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**DENR ADMINISTRATIVE ORDER**  
**NO. 2012- 06**

SEP 11 2012

**SUBJECT: IMPLEMENTING GUIDELINES ON THE  
OPERATIONALIZATION OF THE NATIONAL WATER  
QUALITY MANAGEMENT FUND UNDER REPUBLIC ACT  
NO. 9275**

Pursuant to Section 9 of Republic Act (RA) No. 9275, otherwise known as the Philippine Clean Water Act of 2004, DENR Administrative Order (DAO) No. 2005-10, providing for the Implementing Rules and Regulations (IRR) of RA No. 9275 and Executive Order No. 192 (1987) or the Reorganization Act of the DENR, the following guidelines on the management, operationalization, disbursement and monitoring of the National Water Quality Management Fund (NWQMF), is hereby issued.

**Section 1. Basic Policy.** In consonance with the avowed policy under RA No. 9275, the State shall 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; and
- c. Formulation and enforcement of a system of accountability for short and long-term adverse environmental impact of a project, program or activity.

**Section 2. Objective.** This Order shall set forth the procedures to be followed in the establishment and management of the NWQMF.

**Section 3. Definition of Terms.** As used in and for purposes of this Order, the following terms shall mean:

- a. "**Accrual**" refers to the act of coming into the possession of the fees and charges as an addition or increment.
- b. "**Annual Work and Financial Plan (AWFP)**" refers to targeted activities and programs with corresponding funds for the whole year.
- c. "**Eligible Entities**" refers to any of the following entities qualified to undertake activities under Section 6 of this Order:



- i. Duly registered Peoples Organizations (POs);
  - ii. Non-Government Organizations (NGOs);
  - iii. Private sector; or
  - iv. National government agency or instrumentality of the State with a mandate of protecting the environment and the prevention of water pollution, including, but not limited to, Water Quality Management Area Governing Boards (WQMA GBs), 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”** refers to the specific account code assigned to the NWQMF.
- e. **“Discharge Permit (DP) Fee”** refers to the sum of the government-imposed processing fee, filing fee, other relevant fees and fixed fees paid by a discharger prior to the issuance of a DP.

**Section 4. Operational Establishment of the NWQMF.** As established under RA No. 9275, the NWQMF is hereby made operational as follows:

- a. The Department of Budget and Management (DBM) shall designate a Fund Code for the Special Account established in the Bureau of the Treasury;
- b. Once the Fund Code is designated, the Permit Fees collected in all regions and fines imposed by the Pollution Adjudication Board (PAB) for violations of RA No. 9275 and damages awarded to the State and its instrumentalities for the pollution of water bodies shall accrue to the NWQMF immediately; and
- c. The Fund Code shall be provided to the DENR-Environmental Management Bureau Central Office (EMB-CO) and all DENR-EMB Regional Offices (EMB-ROs) for the remittance of the said collections.

**Section 5. Sources of the NWQMF.** Pursuant to Section 9 of RA No. 9275, the following are the sources of the NWQMF:

- a. Fines imposed by the Pollution Adjudication Board (PAB) to any person who commits prohibited acts under Section 27 of RA No. 9275;
- b. Damages awarded to the government by the PAB pursuant to Section 28 of RA No. 9275;
- c. Discharge Permit Fees collected by EMB under Section 14 of RA No. 9275;
- d. Donations, endowments and grants in the form of contributions to the national government under RA No. 9275; and
- e. Reimbursements of the amount disbursed from the NWQMF for clean-up operations pursuant to Sections 9 and 16 of RA No. 9275.

**Section 6. Uses of the NWQMF.** Pursuant to Section 9 of RA No. 9275, the following activities shall be eligible for funding under the NWQMF:

- a. Containment and clean-up operations of the government in water pollution cases;
- b. Restoration of ecosystems and rehabilitation of affected areas;
- c. Research (e.g. restoration studies), enforcement and monitoring activities;



- d. Technical assistance to the implementing agencies;
- e. Rewards and incentives to any person or entity for substantial pollution reduction;
- f. Information and educational campaigns, including the mobilization of volunteers for monitoring and clean-up;
- g. Prevention and control or abatement of water pollution and other such actions and management and administration of the management areas in the amount authorized by DENR; and
- h. Disbursements for emergency clean-up under Section 13 of this Order unless such costs are advanced by WQMA GBs, other management boards, or the LGUs.

In addition, the NWQMF shall be used to fund response activities for emergency cases, details of which is further elaborated under Section 13 of this Order.

**Section 7. Collection of Discharge Permit Fees, Fines and Damages.** Cashiers of EMB are hereby appointed as Special Collection Officers (SCOs), responsible for the collection of Discharge Permit Fees, Fines and Damages accruing to the NWQMF. In the absence of regular cashiers in the EMB-ROs, the acting EMB cashier shall assume the function of an SCO and shall be accountable to the Fund Manager.

All collections, income, including grants and donations received for the NWQMF shall be deposited to an Accredited Government Depository Bank (AGDB) for the account of the Treasurer of the Philippines under the designated Fund Code for the NWQMF. All collections and income received for each day shall be deposited intact on the same day or not later than the next banking day, as the case may be. The Accounting Section of the EMB shall cause the entry of all deposits into the NWQMF's books of account and ensure prompt periodic reporting of collections and other receipts to the Fund Manager, who in turn shall furnish reports to DBM and Congress as required by laws and regulations.

**Section 8. NWQMF Planning.** All EMB-ROs shall prepare an AAFP consistent with the IWQMF under Section 19.b of RA No. 9275 and Rule 19.2 of DAO No. 2005-10. Entities eligible to undertake projects/activities under Section 6 of this Order shall be qualified to receive project funding. They shall submit their respective requests to the concerned EMB-RD, who shall then incorporate said requests into the AAFP. This AAFP shall be submitted to EMB-CO for consolidation and review.

The approved Consolidated Annual Work and Financial Plan (CAAFP) shall be the basis of the Consolidated Annual Special Budget Request (CASBR) to be submitted along with the regular budget for the succeeding year.

Releases from the NWQMF shall be made by DBM to EMB-CO provided that funds have been certified available.

**Section 9. Fund Review Committee.** A Fund Review Committee (FRC) shall be formed to be composed of the different division chiefs of EMB-CO and the PAB Secretary. The FRC is tasked to review the CAAFP based on the following:

- a. Integrated Water Quality Management Framework (IWQMF);
- b. Prior year and current available NWQMF balance; and
- c. Prioritization criteria for eligible activities under the NWQMF.



After the review of the CAWFP, the FRC shall endorse the same to the Fund Manager for final review and approval.

**Section 10. Administration, Management and Operation of the NWQMF.** The EMB Director shall serve as the Fund Manager who shall be responsible for the accrual, fund planning, disbursement, maintenance and augmentation of the NWQMF balance and the overall administration and efficient use of the NWQMF.

The Fund Manager shall likewise be responsible for the endorsement to DBM of the approved CAWFP.

**Section 11. NWQMF Availment and Release.** On the basis of the approved CAWFP, the Fund Manager shall cause the preparation of the CASBR to be submitted to DBM.

The CASBR shall be submitted to DBM using the regular budget schedule and supported by the following requirements:

- a. CAWFP;
- b. Cash Program;
- c. Accomplishment Report of previous CASBR, if applicable;
- d. Other relevant documents that refer to the specific activities prioritized under the NWQMF including, but not limited to, relevant management plans, relevant Board Resolutions and the like; and
- e. Certification from the Bureau of the Treasury of the availability of the requested fund in the Special Account.

Once approved by DBM, the EMB Director shall request for the issuance of the Special Allotment Release Order (SARO) and the corresponding Notice of Cash Allocation (NCA).

Upon receipt of the fund, the Fund Manager shall release the same based on the approved CAWFP. For eligible entities, the EMB Director shall enter into a Memorandum of Agreement (MOA) with the said entities prior to the release of the fund.

**Section 12. Prioritization and Evaluation of Eligible Projects for Funding.** The EMB shall formulate and adopt a set of criteria which shall be the basis for evaluating and prioritizing projects eligible for the availment of funds.

Collections from fines and damages shall be prioritized for use in cleaning up and restoring the corresponding area affected by the violation unless the incident is already sufficiently covered by insurance claims, environmental guarantee funds or similar sources.

**Section 13. Emergency Fund.** As the NWQMF could also be availed of to respond to water pollution emergencies, ten percent (10%) of the NWQMF balance as of the beginning of the previous budget period shall be included in the CAWFP as emergency funding. This Emergency Fund shall be used only for quick response activities such as evacuation, immediate containment and confinement actions and related water quality investigation.



Any request from the Emergency Fund shall be supported by the presentation of an Emergency Response Plan with corresponding Budget by the concerned EMB-RD.

The balance of such emergency fund which remains unexpended at the end of the fiscal year shall revert to the unappropriated surplus of the NWQMF.

**Section 14. Responsibilities of EMB and DBM.**

EMB-CO shall:

- a. Approve the CAWFP for endorsement to DBM;
- b. Adopt prioritization criteria for the use of the funds, including evaluation of the requests, allocation of portions to specific uses and realignment when necessary;
- c. Administer the NWQMF; and
- d. Collect fines and damages.

DBM shall:

- a. Designate the Fund Code; and
- b. Review the CASBR and issue appropriate SARO and the corresponding NCA in accordance with CAWFP and existing budgeting laws and regulations.

EMB-RO shall:

- a. Collect permit fees, fines and damages; and
- b. Prepare AWFP including proposed projects that are in alignment with the IWQMF.

**Section 15. NWQMF Reporting.** The Fund Manager shall report annually to the Secretaries of DENR and DBM on all receipts and their sources, deposits and availments of the NWQMF, including disbursements made under Section 13 hereof. Annual Reports on the physical and financial progress as well as Consolidated Quarterly Reports of all availments and disbursements shall also be made and submitted to the Secretaries.

**Section 16. NWQMF and Performance Auditing.** All transactions under the NWQMF shall be subject to the usual government auditing rules and regulations.

**Section 17. Exemption from Taxes.** All donations, endowments and grants in the form of contributions to the National Government under RA No. 9275 shall be exempt from donor's taxes and all other taxes, charges or fees imposed by the government shall be deductible from the gross income of the donor for income tax purposes as provided for under RA No. 9275.

**Section 18. Transitory Provisions and Funds for Initial Fund Establishment.** The DENR shall endeavor to determine the amounts that accrued to the National Government with respect to fines imposed by the PAB since the effectivity of RA No. 9275 and cause the insertion of special provisions in the proposed General Appropriations Act to allocate it to the NWQMF.

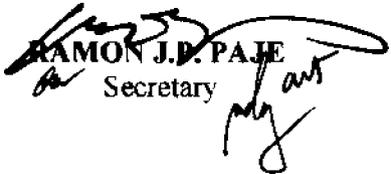


**Section 19. NWQMF Operations Manual.** The EMB-CO shall develop and implement an Operations Manual to supplement this Order. Said manual shall include financial procedures; levels of authority; clear and detailed steps in accrual, availment, and disbursement; and staffing requirements of the NWQMF.

**Section 20. 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.

**Section 21. Repealing Clause.** Rule 9 of DAO No. 2005-10 is hereby repealed. All orders and circulars inconsistent with this DENR Administrative Order are likewise repealed or modified accordingly.

**Section 22. Effectivity.** This Department Administrative Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation and filing of a copy hereof to the Office of the National Administrative Register.

  
RAMON J. PAJE  
Secretary



Republic of the Philippines  
DEPARTMENT OF ENVIRONMENT  
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