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DENR ADMINISTRATIVE ORDER
NO. 2013- 15

SUBJECT: GUIDELINES ON THE OPERATIONALIZATION OF THE AREA WATER QUALITY MANAGEMENT FUND (AWQMF) UNDER REPUBLIC ACT NO. 9275

Pursuant to Section 10 of Republic Act No. 9275, otherwise known as the Philippine Clean Water Act of 2004, DENR Administrative Order No. 2005-10 or the Implementing Rules and Regulations of RA 9275 and Executive Order No. 192 entitled "Reorganization Act of the Department of Environment and Natural Resources", the following guidelines on the operationalization of the Area Water Quality Management Fund (AWQMF) is hereby issued.

Section. 1. Basic Policy. It is the policy of the State to pursue economic growth in a manner consistent with the protection, preservation and revival of the country's fresh, brackish and marine waters, through the following:

- a. Streamlining of the processes and procedures in the prevention, control and abatement of pollution;
- b. Formulation of an integrated water quality management framework through proper delegation and effective coordination of functions and activities;
- c. Formulation and enforcement of a system of accountability for short and long-term adverse environmental impact of a project, program or activity;
- d. Designation of Water Quality Management Areas (WQMAs) for effective integrated management of physiographic units such as watersheds, river basins, or water resource regions; and
- e. Establishment of AWQMF to be used in accordance with Section 10 therein and its utilization for the most cost-effective strategies to achieve such objective.

Sec. 2. Objective. This Order shall set forth the procedures to be followed in the operationalization of the AWQMF designated for each WQMA.

Sec. 3. Scope and Coverage. This Order shall cover all the AWQMF to be designated in all WQMA to support the maintenance, management and protection of water bodies within the WQMA.

Sec. 4. Definition of Terms. As used in and for purposes of this Order, the following terms shall mean:

- a. **Accrual** - the act of coming into the possession of the fees and charges as an addition or increment.
- b. **AWFP** - targeted activities and programs with corresponding funds for the whole year.



- c. Eligible Entities - any of the following entities qualified to undertake projects under Section 7 (c) to (f) of this Order:
 - i. Duly registered People's Organizations (POs);
 - ii. Non-Government Organizations (NGOs);
 - iii. Private sector, or
 - iv. National government agency (NGA) or instrumentality of the State with a mandate of protecting the environment and prevention of water pollution, including but not limited to Local Government Units (LGUs), Protected Area Management Boards (PAMBs) of proclaimed and/or legislated Protected Areas (PAs), officially established fishery management councils, river protection councils and other formal bodies established under the law with clear management authority and public accountability.
- d. Fund Code - the specific account code assigned to the Special Account for the AWQMF.
- e. Goods - all items, supplies, materials and general support services, except consulting services and infrastructure projects, which may be needed in the pursuit of any of the undertaking under Section 7 of this Order, project or activity, whether in the nature of equipment, furniture, stationery, materials for construction, or personal property of any kind, including non-personal or contractual services such as the repair and maintenance of equipment and furniture, as well as trucking, hauling, and related or analogous services, as well as procurement of materials and supplies provided by the WQMA for such services. The term "related" or "analogous services" shall include, but will not be limited to lease or purchase of office space, media advertisements, health maintenance services, and other services essential to the operation of the WQMA.
- f. Infrastructure Projects - projects undertaken by the WQMA GB in pursuit of activities Under Section 7 of this Order which shall include, but will not be limited to the construction, improvement, rehabilitation, demolition, repair, restoration, or maintenance of projects, irrigation, flood control and drainage, water supply, sanitation, wastewater treatment systems, shore protection, energy/power and electrification facilities, and other related construction projects of the WQMA.
- g. Rural Areas - areas outside of component and highly urbanized cities defined under the Local Government Code.
- h. Sub-Fund Code - the account code designated and assigned by DENR Environmental Management Bureau Central Office (EMB-CO) to each AWQMF.
- i. Wastewater Charge (WWC) - the fee based on the net waste load and calculated based on the wastewater charge formula as required under Section 13 of RA No. 9275.

Sec. 5. Operational Establishment of the AWQMFs. The AWQMF is hereby made operational as illustrated by the following:

- a. The Department of Budget and Management (DBM) shall designate a Fund Code for the Special Account established in the Bureau of the Treasury, which shall be administered by EMB-CO. Once the Fund Code is designated, EMB-CO shall attribute a Sub-Fund Code for each WQMA.



- b. The Sub-Fund Code shall be provided to the corresponding DENR-EMB Regional Office's (EMB-RO) WQMA for the remittance of the collections for the AWQMF.

Sec. 6. Administration, Management, and Operation of the AWQMF. The following procedures shall be observed:

- a. The AWQMF to be designated in each WQMA shall be administered by each WQMA Governing Board for the maintenance and upkeep of the water bodies. The WQMA Governing Board shall designate and create, from among its members, a Fund Committee headed by the designated Chair of the WQMA GB.
- b. The Fund Committee shall comprise five (5) members of the WQMA Governing Board, including the Chair, and shall include one representative each from the LGUs, NGOs, other NGAs, and industries within the jurisdiction of the WQMA.
- c. The Fund Committee shall establish an Administrative and Finance Group (AFG), which shall be responsible for the day to day management of the AWQMF subject to requirements under RA No. 9275 and this Order. The use of and disbursement from the AWQMF shall be based on the respective WQMA's Annual Work and Financial Plan (AWFP) prepared pursuant hereto. This AFG shall be responsible for executing the following functions:
 - i. Planning and Budgeting;
 - ii. Accounting and Financial Reporting;
 - iii. Fund Management;
 - iv. Fund Raising Support; and
 - v. Administrative Services.
- d. This AFG shall work closely with EMB-RO Administrative and Finance Division (AFD) counterparts.

Sec. 7. Sources of and Accrual to the AWQMF. The following shall be the sources of funding the AWQMF:

- a. Fines incurred by establishments located in rural areas before the effectivity of RA No. 9275;
- b. Fees collected under the Wastewater Charge System established under Section 13 of RA No. 9275;
- c. Donations, endowments, and grants for the WQMA for the water quality management of the area; and
- d. Collections from loans granted to eligible entities.

Sec. 8. Collection of Fees under the Wastewater Charge (WWC) System and Other Dues for the AWQMF.

- a. Cashiers of EMB are hereby appointed as Special Collection Officers (SCO), responsible for the collection of WWCs and other receipts creditable to the specific AWQMF. In the absence of regular cashiers in the EMB-ROs, the officially designated EMB cashier shall assume the function of an SCO and shall, for this purpose, be accountable to the WQMA GB.
- b. The SCO shall collect the WWCs and other dues from sources named herein. He shall then issue official receipts as acknowledgement of collections. Receipts shall indicate to which AWQMF the collection shall accrue.

- c. All collections, income, including grants and donations received for the concerned AWQMF, shall be deposited with an Accredited Government Depository Bank (AGDB) for the Special Account in the National Treasury. All dues collected for the AWQMF each day shall be deposited intact on the same day or not later than the next banking day. The Accounting and Financial Reporting Unit shall cause the entry of all deposits into the AWQMF's books of account and ensure prompt reporting of collections and other receipts to the Chairman of the WQMA GB, who in turn shall furnish reports to the WQMA GB, DBM, and Congress.

Sec. 9. Fines and Collections Prior to the Designation of WQMAs.

- a. Prior to the designation of WQMAs, DENR-EMB, as the implementor of the Wastewater Charge System, shall authorize each EMB-RO to collect the WWCs and other amounts including among others, fines imposed by the PAB to establishments located in rural areas before the effectivity of RA No. 9275, for the future WQMA's AWQMF.
- b. EMB-ROs shall make sure that collected WWCs and other receipts are identified in terms of the companies paying them and their locations to facilitate the accrual to the appropriate AWQMF once the corresponding WQMAs are designated covering such locations.
- c. Once a WQMA is designated and its GB is convened, the EMB-RO shall cause the transfer of funds to the WQMA's AWQMF based on the location of the pollution source for which the WWCs were collected.

Sec. 10. Uses of the AWQMF. The following expenditures and activities shall be eligible for funding under the AWQMF:

- a. Rewards and incentives for entities whose effluent discharges are better than the water quality criteria of the target classification of the receiving body of water;
- b. Loans for acquisition and repair of facilities to reduce quantity and improve quality of wastewater discharge;
- c. Regular maintenance of the water bodies within the management area, consistent with the compliance plans of the LGUs as required by Section 20 of RA No. 9275;
- d. In connection with (c), purchase of equipment related to water quality monitoring, reporting, or management;
- e. In connection with (a) and (c), costs for special campaigns or public awareness raising;
- f. In connection with (c), costs for special events related to water quality monitoring, enforcement, or reporting; and
- g. Operational expenses of the WQMA GB, the multi-sectoral water quality surveillance and monitoring network, and the Technical Secretariat, the amount of which shall not be more than 10 percent of each AWQMF balance as of the end of the previous calendar year, consistent with Section 10 par. 2 of RA No. 9275.

In addition, a percentage of the annual collection shall be set aside by the WQMA GB, at its discretion, to be used for giving grants and loans for eligible projects and eligible beneficiaries.

The WQMA GB shall set aside 15 percent of its annual AWQMF disbursements to support EMB-RO activities falling under this Section's (a) to (f) items, above, not otherwise funded by the general appropriations.

Sec. 11. AWQMF Planning.

- a. Consistent with the 10-year Water Quality Management Area Action Plan (WQMAAP) prepared pursuant to RA No. 9275, the Fund Committee shall prepare an AWFP for submission to the WQMA GB.
- b. Entities entitled to receive funding from the AWQMF for eligible projects under Section 10 of this Order shall be qualified to receive project funding. They shall submit their requests to the concerned WQMA Fund Committee, who shall then endorse the request to the WQMA GB with its notation on the consistency of such request with the priorities for the area.
- c. The WQMA GB shall review and approve the requests and shall cause the incorporation of such requests into the AWFP for submission to the EMB Director. The EMB Director shall approve the AWFP based on the Integrated Water Quality Management Framework (IWQMF) and the 10-year WQMAAP.
- d. Once approved, the AWFP shall be the basis of the Special Budget Requests (SBRs) submitted to DBM through the EMB Director. Releases for the AWQMF shall be made by DBM to the WQMA GB through the EMB-RO.
- e. Operational costs of the WQMA GB shall be included in their AWFP and may be sourced from the AWQMF, subject to applicable government rules and regulations.

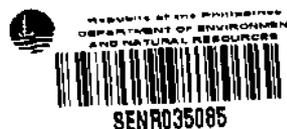
Sec. 12. AWQMF Availment and Release. On the basis of the approved AWFP, the Fund Committee shall prepare the SBR and submit the same to the EMB-CO, together with the following requirements:

- a. AWFP approved by the WQMA GB with detailed breakdown of expenditures;
- b. Cash Program;
- c. Accomplishment report of previous SBR, if applicable;
- d. Updated trial balance of the respective AWQMF;
- e. Other relevant documents that refer to the specific activities prioritized under the 10-year WQMAAP including, but not limited to, relevant management plans, relevant Board Resolutions, and the like; and
- f. Certification from the local Bureau of the Treasury of the availability of requested fund in the Special Account for the respective AWQMF.

Sec. 13. Criteria for Grants and Rewards. EMB shall formulate a set of procedures and criteria for grants and rewards, and a separate set of criteria for loans. The WQMA GB may require counterpart contributions or set a maximum percentage of a project's cost as a condition for financial support from the AWQMF.

Sec. 14. Procurement Process. Procurement by WQMA of infrastructure projects, goods, and consulting services shall be governed by RA 9184 and Part A of its Implementing Rules and Regulations (IRR), as customized for the use of DENR and all offices under it by the DENR Customized Procurement Manual under DENR AO 2007-08.

Foreign-funded procurement activities shall be governed by RA 9184 as implemented by Part B of its IRR.



Sec. 15. Responsibilities of the WQMA GB, EMB, and DBM.

WQMA GB shall:

- a. Recommend approval of the AWWP to EMB-CO;
- b. Supervise and monitor the performance of the Fund Committee;
- c. Adopt prioritization criteria for the use of the funds, including evaluation of the requests, allocation of portions to specific uses and realignment when necessary;
- d. Administer the AWQMF;
- e. Set up an account with a government bank for its share of the AWQMF, with signatories authorized by the Governing Rules of the Governing Board;
- f. Set up and maintain a AWQMF books of account; and
- g. Submit to EMB-CO annual physical and financial performance/progress reports and how the activities contributed to the improvement of WQMA.

EMB-CO shall:

- a. Attribute a Sub-Fund Code for each WQMA.

EMB-RO shall:

- a. Collect WWCs and other receipts accruing to the AWQMF;
- b. Inform the WQMA Governing Board the accrued collections of the AWQMF, including the estimated amount that will be transferred eventually to the WQMA Sub-Fund.

DBM shall:

- a. Designate a Fund Code; and
- b. Issue appropriate Special Allotment Release Orders (SARO) and the corresponding Notice of Cash Allocation (NCA) in accordance with existing budgeting rules and regulations

Sec. 16. Fund and Performance Auditing. All transactions under the AWQMF shall be subject to the usual government auditing rules and regulations.

The elected auditor of the WQMA Governing Board shall conduct an annual audit of the AWQMF and submit the findings to the Fund Committee and the Governing Board within thirty (30) days after each fiscal year.

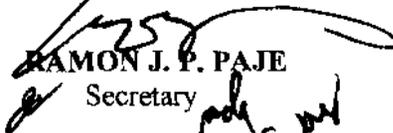
Sec. 17. Accountability. Members of the WQMA GB are accountable to the Governing Board and to their respective offices in the performance of their functions in relation to the use of the AWQMF.

Sec. 18. Reportorial Requirements. The WQMA GB shall prepare an annual financial and accomplishment report on the use of the AWQMF along with other regular reports required by law. The annual financial and accomplishment report shall indicate, among others, the types of projects and activities supported and how these projects/activities contributed to improving water quality in the WQMA. Copies of the reports shall be transmitted through a board resolution to the EMB Director and the DENR Secretary.

Sec. 19. Separability. If any provision of this Order is declared unconstitutional or invalid, the same shall not affect the validity and effectivity of the other provisions hereof.

Sec. 20. Repealing Clause. Rule 10 of DENR Administrative Order 2005-10 is hereby repealed. All orders and circulars inconsistent with this Department Administrative Order are likewise deemed repealed or modified accordingly.

Sec. 21. Effectivity. This Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation and upon acknowledgment of receipt of a copy hereof by the Office of the National Administrative Register (ONAR).


RAMON J. P. PAJE
Secretary
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