2021. World Bank Climate Change Knowledge Portal. Available at: <https://climateknowledgeportal.worldbank.org/country/philippines>
- [11] BMB (2019).
- [12] World Bank (2021).
- [13] *Ibid.*
- [14] David, S. & R. Pomeroy. 2020. ?Projected Economic Impact of Climate Change on Marine Capture Fisheries in the Philippines.? *Frontiers in Marine Science*. v7.
- [15] Guiang, E., & Braganza, G. (2014). National management effectiveness and capacity assessment of protected areas. Manila: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.
- [16] PCSD. 2015. *State of the Environment: Province of Palawan, Philippines: 2015 UPDATES*. Puerto Princesa City, Philippines: Palawan Council for Sustainable Development.
- [17] <https://psa.gov.ph/content/ten-regions-expected-grow-faster-national-average>
- [18] BMB (2019).
- [19] World Bank. 2020. *Building a Resilient Recovery: Philippines Economic Update*. (December 2020 Edition.) World Bank: Washington, DC.
- [20] *Ibid.*
- [21] BMB. 2014. Philippine Biodiversity Strategy and Action Plan 2015-2028: Bringing Resilience to Filipino Communities. Biodiversity Management Bureau, Department of Environment and Natural Resources. Government of the Philippines: Manila.
- [22] Implementing the PBSAP requires an estimated USD 530 million per year, while the current level of spending on biodiversity is only USD 110 million per year, leaving a gap of 80% (<https://biodiversityfinance.org/philippines>).

[23] [https://www.international-climate-initiative.com/en/news/article/biofin\\_phase\\_ii\\_extended\\_to\\_2025](https://www.international-climate-initiative.com/en/news/article/biofin_phase_ii_extended_to_2025)

[24] Information on this section is based on NEDA. 2020. Road map to institutionalize Natural Capital Accounting in the Philippines. National Inception Workshop to the GEF NCAA project. Manila, Philippines. Presented by Ms. Diane Gail L. Maharjan, Assistant Director/NEDA.

[25] Personal communication. Carygine V. Isaac - Senior Economic Development Specialist Agriculture, Natural Resources and Environment Staff - Natural Resources Division. NEDA. [November 10th, 2021]

[26] See <https://www.usaid.gov/philippines/press-releases/aug-11-2020-us-launches-new-biodiversity-project>

[27] IDB and UNEP. (2021). Resilient by Nature - Increasing Private Sector Uptake of Nature-based Solutions for Climate-resilient Infrastructure. A Market Assessment for Latin America and the Caribbean.

[28] The PPP Center operates per the Build Operate and Transfer Law (R.A. 7718, 2012), which will define potential investment modalities.

[29] See <https://bmb.gov.ph/index.php/e-library/publications/references?download=382:bams-terrestrial-manual>.

[30] Based on the updated list of terrestrial and marine wildlife in Palawan and their categories pursuant to the Republic Act 9147 through the PCSD Resolution No 15-521 series of 2014.

#### **1b. Project Map and Coordinates**

**Please provide geo-referenced information and map where the project interventions will take place.**

The Philippines is an archipelago comprising about 7,641 islands with a total land area of around 300,000 square kilometers, in three main geographical divisions from north to south: Luzon, Visayas and Mindanao (Figure 2.1.1). Its 36,289 kilometers of coastline makes it the country with the fifth longest coastline in the world. It is located between 116°40' and 126°34' E longitude and 4°40' and 21°10' N latitude, and is bordered by the Philippine Sea to the east, the South China Sea to the west, and the Celebes Sea to the south. Maps below situation the project PA landscapes within the Philippines.



### 1c. Child Project?

**If this is a child project under a program, describe how the components contribute to the overall program impact.**

#### 2. Stakeholders

**Select the stakeholders that have participated in consultations during the project identification phase:**

**Civil Society Organizations** Yes

**Indigenous Peoples and Local Communities** Yes

**Private Sector Entities** Yes

**If none of the above, please explain why:**

**Please provide the Stakeholder Engagement Plan or equivalent assessment.**

See ProDoc Appendix 10 (Stakeholder Engagement Plan) and Appendix 19 (Stakeholder Analysis).

In addition, provide a summary on how stakeholders will be consulted in project execution, the means and timing of engagement, how information will be disseminated, and an explanation of any resource requirements throughout the project/program cycle to ensure proper and meaningful stakeholder engagement

In addition, provide a summary on how stakeholders will be consulted in project execution, the means and timing of engagement, how information will be disseminated, and an explanation of any resource requirements throughout the project/program cycle to ensure proper and meaningful stakeholder engagement.

The stakeholder consultations and engagement that began during project preparation will be continued throughout the project implementation stage. To achieve this, the project design includes several mechanisms, including the following:

#### *Project Inception Workshops*

Project inception workshops in Manila, Puerto Princesa (Palawan), and Mati City (Davao Oriental) will present the approved project document to direct stakeholders and the public. The project inception will constitute the official launch of the project, including presentation of the project workplan to stakeholders. The inception workshops will also provide an opportunity to fine-tune design details to ensure that implementation is tailored to evolving local needs and circumstances.

#### *National Project Steering Committee (NPSC)*

The NPSC is the main governance body of the project that will ensure the continued participation of key stakeholders in the project planning, implementation, and M&E. The NPSC will consist of

representatives of the main project partners and related governmental agencies. The NPSC will approve the work plans, be represented on recruitment processes, and provide overall strategic guidance to the project. Other stakeholders may also be invited to participate in meetings of the NPSC, during which strategic guidelines and work plans will be discussed, negotiated, and approved by executing parties.

#### *Technical Working Group*

The National Project Coordinator (NPC) who leads the Project Management Unit (PMU) will liaise and work closely with partner institutions to ensure good coordination with other complementary national programmes and initiatives. The Technical Working Group (TWG) will facilitate such engagement, linking with additional national and local government bodies and academics and NGOs to guide and support specific workstreams. This engagement will seek broad-based consultation, input and ownership of NCA implementation, new PA financing solutions and local biodiversity-friendly business development, in furtherance of mainstreaming of the Project's outputs and impacts. Membership of the NPTWG may be expanded as additional roles and needs become evident.

#### *Project Management Unit*

The PMU is the operational center of the project and has direct responsibility for its implementation. The PMU is responsible for implementation of the stakeholder engagement plan, communications plan, gender mainstreaming action plan, grievance redress mechanism, and M&E. Led by a National Project Manager who receives guidance from the NPSC, the PMU ensures the participation of all stakeholders and addresses stakeholder conflicts.

#### *Communications and Dissemination of Information*

The PMU will implement a project outreach and communication plan to ensure communication with all stakeholders. Communication channels will be tailored to audiences and can include both conventional methods such as meetings and telephone calls as well as newer methods such as SMS, WhatsApp broadcast messaging and other social media. Use of jargon and technical information will be tailored to audience, and translated into suitable language as needed. The PMU will include a Communication Specialist to guide execution of the communications and outreach plan to support Project execution. The PMU also will conduct active knowledge management to document processes and lessons learned, for dissemination to all stakeholders in audience-appropriate formats. Component 4 of the project is devoted to knowledge management and M&E.

#### *Local Committees to facilitate local stakeholder participation.*

Local Project Implementation Units (PIUs) will be established in Palawan and Davao Oriental by CI and REECS respectively (subject to DENR-BMB confirmation), and will be responsible for leading the implementation of Component 2 of the Project, and supporting implementation of the other Components. The PIUs will facilitate decentralized Project management and responsiveness to local stakeholders. They will ensure consultation and inputs from related local government bodies, the private sector, community representatives, and technical experts from universities, NGOs and related projects.

#### *Gender Mainstreaming Action Plan*

Stakeholder engagement activities will be guided by the Gender Mainstreaming Action Plan (ProDoc Appendix 11, and Section 3. below).

#### *Grievance Mechanism*

A grievance mechanism will be put in place for the Project per GEF requirements. The mechanism will be available to any project-affected individual, and made public so that all stakeholders are aware of its

existence. In Palawan and Davao Oriental, the first point of contact for a grievance process will be the Project Implementation Units; they will then be responsible for informing the National Project Coordinator and working with relevant parties to address the grievance. The draft grievance mechanism is included as Annex 8.4 in Appendix 10.

#### *Training and Engagement Activities*

All training programs and engagement activities will use participatory, rights-based approaches, and be designed and executed in alignment with the Gender Mainstreaming Action Plan. Engagement activities will seek to integrate perspectives of local stakeholders and beneficiaries with those of institutions, authorities, and decision makers.

#### **Select what role civil society will play in the project:**

**Consulted only;**

**Member of Advisory Body; Contractor; Yes**

**Co-financier;**

**Member of project steering committee or equivalent decision-making body;**

**Executor or co-executor; Yes**

**Other (Please explain)**

### **3. Gender Equality and Women's Empowerment**

#### **Provide the gender analysis or equivalent socio-economic assesment.**

See: ProDoc Appendix 19 - Stakeholder and Gender Analysis and Engagement Plan

In the Philippines, mainstreaming of Gender and Development (GAD) seeks to address the relationship between men and women in terms of their access and control over resources, decision making, and benefits and rewards derived from either an organization, government, or society. The process requires assessment of the national and local institutional structure, culture, and practices. It addresses known gender disparities and gaps in such areas as the division of labor between men and women; access to and control over resources; access to services, information, and opportunities; and distribution of power and decision-making. The Philippine Commission on Women (PCW) identified four critical entry points to GAD mainstreaming. These include: (1) Policies; (2) Programs and Projects (PAPs); (3) People; and (4) enabling mechanism. Acceptance and recognition of GAD can be expressed through mandates, plans, and guidelines which can be implemented through PAPs spearheaded by key stakeholders who assume the task of gender mainstreaming and with the aid of enabling mechanisms such as the technical and financial resources of the organization.

In natural resources management, gender mainstreaming translates to: (1) women and men have equitable access to resources, including opportunities and rewards. It implies equal participation in influencing what is valued in shaping options within society; (2) sharing equitably in the benefits of natural resources; and (3) an opportunity to influence who does what in the sector, who owns (and can own) what, who has access to jobs and income, who controls the natural resources and institutions, who makes decisions, who sets priorities.

Areas of focus in gender analysis are equality of human capabilities, equality of economic opportunity, equality in political voice and leadership, and the safety of women and girls. The PCW reports that the Philippines remains at the top among Asian countries, but it is number 16 in terms of world ranking by the World Economic Forum for 2020, a drop by 8 ranks, but have increased in its score ranking. The report explains that it has closed 80% of the Economic Participation and Opportunity gender gap, that is, women outnumbering men in senior and leadership roles, as well as in professional and technical professions. The country also ranks 5th on the indicator assessing gender wage equality, with a score of 81.2. The figure below shows a summary of the score card for the Philippines summarized by the PCW from the World Economic Forum report. Higher rank numbers indicate relatively smaller gap in gender indicator.





*Philippine Council for Women summary report of global standing on gender based on the World Economic Forum Report.*

*Division of labor between men and women:* Men and women differ considerably in terms of needs, interests, and priorities as natural resource users and as participants and beneficiaries of the development process. However, these differences do not imply inequality of access, rights and privileges. This is ensured by the policies, rules and regulation that the Philippines have put in place in the past three decades. In the Biodiversity and Management Bureau at DENR, women have long been included in the agenda, with the women in the agency making up more than half of its workforce. Other agencies in the natural resources and economics sector have the same pattern. This is a result of the country's active and aggressive legislative agenda to protect women's rights and ensure gender equality.

*Access to and control over resources:* A review of projects in the Philippine relating to this issue indicate active observance of the GAD principles. Notable examples include the following:

- ? Gender mainstreaming in the KALAHI/CIDSS National Community-Driven Development Program
- ? GAD Checklist for Natural Resource Management Projects
- ? GAD Checklists for Project Implementation and Management, and Monitoring and Evaluation
- ? GAD Checklist for the Tourism Sector
- ? PROTECT Wildlife Gender Action Plan

*Access to services, information, and opportunities:* Several sources also document concerted efforts to address gender issues related to information and access to benefits. Examples include:

- ? Towards A Gender Responsive Conditional Cash Transfer Program
- ? GAD Unit of the Pantawid's National Program Management Office (NPMO)
- ? Women and Men in Davao Region 2018 (PSA XI)
- ? Integration of GAD in development planning
- ? Gender-Responsive LGU (GeRL) Assessment Tool
- ? DSWD's GAD Technical Working Group (TWG)
- ? Regional Program Management Office GAD Focal Persons (RPMO GADFPs)

*Distribution of power and decision-making:* The Philippine Council for Women recognizes that despite policies and programs, there are remaining obstacles for women to partake a bigger role and impact in politics. Women comprise half of the country's population, and yet they hold only about one-fifth of elected positions in government. The PCW further reported that the percentage of women elected into public office ranged from 16.1 percent to 21.44 percent, reaching its peak in the 2016 elections. In the 2019 National and Local Elections, only 20.16 percent (8,782) of the candidates were female.

Unfortunately, due to the lockdown restrictions in the Manila Metro area as well as nationally in the country, it was difficult for the PPG team to travel to the two provinces and conduct on-site/in-person stakeholder interviews, meetings and others towards gender and stakeholder analysis. Although local stakeholder workshops were held, these were not attended by PPG staff based in Manilla as well as limited information was obtained by the local facilitators. Thus, inadequate gender analysis and only a generic gender mainstreaming plan was created. Given this situation, two actions were taken by the PPG team:

CI Philippines has been able to build on some gender analyses performed previously in the targeted landscapes whose results have helped to inform project development to this point. CI Philippines conducted a thorough gender analysis last year (fall 2020) as part of the proceedings towards the Protected Area Management Plan of MMPL 2021 in Palawan. The analysis examined access to and

control of land and resources; access to training, information, and technology; access to credit; decision-making and productive and reproductive activities for four sites throughout Palawan. The analysis found that, for example while women can own and inherit land, males have more direct access to forest products (NTFP are their main source of income) as they can handle tasks that require staying in the forest for several days. It also shows that while women are allowed in some decision-making processes, low levels of literacy and overall education, limits their capacity to participate, as well as often makes them more hesitant to do so. For this reason, they prefer to have separate, smaller meetings so that they feel more comfortable contributing to the discussion. Women are able to participate in trainings only if they're held near their home. Additionally, women are not allowed to be Panglima ? the main politico-judiciary authority in the village and a status that is passed down through families, though only to male members.

Given the need to make adjustments, adopt a proper gender engagement mechanism specific for the field situation (as well as in Manilla), as well as guarantee compliance by the project to these in its operations, the project has made provision in the workplan, budget and ToR of key PMU staff to conduct more detailed gender analysis and develop a gender mainstreaming plan during the inception phase of the project (month 1-6) and which will be integrated into project activities and overseen by the PMU via the Project Director, Project Manager and M&E/Gender Consultant.

The development of the gender analysis and mainstreaming plan will use the CI, GEF compliant, Gender Mainstreaming Plan Template. The steps to completing integration are as follows:

- ? Gather key insights and information on gender dimensions relevant to the project themes through review of secondary sources. Additionally, conduct focus group discussions with key stakeholders in sites in Davao and Palawan. Deliverables will include documentation of dates, times, stakeholders in attendance and a transcript/summary of focus group discussions.
- ? Review and summarize findings in drafting of a gender assessment/analysis following the guidelines provided in the CI-GEF/GCF Gender Mainstreaming Plan Template. Include within the gender assessment/analysis an explanation of the main barriers that men and women face to actively participate and benefit from the project and identify any opportunities to minimize those barriers.
- ? Reference the gender assessment/analysis to draft a gender action plan following the guidelines provided in the CI-GEF/GCF Gender Mainstreaming Plan Template that mitigates identified barriers and maximizes opportunities for men and women to participate in and benefit from the project. Include gender-sensitive indicators and set appropriate targets for men and women.
- ? Present gender action plan to PMU for adoption and integration
- ? Launch gender action plan and integrate actions/indicators into project workplan

In order to enable the above activities and deliverables towards a Gender Mainstreaming Plan, budget allocations have been made across multiple GEF budget lines, assuming mainstreaming the gender action plan will cut across many of the positions budgeted, as well as enabled through existing budgets on travel, meetings and reporting. Please see a summary table below with the estimated staffing costs included to support the gender action plan implementation.

Position Title	Estimated %	Total
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National Project Manager (NPM)	2.50%	\$5,584
Monitoring and Evaluation/Gender and /Stakeholder Engagement Specialist	10%	\$9,166
Resource/Environmental Economist	5%	\$6,637
Information, Communication and Education (ICE) specialist	5%	\$4,250
Sustainable Finance Specialist (REECS)	5%	\$6,162
Ecotourism specialists [Davao Oriental and Palawan]	5%	\$729
Sociologist/gender specialist (Davao Oriental and Palawan)	100%	\$18,297
Community development specialist/PA Specialist (Davao Oriental and Palawan)	10%	\$957
<b>Total:</b>		<b>\$46,198</b>

**Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment?**

Yes

**Closing gender gaps in access to and control over natural resources;** Yes

**Improving women's participation and decision making** Yes

**Generating socio-economic benefits or services or women** Yes

**Does the project's results framework or logical framework include gender-sensitive indicators?**

Yes

#### **4. Private sector engagement**

**Elaborate on the private sector's engagement in the project, if any.**

Natural Capital Accounting (NCA) results will be used to identify new business opportunities in PA landscapes arising from the value of natural capital and ecosystem services, to inform local government planning, PA business planning, and private sector investment. Achieving nationally significant increases in biodiversity finance will require effective engagement of the private sector, and persuading private sector actors to incorporate the results of NCA into their planning and investment activities. Thus, mainstreaming of NCA and the value of NC and biodiversity will include a significant focus on the business community, per the Communications Strategy that will be prepared. This strategy will include round-tables and consultations with key stakeholders in the private sector (under Component 1). While the project includes an emphasis on ecotourism that implicates private sector stakeholders throughout the tourism value chain, other sectors include agriculture and water use-intensive industries, and enterprises involving non-timber forest products (e.g. resin, honey). Private sector entities that will

be involved include cooperatives, the Palawan Chamber of Commerce, and tourism associations. The Results Framework specifies targets of securing 12 corporate investments, and spurring involvement of at least 100 households in community-level, biodiversity-friendly enterprises.

For Output 3.1.2, the project will work with existing programs designed to catalyze private sector activity to broker new or modified credit, seed funding and loan facilities that support natural capital and biodiversity-friendly enterprise development in the NIPAS. This effort will focus on collaboration with the Department of Tourism's TIEZA seed funding facility and the Small Business Corporation/mSME Credit Facility of the Department of Trade and Industry, as well as engagement with the finance sector to solicit potential partnerships with private sector banks and credit facilities. The purpose of these efforts is to spur replication of the process of securing new investment for sustainable ecotourism and biodiversity-friendly community-based SMEs achieved by the Project in Palawan and Davao Oriental, in furtherance of the goal of increasing private funding for sustainable enterprise development in PA landscapes throughout the Philippines.

## **5. Risks to Achieving Project Objectives**

**Elaborate on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, the proposed measures that address these risks at the time of project implementation.(table format acceptable):**

The UNEP Environmental, Social and Economic Review Note (ESERN) was prepared during PIF preparation, and updated using the recently introduced Safeguard Risk Identification Form (SRIF) during project preparation (see ProDoc Appendix 9). Overall, the project is expected to result in major long-term positive impacts for biodiversity conservation and the sustainable management of PA landscapes. The ecosystem services thereby maintained will provide a continued sustainable basis for local livelihoods and the national economy, including ecotourism. The project aims to strengthen planning and decision making through better incorporation of the value of natural capital and biodiversity, determined through Natural Capital Accounting. Doing so will unlock additional financing for PA landscape management and green enterprises in Palawan and Davao Oriental, through systematic, rigorous demonstration of the returns on investment in sustainable landscape management and biodiversity-friendly business.

Identified risks relevant to social safeguards included Risk 8: Possible restrictions on access to land or use of resources that are sources of livelihood, and Risk 9: The project generates unequal economic and gender-biased benefits to a limited subset of the target group; both of these risks are rated low (see Table 5.1). As per the SRIF, the project will not impose restrictions on land or resource use (Risk 8); rather the project will provide data, information, and access to financing such that local stakeholders (primarily local communities) can improve their own decision-making with respect to land and resource use. Although sustainability requirements for nature-based enterprises such as ecotourism may result in some adjustments to land and resource use, these adjustments only would be adopted through voluntary and participatory processes including safeguards such as FPIC. The combination of natural capital maintenance, sustained ecosystem services, economic development opportunities, and targeted incentives are anticipated to secure voluntary agreements to any needed changes in resource use.

With respect to Risk 9 (access to benefits), the project will apply transparent, participatory processes that seek to ensure equitable sharing of benefits. Concerns with respect to this risk were not raised by stakeholders engaged during stakeholder consultations, but incentives and support for SME development necessarily will only reach a subset of households in the project geographies. The project will structure solicitations, screening and selection processes so as to maximize access and inclusivity. Additional households will be in a position to benefit in due course through replication, while ecosystem benefits from improved PA landscape management are expected to benefit communities as a whole. The project will proactively seek to engage women in green enterprise development, in line with UN, GEF and Philippines policies on gender mainstreaming, within the overall gender action plan developed for the project. Finally, the project's grievance redress mechanism will serve as an avenue by which stakeholders themselves can signal issues with respect to equity, to which the project can respond and apply corrections as needed.

Key risks that could threaten the achievement of results though the chosen intervention strategy are shown in Table 5.1. These risks and the mitigation measures will be continuously monitored and updated throughout the project, and will be reported in the annual PIRs. Identified potential risk pertaining to gender equity and equitable access to project benefits have been included as Risk 9 in Table 5.1 below. In general, the project will contribute positively towards the conservation and sustainable use of natural capital and biodiversity in Palawan and Davao Oriental as well as nationally through the mainstreaming of natural capital accounts into planning and decision making. The project will also contribute to local economies by working with local communities in PA landscapes to attract financing for sustainable enterprise.

In order to mitigate risks posed by the COVID pandemic (Risk 11), the Project shall strictly adhere to the various guidelines issued by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF) of the Philippine Government. Among which is the Guidelines on the Implementation of Alert Levels System for COVID-19 Response for implementation nationwide. The New Community Quarantine Classification for dealing with COVID-19 covering entire cities, municipalities and/or regions? aims to manage and minimize the risk of the disease through system indicators, triggers and thresholds determined by the IATF to specify public health and social measures to be taken in relation to the COVID-19 response, as may be updated based on new scientific knowledge, information about the effectiveness of control measures in the country and overseas, and its application. In the implementation of the Project, online platforms shall also be utilized as alternative modes in the conduct of meetings, workshops, consultations, and other activities.

Relative to the accounts that will measure sustainable tourism and its dependencies on ecosystem services, and by supporting ecotourism development in PA landscapes under the various components of the Project, the Tourism Response and Recovery Plan (TRRP) formulated by the Philippine Department of Tourism (DOT) in close coordination with other national government agencies and the stakeholders through the Tourism Congress of the Philippines (TCP) will be taken into consideration. The TRRP intends to (i) ensure and protect workers and business survival during and post ECQ; (ii) enable government and private sector to work cohesively towards a sustainable and resilient tourism industry for the future; and (iii) provide policies and guidelines for the new normal.

The project determined that the number of foreign tourists in the Philippines was at 1.32 million, the same figure the DOT reported in 2020. This is an 83.97% plunge from the 8.26 million in 2019. With this decline, risk mitigation measures were done by DOT and hence will be adopted by the project.

In 2021, The World Travel and Tourism Council (WTTC) has given the Department of Tourism (DOT) a SafeTravels Stamp in recognition of its adoption of "health and hygiene global standardized protocols" that will ensure safe travel during the COVID-19 pandemic. SafeTravels is the stamp of approval given by the international organization to certify compliance with its global health standards to allow for safe travels. The tourism sector intensified the accreditation of establishments, continuing thorough inspection and assessment, to ensure that only those accredited with the Department of Tourism, and issued with a Certificate of Authority to Operate, are allowed to open and receive guests. This will further restore tourist confidence and serve as an assurance to guests that it is safe to travel in the Philippines. The way forward to the recovery is marked by strengthened partnerships with the private sector, our stakeholders and with other national government agencies. As a user of the stamp, the DOT will have the opportunity to assume the role of a SafeTravels ambassador to the stakeholders, advocating the implementation and full compliance of protocols. Eligible companies such as hotels, airlines, restaurants, tour operators, attractions, transportation, and airports will use the stamp as a guarantee that they conform to health and

safety protocols required by the WTTC. As an example, the DOT has provided necessary training to 30,680 tourism professionals as part of their continued commitment to support the tourism industry towards its recovery and sustainability. During implementation, the project shall

1. Ensure that only accredited establishments will be initially contacted to mitigate the risks of COVID19 exposure
2. Explore opportunities for non-accredited establishments to be apply for accreditation in order to be engaged with the project and be informed with the use of NCA for the sustainability of their sector.

In terms of green recovery, the project will also adopt policies/guidelines to be issued by the government on green recovery towards achieving decent jobs, healthy and resilient societies and building back better and greener economic recovery. This will contribute to overall improvement of the environment and natural resources while reviving affected livelihoods, jobs, and industries. As an example of the government action, recent reports cited that BSP has invested close to \$200 million on green bonds in 2020 ? bonds that invest in green, sustainable and renewable investments ? making the Philippines the third largest green bond issuer in ASEAN with over \$2 billion.

Further, ensuring a green recovery requires the need to introduce support to unlock the potential of micro, small and medium enterprises (MSMEs) in the Philippines ? those most impacted by COVID-19 ? and increase their participation in green and inclusive recovery. MSMEs are the backbone of the Philippine economy. With the aim of the project to produce memorandum of agreements (Output 2.1.1) in the project sites and with national agencies, innovative financing, as well as reviewing business plans (Output 2.1.1) and providing information on accounts to establish biodiversity-friendly livelihood among locals while ensuring gender equity in access to opportunities (Output 2.1.2), these will enable planning and transition to sustainable and more resilient economic opportunities for the stakeholders.

Table 5.1 Table of Project-related Risks and Mitigation Measures

Risk	Risk Rating <i>P= Probability</i> <i>I= Impact</i>	Risk Mitigation Strategy
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<p>Risk 1. Partner agencies are unable to establish the targeted NCA accounts and populate them with the minimum required data, due to data ownership issues among agencies, inadequate coverage or quality of available data, or capacity constraints.</p>	<p>Moderate P=2 I=4</p>	<p>The project design seeks to minimize this risk by: (i) enabling effective provincial partnership through the creation of institutional mechanisms for establishing and mainstreaming NCA into existing processes; this will include the creation of a Technical Working Group (TWG) to foster collaboration; (ii) focusing on two PA landscapes and securing multi-stakeholder support for the proposed project through stakeholder engagement during the PPG phase; (iii) building on significant institutional capacity relating to NCA already in place in Palawan; (iv) aligning the project with the National NCA Roadmap; (v) including in the project communications strategy measures designed to support interagency collaboration; (vi) investing project resources in technical capacity building as well as awareness raising with respect to the value of NCA. These various arrangements will be set forth in Memoranda of Agreement to formalize agency commitments.</p>
<p>Risk 2. DENR-BMB and PAMB continue to receive a lower priority and limited budget allocations due to a historic bias in favor of ?forestry? in the Philippines.</p>	<p>Low P=2 I=3</p>	<p>The emphasis on NCA as a means to demonstrate the value of natural capital and biodiversity responds directly to this risk. By providing concrete figures relating to the economic value of ecosystem services, the project will help DENR-BMB and PAMBs reinforce the business case for prioritizing DENR budgeting for PA management. The project will also demonstrate how such allocations can leverage financing for sustainable development from the private sector, including investment in ecotourism, and microcredit to support other local green enterprises.</p>
<p>Risk 3. Insufficient trust and commitment inhibit local community participation in the project. Although local people mostly recognize PA status, many desire a greater and more autonomous role in resource management and decision-making.</p>	<p>Low P=2 I=3</p>	<p>The project will mitigate this risk first through stakeholder engagement and outreach, supported by key elements of the project communications strategy. Awareness-raising will include emphasis on the economic value of natural capital and ecosystem services, and on the economic opportunities presented by sustainable enterprise. Second, the project design includes direct incentives to align community interests with those of PA management, through support for green SME development (e.g. by facilitating access to micro-credit). Moreover, coordination between local communities and PAMBs on green SME development in buffer zones around PAs will provide an avenue for co-management that empowers community resource management rights and responsibilities.</p>



<p>Risk 4. Staff turnover in relevant partner agencies disrupts continuity and undermines project investments in capacity building.</p>	<p>Moderate P=3 I=3</p>	<p>The project will use NCA results to raise the profile of the conservation sector, and emphasize the contributions of sustainable resource management to sustainable development in PA landscapes. This will increase recognition among agencies of the importance of keeping relevant positions filled by the appropriate individuals with requisite capacity. This dynamic will be reinforced by engagement with legislators on adoption of the National PES Strategy, which would make such continuity even more critical. At the same time, recognizing that some staff changes are inevitable over time, the project sees this as helping to mainstream NCA, as people exposed to NCA in the project can bring this awareness to other roles as well.</p>
<p>Risk 5. Limited support from local governments for nationally-driven initiatives, attributable to a highly decentralized government structure, undermines the needed local-to-national collaboration.</p>	<p>Moderate P=2 I=4</p>	<p>The project will mitigate this risk through stakeholder engagement and the project communications strategy, which will focus on local agencies and management bodies (e.g. PAMB and LGU) to convey how NCA can contribute to local planning and reporting, as well as efforts to secure financial resources. These communications messages will be reinforced by demonstration of new financing flows for PA management and for local green enterprise development. This risk also has been mitigated by stakeholder consultations conducted during the PPG phase, which initiated the awareness-building process and allowed local agencies to signal their interest in moving forward with this project.</p>

Risk 6. Climate change affects PAs and PA landscapes through extreme weather events (e.g. prolonged drought, seasonal flooding) or changing agro-climatic conditions.

Low

P=1

I=3

The SRIF (Appendix 9) notes: "As an archipelagic country with one of the world's longest national coastlines, the Philippines is exposed to sea level rise, warmer seas and stronger storms that result from climate change. The Philippines is considered one of the world's most disaster-prone countries, with commonly occurring hazards including floods, droughts, typhoons, landslides and mudslides, earthquakes, and volcanic eruptions. Recent decades have witnessed an increase in damaging extreme events, such as heavy rainfall and tropical cyclone activity, and this trend is expected to continue under a changing climate. The PBSAP identifies ecological impacts of climate change including: timing of biological events; changes in distribution and behavior of plant and animal species; and increased frequency of pests and diseases. Climate change ultimately increases the vulnerability of species to extinction and reduces net productivity of ecosystems."

Climate change impacts can impose additional pressures on vulnerable, risk-averse rural communities, potentially leading to reluctance to participate in innovative activities. The project design mitigates this risk by facilitating new opportunities that build on existing economic activities (e.g. ecotourism and NTFPs such as honey and resin) through Social Enterprises. Support for biodiversity-friendly business development will contribute to resilience of communities as well as ecosystems to climate change. However, given the largely healthy state of natural habitats in the targeted landscapes, the risk posed by climate change to the achievement of project objectives is considered low.

Project activities relating to business and financial mechanisms/agreements (Component 2) and the investment plan for sustainable business and tourism (Component 3) will address climate risk in two principal ways. First, selection of sites and enterprises will include screening for climate risks so as to generate a portfolio of site-based activities that reflects efforts to minimize risk in individual settings and diversify risk across the set of interventions. Thus, the Project will incorporate resilience considerations into the investment selection process, informed by modeling and analysis that feeds into the NCA framework as well as supplementary site-level assessments focused on climate factors where appropriate. Second, support for enterprises will involve a set of social, environmental, safeguard and business process requirements; among these requirements the Project will include enterprise-level planning against adverse climate impacts. This planning will include disaster response (i.e. anticipating increased likelihood and severity of extreme weather events as a result of climate change) as well as adaptation to projected long-term climate change trends (i.e. seasonal shifts that affect the calendar of tourism operations).

<p>Risk 7. Facilitating the development of tourism in PA landscapes conflicts with conservation objectives.</p>	<p>Moderate P=2 I=4</p>	<p>Uncontrolled tourism investment and operations, without coordination or co-management in PA buffer-zones, and without agreement on (financial) benefits to communities, local government and PA management costs, is the project baseline scenario. Unsustainable tourism with inadequately managed visitation numbers, absence of appropriate zoning, and lack of standards and protocols can result in pressure on habitat and biodiversity. The project will reduce this risk through support for multi-stakeholder processes to agree on and apply sustainable practices, sustainability criteria, and sustainable tourism planning, investment and operations (Component 2). Project monitoring and evaluation will include specific attention to tracking and managing this risk. Additionally, the UNEP ESERN and SRIF captured this risk and have rated it as low.</p>
<p>Risk 8: The project is very ambitious for a relatively limited budget and therefore vulnerable to delays or failure in co-financing delivery, partnerships and coordination with other initiatives</p>	<p>Moderate P=3 I=3</p>	<p><i>Co-financing:</i> The UN Environment Programme Task Manager will monitor the delivery of co-financing contributions on an annual basis and follow up through the Project Steering Committee as necessary to ensure timely and complete delivery. The Mid-Term Review of the project will also assess co-financing delivery performance and provide recommendations for project management as appropriate.</p> <p><i>Partnerships and coordination with other initiatives:</i> The project design is based on a thorough stakeholder analysis and stakeholder consultation process during the PPG phase (Appendix 10 and 19), which engaged key partners and stakeholders, and ensured project alignment with national policy (Section 3.6). Particular emphasis was placed on coordination with the SIBOL project in southern Palawan, which also aims to advance NCA. Project management structures include key partners, for example the Project Steering Committee includes DENR-BMB, PSA, and the Department of Tourism. Membership of project execution and governance bodies will be reviewed at project inception, and can be modified to include other partners as needed. Finally, the baseline situation includes a final draft National Roadmap for NCA implementation in the Philippines. Alignment with this Roadmap will allow the project to benefit from agreed-upon interagency mechanisms and processes, thereby mitigating project delivery risks relating to coordination.</p>

<p>Risk 9: Possible restrictions on access to land or use of resources that are sources of livelihood</p>	<p>Low P=2 I=2</p>	<p>The project will seek to catalyze sustainable enterprises in PA landscapes, and sustainability requirements may result in some restrictions on resource use. However, these activities will be conducted through participatory processes involving resource users, and the project will ensure that safeguards including FPIC are applied. The combination of natural capital maintenance, sustained ecosystem services, economic development opportunities, and targeted incentives are anticipated to secure voluntary agreements to any needed changes in resource use. This risk also is mitigated by the establishment of a grievance mechanism (see Annex 8.4 in Appendix 10).</p>
<p>Risk 10: The project generates unequal economic and gender-biased benefits to a limited subset of the target group</p>	<p>Low P=3 I=2</p>	<p>The project will seek to ensure equitable sharing of benefits through stakeholder analysis and participatory processes. The incentives and support for SME development necessarily will only reach a subset of households in the project geographies, but additional households will be in a position to benefit in due course through replication. The project will proactively seek to engage women in green enterprise development, in line with UN, GEF and Philippines policies on gender mainstreaming. This risk also is mitigated by the establishment of a grievance mechanism (see Annex 8.4 in Appendix 10).</p>

Risk 11: The COVID-19 pandemic persists, presenting an obstacle to project activities (stakeholder engagement, data collection), recovery of the tourism sector, and finance and investment flows. Thus, there are risks related to:

1. Operations
2. Co-financing
3. Building back better? (both environmentally as well as in support of poor communities disproportionately affected by COVID).

Moderate

P=2

I=4

Although signs are encouraging, with vaccination proceeding, there is a risk that further resurgences could affect the project.

1. The PPG phase showed that consultations and engagement are possible, but more intensive interactions would have to be postponed. Precautionary restrictions on movement and gathering would risk slowing down implementation relative to the workplan, particularly for activities in the field. The principal mitigation approach is to first concentrate on activities that are desk based and amenable to virtual interactions, and defer field activities to later in the timeline. Once field activities become possible, maximize parallel execution to the extent possible so as to reconverge with the original timeline. Apply adaptive management through quarterly reassessment of timeline, reprogramming as needed/feasible. Finally, although there was a risk that pandemic response would demand the full bandwidth of government partners, interactions during the PPG phase showed continued ability and commitment within key agencies to participate.

2. There is a risk that co-financing potential may be undermined as resources are concentrated on pandemic response and recovery. The principal mitigation approach to this risk is to emphasize to sources, using NCA results, that conservation and sustainable management of natural capital offers concrete economic contributions to recovery and long-term resilience in PA landscapes. By incorporating NCA results, co-financing can help ensure that pandemic recovery investments are more likely to succeed and endure.

3. Related to 2. above, there is a risk that the bulk of pandemic recovery investment goes to major population centers and areas other than more remote and poorer PA landscapes. However, this risk is deemed minor given the national policy emphasis on developing the tourism sector, and the role of PA landscapes in this sector. Although long-term impact on tourism is not yet clear, the project's focus on ecotourism (versus unsustainable mass-market tourism) responds to a niche that is anticipated to recover and lend itself to mitigating health and safety measures. Thus the Project's emphasis on NCA and ecotourism development offer direct contributions to the aim of Building Back Better.

4. There is a risk on uncertain prospects in terms of the tourism sector recovery. The risk will be mitigated by following government protocols and aligning project protocols. On ground, the Philippine tourism sector intensified the accreditation of establishments, continuing thorough inspection and assessment, to ensure that only those accredited with the Department of Tourism and issued with a Certificate of

## 6. Institutional Arrangement and Coordination

### **Describe the institutional arrangement for project implementation. Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.**

The UN Environment Programme will implement the Project and bring to bear its vast scientific and empirical experience of critical relevance to the objectives of the project. The UN Environment Programme including through the Global Environment Facility (GEF) has in the past decades partnered with national and international organizations on the implementation of national and multi-country projects focusing on issues related to biodiversity conservation, natural capital accounting, landscape management and sustainable tourism development. The UN Environment Programme will be providing technical backstopping to the project, specifically through its expertise in initiating national natural capital accounting frameworks and applications (SEEA-EA) such as on the UNEP/GEF Maldives and UNEP/GEF Thailand projects, as well as in particular through sharing its experiences in TEEB in the Philippines, Thailand, India and other program countries. As the GEF Implementing Agency for this project, the UN Environment Programme will provide a platform for a collaborative partnership between national and international organizations which will bring the best available expertise in science and knowledge from the scientific community to partners who are working at the development interface at the national level.

As the GEF Implementing Agency, UN Environment Programme will implement the project through its Ecosystems Division with delegated authority for day-to-day supervision by a task manager based at the Asia and the Pacific Office in Bangkok, Thailand, and will be responsible for overall project supervision to ensure consistency with GEF and UN Environment Programme policies and procedures and will provide guidance on linkages with related UN Environment Programme and GEF-funded activities. UN Environment Programme will also monitor implementation of the activities undertaken during the execution of the project and will provide overall coordination and ensure that the project is in line with the UN Environment Programme Medium-Term Strategy and its Program of Work (PoW).

More specifically UN Environment Programme shall:

- ? Provide project oversight to ensure that GEF policies and criteria are adhered to and that the project meets its objectives and achieves expected outcomes in an efficient and effective manner. Project supervision is entrusted to the UN Environment Programme/GEF Task Manager and Fund Management Officer. Project supervision missions by the Task Manager and/or Fund Management Officer will be stipulated in the project supervision plan;
- ? Enter into an Execution Agreement with the lead executing agency for the provision of services to the project;
- ? Have a representative on the Project Steering Committee;
- ? Report to the GEF Secretariat on progress against milestones outlined in the CEO approval letter;
- ? Inform the GEF Secretariat whenever there is a potentially substantive co-financing change (i.e. one affecting the project objectives, the underlying concept, scale, scope, strategic priority, conformity with GEF criteria, likelihood of project success, or outcome of the project);
- ? Conduct the overall annual Project Implementation Review (PIR) to rate the project with respect to progress in meeting project objectives, project implementation progress, risk, and quality of project monitoring and evaluation, and report to the GEF Secretariat and Evaluation Office through submission of the PIR report;

- ? Review and clear manuscripts prepared by the Executing Agency before publication, and review and agree any publishing contracts;
- ? Undertake a mid-term review of the project or request the Evaluation Office (EO) to perform an independent mid-term evaluation;
- ? Ensure that EO of UN Environment Programme arranges for an independent terminal evaluation and submits its report to the GEF Evaluation Office;
- ? As deemed appropriate, facilitate access to information, advisory services, technical and professional support available to UN Environment Programme and assist the Executing Agency to access the advisory services of other United Nations Organizations, whenever necessary;
- ? Manage and disburse funds from GEF in accordance with the rules and procedures of UN Environment Programme.

The Biodiversity Management Bureau (BMB) of the Department of Environment and Natural Resources (DENR) will serve as the Executing Agency (EA) for this Project, with responsibility for Project coordination, implementation, and management of grants and contracts. DENR-BMB will establish the Project Management Unit (PMU), which will be housed at the premises of DENR-BMB-DENR in Manila. A co-financed National Project Director at DENR-BMB will be responsible for oversight of the PMU, assurance on fit with government baseline policies and programs, coordination of government partner agencies, and co-chairing the National Project Steering Committee (NPSC). The PMU will be led by a full time National Project Manager (NPM), and the NPM and Finance and Administration Officer shall be responsible for PMU administration and management. DENR-BMB, through the NPM, will have overall fiduciary responsibility for the Project, reporting to UNEP as GEF IA. The PMU will also serve as the secretariat for both the NPSC and the National Project Technical Working Group (TWG; see below). Gender expertise will also be sought for the PSC and the National Technical Working Group. Each bureau of the DENR has a designated gender focal person; the PMU will engage the DENR and its bureau to identify suitable representation with gender expertise for inclusion in the PSC and TWG.

There are three tiers in the project management structure (see figure below). The first tier is the NPSC, comprised principally of national policy/decision-makers from stakeholder institutions, including UNEP as GEF IA, and DENR-BMB as Executing Agency; the second tier consists of the PMU, which will be supported by the Technical Working Group (TWG), comprised of key stakeholder bodies from national and local levels; and a third tier at the PA landscape level in the two targeted provinces, where the Palawan Project Implementation Unit (PIU) and Davao Oriental PIU will coordinate the implementation of local activities, and the project will enter into a set of sub-contracts and agreements with local agencies, institutions and companies to undertake these activities.

The NPSC will meet not less than once each year to review and approve the annual workplans, budgets, review project progress and address significant implementation and interagency coordination issues. However additional *ad hoc* NPSC meetings may be convened as needed.

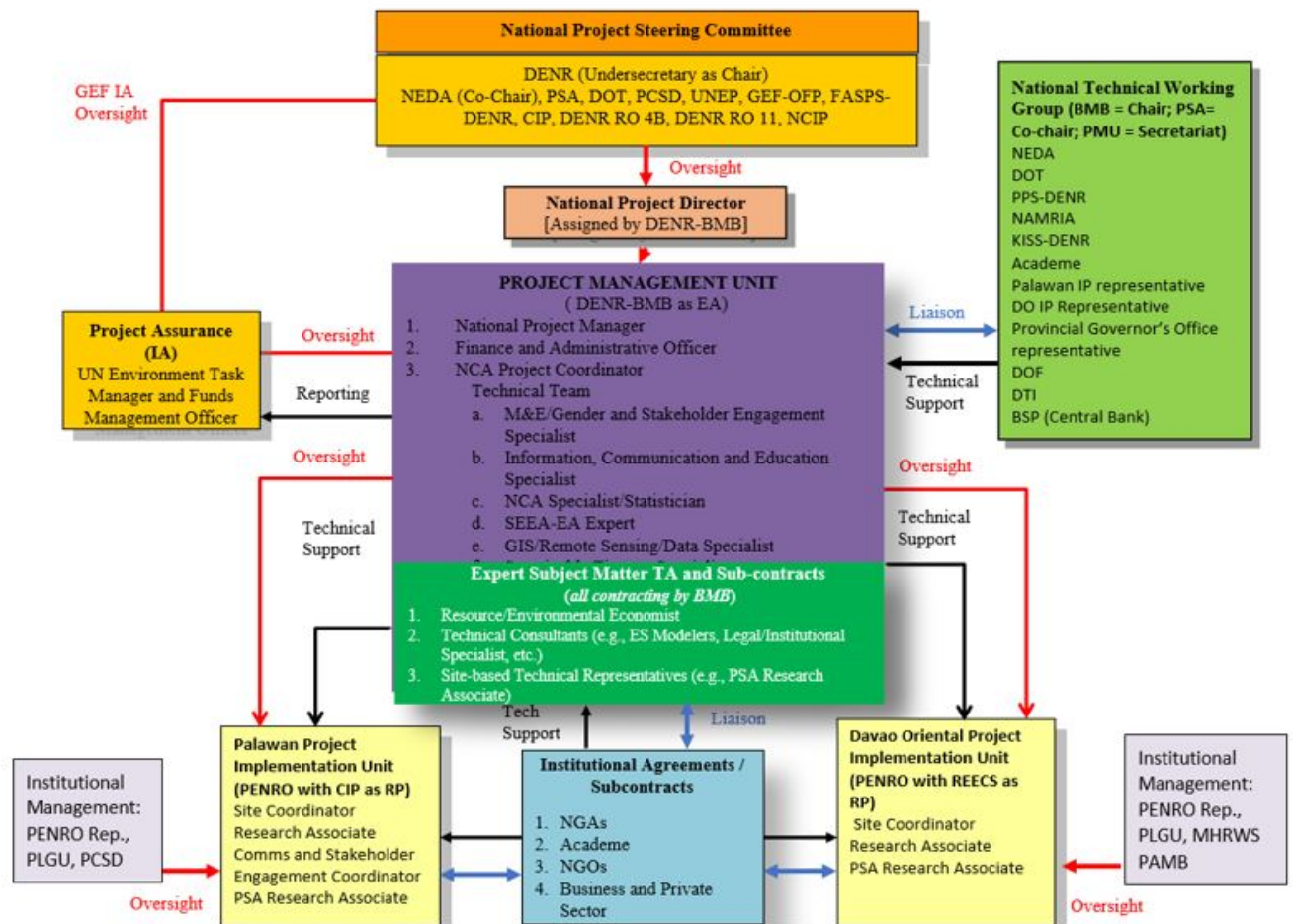
The TWG will be convened by DENR-BMB, supported by the PMU as secretariat, as needed for input, direction and coordination on related project work streams. Depending on the particular Project element to be addressed, some or all of the listed members will be involved. Additionally, the PMU may suggest inviting other representatives to participate on an *ad hoc* basis to address specific Project needs. The TWG will provide guidance to implementation of the relevant work streams, facilitate mainstreaming of project objectives into sector programmes and inter-sectoral coordination, and the sharing of knowledge and project results among sectoral agencies and related projects.

The PMU will contract technical experts, including both full-time staff for the duration of the project and shorter term contracts for targeted technical inputs. These specialized technical services in furtherance of Project activities for the duration of the Project will include a full time NCA Specialist/Statistician,

National SEEA Ecosystem Accounting Project Assistant, Remote-sensing/GIS Specialist, and Data Specialist, supported by a National Technical Science Coordinator, given the centrality of NCA approaches and data collection and management to the Project. The PMU team will include capacity with respect to gender mainstreaming, and gender considerations will be incorporated throughout team members' roles and responsibilities. The PMU will develop detailed terms of reference and through the DENR-BMB as EA arrange consultancy contracts and institutional service contracts for targeted assignments of shorter duration over the course of the Project.

Project Governance and Management Organogram

Figure 1. Implementation structure for the GEF-NCA project in the Philippines





### FigureNotes

#### NPSC

> Since this is a government-led project, the Chair shall be DENR while the co-chair is NEDA. NPSC shall be the highest decision-making body for the NCA project.

#### PMU

? DENR-BMB as the EA will run the PMU. The PMU shall be based in DENR-BMB. This shall be overseen by the National Project Director (NPD). The National Project Director (NPD) is a senior Director of the DENR-BMB, a full-time position for the achievement of objectives and results in the project. The NPD will be part of the PSC and answer to it. The NPD will be financed through national government funds (co-financing), and his/her appointment will be made by the DENR Secretary. All staff within the PMU shall be charged against the GEF project budget.

The National Project Manager, a full-time position based at the DENR-BMB PMU in Manila is tasked with the overall management of the Project and the PMU operations, including the mobilization of all project inputs, supervision over project staff, consultants, and sub-contractors.

Other positions based at the PMU include the i. Monitoring and Evaluation Specialist/Stakeholder Engagement, tasked with leading the implementation M&E activities across all components, while providing oversight to stakeholder engagement and gender mainstreaming on all project components; ii. the Natural Capital Accounting (NCA) specialist/Statistician, tasked with the implementation of project activities related to NCA on both implementation sites; iii. the Sustainable Finance Specialist, tasked with leading all finance elements of project; iv. the GIS/Remote Sensing/Data specialist, tasked with overall coordination of all Earth Observation (EO)/Remote Sensing required input data for the development of the accounts and post-accounting analytical work; The National Project Coordinator, tasked with assisting the SEEA Ecosystem Accounting Expert on its role of providing guidance on SEEA EA-related project activities. and v. the finance and administration officer, tasked with the administrative and financial management of the project.

All staff within the PMU shall be charged against the project budget.

\* Expert Subject Matter TA and Sub-contracts shall be attached to the PMU and contracted based on the project design, workplan, draft Tors and budget stated in the Project Document, and pending contractual arrangement with UNEP; individual contractors may physically be stationed within DENR-BMB, CIP, or PIU offices as appropriate. The statistician will be detailed at the Philippine Statistics Authority. Science/Technical expertise will serve both Palawan and Davao Oriental as well as national-level efforts. Consultant Terms of Reference are included as Appendix 14.

#### TWG

> The TWG shall be chaired by the DENR-BMB - Assistant Director and co-chaired by the Chief of Environment and Natural Resources Accounts Division (ENRAD), PSA. Members of the TWG shall be composed of units under DENR namely DENR-BMB-NPD, KISS, ERDB, EMB, PPS, and FMB, and other National Government Agencies such as NEDA, NCIP, DOF, BSP, DTI and DOT, academic institutions, IP Rep from Palawan and Davao Oriental and PGO of Palawan and Davao Oriental.

PIUs

> The DENR-PENRO offices in collaboration with the CIP and REECS, Inc. shall lead the PIU work in Palawan and Davao Oriental, respectively.

A DENR Special Order creating the PSC, TWG and PIU shall be issued by the DENR Secretary.

\*The PIUs shall be housed under the PENRO of the respective sites. Institutional management bodies for the PIUs shall be composed of PENRO representative, provincial Local Government Unit representative, and a conservation-organization representative (i.e. PCSD for Palawan and MHRWS PAMB for Davao Oriental). The salary shall be co-financed by the respective institutions to which these representatives belong.

#### INSTITUTIONAL AGREEMENTS/SUB-CONTRACTS

> Under the Institutional Agreements/Subcontracts aimed at project sustainability, the following institutions have been identified for potential implementation roles. This indicative list does not exclude other institutions that might be important to the implementation and sustainability of the project.

? National Government Agencies: DENR, PSA, PSRTI, NEDA, DOT, DTI, Dep. of Finance, NCIP

? Academe (Sub-Con): Western Philippines University, University of the Philippines (U.P.) Los Banos, Palawan State University, U.P. Marine Science Institute, Central Mindanao University, Ateneo de Davao, University of Southeastern Philippines

? NGOs: Non-Timber Forest Products, Bluewater Consulting, NATRIPAL (Nagkakaisang mga Tribu ng Palawan, Inc.)

? Business and Private Sector: MHRWS Cooperatives, Palawan Chamber of Commerce, Tourism Organizations

? Responsible Partners: REECS, CIP (with working arrangements to be defined in an MOU with the PENRO in each Province)

#### IA - UNEP

> UNEP through its main contract with DENR-BMB as lead EA, conduct project oversight, quality control, technical backstopping where needed and appropriate as well as the review of cash and expenditure statements, GEF budget release.

Project Implementation Units (PIUs) will be established by DENR-BMB with CIP and REECS as Responsible Partners for field implementation in Palawan and Davao Oriental respectively. The Responsible Partners will work with the PENRO of each Province, per roles and responsibilities defined by MOU. These Units will be responsible for managing local stakeholder processes, channeling technical support to local government agency partners, organizing data and information collection, overseeing field studies and assessments, facilitating links between financing programs and local (community-based) enterprise, and administering all other field activities programmed under the Project. A Site Research Assistant/Statistician, reporting to the project's National NCA Specialist/Statistician within PSA ENRAD, will be based in one of the two PIUs and tasked with site-level NCA-project related; Other positions based at the PMU include the i. Project Site Coordinator, tasked with overseeing the implementation and delivery of site targets interventions; ii. Project site Communication and Stakeholder Engagement Coordinator (Palawan only), tasked with leading the implementation of communications, outreach, education, knowledge management and stakeholder engagement; iii. Project site Research Associate, tasked with identification, gathering, documentation, and sharing of all-data, information gathering required by site-level implementation of analytical work and project interventions.

Draft Terms of Reference for these bodies and key project staff posts and consultancies are provided in ProDoc Appendix 14.

### ***Project Management at the national level***

Day-to-day Project administration will be carried out by the Project Management Unit (PMU) housed in the DENR-BMB, consisting of the National Project Manager (NPM) and a supporting team of M&E Specialist, Communication Specialist, Finance and Administration Officer, and National NCA Statistician. The Statistician will be contracted by the Project and a PMU member, but assigned at the PSA-ENRAD, and will be responsible for aligning Project work on NCA with national systems, processes and priorities as led by the PSA.

The NPM will lead daily execution of project activities, in close consultation with the Project Director at DENR-BMB. The NPM will serve as secretariat to the NPSC and will be responsible for compiling reports. Project Work and Budget Plans shall be prepared by the PMU and approved by the NPSC and UNEP as recommended by the NPD. The NPM will manage, with the support of PMU staff, and with technical input from consultants and sub-contractors, implementation of all project activities, including: (i) preparation/updates of project work and budget plans, record keeping, accounting and quarterly and annual progress reporting; (ii) drafting of terms of reference, technical specifications and other documents as necessary; (iii) identification/development of ToR and supervision of TA consultancies and sub-contractors, per DENR procurement requirements and approval of the NPSC and UN Environment Programme; (iv) organization of duty travel, seminars, public outreach activities and other project events; and (v) maintaining working contacts with project partners at the central and local levels. In addition, the NPM will supervise and coordinate the work of consultants and sub-contractors to provide substantive technical guidance and inputs to each of the project components. TORs for key project staff and consultant positions are provided in Appendix 14, including for the main project management units.

The PMU is accountable to the NPD and the EA for the quality, timeliness and effectiveness of the activities carried out, as well as for the use of funds. The PMU will produce Annual Work Plan and Budget Plans to be approved by the NPSC and UNEP. These plans will provide the basis for allocating resources to planned activities. The NPM ? assisted by the Finance and Administrative Officer, will produce quarterly expense and cash advance reports, as well as the required Semi-Annual Progress Reports (SAPR) and Project Implementation Review (PIR) reports for submission to UNEP. These reports will summarize the progress made by the project versus the expected results, explain any significant variances, detail the necessary adjustments and serve as the main reporting mechanism for monitoring project activities. The project through the PMU will also be technically supported by contracted national and international service providers. Recruitment of specialist services for the project will be done by the PMU in consultation with the DENR-BMB and PSA. The PMU will also liaise and work closely with partner institutions to ensure good coordination with other complementary national programmes and initiatives. The TWG and PIUs are key mechanisms for such engagement. The organogram for project management (see above) illustrates the relationships between the main project implementing partners.

### ***Project Management at the Local Level***

Local PIU Offices will be established within the PENROs in Palawan and Davao Oriental and supervised and supported by the PMU. The PIUs will be led by local Site Coordinators, with support from Research Associates. The PIUs will be responsible for leading site-level implementation of the project.

The PENRO through the PIUs shall be responsible for local capacity-building and mainstreaming, and facilitate effective flow of information and coordination between and among the national and local partners.

There will be equitable participation of women on local level committees and groups related to project activities including community co-management, training and awareness activities, per the Stakeholder Engagement Plan and Gender Mainstreaming and Action Plan.

### **Coordination with other GEF and non-GEF interventions**

Coordination with GEF and other initiatives will be ensured through DENR-BMB and UNEP, who are engaged in related initiatives in the Philippines. This Project is concerned with using NCA to help

mainstream biodiversity conservation into planning and decision-making by government as well as the private sector and local communities, with a sectoral focus on ecotourism. This requires effective coordination between government agencies at multiple levels, between public and private sectors, and between these actors and local communities. The proposed Project will coordinate with several GEF-supported and other initiatives to reinforce such coordination. Through building capacity and understanding among individuals and institutions, this project will extend the impacts of other projects that are more narrowly concerned with delivery of technical solutions at particular locations for protection of biodiversity, and contribute towards their sustainability. Due to its high biodiversity value and its high potential for sustainable tourism, there are various significant projects that have been or are currently supported by multilateral and bilateral development partners. The most relevant of these to this Project are included in the table below.

### Summary of Related Projects

Project	Relationship to Project
<p><b>GEF Projects</b></p> <p>UNDP-GEF ?Partnerships for Biodiversity Conservation: Mainstreaming in Local Agricultural Landscapes/Biodiversity Partnerships Project (BPP), 2010-2017, USD 4.5 million GEF grant.</p>	<p>This biodiversity mainstreaming project conducted various baseline activities that are relevant to the proposed Project, including a policy framework for BD-focused strategic environmental assessment, BD-friendly agriculture practices and BD-friendly enterprises, including tourism businesses. It also conducted baseline assessments and social preparation of LGUs to encourage biodiversity-friendly business development in 8 sites in Luzon, Palawan, Negros-Panay, Mindoro and Mindanao. The extensive experience built through this project and methodologies developed e.g. by the Institute for Small-Scale Industries (ISSI) will be applied by the project in the resource surveys, market feasibility studies and process for ?enterprise/business incubation? towards development of the Social Enterprises of output 2.1.5. The project will also approach the various Business Support Centers established at the local government level to assist in the development and capacity building for Social Enterprises in the targeted PAs.</p>
<p>ADB-GEF - Integrated Natural Resources and Environmental Management Project. USD 120 million project with GEF grant of USD 2.5, running until 2020, and executed by DENR with Department of Agriculture..</p>	<p>This sustainable watershed management project is to increase revenues of LGUs, people?s organizations, and indigenous and peoples? organizations-based watersheds through enterprises from watershed management, biodiversity conservation, and livelihood investments. One of its schemes in the Chico river watershed is establishing a PES scheme. The GEF project will build upon the methodologies developed and lessons learned for its own PES work and to contribute to the development of the National PES Policy and Legal Framework.</p>
<p>Capturing Coral Reef &amp; Related Ecosystem Services (CCRES) project (WB, GEF and other sources)</p>	<p>The proposed GEF project will benefit from the various models, tools and knowledge products established by CCRES, specifically related to mapping socio-ecological systems at the PA sites, as well as simulating future market scenarios and analysis for business value chains and developing sustainable enterprises. The CCRES pilot in El Nido, Palawan seeks to unlock new sustainable income streams for local communities, which aligns with the proposed Project?s work on Social Enterprises (Component 2).</p>

<p>UNEP-GEF 6 projects like the project in the Maldives on "Enhancing National Development through Environmentally Resilient Islands (ID 9668 - ENDhERI) as well as the project in Thailand on "Integration of Natural Capital Accounting in public and private sector policy and decision-making for sustainable landscapes (ID9542)"; CI-GEF 6 project in Liberia "Conservation and Sustainable use of Liberia's Coastal Natural Capital"</p>	<p>The presently proposed project will benefit from these GEF 6 initiatives, specifically with regards to the development and application of NCA for sustainable development; formats being adopted, geographies and data sources being selected to retain feasibility of those initiatives, as well as external expertise available to help the government to increase its capacity.</p>
<p>UNDP-GEF - Marine Key Biodiversity Areas (MKBA) Project (2014-2019; USD 8 million)</p>	<p>This national initiative sought to strengthen the Marine Protected Area System to conserve marine biodiversity found in Key Biodiversity Areas at five pilot sites: Verde Island Passage, Lanuza Bay, Davao Gulf, Southern Palawan, and Tanon Strait. The project's key outputs are to improve management effectiveness and financial sustainability of the MPAs. Lessons learnt from this project constitute important baseline information for the proposed GEF Project towards local institutional arrangements for enhancing financial sustainability of PAs.</p>
<p><b>Non-GEF Projects</b></p>	
<p>UN Environment Programme - TEEB national project Philippines</p>	<p>TEEB (The Economics of Ecosystem Services)[1] led by UN Environment Programme since 2008, has extensive technical expertise, access to an international network of specialized agencies and experts, as well as the methodological basis and tools available to support expansion and mainstreaming of NCA in the Philippines. One of the key NCA programs of TEEB was the Advancing Natural Capital Accounting (ANCA) project completed in 2016, implemented with the United Nations Statistical Division (UNSD), the UN Environment Programme "TEEB Office in Geneva, as well as the CBD Secretariat. This project generated a relevant series of guidelines, tools and methodology based on SEAA.[2] Under the Project, DENR-BMB, PSA and partners will consider these resources in designing capacity-building programs and communications and awareness materials. The national TEEB project in the Philippines, although focused on Manila Bay, is an important methodological and capacity building step, which facilitates uptake of NCA and valuation activities to be conducted under the proposed Project. Alignment of training approaches and communications and awareness-building efforts between the Project and the TEEB work will ensure consistent messaging.</p>
<p>UN Environment Programme "Transforming Tourism Value Chains in Developing Countries and Small Island Developing States (SIDS) to Accelerate Resilient, Resource Efficient, Low Carbon Development" including in collaboration with the Department of Tourism, Philippines (2017-2020; budget "4,978,811; extended to Sep. 2021)</p>	<p>This initiative focuses on reducing the carbon footprint of tourism investments and of accommodation, food &amp; beverage, and events. The proposed GEF Project will apply lessons learned and best practices with respect to ecotourism investments under this initiative. The Project will also seek to build on the initiative's success in developing partnerships with a wide range of corporate actors.</p>

BIOFIN-Philippines	This project includes ambitious, innovative efforts to advance sustainable financing for PAs and biodiversity conservation. The proposed Project will build on BIOFIN pilots and other outputs to facilitate PES schemes, catalyze local sustainable enterprise development, and use NCA results to reinforce efforts to establish Ecological Fiscal Transfers as a PA financing solution. Coordination will include alignment of messaging, harmonizing data collection and presentation, and working with BIOFIN on processes and approaches for developing sustainable PA Business Plans.
Philippines Sustainable Interventions for Biodiversity, Oceans, and Landscapes (SIBOL) (2020-2025; budget USD 22 million)	The goals and design of this USAID-funded effort are closely aligned with the proposed Project. It includes site-based work in southern Palawan, which will require close coordination to ensure that: data collection and use are harmonized; training activities to build relevant capacity are mutually reinforcing and not duplicative; messaging to LGUs, provincial government, and other stakeholders is consistent; and investments in enterprises and other financing solutions maximize synergies and avoid redundancies. The fact that Project Resource Partner REECS is also involved in SIBOL will facilitate such coordination.
Environmental-Economic Accounting for Evidence-Based Policy in Africa and Asia	The recently launched UNSD-led effort (May 2021) is a three-year project (2020-2022) to address the technical and institutional barriers to the establishment of environmental-economic accounts at the national level?by national statistical offices. UNSD will work closely with the PSA to strengthen SEEA implementation according to the global implementation strategy for the SEEA. Project activities in the Philippines will focus on strengthening the institutional framework in support of SEEA implementation.?The tentative accounts to be compiled include national-level land and ecosystem extent accounts.?The project will be implemented in collaboration with other partners such as UNESCAP and Conservation International, which will ensure coordination with regional work implemented by this GEF NCAA project.

Ecosystem-based management and application of ecosystem values in two river basins in the Philippines (2019-2023; funded by Government of Germany ? GIZ/BMU; USD 5.6 million)

The project supports national policies and contributes to improve the coordination and integration of sectors through an ecosystem-based approach. Key outputs will be the reduction of hazard prone households, improved water availability and quality and biodiversity conservation in the Ilog-Hilabangan River Basin in the Visayas Region and the Tagum-Libuganan River Basin in Mindanao. The project aims to provide impetus for improving the fragmented water governance regime and aims at using the values of ecosystem services as a basis for the private sector buy-in, to contribute to the financing of conservation and protection measures that help to maintain ecosystem services and protected areas and thereby reducing vulnerability to disasters and climate change. Ecosystem service valuation and improved natural capital management under this initiative aligns closely with the proposed project, so the project (i.e. through the PMU) will engage through the DENR to exchange lessons learned and align policy work.

[1] <http://www.teebweb.org/>

[2] E.g. <http://www.teebweb.org/areas-of-work/advancing-natural-capital-accounting/>

## 7. Consistency with National Priorities

Describe the consistency of the project with national strategies and plans or reports and assessments under relevant conventions from below:

NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc.

- National Action Plan for Adaptation (NAPA) under LDCF/UNFCCC
- National Action Program (NAP) under UNCCD
- ASGM NAP (Artisanal and Small-scale Gold Mining) under Mercury
- Minamata Initial Assessment (MIA) under Minamata Convention
- National Biodiversity Strategies and Action Plan (NBSAP) under UNCBD
- National Communications (NC) under UNFCCC
- Technology Needs Assessment (TNA) under UNFCCC
- National Capacity Self-Assessment (NCSA) under UNCBD, UNFCCC, UNCCD
- National Implementation Plan (NIP) under POPs
- Poverty Reduction Strategy Paper (PRSP)
- National Portfolio Formulation Exercise (NPFE) under GEFSEC

- Biennial Update Report (BUR) under UNFCCC
- Others

The Project directly contributes to Section 20 of the Philippine Development Plan (PDP: 2017-2022), particularly Subsector Outcome 1: Biodiversity and functioning of ecosystem services sustained. The project will develop Ecosystem Accounts through assessment and valuation of various ecosystems and their attendant ecosystem services, and use NCA-generated results to improve finance and management in two PA landscapes. By contributing to improved financing and stronger PA landscape management, the Project will help sustain biodiversity and functioning of ecosystem services. This PDP Outcome will be further supported by using NCA-generated results to mainstream ecosystem values into national and local development planning. For example, under Output 1.2.1 analysis of alternative scenarios for the Palawan Environmentally Critical Areas Network (ECAN) Management Program will inform zoning based on natural capital value, and stimulation of biodiversity-friendly enterprises/businesses (e.g. sustainable agriculture, tourism and fisheries), both of which reinforce national (PDP) and Palawan Council for Sustainable Development (PCSD) priorities. The Project's contribution to implementing NCA in the Philippines will also include support for monitoring capacity of the PSA and DOT, corresponding to the "Manila Call for Action on Measuring Sustainable Tourism" (June 2017), which is fully endorsed by the Philippines government.

The GEF NCA project also aligns with gender mainstreaming priorities reflected in the Harmonized Gender and Development Guidelines (HGDG) for Project Development, Implementation, Monitoring, and Evaluation, developed by NEDA and the Philippines Commission on Women with other government agencies. The HGDH seeks to foster (1) complying with Republic Act No. 7192, known as the Women in Development and Nation-Building Act and its Implementing Rules and Regulations; (2) integrating a gender and development (GAD) perspective in development planning processes and various stages of the project cycle; and (3) addressing the issues of inadequate sex-disaggregated data and statistics for development planning and programming. The Gender Mainstreaming Action Plan (GMAP) for the NCA project aligns with each of these three priorities.

Natural Capital Accounting is confirmed as a national priority in a plan for institutionalizing NCA (aka. NCA Roadmap),<sup>[1]</sup> developed under the leadership of the National Economic and Development Authority (NEDA) and currently under review by the Philippine Statistics Authority (PSA) board.<sup>[2]</sup> Recognizing the complexity of accounting data requirements, the Roadmap proposes a standardized ENR database to serve as a repository of input data for generation and sharing of NCA-generated results; it also envisions linking ecosystem accounting to the existing System of National Accounts. The plan recognizes the need for capacity-building to expand required analytical skills and for clear guidelines for measurement and valuation approaches. The PSA is tasked with compilation of national and subnational asset and ecosystems accounts, as well as natural capital-adjusted macroeconomic indicators, and has overall responsibility for NCA institutionalization. NEDA, the chair of the PSA Board, will provide strategic direction and guidance, with support from the Interagency Committee on Environment and Natural Resources Statistics (IACENRS). The Project design directly contributes to implementation of the NCA Roadmap, and its Institutional Framework and Implementation Arrangements reflect these roles and responsibilities.

The Project also will directly contribute to Republic Act No 7586 (1992), providing for the establishment and management of the National Integrated Protected Areas System (NIPAS), as amended by Republic Act No. 11038 or the Expanded NIPAS Act (2018). Section 16 on the Integrated Protected Areas Fund (IPAF) seeks to enhance financing of the NIPAS; through enterprise development, community-based Social Enterprises, and PES, the Project will generate additional funding for PA management. Per the aforementioned legislation, 75% of locally generated funds will be retained and channeled to PA management through local IPAF trust funds.

The Project offers clear contributions to achievement of targets in the Philippines Biodiversity Strategy and Action Plan (PBSAP), as indicated in the table below:



### PBSAP Targets and Project Relevance

PBSAP Targets	Project Relevance
Target 1: By 2028, the conservation status of nationally and globally threatened species in the country from 2016 levels is maintained or improved	<ul style="list-style-type: none"> <li>i. Enhanced financing and planning will improve management in PA landscapes in Palawan and Davao Oriental, thereby helping maintain or improve conservation status of species</li> <li>ii. Nature-based enterprise development will align local incentives with conservation objectives</li> </ul>
Target 7: By 2028, as result of improved conservation, ecosystem services provided by key biodiversity areas will be enhanced ( <i>as measured e.g. by ?Number of irrigation systems and water systems for domestic use that are sourced from KBAs and volume and quality of water from these sources? and ?Number of sites in KBAs that serve as ecotourism destinations?</i> )	<ul style="list-style-type: none"> <li>i. Enhanced financing and planning will improve management in PA landscapes, thereby improving conservation and enhancing ecosystem services</li> <li>ii. Nature-based enterprise development will align local incentives with conservation objectives</li> <li>iii. NCA systems will enhance monitoring capacity</li> <li>iv. Financing will support ecotourism development</li> </ul>
Target 9: By 2028, there will be an annual increase of at least 5% in biodiversity conservation related jobs ( <i>as measured in # jobs in ecotourism, sustainable agriculture, ecosystem restoration</i> )	<ul style="list-style-type: none"> <li>i. Enhanced financing for management in PA landscapes will generate related jobs</li> <li>ii. Financing will support ecotourism development, thereby generating jobs</li> <li>iii. Financing will support other biodiversity-friendly enterprise (e.g. NTFPs), thereby generating jobs</li> </ul>

The project will deliver on the National Tourism Development Plan 2016-2022 (2017), which has as Vision *Develop a globally competitive, environmentally sustainable and socially responsible tourism industry that promotes inclusive growth through employment generation and equitable distribution of income thereby contributing to building a foundation for a high-trust society?*. The Project will advance this Vision under Component 1 by implementing accounts to measure sustainable tourism and its dependencies on ecosystem services, and by supporting ecotourism development in PA landscapes under Component 2. Alignment is further demonstrated by the fact that the targeted PA landscapes are situated in prioritized Tourism Cluster Development Zones. Although the Plan period ends in 2022, the Vision will remain pertinent such that the project is directly relevant to continued efforts to develop the tourism sector of the Philippines. Likewise, Component 2 of the Project also is aligned closely with the National Ecotourism Strategy & Action Plan 2013-2022 (NESAP: DENR-DOT 2014), as indicated in the table below:

### NESAP Strategies and Project Relevance

NESAP Strategies	Project Relevance
Strategy 1: Developing and marketing diversified and competitive ecotourism products	The Project will contribute through tourism market assessments informed by NCA-generated results, as well as support for planning and capacity-building with respect to formulating and deploying local ecotourism development strategy.

Strategy 2: Creating conducive environment for ecotourism investments.	Stronger and more securely financed conservation management in PA landscapes will maintain and enhance the tourism asset base, thus improving the environment for ecotourism investments. The Project also will directly facilitate local enterprise access to public and private investment and credit sources.
Strategy 6: Developing and strengthening partnerships	The Project will facilitate multi-stakeholder partnerships among communities, entrepreneurs, government and funding sources, for the purposes of planning, decision-making, and financing arrangements.

Finally, the Project is closely aligned with national priorities articulated through Sustainable Development Goals, as indicated in the table below:

### SDG Targets and Project Relevance

SDG	Target	Project Relevance
SDG 8	Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	Support for sustainable tourism development will help create jobs and opportunities for community-based entrepreneurship and SMEs. The Project includes a focus on facilitating access to loan, credit and grant programs, including engagement of the financial services sector.
SDG 8	Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programs on sustainable consumption and production, with developed countries taking the lead	The motivation for implementing NCA under the Project is to improve planning and decision-making that incorporates the value of natural capital and biodiversity. Recognition of this value will enable more efficient consumption and production decisions, with reduced environmental degradation.
SDG 14	Target 14.2: By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans	Priority geographies in the Project include marine and coastal ecosystems in Palawan, where NCA-generated results will rationalize greater budget allocations and other financing for improved sustainable management.
SDG 15	Target 15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	By enhancing the management effectiveness of PAs and wider PA landscapes, the Project will help maintain and improve freshwater ecosystems, reinforced by inclusion of freshwater ecosystem services in the NCA framework in the Philippines.
SDG 15	Target 15.9: By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts	The central role of NCA in the Project, and the aim to support the government in implementation of its National NCA Roadmap, directly advance this Target.
General		As an important application of NCA, Output 1.2.3 will be the use of NCA-based indicators to monitor contributions to policy goals including those of the PDP, PBSAP and SDGs.

The project also aligns closely with the UN country plan for the Philippines, the *Partnership Framework for Sustainable Development (PFSD) 2019-2023*, updated by the *UN Socioeconomic and Peacebuilding Framework for COVID-19 Recovery in the Philippines 2020-2023*. The outcomes statement for the Framework's Prosperity and Planet pillar is: Urbanization, economic growth, and climate change actions are converging for a resilient, equitable, and sustainable development path for communities. This pillar relates to adoption and implementation of plans relating to climate, development, and disaster risk reduction (Outcome Indicator 1), employment linked to green practices (Outcome Indicator 2), national and local government agency budgeting for climate change adaptation and mitigation (Outcome Indicator 4) and effective management of protected areas (Outcome Indicator 5). Natural Capital Accounting and its application to improved financing for and management in PA landscapes directly contributes to each of these indicators. It also aligns with the Framework's emphasis on evidence-based policy-making and planning, and monitoring and data generation that supports cross-sectoral, integrated research and analysis. Climate Change Adaptation (CCA) is highlighted as an area in need of greater investment in the Philippines; the project, by using NCA to capture the value of ecosystem services include those that relate to CCA, will strengthen the ability of government agencies and others to incorporate these services and into CCA planning and decision-making.

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[1] Information on this section is based on NEDA. 2020. Road map to institutionalize Natural Capital Accounting in the Philippines. National Inception Workshop to the GEF NCAA project. Manila, Philippines. Presented by Ms. Diane Gail L. Maharljan, Assistant Director/NEDA.

[2] <https://www.pna.gov.ph/articles/1085015>

## 8. Knowledge Management

**Elaborate the "Knowledge Management Approach" for the project, including a budget, key deliverables and a timeline, and explain how it will contribute to the project's overall impact.**

**Knowledge Management:** Component 4 will support the implementation of Components 1-3 through knowledge management and monitoring and evaluation activities. The two areas of activity under Component 4 are: improved knowledge management and sharing of lessons learned on NCA and promotion of sustainable ecotourism; and ensuring that the project monitoring system operates smoothly, systematically provides information on progress, and informs adaptive management to ensure results. These activities will provide substantive inputs for gender-sensitive communications efforts that include the development and regular updating of a project website with project news, results and knowledge resources. Lessons learned under the project will be captured in case studies to inform stakeholders and wider audiences. At strategic junctures in the project, national and local media will be engaged to assist dissemination and mainstreaming. Gender-sensitive communication & publication principles that will be applied include:

- ? Use of both male and female authors and reviewers for diversity of perspectives
- ? Use of gender-sensitive language and gender-balanced images (with positive depictions of women as agents of change)
- ? Use of gender analysis to shape context and content (use gender arguments based on reliable sources and qualitative and quantitative data including sex-disaggregated data)
- ? Reference to relevant international and national policy frameworks, policies, strategies and plans relating to gender equity and mainstreaming

The budget for knowledge management activities is USD 306,924.

### ***Knowledge Management Objectives***

- i. By the end of the project, the Executing Agency will have created a system of Knowledge Management (e.g. containing multiple services lines such as annual stakeholder forums, cataloguing of reports) that captures learning from the process of implementing the project to inform replication.
- ii. By the end of the project, a majority of project documents (including monitoring and evaluation results, case studies and best practices, planning documents, etc.) are available on a publicly accessible digital platform, and stakeholders have the means to access available Knowledge Management Products.

**Knowledge Management Approaches:** The following efforts are intended to ensure that information produced through the project is used, accessible, shared, and available for comment/feedback.

1. **External Content Availability:** This includes creating systems and protocols for collecting monitoring and evaluation reports, research reports, scientific and social findings, and other content generated through the project; and then cataloguing it and making it accessible.

? Project materials should include materials in the local language for sharing knowledge with local audiences.

? Knowledge to be shared (written or filmed) and accessible forms (e.g. via the web) and by taking advantage of existing, multiple opportunities (e.g. school libraries).

? Knowledge is catalogued, resulting in a bibliography at the end of the project of content generated through the project.

? A system should be in place to inform project partners and the public about the availability of new Knowledge Products.

2. **Internal Capacity Building:** These include efforts to capture knowledge about the process of the project, in addition to the content.

? Minimum outputs include a Project Webpage with a catalogued resource tab leading to a digital resource library;

? Additional service lines should encourage multi-directional learning, and can include workshops, webinars, web pages, databases, conferences, meetings, scientific meetings, e-learning forums, knowledge networks, newsletters, and technical reports.

### 3. Knowledge Management Tools to use in the Project:

? Digital copies of documents made accessible via a website or online hosting platform

? Contribute to and take advantage of (including links to) DENR-BMB, DENR, NEDA, PSA and DOT as well as local websites

? Local and national stakeholder forums, workshops, exchange opportunities

? Printed Materials

? Shared Photo Database

? Use of alerts or social media to inform partners and the public about newly available KM Products.

## 9. Monitoring and Evaluation

### Describe the budgeted M and E plan

The project will follow UNEP standard monitoring, reporting and evaluation processes and procedures. Substantive and financial project reporting requirements are summarized in Appendix 8. Reporting requirements and templates are an integral part of the UNEP legal instrument to be signed by the executing agency and UNEP.

The project M&E plan is consistent with the GEF Monitoring and Evaluation policy. The Project Results Framework presented in Appendix 4 includes SMART indicators for each expected outcome as well as mid-term and end-of-project targets. These indicators along with the key deliverables and benchmarks included in Appendix 6 will be the main tools for assessing project implementation progress and whether project results are being achieved. The means of verification and the costs associated with obtaining the information to track the indicators are summarized in Appendix 7. Other M&E related costs are also presented in the Costed M&E Plan and are fully integrated in the overall project budget.

The M&E plan will be reviewed and revised as necessary during the project inception workshop to ensure project stakeholders understand their roles and responsibilities vis-à-vis project monitoring and evaluation. Indicators and their means of verification may also be fine-tuned at the inception workshop. Day-to-day project monitoring is the responsibility of the project management team but other project partners will have responsibilities to collect specific information to track the indicators. It is the responsibility of the Project Manager to inform UNEP of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely fashion.

The project Steering Committee will receive periodic reports on progress and will make recommendations to UNEP concerning the need to revise any aspects of the Results Framework or the M&E plan. Project oversight to ensure that the project meets UNEP and GEF policies and procedures is the responsibility of the Task Manager in UNEP-GEF. The Task Manager will also review the quality of draft project outputs, provide feedback to the project partners, and establish peer review procedures to ensure adequate quality of scientific and technical outputs and publications.

Project supervision will take an adaptive management approach. The Task Manager will develop a project supervision plan at the inception of the project which will be communicated to the project partners during the inception workshop. The emphasis of the Task Manager supervision will be on outcome monitoring but without neglecting project financial management and implementation monitoring. Progress vis-à-vis delivering the agreed project global environmental benefits will be assessed with the Steering Committee at agreed intervals. Project risks and assumptions will be regularly monitored both by project partners and UNEP. Risk assessment and rating is an integral part of the Project Implementation Review (PIR). The quality of project monitoring and evaluation will also be reviewed and rated as part of the PIR. Key financial parameters will be monitored quarterly to ensure cost-effective use of financial resources.

In line with UNEP Evaluation Policy and the GEF's Monitoring and Evaluation Policy the project will be subject to a Terminal Evaluation (TE) and, additionally, a Mid-Term Review (MTR) will be commissioned and launched by the Project Manager before the project reaches its mid-point. The need for a Mid-Term Evaluation will be discussed with the Evaluation Office, yet only in case of repeated low PIR ratings or other 'above-average' concerns with regards progress and performance of the project.

The MTR will include all parameters recommended by the GEF Evaluation Office for terminal evaluations and will verify information gathered through the GEF tracking tools, as relevant. The review will be carried out using a participatory approach whereby parties that may benefit or be affected by the project will be consulted. Such parties were identified during the stakeholder analysis (see Section 5 of the project document). The project Steering Committee will participate in the mid-term review and develop a management response to the evaluation recommendations along with an implementation plan. It is the responsibility of the UNEP Task Manager to monitor whether the agreed recommendations are being implemented.

In-line with the GEF Evaluation requirements and the UNEP Evaluation Policy, the project will be subject to a Terminal Evaluation. The Evaluation Office will be responsible for the Terminal Evaluation (TE) and will liaise with the task manager throughout the process.

The TE will provide an independent assessment of project performance (in terms of relevance, effectiveness and efficiency), and determine the likelihood of impact and sustainability. The project performance will be assessed against standard evaluation criteria using a six-point rating scheme. It will have two primary purposes: (i) to provide evidence of results to meet accountability requirements, and (ii) to promote learning, feedback, and knowledge sharing through results and lessons learned among UNEP staff and implementing partners. The direct costs of the evaluation will be charged against the project evaluation budget. The TE will typically be initiated after the project's operational completion. If a

follow-on phase of the project is envisaged, the timing of the evaluation will be discussed with the Evaluation Office to feed into the submission of the follow-on proposal.

The draft TE report will be sent by the Evaluation Office to project stakeholders for comment. Formal comments on the report will be shared by the Evaluation Office in an open and transparent manner. The final determination of project ratings will be made by the Evaluation Office when the report is finalised.

The evaluation report will be publicly disclosed and will be followed by a recommendation compliance process. The evaluation recommendations will be entered into a Recommendations Implementation Plan template by the Evaluation Office. Formal submission of the completed Recommendations Implementation Plan by the project manager is required within one month of its delivery to the project team. The Evaluation Office will monitor compliance with this plan every six months for a total period of 12 months from the finalisation of the Recommendations Implementation Plan. The compliance performance against the recommendations is then reported to senior management on a six-monthly basis and to member States in the Biennial Evaluation Synthesis Report.

A consolidated outcomes impact evaluation and reporting will be conducted at the end of the project. This activity will form part of the overall project monitoring and evaluation plan focused on the main outcome indicators in the Results Framework, METT as well as GEF Core Indicators, and has as prime purpose to standardize and consolidate methods, data enumeration as well as reporting at midterm and end of the project. GEF budget has been allocated to meet TA costs towards the establishment of an agreed methodology, conduct capacity building of the partner agencies and data enumerators, conduct data analysis and evaluation, as well as the consolidated reporting at midterm and end of the project. The results will feed into the Midterm Review as well as the independent Terminal Evaluation. The final consolidated report on this would be prepared during the last 6 months of the project. The report at midterm of project will concern the preliminary data capture and analysis but not yet the full evaluation of results. This activity may also consider additional indicators, if needed and feasible with the available resources. Lastly, the establishment of an agreed methodology, as well as capacity building of the partner agencies and data enumerators, will take place during the first 12 months of the project, including re-confirming baseline values of the Results Framework indicators and targets. The M&E Plan and any revisions will be reviewed by UNEP as well as the project steering committee during the inception of the project.

The GEF tracking tool on PA Management Effectiveness as well as the tracking sheet on GEF Core Indicators are attached as Appendix 18 and 4.1, respectively. These will be updated at mid-term and at the end of the project and will be made available to the GEF Secretariat along with the project PIR report. As mentioned above the mid-term and terminal evaluation will verify the information of the tracking tool. The table below shows the costed M&E activities.

Type of M&E activity	Responsible Parties	GEF Budget US\$	Cofinancing US\$	Time frame
Inception Workshops on Project Implementation (National, Palawan, and Davao Oriental) (among the 3 components)	PMU: M&E Staff, Project Manager	\$1,256	Partner staff time to review report	Within three months of project start up
	National Project Director			
Inception Report	PMU: M&E Staff, Project Manager,	Electronic copies only	Partner staff time to review report	Within one month of Inception Workshop

Type of M&E activity	Responsible Parties	GEF Budget US\$	Cofinancing US\$	Time frame
	REECS & CIP (for their major role in the sites programs)			
M&E Plan development	M&E staff	\$ 45,830.00	Partner staff time to review report	Outcome indicators: Start, mid and end of project
Measurement of Means of Verification for Project Indicators (outcome, progress and performance indicators, GEF Core Indicators; staff & institutional capacity building score cards, measure/tracking sustainable tourism, enhanced finance and PA management effectiveness, gender aspects, and community welfare?	PMU	(Full time staff hired to do the development and measurements)		Progress/performance indicators: annually. Midterm and End-of-project
Project M&E performance report ? midterm and end of project	M&E staff plus PMU, sites coordinators			
PIR	PMU: M&E Staff, Project Manager	None	Partner staff time to review report	Annually, on or before 31 August
	UNEP Task Manager (TM)			
Cofinancing reports	PMU: Project Manager	Electronic copies only	Partner staff time to provide information	Annually for input to PIR, ie on or before 31 July. Advised to prepare semi-annually for progress reports
	Project Co-financiers			

Type of M&E activity	Responsible Parties	GEF Budget US\$	Cofinancing US\$	Time frame
SA Progress reports to UNEP	PMU: Project Manager	Electronic copies only	Partner staff time to review draft reports	Half-yearly, within one month of the end of the reporting period i.e. on or before 31 January and 31 July
Project Steering Committee Meetings & Reporting	Project Manager will organize meetings and act as secretary to NPSC	\$15,923	Partner staff time to participate in meetings and review reports. Partner meeting space, where possible.	Semestral
Tracking system & assessment for tourism data, and other data needed for the accounts to be created in Palawan and Davao Oriental	PIU Site Coordinators will organize meetings and act as secretary.  M&E Staff, PMU	\$ 45, 830.00 (Full time staff to conduct the assessment)  \$1,240 (components 3 and 4 subgrant at the national level as reflected in Appendix 1)	Partner staff time to participate in meetings and review reports. Partner meeting space, where possible.	Quarterly



Type of M&E activity	Responsible Parties	GEF Budget US\$	Cofinancing US\$	Time frame
Annual Project Stakeholder Forum Meetings and reports	Information, Communications and Education Specialist will organize meetings and reporting	\$12,734	Partner staff time to participate in meetings. Partner meeting space, where possible.	Annually
		Included/Overlap with component costs on workshops in Appendix 1		
Monitoring visit and meetings in Palawan and Davao Oriental (UNEP staff travel costs to be charged to IA fees)	M&E Staff, Project Manager	\$ 5,584 (dedicated staff time of NPM as reflected in Appendix 1)	Partner staff time to participate in field visits	As appropriate
	Project Partners	\$8,743 (for travel as reflected in Appendix 1)		
	UNEP TM			
Mid-term Review	M&E Staff, Project Manager	2,500  (Note: dedicated amount for Component 4 M&E only. Total cost for all components as	Partner staff time to participate in interviews and field visits	At the mid-point of project implementation.
	UNEP TM			
	Project partners			

Type of M&E activity	Responsible Parties	GEF Budget US\$	Cofinancing US\$	Time frame
	External Consultants (i.e. evaluation team)	reflected in Appendix 1 is 25,000)		
Terminal Evaluation		3,500	Partner staff time to participate in interviews and field visits	Start during last 3 months of the project, final report latest 3 months post project technical completion
	UNEP Evaluation Office (independent)	(Note: dedicated amount for Component 4 M&E only. Total cost for all components as reflected in Appendix 1 is 35,000)		
Project Terminal Report	PMU	Electronic copies only	Partner staff time to provide inputs and review draft reports	At least one month before the end of the project
Monitoring and reporting on gender mainstreaming activities and indicators	M&E Staff, Project Manager	\$ 1,647 (for equipment cost)	Partner staff time to provide inputs and review draft reports	Monitoring on-going
		\$ 4,021 (for connectivity cost)		

Type of M&E activity	Responsible Parties	GEF Budget US\$	Cofinancing US\$	Time frame
Project Exit Plan	M&E Staff, Project Manager UNEP TM	None	Partner staff time to provide inputs and review draft reports	In Q11 - Year 5
Consolidated outcomes impact evaluation and reporting	Independent 3rd party contractor	20,000.00	Partner staff time to provide inputs and review methodology and data collection	Last 6 months of the project
<b>TOTAL indicative COST based on the GEF budget (5%)</b>		<b>US\$ 166,808</b>		

## 10. Benefits

**Describe the socioeconomic benefits to be delivered by the project at the national and local levels, as appropriate. How do these benefits translate in supporting the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCE/SCCF)?**

The project will result in both direct and indirect socio-economic benefits. Direct beneficiaries will include at least 100 participants (at least 50% female; 50 male and 50 female) in training, education and awareness programming in various national and subnational government agencies (Components 1 and 2). This will constitute a core set of technical staff, planners and decision-makers with the requisite knowledge to implement NCA processes in the Project geographies and to support mainstreaming at the national level. Under Component 2, direct beneficiaries also will include 500 people (~50% female; 250 male and 250 female) distributed among 100 households that participate in Project activities to stimulate local Social Enterprises in the two geographies. Safeguards will be put in place to ensure continued legal access to natural resources, and Conservation Agreements with local stakeholders will provide a framework for application of best practices including FPIC, participation and transparency. Throughout the Project gender mainstreaming will be prioritized.

The first level of indirect beneficiaries include the broader populations in and around the two PA landscapes targeted by the Project, who benefit from enhanced/sustained ecosystem services (esp. those linked to biodiversity, soil maintenance, and water quality/quantity) and improved economic development planning guided by NCA. A second level of indirect beneficiaries is the populations in and around PA landscapes elsewhere in the Philippines, who will benefit from later replication of NCA-informed planning, management and investment tools and processes demonstrated by the Project. More widely, mainstreaming of NCA and the value of NC and biodiversity into government planning, sector strategies

and practices will enhance the security of the natural resource base that is vital for essential economic sectors (i.e. agriculture, forestry, fisheries, tourism), benefiting the nation as a whole (estimated population 110.2 million).[1] Together, these sectors contribute nearly 25% of GDP.[2],[3]

[1] <https://psa.gov.ph/content/updated-population-projections-based-results-2015-popcen>

[2] <https://psa.gov.ph/national-accounts/base-2018/estimates>

[3] [http://www.tourism.gov.ph/news\\_features/TourismIndustryHikes.aspx#](http://www.tourism.gov.ph/news_features/TourismIndustryHikes.aspx#)

## 11. Environmental and Social Safeguard (ESS) Risks

Provide information on the identified environmental and social risks and potential impacts associated with the project/program based on your organization's ESS systems and procedures

### Overall Project/Program Risk Classification \*

PIF	CEO Endorsement/Approva I	MTR	TE
Low			

### Measures to address identified risks and impacts

Elaborate on the types and risk classifications/ratings of any identified environmental and social risks and impacts (considering the GEF ESS Minimum Standards) and any measures undertaken as well as planned management measures to address these risks during implementation.

Please find Appendix 9 - SRIF Safeguards.

### Supporting Documents

Upload available ESS supporting documents.

Title	Module	Submitted
Appendix 9 - SRIF Safeguards	CEO Endorsement ESS	

**ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).**

**Annex A: Project Results Framework** (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

**PART IV: ANNEXES**

**Annex A: Project Results Framework** (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

SMART Indicators						
Objective, Outcomes	Objectively Verifiable Indicators	Baseline	Mid-Term Target	End of Project Target	Means of Verification	Risks and Assumptions
Objective: To improve financial sustainability of protected areas and landscapes in the Philippines by mainstreaming the values of biodiversity and natural capital in government planning, especially for ecotourism development						

SMART Indicators						
Objective, Outcomes	Objectively Verifiable Indicators	Baseline	Mid-Term Target	End of Project Target	Means of Verification	Risks and Assumptions
	<p><b>Indicator 0.1:</b> Area of landscapes and coastal habitat under improved practices to benefit biodiversity (ha; excluding PAs) <i>[GEF Core Indicator 4 &amp; 5]</i></p>	<p>Total areas of landscapes in the two project geographies are:</p> <p>Palawan- 166,380 ha Davao Oriental ? 567,964 ha (of which MHRWS accounts for 26,653 ha; MHRWS overlaps with the municipalities of San Isidro, Governor Generoso, and Mati City, which total 117,482 ha)</p> <p>Total area of coastal habitat in the project is 118,296 ha:</p> <p>Palawan ? 100,500 ha Davao Oriental ? 17,796 ha</p>	0	<p>20,000 ha under improved practices outside PAs</p> <p>10,000 ha under improved practices outside MPAs</p>	<p>Project reports on land and resource use trends in areas around (M)PAs</p> <p>Biodiversity status and trends reports from (M)PAs in Project landscapes (Y1 and Y5)</p>	<p>LGUs and (M)PA management are able to provide quantitative information on land and resource use and biodiversity status and trends</p>

SMART Indicators						
Objective, Outcomes	Objectively Verifiable Indicators	Baseline	Mid-Term Target	End of Project Target	Means of Verification	Risks and Assumptions
	<b>Indicator 0.2:</b> Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment <b>[GEF Core Indicator 11]</b> a) No. of national and provincial government staff benefiting from project-supported training (% female) b) No. of people benefiting from project-supported Social Enterprise financing (% female)	a) 0 b) 0	a) 100 b) 0	a) 40 staff trained in NCA (20 male, 20 female); 60 policy-makers trained in decision-making linked to NCA (30 male, 30 female) b) 500 (100 households, assume average of 5 people per household; 250 male, 250 female); 50% of recipients of direct Social Enterprise support are female	a) Project reports on training activities b) Project reports on financing schemes for Social Enterprise support	Beneficiaries are interested in and committed to participation in project-led activities
	<b>Indicator 0.3:</b> Terrestrial protected areas created or under improved management for conservation and sustainable use ( <i>hectares</i> ) <b>[GEF Core Indicator 1]</b>	0	0	487,080 ha under improved management	METT score assessments (Y1 and Y5)[1]	PA management and stakeholders are able to conduct required participatory METT assessment process
	<b>Indicator 0.4:</b> Marine protected areas created or under improved management for conservation and sustainable use ( <i>hectares</i> ) <b>[GEF Core Indicator 2]</b>	0	0	169,888 ha under improved management	METT score assessments (Y1 and Y5)[2]	MPA management and stakeholders are able to conduct required participatory METT assessment process

SMART Indicators						
Objective, Outcomes	Objectively Verifiable Indicators	Baseline	Mid-Term Target	End of Project Target	Means of Verification	Risks and Assumptions
<b>Indicator 0.5:</b> Greenhouse gas mitigated where carbon sequestered or emissions avoided in the AFOLU sector (metric tons of CO <sub>2</sub> e) <i>[GEF Core Indicator 6]</i>		0	0	4,641,731(20 years)	Estimation using EX-ACT tool based on project reported data	
<b>Component 1: Capacity and application of Natural Capital Accounting (NCA) in 2 priority geographies</b>						
<b>Outcome 1.1.: Enhanced foundation and capacity for implementation of the NCA Roadmap in the Philippines</b>						
<b>Outputs for Outcome 1.1:</b> <b>Output 1.1.1.:</b> Technical assistance, training and protocols provided to national and selected subnational governments on NCA compilation <b>Output 1.1.2.:</b> SEEA Ecosystem Accounts (SEEA EA) implemented for Palawan (provincial level) and Davao Oriental (Mt. Hamiguitan Range Wildlife Sanctuary (MHRWS)) <b>Output 1.1.3.:</b> Tourism satellite account implemented at priority geographies and used to inform national replication by Philippines Statistics Authority						
<b>Indicator 1.1.1:</b> Number of government staff trained with measured enhanced skills and assigned enhanced NCA/ENR data responsibilities in job description (disaggregated by agency / unit)		0 staff trained by the project and assigned enhanced NCA/ENR data responsibilities in job description  ( >25 regularly attended WAVE EA training, 3 trainings conducted) (~20 participated in SEEA CF training)	40 (20 male, 20 female)[3] as measured through training impact survey after each training session	40 (20 male, 20 female); same methodology	Project training impact surveys/reports	Newly trained staff will remain in roles relevant to NCA



SMART Indicators						
Objective, Outcomes	Objectively Verifiable Indicators	Baseline	Mid-Term Target	End of Project Target	Means of Verification	Risks and Assumptions
<b>Indicator 1.1.2:</b> Number of SEEA-based NC accounts and key indicators reported by provincial government		0 0	6 Accounts: 5 SEEA EA (Extent, condition, ecosystem services, asset and thematic - biodiversity or carbon) 1 SEEA CF: TSA  6 key indicators (1 for each Account; see notes following table).	6 Accounts 6 key indicators	Review of provincial data reporting to PSA	PLGU assigns personnel to undertake NCA and allocates funding; timely and complete provincial statistical reporting;
<b>Indicator 1.1.3:</b> Number of NCA-relevant and SEEA-compliant indicators tracked as standardized data in ENR data systems		6 # of visitors (Palawan)  Carbon sequestration and storage (FMB)  Mangrove extent (Phil. Forestry Stats) Open forest extent (Phil. Forestry Stats) Closed forest extent (Phil. Forestry Stats)  Physical and Monetary Mineral Accounts (PSA)	>10 (additional indicators on ecosystem extent (area); ecosystem condition (index); # of visitors; ecotourism revenue)  <i>(Additional indicators may be defined during the design and deployment process, informed by SEEA Guidance table 14.1)</i>	>10	Review of provincial data reporting to PSA	This relates to input data; compatible with 1.1.2

SMART Indicators						
Objective, Outcomes	Objectively Verifiable Indicators	Baseline	Mid-Term Target	End of Project Target	Means of Verification	Risks and Assumptions
<b>Outcome 1.2: Enhanced policy making for improved biodiversity conservation and natural resource management through the use of NCA-generated indicators in provincial policy, planning and resource allocation</b>						
<b>Outputs for Outcome 1.2:</b> <b>Output 1.2.1:</b> Post-accounting analysis is implemented to inform key priority sectoral policies <b>Output 1.2.2.:</b> NCA-informed budget allocation criteria developed and demonstrated to inform provincial Ecological Fiscal Transfer <b>Output 1.2.3.:</b> NCA-based indicators used for monitoring provincial contributions to the Philippines Development Plan, Philippines Biodiversity Strategy and Action Plan, and Sustainable Development Goals <b>Output 1.2.4.:</b> Gender-sensitive communications and outreach campaign designed and implemented, including policy-briefs and high-level subnational and national engagements on key role of NC for sustainable development ? specifically eco-tourism						
<b>Indicator 1.2.1:</b> Level of understanding on part of national and provincial decision-makers trained by the project (on linkages between NCA and planning and decision-making), as measured by pre- and post-training assessment	0	60 decision-makers increase understanding 12 at national lvl. (4 each from NEDA, PSA, DENR) 48 at local lvl (provincial & municipal) [priority participants ? will open training to others as well] (30 male, 30 female)	60 decision-makers increase understanding (30 male, 30 female)	Project training reports, including pre- and post-training assessments	Post-training, decision-maker will apply newly acquired skills and knowledge	

SMART Indicators						
Objective, Outcomes	Objectively Verifiable Indicators	Baseline	Mid-Term Target	End of Project Target	Means of Verification	Risks and Assumptions
	<b>Indicator 1.2.2:</b> Number of provincial Ecological Fiscal Transfers with documentation that includes NCA-informed budget allocation criteria	0 (Note that although 'Ecological Fiscal Transfers' is not a term currently in official use, this indicator will capture allocations that align conceptually with such transfers)	0	4 (2 each for Palawan and Davao Oriental)	Government documentation	Relevant government authorities will be prepared to share relevant documents
	<b>Indicator 1.2.3:</b> Number of times NCA-based indicators are used to inform and monitor progress toward government policies (e.g. provincial zoning, budgeting, biodiversity and sustainability commitments) and recognized by PSA/NEDA	0	0	> 10 distinct applications of NCA-based indicators  > 6 NCA-based indicators applied to inform and monitor progress toward government policies  International (2): Post 2020 GBF, SDGs, UNFCCC  National (2): Indicators to inform PDP  Regional (2): Indicators to inform Davao RDP and Palawan PSDSAP (Extent of forest cover; see notes following table)	Project reports; Government reports	Government reporting will explicitly present NCA-based indicators

SMART Indicators						
Objective, Outcomes	Objectively Verifiable Indicators	Baseline	Mid-Term Target	End of Project Target	Means of Verification	Risks and Assumptions
<b>Indicator 1.2.4:</b> NC awareness levels within central and local government agencies and related corporate sectors		Baseline KAP Scores for targeted groups to be determined in Year 1, disaggregated by group and by gender	15% increase against baseline	30% increase against baseline	Project KAP reports	KAP assessments accurately reflect real changes in awareness levels in the targeted groups
<b>Component 2. Conservation and sustainable use of natural capital in two Protected Area Landscapes of Palawan and Davao Oriental provinces enabled through new financing and incentive-based mechanisms for enhanced sustainability of Protected Area Landscapes.</b>						
<b>Outcome 2.1: Enhanced protection of biodiversity and other NC through new revenue flows, cost-recovery or minimization, NC-friendly enterprises and partnership for sustainable tourism in two PA landscapes</b>						
<b>Outputs for Outcome 2.1:</b>						
<b>Output 2.1.1:</b> Business opportunities and incentive-based mechanisms for more sustainable activities established or scaled up, informed by NCA results on the magnitude of the contribution of current nature-based business in two PA landscapes						
<b>Output 2.1.2.:</b> Eco-tourism and other corporate sustainable enterprises, investments and business partnership developed and agreed with Local Government Units (LGUs), Protected Area Management Board (PAMBs) and the Department of Tourism in support of enhanced NC-outcomes through new revenue flows for meeting the costs PA management in 2 PA landscapes						
<b>Output 2.1.3.:</b> Conservation agreements with Peoples Organizations supported through financing schemes (e.g. micro-credit and small grants) on biodiversity-friendly and gender sensitive Social Enterprises (SMEs) benefitting PA objectives and management costs (in/directly outside PAs)						

SMART Indicators						
Objective, Outcomes	Objectively Verifiable Indicators	Baseline	Mid-Term Target	End of Project Target	Means of Verification	Risks and Assumptions
<p><b>Indicator 2.1.1:</b> New financing secured to meet PA management costs, for <u>Davao Oriental (Area, ha)</u></p> <p>1. Mount Hamiguitan Range &amp; Wildlife Sanctuary</p> <p><u>Palawan</u></p> <p>1. Puerto Princesa Underground River</p> <p>2. El Nido Managed Resource Protected Area</p> <p>3. Mt. Mantalingahan Protected Landscape</p> <p>4. Cleopatra's Needle Critical Habitat</p> <p>5. Palawan Flora and Fauna Watershed Reserve</p> <p>6. Caluit (Basuanga)</p> <p>7. Bulalacao (Coron)</p> <p>8. Malampaya Sound Protected Land/Seascape</p>		<p>In the course of updating METT scores as baseline for the listed PAs in Year 1, the Project will record current levels of financing for management of each PA.</p>	<p>15% increase over baseline on average for all PAs</p>	<p>25% increase over baseline on average for all PAs</p>	<p>Project reports synthesizing financing available for each PA</p>	<p>PA/MPA authorities will to share data</p>

SMART Indicators						
Objective, Outcomes	Objectively Verifiable Indicators	Baseline	Mid-Term Target	End of Project Target	Means of Verification	Risks and Assumptions
<p><b>Indicator 2.1.2:</b> Number of sustainable business practices (including cost recovery or minimization; see below) applied in the two PA landscapes to reinforce maintenance of biodiversity and natural capital, reflected through gender-inclusive PA business plans for:</p> <p><u>Davao Oriental (Area, ha)</u></p> <ol style="list-style-type: none"> <li>1. Mount Hamiguitan Range &amp; Wildlife Sanctuary</li> </ol> <p><u>Palawan</u></p> <ol style="list-style-type: none"> <li>1. Puerto Princesa Underground River</li> <li>2. El Nido Managed Resource Protected Area</li> <li>3. Mt. Mantalingahan Protected Landscape</li> <li>4. Cleopatra's Needle Critical Habitat</li> <li>5. Palawan Flora and Fauna Watershed Reserve</li> <li>6. Caluit (Basuanga)</li> <li>7. Bulalacao (Coron)</li> <li>8. Malampaya Sound Protected Land/Seascape</li> </ol> <p>(Sustainable business practices to improve biodiversity/natural capital conditions include new financing/business strategies, gender responsive approaches and targets, cost recovery, improved governance, and BAMS monitoring mechanism)</p>		<p>0 new sustainable business practices</p> <p>(Only 1 PA with a Business Plan: Mt. Mantalingahan)</p>	<p>Each PA/MPA has adopted at least 2 new sustainable business practices</p>	<p>Each PA/MPA has adopted at least 4 new sustainable business practices</p>	<p>Review of PA/MPA business plans</p>	<p>Each PA/MPA agrees to update or prepare business plan</p>

SMART Indicators						
Objective, Outcomes	Objectively Verifiable Indicators	Baseline	Mid-Term Target	End of Project Target	Means of Verification	Risks and Assumptions
<b>Indicator 2.1.3:</b> New financial flows in support of PA/natural capital objectives facilitated by the project, through corporate investments and financing (e.g. micro-finance or small grants) for sustainable community-based enterprise (SMEs)		0 new corporate investments  0 new households involved in SMEs	0  0	12 corporate investments in sustainable enterprise (8 in Palawan, 4 in Davao Oriental)  > 100 households (est. pop. of 500, 250 male, 250 female) involved in biodiversity-friendly and gender-sensitive SMEs (sustainable tourism, agriculture, and fisheries), with financing conditional on positive contributions to biodiversity/natural capital management objectives in and around PAs (at least 50% of recipients of direct SME support are female)	Review of PA accounts	PA management entities effectively track and share revenue data
<b>Indicator 2.1.4:</b> Improvement in conservation outcomes in the 2 PA landscapes as measured using BAMS		Baseline to be defined by applying BAMS in the two PA landscapes in Year 1	Stable or improved conservation outcomes in the 2 PA landscapes	Stable or improved conservation outcomes in the 2 PA landscapes	Review of PA BAMS reporting	PA management entities have the capacity to apply BAMS
<b>Component 3. National replication and Investment Plan for sustainable business and tourism in the National Integrated Protected Areas System (NIPAS)</b>						
<b>Outcome 3.1: Enhanced financial sustainability of the NIPAS through national replication of best practice and Investment Plan for sustainable business and tourism for improved NC and biodiversity outcomes</b>						

SMART Indicators						
Objective, Outcomes	Objectively Verifiable Indicators	Baseline	Mid-Term Target	End of Project Target	Means of Verification	Risks and Assumptions
<b>Outputs for Outcome 3.1:</b>						
<b>Output 3.1.1:</b> Technical assistance provided to apply NCA and lessons learned from Davao Oriental and Palawan provinces to formulate and adopt the National Investment Plan for Sustainable Tourism in priority PAs & tourism development zones						
<b>Output 3.1.2.:</b> Sustainable investments implemented in additional PA landscapes in accordance with outcomes of BioFin program (e.g., feasibility of financing mechanisms assessed, and agreement reached with national seed funding, credit and loan facilities (a.o. DoT - Tourism Infrastructure and Enterprise Zone Authority (TIEZA) & Department of Trade and Industry (DTI) - Small Business Corporation/mSME))						
<b>Output 3.1.3.:</b> Agreement reached for replication/new PSA-co-financed NCA program or geography in support of enhanced planning, financing and management of PA landscapes						
<b>Output 3.1.4.:</b> Updated BAMS reflecting NCA data needs, based on project application and experience in PA landscapes						
<b>Indicator 3.1.1:</b> Increase in number of NC-based sustainable businesses and tourism operations in PA landscapes	Field inventories to be conducted once post-COVID conditions allow; impact of tourism shut-down during the pandemic impossible to assess at present.	No change	10% increase over baseline (50% women-led)[4]	Information request from Department of Tourism	DoT has up to date inventories of sustainable tourism operations	
<b>Indicator 3.1.2:</b> Increase in amount of public and private finance applied to NIPAS landscapes (at national level)	2020 < PhP3 Billion (est. per BIOFIN) 2019 = PhP1.5 billion	No change	10% increase over baseline	Review of BMB documentation	BMB has up to date information on financing flows	
<b>Component 4: Knowledge management and monitoring and evaluation</b>						
<b>Outcome 4.1: Improved knowledge management and sharing of lessons learned on Natural Capital Accounting between local and national levels</b>						
<b>Outputs for Outcome 4.1:</b>						
<b>Output 4.1.1:</b> Project lessons captured and disseminated to project stakeholders and to other GEF and non-GEF projects and partners						



SMART Indicators						
Objective, Outcomes	Objectively Verifiable Indicators	Baseline	Mid-Term Target	End of Project Target	Means of Verification	Risks and Assumptions
<p><b>Indicator 4.1.1:</b></p> <p>? Number of annual stakeholder forums including local and national stakeholder participants held where lessons on sustainable tourism, PA management improvements, and application of NCA are shared;</p> <p>? Number of articles related to project approach, methods and outcomes on project-related websites;</p> <p>? Number of stakeholders receiving copies of Project completion report disseminated online and in hard copy</p>	<p>? 0</p> <p>? 0</p> <p>? 0</p>		<p>? 9 (at least 50% female participants)</p> <p>? 15 (with gender incorporated as a theme throughout)</p> <p>? 0</p>	<p>? 15 (1 national &amp; 1 in each geography per year) (at least 50% female participants)</p> <p>? 30 (6 per year) (with gender incorporated as a theme throughout, and at least one product focused on gender)</p> <p>? 500</p>	Project reports and website	Stakeholders have an interest in project results
<p><b>Outcome 4.2: Project monitoring system operates, systematically provides information on progress and project impact performance, and informs adaptive management to ensure results</b></p>						
<p><b>Outputs for Outcome 4.2:</b></p> <p><b>Output 4.2.1:</b> Capacity established for participatory and efficient monitoring and evaluation and adaptive management</p> <p><b>Output 4.2.2:</b> M&amp;E system established for tracking sustainable tourism, enhanced finance and PA management effectiveness, gender aspects, and community welfare</p>						

SMART Indicators						
Objective, Outcomes	Objectively Verifiable Indicators	Baseline	Mid-Term Target	End of Project Target	Means of Verification	Risks and Assumptions
<b>Indicator 4.2.1:</b> Number of M&E reports submitted that satisfactorily capture quantity and quality with respect to project impacts on and trends in: <ul style="list-style-type: none"> <li>? Sustainable tourism</li> <li>? PA landscape financing</li> <li>? PA management effectiveness</li> <li>? Gender considerations</li> <li>? Community welfare</li> <li>? Inclusiveness (equitable distribution of benefits to local stakeholders)</li> </ul>	0	10	20	Quarterly Project M&E reports	Project impacts will manifest clearly and quickly enough to establish trends over the project implementation period	
<b>Indicator 4.2.2:</b> Number of project management reflection meetings convened to integrate lessons learned into project workplans and strategies	0	3	5	Project reports	Project management functions effectively at all levels	

**Notes on Accounts and Indicators:**

Selection of specific accounts and account indicators is subject to finalization in a joint process involving PSA, DENR, NEDA and provincial agencies.

**SEEA EA**

**Extent accounts:** One indicator of ecosystem area, such as:

- ? Percentage of ecosystem accounting area covered by specific types measured as hectares (ha, % of opening)

- ? Change of area covered by specific ecosystem types during an accounting period (%)
- ? Percentage of area unchanged (opening stock ? reduction (ha, % of opening)
- ? Percentage of area changed (additions + reductions) (ha, % of opening)

**Condition accounts:** One indicator for a chosen ecosystem, such as: Overall ecosystem condition index (index) and/or index based on Ecosystem Condition Typology (ECT[5]) variables (i.e. physical, chemical, compositional, structural, functional or landscape index) measured against a *reference level*

**Ecosystem services accounts:** Two indicators - one indicator for a selected ecosystem biophysical flow, and one for a monetary flow, such as:

- ? Value of biophysical flows, e.g., biomass generated (Tonnes), carbon retained (captured and stored/trend in the carbon sequestered) (Tonnes)
- ? Value of an ecosystem services linked to industry value added (e.g., ecotourism)

**Asset accounts:** One indicator for a selected ecosystem, such as monetary ecosystem asset value (PHP), Gross Ecosystem Product[6] (PHP)

**Thematic account:** Biodiversity (e.g., indicators on select species, high biodiversity area values) or Carbon stock accounts (e.g., net carbon balance)

#### SEEA CF

**Tourism Satellite accounts:** Value of an ecosystem service linked to industry value added (e.g., ecotourism flow associated with project sites, employment from ecotourism, etc.)

#### Monitoring and/or reporting indicators: NCA-derived indicators to inform policies

- ? **International (2):** Indicators to inform Post 2020 GBF (e.g., state and trends of extent (area of ecosystems), as well as on condition (physical structure, species composition), biodiversity indicators from accounts (e.g., diversity, abundance, or distribution) of key species, SDG (e.g., forest area as a proportion of total land), UNFCCC (e.g., e.g., net carbon balance)
- ? **National (2):** Indicators to inform PDP (e.g., quality of coastal and marine habitats, employment from ecotourism, protected areas with high biodiversity values, co-benefits of different adaptation and mitigation options)
- ? **Regional (2):** Indicators to inform Davao RDP (area of land degradation hotspots), Palawan PSDSAP (e.g., state and trends of extent (area of ecosystems))

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[1] During the PPG phase it was not possible to compile meaningful METT scores for the listed areas. Per the DENR-BMB, establishing METT scores entails a participatory multi-stakeholder process for each area, which was not an option given the COVID-19 pandemic. The project will generate METT scores during the first year of implementation to serve as a baseline; this will be a priority for the project M&E framework.

[2] During the PPG phase it was not possible to compile meaningful METT scores for the listed areas. Per the DENR-BMB, establishing METT scores entails a participatory multi-stakeholder process for

each area, which was not an option given the COVID-19 pandemic. The project will generate METT scores during the first year of implementation to serve as a baseline; this will be a priority for the project M&E framework.

[3][3] Training participants will be drawn from current government staff; gender will be one consideration when identifying participants.

[4] Field inventories will assess the current proportion of businesses that are women-led; the 50% target may be adjusted in light of field inventory findings.

[5] Ecosystem condition typology (ECT) is a hierarchical typology for organizing data on ecosystem condition characteristics.

[6] Gross Ecosystem Product (GEP) is estimated as the sum of the monetary value of ecosystem services by all ecosystem types within an ecosystem accounting area over an accounting period

**ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).**

Part I: Project Information		STAP Response	Project Response
GEF ID	10386		
Project Title	Natural Capital Accounting and Assessment: Informing development planning, sustainable tourism development and other incentives for improved conservation and sustainable landscapes		
Date of Screening	7-12-19		
STAP member Screener	Rosie Cooney		
STAP secretariat screener	Virginia Gorsevski		

STAP Overall  
Assessment

Minor issues to be considered during project design: STAP welcomes the project from UNEP entitled "Natural capital accounting and assessment: informing development planning, sustainable tourism development and other incentives for improved conservation and sustainable landscapes." Natural capital accounting is an important delivery mechanism for biodiversity mainstreaming and STAP is pleased to see that projects are supporting work in this area. However, as noted by the GEF in their GEF-7 programming strategy, there is a risk that natural capital accounting efforts can lead to significant data collection without a specific target decision or policy question in mind and should therefore be co-developed with specifically targeted decision-makers and stakeholders. For that reason STAP is pleased to see that this effort is focused on specific geographies and the tourism sector and engages relevant national and local stakeholders. STAP is similarly pleased to see a Theory of Change presented in the PIF; however, notes that the text contained under the immediate states/outcomes and the multiple arrows is confusing and it is not clear how the first table (project outcomes and outputs) relates to the middle table on intermediate states/outcomes. STAP recommends that a more coherent TOC be developed that includes key elements such as pathways of change and underlying assumptions. This is particularly important for this project given the numerous risks identified including complicated issues such as property rights, lack of trust and commitment by local communities, staff turnover, decentralized government.

Part I: Project Information			
B. Indicative Project Description Summary			
Project Objective	Is the objective clearly defined, and consistently related to the problem diagnosis?	The project objective is "To improve financial sustainability of protected areas and landscapes in the Philippines by mainstreaming the values of biodiversity and natural capital in government planning, especially for ecotourism development." The project objective is quite broad but generally captures the essence of the problem diagnosis and the objective of the project.	
Project components	A brief description of the planned activities. Do these support the project's objectives?	Component 1 seeks to increase capacity for NCA at sub-national level; Component 2 focuses on establishing financial mechanisms in 2 PAs; Component 3 applies outputs from first 2 components to create a national investment plan for sustainable tourism in additional PAs and development zones. These components support the objective.	
Outcomes	A description of the expected short-term and medium-term effects of an intervention.	There are numerous outcomes and outputs associated with each of the 3 components. While all of them seem relevant and worthwhile, it is not entirely clear how they all connect to each other in a logical, step-wise manner, despite the theory of change presented in Annex E.	Theory of Change presentation has been redeveloped (Section 3.4), and explanation of Components, Outcomes and Outputs presented in the Project Document has been expanded (Section 3.3).
	Do the planned outcomes encompass important global environmental benefits/adaptation benefits?	Yes	
	Are the global environmental benefits/adaptation benefits likely to be generated?	If successful, then yes.	

Outputs	A description of the products and services which are expected to result from the project. Is the sum of the outputs likely to contribute to the outcomes?	See above.	Theory of Change presentation has been redeveloped (Section 3.4), and explanation of Components, Outcomes and Outputs presented in the Project Document has been expanded (Section 3.3).
Part II: Project justification	A simple narrative explaining the project's logic, i.e. a theory of change.	A theory of change is presented in Annex E.	Theory of Change presentation has been redeveloped (Section 3.4).
1. Project description. Briefly describe:			
1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description)	Is the problem statement well-defined?	Good project description and information about targeted landscapes. However, the project mixes underlying root causes (population growth), direct drivers (mining, clearing for agriculture, illegal logging), and impacts (e.g. loss of primary forests, species decline). In terms of root causes, what are root causes of e.g. illegal wildlife trade, agricultural expansion, illegal mining? This could highlight institutional, socio-economic, capacity and political factors as well.	Presentation of threats, root causes and barriers has been reorganized (Section 2.3), and issues related to institutional, socio-economic and political factors are covered in expanded discussion (Section 2.4).

	<p>Are the barriers and threats well described, and substantiated by data and references?</p>	<p>See above re threats. Barriers focus on information and limited capacity for implementation of biodiversity and natural capital accounting. The links between the barriers and threats are not well developed: it is not clear which specific threat better information and capacity addresses, and what about the other threats? How would better information and capacity building address the overlap of formal mining blocks overlapping with PAs, for example? Or road construction, illegal logging, population growth, or the various other threats/drivers identified in previous sections? Are there other barriers to addressing these threats that should be listed (institutional, political, economic)?</p>	<p>Presentation of threats, root causes and barriers have been strengthened and been reorganized (Section 2.3), and issues related to institutional, socio-economic and political factors are covered in expanded discussion (Section 2.4).</p>
	<p>For multiple focal area projects: does the problem statement and analysis identify the drivers of environmental degradation which need to be addressed through multiple focal areas; and is the objective well-defined, and can it only be supported by integrating two, or more focal areas objectives or programs?</p>	<p>N/A</p>	
<p>2) the baseline scenario or any associated baseline projects</p>	<p>Is the baseline identified clearly?</p>	<p>Substantial information provided on baseline programs on management and protection of biodiversity and other natural capital and natural capital assessment and accounting. Scientific baseline information is not provided in this section.</p>	<p>baseline has significantly been elaborated on in the ProDoc.</p>



	Does it provide a feasible basis for quantifying the project's benefits?	Later sections of the PIF explain how this proposed project will build on and/or coordinate with ongoing activities related to natural capital accounting, etc.	
	Is the baseline sufficiently robust to support the incremental (additional cost) reasoning for the project?		
	For multiple focal area projects:		
	are the multiple baseline analyses presented (supported by data and references), and the multiple benefits specified, including the proposed indicators;	N/A	
	are the lessons learned from similar or related past GEF and non-GEF interventions described; and	N/A	
	how did these lessons inform the design of this project?	N/A	

<p>3) the proposed alternative scenario with a brief description of expected outcomes and components of the project</p>	<p>What is the theory of change?</p>	<p>An elaborate TOC diagram is provided on page 42. However, the logic is unclear. First there is an analysis that shows contribution of 2 PAs to the local economy. Assuming this is sizable, the results would change sectoral policies including their budget. At the same time, business plans are developed for each PA that are based on the identification of economic opportunities and conservation agreements. And finally, the success of this effort for 2 PAs will influence the development of a national investment plan for nature-based businesses in other specific tourism zones.</p>	<p>Theory of Change presentation has been redeveloped (Section 3.4), and explanation of Components, Outcomes and Outputs presented in the Project Document has been expanded, to further clarify linkages between them (Section 3.3).</p>
	<p>What is the sequence of events (required or expected) that will lead to the desired outcomes?</p>	<p>As above</p>	<p>Theory of Change presentation has been redeveloped (Section 3.4), and explanation of Components, Outcomes and Outputs presented in the Project Document has been expanded, to further clarify linkages between them (Section 3.3).</p>
	<p>? What is the set of linked activities, outputs, and outcomes to address the project's objectives?</p>	<p>The outcomes mirror the information above with numerous specific outputs for each outcome related to building capacity for NCA, conservation enterprises, etc.</p>	

	<p>? Are the mechanisms of change plausible, and is there a well informed identification of the underlying assumptions?</p>	<p>In theory, if the true value of natural capital and biodiversity is well understood and is adequately large, then this information may convince policy makers to change their policies, planning and resource allocation accordingly, at least if long-term public interest is the major driver of decisions (as is clear - not always the case). However, much of the entire project rests on this assumption which seems risky with no clear 'back up' plan or strategy for adaptive management. Many of the risks are substantial such as highly decentralized government structure, uncontrolled unsustainable tourism, etc.</p>	<p>Assumptions embedded in the Theory of Change have been made explicit (Section 3.4), followed by expanded risk analysis (Section 3.5).</p>
	<p>? Is there a recognition of what adaptations may be required during project implementation to respond to changing conditions in pursuit of the targeted outcomes?</p>	<p>Not really (see above)</p>	<p>Assumptions embedded in the Theory of Change have been made explicit (Section 3.4), followed by expanded risk analysis (Section 3.5). The SRIF provided as Appendix 9 also notes responses to risks/threats.</p>
<p>5) incremental/additional cost reasoning and expected contributions from the baseline, the GEF trust fund, LDCF, SCCF, and co-financing</p>	<p>GEF trust fund: will the proposed incremental activities lead to the delivery of global environmental benefits?</p>	<p>In theory.</p>	

	LDCF/SCCF: will the proposed incremental activities lead to adaptation which reduces vulnerability, builds adaptive capacity, and increases resilience to climate change?	N/A	
6) global environmental benefits (GEF trust fund) and/or adaptation benefits (LDCF/SCCF)	Are the benefits truly global environmental benefits, and are they measurable?	If the PAs are better managed, then yes the GEBs are global in terms of biodiversity conservation, which would be significant in these highly biodiverse PA land and seascapes.	
	Is the scale of projected benefits both plausible and compelling in relation to the proposed investment?	Yes, this is a modest investment.	
	Are the global environmental benefits explicitly defined?	They are described	
	Are indicators, or methodologies, provided to demonstrate how the global environmental benefits will be measured and monitored during project implementation?	The project includes the development of indicators and M&E specifically for NCA-related activities. Component 3 includes a target for M&E data to indicate positive trends.	Note that M&E has been moved to Component 4.
	What activities will be implemented to increase the project's resilience to climate change?	None identified	

7) innovative, sustainability and potential for scaling-up	Is the project innovative, for example, in its design, method of financing, technology, business model, policy, monitoring and evaluation, or learning?	Yes this project is innovative in that natural capital accounting is a relatively new and unexplored area for the GEF. If successful, there is significant potential for replicability, especially since Component 3 is solely dedicated to this effort.	
	Is there a clearly-articulated vision of how the innovation will be scaled-up, for example, over time, across geographies, among institutional actors?	Yes in Component 3	
	Will incremental adaptation be required, or more fundamental transformational change to achieve long term sustainability?	Transformational change will be needed.	
1b. Project Map and Coordinates. Please provide geo-referenced information and map where the project interventions will take place.		Numerous maps are provided, albeit blurry and without clear coordinates.	Additional maps provided in Appendix 12 (Targeted Landscapes Analyses and Selection). Clear coordinates for on-the-ground project interventions remain to be determined, subject to finer scale site selection with wider PA landscapes which will be the result of local stakeholder engagement, engagement with business/finance sector, and target feasibility assessment.

<p>2. Stakeholders. Select the stakeholders that have participated in consultations during the project identification phase: Indigenous people and local communities; Civil society organizations; Private sector entities. If none of the above, please explain why. In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement.</p>	<p>Have all the key relevant stakeholders been identified to cover the complexity of the problem, and project implementation barriers?</p>	<p>Yes</p>	
	<p>What are the stakeholders? roles, and how will their combined roles contribute to robust project design, to achieving global environmental outcomes, and to lessons learned and knowledge?</p>		

<p>3. Gender Equality and Women's Empowerment. Please briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis). Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes/no/ tbd. If possible, indicate in which results area(s) the project is expected to contribute to gender equality: access to and control over resources; participation and decision-making; and/or economic benefits or services. Will the project's results framework or logical framework include gender-sensitive indicators? yes/no /tbd</p>	<p>Have gender differentiated risks and opportunities been identified, and were preliminary response measures described that would address these differences?</p>	<p>Sufficient</p>	
	<p>Do gender considerations hinder full participation of an important stakeholder group (or groups)? If so, how will these obstacles be addressed?</p>		

<p>5. Risks. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design</p>	<p>Are the identified risks valid and comprehensive? Are the risks specifically for things outside the project's control?</p>	<p>Seven categories of risk are outlined - all valid, and collectively appearing comprehensive. This does highlight the inherent riskiness of this project, as much of it depends upon effectively addressing complex issues such as property rights, lack of trust and commitment by local communities, staff turnover, decentralized government, etc. most of which is outside of the project's direct control - especially climate change.</p>	<p>The risk analysis has been expanded (Section 3.5). The SRIF provided as Appendix 9 also notes responses to risks/threats.</p>
	<p>Are there social and environmental risks which could affect the project?</p>	<p>As above</p>	
	<p>For climate risk, and climate resilience measures:</p>		
	<p>? How will the project's objectives or outputs be affected by climate risks over the period 2020 to 2050, and have the impact of these risks been addressed adequately?</p>	<p>The project lists climate change as a risk as a result of prolonged drought or seasonal floodings; however, no specific data sets or scenarios are described in detail. The project lists climate change risk as low and will address through improving productivity and resilience in rural PA landscapes, co-management, etc.</p>	<p>Discussion of climate risk has been expanded in Section 2.3, Section 3.5 and the SRIF.</p>
	<p>? Has the sensitivity to climate change, and its impacts, been assessed?</p>	<p>No</p>	<p>Discussion of climate risk has been expanded in Section 2.3, Section 3.5 and the SRIF.</p>
	<p>? Have resilience practices and measures to address projected climate risks and impacts been considered? How will these be dealt with?</p>	<p>Generally (see above)</p>	



	? What technical and institutional capacity, and information, will be needed to address climate risks and resilience enhancement measures?	Technical specialists familiar with climate science and the potential impacts of climate change on the Philippines should be consulted in the development of PA management plans.	Expanded discussion of climate risk and potential climate change impacts has been reviewed by technical specialists in Conservation International.
6. Coordination. Outline the coordination with other relevant GEF-financed and other related initiatives	Are the project proponents tapping into relevant knowledge and learning generated by other projects, including GEF projects?	Yes	
	Is there adequate recognition of previous projects and the learning derived from them?	Yes	
	Have specific lessons learned from previous projects been cited?	Yes	
	How have these lessons informed the project's formulation?	Yes	
	Is there an adequate mechanism to feed the lessons learned from earlier projects into this project, and to share lessons learned from it into future projects?	While it is clear that the project proponents are aware of many ongoing and prior related activities it is not clear that there is a specific mechanism for sharing lessons from earlier projects.	Provisions for knowledge management and sharing of lessons learned have been described in further detail in Section 3.10, and specifically addressed under Component 4 of the project design (described in Section 3.3). This will be reinforced by a project Communications Strategy that will be developed early in the implementation phase.

<p>8. Knowledge management. Outline the 'Knowledge Management Approach' for the project, and how it will contribute to the project's overall impact, including plans to learn from relevant projects, initiatives and evaluations.</p>	<p>What overall approach will be taken, and what knowledge management indicators and metrics will be used?</p>	<p>The KM plan is somewhat ill defined and general having to do with a 'communication platform' in Component 1 and capacity building at the national and local level. There are many different actors and scales involved in this work and it will be very challenging to coordinate data gathering, analysis, dissemination, etc. The TOC includes a steering committee which is not mentioned earlier in the project - not clear how this relates.</p>	<p>Provisions for knowledge management and sharing of lessons learned have been described in further detail in Section 3.10, and specifically addressed under Component 4 of the project design (described in Section 3.3). This will be reinforced by a project Communications Strategy that will be developed early in the implementation phase. Roles of the Project Steering Committee are described in Section 4.</p>
	<p>What plans are proposed for sharing, disseminating and scaling- up results, lessons and experience?</p>	<p>Component 3 is focused on replicability and scaling up to other areas in the Philippines.</p>	
<p>STAP advisory response</p>	<p>Brief explanation of advisory response and action proposed</p>		
<p>1. Concur</p>	<p>STAP acknowledges that on scientific or technical grounds the concept has merit. The proponent is invited to approach STAP for advice at any time during the development of the project brief prior to submission for CEO endorsement.</p>		

	<p>* In cases where the STAP acknowledges the project has merit on scientific and technical grounds, the STAP will recognize this in the screen by stating that "STAP is satisfied with the scientific and technical quality of the proposal and encourages the proponent to develop it with same rigor. At any time during the development of the project, the proponent is invited to approach STAP to consult on the design."</p>		
<p>2. Minor issues to be considered during project design</p>	<p>STAP has identified specific scientific /technical suggestions or opportunities that should be discussed with the project proponent as early as possible during development of the project brief. The proponent may wish to:</p>		
	<p>(i) Open a dialogue with STAP regarding the technical and/or scientific issues raised;</p>		

	(ii) Set a review point at an early stage during project development, and possibly agreeing to terms of reference for an independent expert to be appointed to conduct this review.		
	The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.		
3. Major issues to be considered during project design	STAP proposes significant improvements or has concerns on the grounds of specified major scientific/technical methodological issues, barriers, or omissions in the project concept. If STAP provides this advisory response, a full explanation would also be provided. The proponent is strongly encouraged to:		

	<p>(i) Open a dialogue with STAP regarding the technical and/or scientific issues raised; (ii) Set a review point at an early stage during project development including an independent expert as required. The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.</p>		
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Comments by Germany December 2019

<p>? The project could focus more on the involvement of community organizations, and especially indigenous communities, in the business planning ? building their capacities not only as beneficiaries (e.g. tourism-related livelihood projects) but also as planners or managers of the resources/protected areas. Capacity building and policy discussions at the barangay levels of the protected areas should be facilitated by the project.</p>	<p>During PPG phase community organizations, including Indigenous representatives, were included in consultations. Full-fledged engagement is deferred to the implementation phase as pandemic-restrictions continue to ease. In anticipation of this engagement, ProDoc references to community roles emphasize co-management, connoting community roles with respect to resource management in PA landscapes.</p>
<p>? Therefore, Germany would recommend reviewing the following aspects of the project:</p>	
<p>? No mention of PA tourism plans and zoning, including investments and structures; this should be reflected in the PA plans and clearances from other agencies if structures will be built within the PA areas;</p>	<p>In the ProDoc the description of Components, Outcomes and Outputs (Section 3.3) notes the focus on PA business plans, which encompass PA tourism activities (direct project investment in PAs and structures is not planned). The SRIF confirms that the project itself will not include building of structures.</p>
<p>? Feasibility studies for the enterprise development must include baseline of on-going activities, utilization of resources within the PA (under the TB of DENR-BMB ? SEAMS-socio economic assessment of PAs)</p>	<p>Feasibility studies for enterprise development are explicitly referenced (Output 2.1.2), and will include analysis of ecological sustainability considerations (e.g. ongoing activities, utilization of resources), market viability, social impact and inclusivity aspects, among others. The ProDoc explicitly notes SEAMS as an important tool to this end (Output 3.1.4).</p>
<p>? Include carrying capacities for PAs if there will be nature based/site based ecotourism; this should also include waste impacts (collection) and social and cultural sensitivities if the activities will be developed with IPs/Tribal areas;</p>	<p>These issues are explicitly considered in the SRIF Safeguards prepared for the project (ProDoc Appendix 9). Close coordination with the Department of Tourism, and incorporation of ecotourism certification standards, will further reinforce efforts to address these concerns.</p>
<p>? Development of IPAF and its sharing schemes to local stakeholders; this has been an issue with the current PA system. The DENR (it is still perceived by most) has the lead in the IPAF, but this must be locally managed by the PAMB (as indicated in the eNIPAS);</p>	<p>The ProDoc takes note of IPAF, and related work conducted under the BIOFIN programme. Relation to IPAF and sharing schemes will further be related to technical work on PA business planning (under Component 2), and also is relevant to planned work on Ecological Fiscal Transfers (Output 1.2.2).</p>
<p>? If the sites are newly declared (RA) under the eNIPAS, they should also indicate the Implementing Rules and Regulations and updated PA management plans, zones and business/financial systems;</p>	<p>The project will work with PAs in the project landscapes to ensure compliance with all eNIPAS requirements as a necessary condition for financing and investment. This is envisioned as a key set of enabling prerequisites under updated PA business plans.</p>

<p>? Development of Public Private engagements, since the project will also take off from BIOFIN (DENR-BMB UNDP) project, the project should replicate good practices in alternative financing; PAMB and the LGUs must be made aware of the PA plans and must be integrated in local financing/budgeting (annual investment plans by the LGUs);</p>	<p>BIOFIN is explicitly covered as a key baseline activity (Section 2.6) and source of lessons, tools and models throughout the ProDoc. Public Private engagements will further be pursued with the aid of the Public-Private Partnership Center (Output 2.1.1). The site-level Project Implementation Units (PIUs) will engage PAMBs and LGUs as key stakeholders in planning and implementation processes; LGUs, for example, will contribute a key voice in preparing Ecological Fiscal Transfer proposals that will enable them to incorporate PA/PA landscape management into their budgeting processes.</p>
<p>? No mention of DENR ERDB. This is the research arm of the DENR who leads the development of EcoTourism sites, Carrying Capacity Studies ? e.g. ERDB Cebu is billed as the center of excellence for ecotourism, but they are not involved in project development;</p>	<p>DENR-ERDB is noted as an important part of the institutional context (Section 2.4). As lead national focal agency, DENR-BMB will be responsible for liaising with other DENR agencies and involving them in project processes when needed.</p>
<p>? There are overlaps with the BMU funded project ?Ecosystem-based management and application of ecosystem values in two river basins in the Philippines (E2RB)?. The sites partly overlap and possible collaboration in national policy work is also a prospect;</p>	<p>Well noted. The E2RB project has been added to the identified related initiatives (Section 2.7), and emphasized as an important focus for exchange of experience and alignment on policy-related work.</p>
<p>? Implementation in Palawan may be impacted by the security situation ? this is not addressed at all.</p>	<p>During stakeholder consultations with Palawan constituencies this did not emerge as an impediment to the project.</p>

#### Comments by Council Members October 2021

Member	Comment	Response
Germany	Please clarify the engagement with DENR ERBD during PPG and be more specific on the plans to engage with them during implementation	<p>During the PPG stage, DENR-ERDB attended the inception workshop and the stakeholders' workshop. They participated in the small group discussions. Moreover, ERDB was also asked on their possible co-financing and thereby requesting their specific role in the project once it begins its implementation.</p> <p>As agreed with the BMB, the ERDB will serve as a member of the Project's Technical Working Group. The research and data outputs to be generated by the project will be utilized by the ERDB in its future researches on NCA and other related agenda as well as in the formulation of guidelines and standards in the conduct of NCA studies.</p>

Germany	Please also clarify what steps were taken during PPG to be more specific on the plans to engage with them during implementation	The Ecosystem-based management and ecosystem services valuation in two river basins in the Philippines (E2RB) is documented in the CEO endorsement as one of significant projects that are related to this project (see Table of Summary of Related Projects). Like the E2RB, the GEF-NCA project seeks to inform more effective conservation and improved management of natural resources, by accounting for biodiversity and ecosystem service and using such information for policy and decision-making ? including, e.g., improved water resources management. Coordination with E2RB will be particularly relevant in Davao Oriental, Mindanao where GEF NCA efforts at the Mount Hamiguitan Range Wildlife Sanctuary (MHRWS) are expected to focus on water provision services and on its implications for improved management of the PA and tis provision of water-related services. The implementation sites for E2RB in Mindanao (Tagum-Libuganon River Basin) offers opportunities for coordination on measurement approaches ? both for water and biodiversity, and most importantly, on the use of such measurements toward efforts to improve financing of conservation and management of ecosystem and their services, such as through Payment for Ecosystem Services and other conservation agreements. We expect coordination to be facilitated at the national level by DENR_BMB and DENR River Basin Control Office, lead executing agencies for the GEF NCA and the E2RB, respectively, and at the Mindanao by PENROS, CENROS, River Basin Organisations and LGUs.
Norway/Denmark	Would be good to see more details on the link between improved Natural Capital Accounting ? improved access to biodiversity finance ? and then improved biodiversity conservation and natural resource management.	As pointed earlier, spatially explicit SEEA generated data on ecosystem, their condition, and contribution of benefits, can pinpoint a more systematic and cost-effective resource mobilization for biodiversity and sustainable business. Indeed, post-accounting analytical work in this project is expected to be used to inform the criteria, design and implementation of resource allocation and investment on PAs, through ecological fiscal transfer, and for more sustainable business, and private investment in nature-based tourism, supported by appropriate finance mechanism. NCA can thus provide the information to support the application of mechanisms/investments from public and private sources, such environmental fiscal reform ? through alignment of taxes, subsidies, and spending, Payments for Ecosystem Services (PES), markets for biodiversity friendly goods and services, biodiversity offsets, and carbon, and conservation trust funds, amongst others. As such, NCA is essential to the implementation of incentives for ecosystem conservation, sustainable use, and restoration ? and in post COVID-19 economy, to an economic recovery that leads to both biodiversity and development objectives.



Norway/Demark	Increased details should be included on the part related to how the project will implement activities related to finance	This point is well-taken, we have made adjustments to the Theory of Change paragraph in the ProDoc, and a paragraph regarding this has been inserted into the CEO ER. We have also recognized BIOFIN in the ProDoc Baseline Analysis and Gaps section, and in an entry in Table 2.7.1 Summary of Related Projects.
USA	Recommend coordination with FishRight and USAID Manilla as appropriate	The USAID Fish Right Program documented in the CEO endorsement as one of significant projects that are related to the GEF NCA project. Like the Fisht Right, the GEF-NCA project seeks to inform more effective conservation and improved management of natural resources, by accounting for biodiversity and ecosystem service and using such information for policy and decision-making. Coordination with the Fish Right will be particularly relevant in on issues related to measurements of coastal ecosystems provision of food, livelihoods, and coastal protection to local communities ? assuming these are deemed as a priority for the Palawan site. The Fisht Right implementation site in Calamianes offers opportunities for coordination on measurement approaches ? both on elements associated with condition of coastal ecosystems, including coral reefs, mangroves and sea grass, and their related contribution to fisheries-related services (e.g., nurseries, fisheries, etc.), and most importantly, on the use of such measurements toward efforts to improve financing of conservation and management of coastal services, such as through fisheries agreements and sustainable fishing practices. We expect coordination to be facilitated at the national level by DENR_BMB and Bureau of Fisheries and Aquatic Resources (BFAF), and at the Palawan by the Palawan Council for Sustainable Development.

**ANNEX C: Status of Utilization of Project Preparation Grant (PPG).  
(Provide detailed funding amount of the PPG activities financing status  
in the table below:**

PPG Grant Approved at PIF: <b>USD 150,000</b>				
<i>Project Preparation Activities Implemented</i>	<i>GETF/LDCF/SCCF Amount (\$)</i>			
	<i>Budgeted Amount</i>	<i>Re-aligned Amount*</i>	<i>Amount Spent Todate</i>	<i>Amount Committed</i>

Project Personnel	30,504	80,480.00	40,585.00	39,895.00
Consultant	63,712	60,133.00	53,769.00	6,364.00
Travel on Official Business	26,021	560.00	265.00	295.00
Meetings/Conferences	28,000	7,484.00	7,189.00	295.00
Sundry	1,763	1,343.00	856.00	487.00
<b>Total</b>	<b>150,000.00</b>	<b>150,000.00</b>	<b>102,664.00</b>	<b>47,336.00</b>

\*The extension of the submission to the GEF and responses/revisions related to GEF review require additional working days of the team. Moreover, due to COVID-19 pandemic lockdowns and restrictions, travel as initially anticipated did not take place. The above re-alignment has secured a prior approval from the Implementing Agency

## **ANNEX D: Project Map(s) and Coordinates**

**Please attach the geographical location of the project area, if possible.**

The Philippines is an archipelago comprising about 7,641 islands with a total land area of around 300,000 square kilometers, in three main geographical divisions from north to south: Luzon, Visayas and Mindanao (Figure 2.1.1). Its 36,289 kilometers of coastline makes it the country with the fifth longest coastline in the world. It is located between 116°40' and 126°34' E longitude and 4°40' and 21°10' N latitude, and is bordered by the Philippine Sea to the east, the South China Sea to the west, and the Celebes Sea to the south. Maps below situation the project PA landscapes within the Philippines.



**ANNEX E: Project Budget Table**

**Please attach a project budget table.**

Budget Table

UNEP Budget line		Expenditure by project component/output (US\$)					
		Comp 1	Comp 2	Comp 3	Comp 4	PMC	TOTAL
<b>PERSONNEL COMPONENT</b>							
1100	<i>Project personnel</i>						
1101	National Project Manager	77,117	80,731	37,574	5,584	22,334	223,340
1102	Monitoring and Evaluation/Gender and Stakeholder Engagement Specialist	0	0	0	91,660	0	91,660
1103	Natural Capital Accounting Specialist/Statistician	78,415	0	49,888	0	0	128,303
1104	GIS/Remote Sensing/Data Specialist	36,636	23,919	7,212	0	0	67,768
1105	National Coordinator	26,679	26,679	26,679	0	0	80,037
1106	PSA Research Associate - Palawan	15,820	15,820	15,820	0	0	47,461
1107	PSA Research Associate - Davao Oriental	15,820	15,820	15,820	0	0	47,461
<b>1199</b>	<b>Sub-total</b>	<b>250,488</b>	<b>162,971</b>	<b>152,994</b>	<b>97,244</b>	<b>22,334</b>	<b>686,030</b>
1200	<i>Consultants</i>						
1201	Resource/Environmental Economist	69,866	60,440	2,440	0	0	132,746
1202	Information, Education, Communication Specialist	20,288	24,752	25,578	14,381	0	84,999
							0
<b>1299</b>	<b>Sub-total</b>	<b>90,154</b>	<b>85,192</b>	<b>28,018</b>	<b>14,381</b>	<b>0</b>	<b>217,745</b>
1300	<i>Project-administrative support</i>						
1301	Finance and Administrative Officer	15,104	15,104	15,104	0	24,713	70,024
1302	Project Administrative Support Costs (IDC 10% on selected BLs)	61,342	30,325	40,252	15,164	15,164	162,247
<b>1399</b>	<b>Sub-total</b>	<b>76,446</b>	<b>45,428</b>	<b>55,356</b>	<b>15,164</b>	<b>39,877</b>	<b>232,271</b>
1600	<i>Project travel (official)</i>						
1601	Output 1.1.1 - Staff travel to NCA areas and trainings	17,944	0	0	0	0	17,944
1602	Output 1.1.2 - Travel -National - - Palawan - Vehicle rental - within side -	1,030	0	0	0	0	1,030
1603	Output 4.1.1 - Monitoring & Evaluation Travel	0	0	0	8,743	0	8,743
1604	Output 3.1.1 - Component 3 travel, Science Team/National Management	0	0	9,136	0	0	9,136
1605	Output 1.1.1 Quezon City/PMU - coordination travel	5,902	0	0	0	0	5,902
1606	Output 2.1.1 Quezon City/PMU - coordination travel	0	2,623	0	0	0	2,623
1607	Output 3.1.1 Quezon City/PMU - coordination travel	0	0	1,967	0	0	1,967
1608	Output PMC Quezon City/PMU - coordination travel	0	0	2,623	0	0	2,623
1609	Output 3.1.1 Travels - National	0	0	2,073	0	0	2,073
1610	Output 3.1.2 Travels - National	0	0	830	0	0	830
1611	Output 1.1.2 - Travel -National - Palawan- Travel within Site	412	0	0	0	0	412
<b>1699</b>	<b>Sub-total</b>	<b>25,287</b>	<b>2,623</b>	<b>16,629</b>	<b>8,743</b>	<b>0</b>	<b>53,282</b>
<b>Component TOTAL</b>		<b>442,375</b>	<b>296,214</b>	<b>252,997</b>	<b>135,532</b>	<b>62,211</b>	<b>1,189,329</b>
<b>SUB-CONTRACT COMPONENT</b>							
2100	<i>Sub-contract (co-operating agencies and government)</i>						
2101	Subcontract/Subgrant for Component 3 - National (c/o PMU)	0	0	8,023	0	0	8,023
2103	Subgrant - National, c/o PMU	153,215	0	0	0	0	153,215
2104	Subgrant - c/o PMU for National Level Policy-related and Learning-related activities	27,865	0	0	0	0	27,865
2105	Subgrant to REECS (Responsible Partner in Davao Oriental)	154,478	390,325	227,960	0	0	772,763
2106	Subgrant to CI Philippines (Responsible Partner in Palawan)	725,740	183,808	35,939	0	0	945,487
<b>2199</b>	<b>Sub-total</b>	<b>1,061,299</b>	<b>574,133</b>	<b>271,922</b>	<b>0</b>	<b>0</b>	<b>1,907,353</b>
2200	<i>Sub-contract (commercial service providers)</i>						
2201	Production of a documentary; Multimedia materials production contract	0	0	22,831	0	0	22,831
2202	Output 3.1.1. - Publishing and distribution of knowledge materials; Multimedia materials production contract	0	0	22,307	0	0	22,307
<b>2299</b>	<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>45,138</b>	<b>0</b>	<b>0</b>	<b>45,138</b>
<b>Component TOTAL</b>		<b>1,061,299</b>	<b>574,133</b>	<b>317,060</b>	<b>0</b>	<b>0</b>	<b>1,952,492</b>
<b>TRAINING COMPONENT</b>							
3200	<i>Group training</i>						
3201	Output 3.1.1.1 Training/Workshops - National	0	0	2,281	0	0	2,281
3202	Output 3.1.1.2 Training/Workshops - National	0	0	906	0	0	906
3203	Output 3.1.2.1 Training/Workshops - National	0	0	7,121	0	0	7,121
3204	Output 3.1.2.2 Training/Workshops - National	0	0	5,393	0	0	5,393
3205	Output 3.1.2.3 Training/Workshops - National	0	0	5,393	0	0	5,393
3206	Output 3.1.2.7 Training/Workshops - National	0	0	1,050	0	0	1,050
3207	Output 3.1.4.3 Training/Workshops - National	0	0	3,458	0	0	3,458
3208	Output 4.1.1 M&E Training/Workshops - National	0	0	0	1,256	0	1,256
3209	Output 3.1 Capacity Building Activities/Workshops - National	0	0	52,951	0	0	52,951
<b>3299</b>	<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>78,553</b>	<b>1,256</b>	<b>0</b>	<b>79,808</b>
3300	<i>Meetings/conferences</i>						
3301	Inception meeting/workshop - National (Virtual)	0	0	2,000	0	0	2,000
3302	Project steering committee meeting (semi-annual)	16,102	16,102	16,102	0	4,786	53,091
<b>3399</b>	<b>Sub-total</b>	<b>16,102</b>	<b>16,102</b>	<b>18,102</b>	<b>0</b>	<b>4,786</b>	<b>55,091</b>
<b>Component TOTAL</b>		<b>16,102</b>	<b>16,102</b>	<b>96,654</b>	<b>1,256</b>	<b>4,786</b>	<b>134,900</b>
<b>EQUIPMENT AND PREMISES COMPONENT</b>							
4100	<i>Expendables(supplies)</i>						
4101	Project Management Unit/Science Team - Office and Pantry Supplies	0	0	9,836	0	3,279	13,115

**ANNEX F: (For NGI only) Termsheet**

Instructions. Please submit a finalized termsheet in this section. The NGI Program Call for Proposals provided a template in Annex A of the Call for Proposals that can be used by the Agency. Agencies can use their own termsheets but must add sections on Currency Risk, Co-financing Ratio and Financial Additionality as defined in the template provided in Annex A of the Call for proposals. Termsheets submitted at CEO endorsement stage should include final terms and conditions of the financing.

**ANNEX G: (For NGI only) Reflows**

Instructions. Please submit a reflows table as provided in Annex B of the NGI Program Call for Proposals and the Trustee excel sheet for reflows (as provided by the Secretariat or the Trustee) in the Document Section of the CEO endorsement. The Agency is required to quantify any expected financial return/gains/interests earned on non-grant instruments that will be transferred to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy. Partner Agencies will be required to comply with the reflows procedures established in their respective Financial Procedures Agreement with the GEF Trustee. Agencies are welcomed to provide assumptions that explain expected financial reflow schedules.

**ANNEX H: (For NGI only) Agency Capacity to generate reflows**

Instructions. The GEF Agency submitting the CEO endorsement request is required to respond to any questions raised as part of the PIF review process that required clarifications on the Agency Capacity to manage reflows. This Annex seeks to demonstrate Agencies' capacity and eligibility to administer NGI resources as established in the Guidelines on the Project and Program Cycle Policy, GEF/C.52/Inf.06/Rev.01, June 9, 2017 (Annex 5).