



Project Identification Form (PIF) entry – Full Sized Project – GEF - 7

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

☐ NGI

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)

Executing Partner Type

Lead: DENR - Biodiversity Management Bureau (lead), Planning and Policy Service & Knowledge division, and Information and Systems Service division; Conservation International Philippines as Local Resource Partner. Others: Philippine Statistics Authority, National Economic Development Authority, Department of Tourism; PPP Center; Department of Trade and Industry, Palawan Council for Sustainable Development, and UN Statistics Division & World Tourism Organization

Government

GEF Focal Area

Biodiversity

Taxonomy

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

Rio Markers**Climate Change Mitigation**

Climate Change Mitigation 0

Climate Change Adaptation

Climate Change Adaptation 0

Duration

60 In Months

Agency Fee(\$)

332,782

Submission Date

10/11/2019

A. Indicative Focal/Non-Focal Area Elements

Programming Directions	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
BD-1-3	GET	2,002,968	5,592,312
BD-2-7	GET	1,500,000	9,000,000
Total Project Cost (\$)		3,502,968	14,592,312

B. Indicative 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 eco-tourism development

Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
Comp 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>Targets:</p> <ul style="list-style-type: none"> • At least 50% increase in capacity of 40 national and provincial staff (data providers, account compilers, data users) in establishing SEEA-EEA NC accounts and its applications • SEEA-based NC accounts and key indicators reported by local government (Philippines Statistics Authority (PSA)) • Increase in standardized data held in ENR data systems, 	<p><u>1.1.1</u> 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</p> <p><u>1.1.2</u> Experimental Ecosystem accounts established for two PA landscapes (Palawan and Davao Oriental, and incorporated into the adjusted provincial supply and use table (SUT)</p> <p><u>1.1.3</u> Tourism satellite account implemented at priority geographies and used to inform national replication by Philippines Statistics Authority</p>	GET	1,686,160	4,200,000

useful for NCA through adopted meta data protocols and standards for two PA landscapes

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

Outcome 1.2 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

Targets:

- Increase in capacity with national and provincial policy decision-makers to prioritize linkages between NCA and planning and decision-making
- At least five NCA-based indicators tested for two landscapes so as to inform and monitor progress toward government policies (e.g., provincial zoning, budgeting, biodiversity

1.2.2 NCA-informed budget allocation criteria developed and demonstrated to inform provincial Ecological Fiscal Transfer (as per NEDA's^[1] NCA Roadmap).

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

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 eco-tourism

^[1] National Economic Development Authority

and sustainability commitments) and recognized by PSA/NEDA

- NC awareness levels are increased by 30% against baseline, of central & local government agencies and related corporate sectors (with >40% women engaged)

Comp 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 Areas.	Investment	<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>Targets:</p> <ul style="list-style-type: none"> • Increase in new finance to meet PA management costs, leading to 25% increased METT scores for specific PAs & MPAs in 2 PA landscapes • 10,000 sea- and 20,000 landscape (non-PA) under improved 	<p><u>2.1.1</u> 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</p> <p><u>2.1.2</u> 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</p>	GET	1,000,000	8,072,312
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management
agreements, including:

- 20,000 ha improved forest management, specifically those key to BD conservation
- Improved marine management in 10,000 ha (reefs, mangroves, seagrass, estuary and related island habitats)

- Increase in ..# .. sustainable business practices in the PA landscapes through PA Business Plans (incl. new financing/business strategies, gender responsive approaches & targets, cost recovery, improved governance, and Biodiversity Assessment and Monitoring System (BAMS) monitoring mechanism)

- At least 2 sustainable tourism concessions/ impact investments generating new revenue for PA management and protecting NC in the PA landscapes

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)

- At least 100 households (50% women) involved in biodiversity-friendly and gender sensitive Social Enterprises (sustainable- tourism, agriculture, and fisheries) – conditional positive PA management objectives in and around the PAs
- BAMS measures stable or improved conservation outcomes in the 2 PA landscapes

Comp 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[1] through national replication of best practise and Investment Plan for sustainable business and tourism for improved NC and biodiversity outcomes</p> <p>Targets:</p> <ul style="list-style-type: none"> •An average increase with 10% against baseline in number of NC-based sustainable tourism operations in PA landscapes 	<p>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</p> <p>-</p> <p>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 -</p>	GET	650,000	1,650,000
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•An increase of 10% nationally in public (e.g. Integrated Protected Area Fund (IPAF)) and private finance applied to NIPAS landscapes

•M&E data indicating positive trends in logframe indicators

[1] National Integrated Protected Area System

Tourism Infrastructure and Enterprise Zone Authority (TIEZA) & Department of Trade and Industry (DTI) - Small Business Corporation/mSME)

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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

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

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

Sub Total (\$)

3,336,160

13,922,312

Project Management Cost (PMC)

GET

166,808

670,000

Sub Total(\$)

166,808

670,000

Total Project Cost(\$)	3,502,968	14,592,312
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C. Indicative sources of Co-financing for the Project by name and by type

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount(\$)
Government	Biodiversity Management Bureau – DENR	In-kind	Recurrent expenditures	1,000,000
Government	Biodiversity Management Bureau – DENR	Grant	Recurrent expenditures	1,250,000
Government	Protected Area budgets	In-kind	Recurrent expenditures	750,000
Government	Department of Tourism (DoT)	In-kind	Recurrent expenditures	500,000
Government	TIEZA- DoT	Grant	Investment mobilized	750,000
Government	Department of Trade and Industries DoTI) – Small Business Corporations program	In-kind	Recurrent expenditures	150,000
Government	DoTI - mSME Credit Facility	Grant	Investment mobilized	500,000
Government	2x Local government – Development Budgets	In-kind	Recurrent expenditures	800,000
Government	2x Local government – Development Budgets	Grant	Recurrent expenditures	750,000
Government	PPP Center -- PDS – (de-risking of investments)	In-kind	Investment mobilized	200,000
Government	Philippines Statistics Authority	In-kind	Recurrent expenditures	500,000

Government	Coastal and Marine Ecosystems Management Program - DENR	In-kind	Recurrent expenditures	500,000
Government	Coastal and Marine Ecosystems Management Program - DENR	Grant	Recurrent expenditures	1,000,000
Government	FASPO-DENR	In-kind	Recurrent expenditures	50,000
Others	Development Bank, Land Bank & Center for Agriculture and Rural Development Bank	Grant	Investment mobilized	650,000
Others	UNWTO – MST project	In-kind	Recurrent expenditures	250,000
Government	Palawan Council for Sustainable Development	In-kind	Recurrent expenditures	467,065
Government	National Economic Development Authority	In-kind	Recurrent expenditures	100,000
Donor Agency	USAID Fish Right Program	In-kind	Recurrent expenditures	250,000
Donor Agency	USAID PROTECT Program	In-kind	Recurrent expenditures	500,000
Government	Department of Agriculture – Bureau of Fisheries and Aquatic Resources	In-kind	Recurrent expenditures	250,000
CSO	Conservation International Philippines	In-kind	Recurrent expenditures	2,095,247
CSO	University of Philippines – Diliman	In-kind	Recurrent expenditures	200,000
Others	REECS	In-kind	Recurrent expenditures	250,000

Private Sector	Eco-tourism companies	In-kind	Recurrent expenditures	400,000
Private Sector	Eco-tourism companies	Grant	Investment mobilized	400,000
GEF Agency	UN Environment - Regional Office Asia and Pacific, TEEB program	In-kind	Recurrent expenditures	80,000
Total Project Cost(\$)				14,592,312

Describe how any "Investment Mobilized" was identified

A total of USD 2.5 million in potential investments were identified through baseline assessment of funding facilities and talks with agencies and programs described in the PIF (section 1.3, section 2 and baseline programs, including e.g. (a) the Public Private Partnership Center (PPP Center) which operates under the definitions of the Build Operate and Transfer Law (R.A. 7718, 2012) and is mandated and has expressed interest to support the investments schemes in conservation and NR management if being of sufficient size; (b) the Tourism Infrastructure and Enterprise Zone Authority (TIEZA – MoT) program which is interested to support so called tourism concessions and/or impact investments in sustainable tourism in/around PAs; (c) the Small Business Corporation/mSME Credit Facility of Department of Trade and Industries; as well as (d) finance partners of national and provincial government such as Development Bank, Land Bank & Center for Agriculture and Rural Development Bank, which have programs for rural and environmental investments. This information came from talks with senior staff of REECS, based on their 2014 study and report 'Sustainable Financing of Protected Areas Project Final Report. Department of Environment and Natural Resources-Protected Areas and Wildlife Bureau (PAWB-DENR). No consultations have been held with any of the potential tourism corporations due to the fact the PA landscapes and development zones have yet to be confirmed; as well as baseline assessment & feasibility design to be conducted during the PPG.

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

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
UNEP	GET	Philippines	Biodiversity	BD STAR Allocation	3,502,968	332,782	3,835,750
Total GEF Resources(\$)					3,502,968	332,782	3,835,750

E. Project Preparation Grant (PPG)

PPG Amount (\$)

150,000

PPG Agency Fee (\$)

14,250

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


Core Indicators

Indicator 1 Terrestrial 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)
149,792.00	0.00	0.00	0.00

Indicator 1.1 Terrestrial Protected Areas Newly created

Ha (Expected at PIF)	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)
						

Indicator 1.2 Terrestrial Protected Areas Under improved Management effectiveness

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
149,792.00	0.00	0.00	0.00

Name of the Protected Area	WDPA 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)
Mount Hamiguitan Range Wildlife Sanctuary		Habitat/Species Management Area	7,133.00						
Mount Matalingahan Protected Landscape		Protected Landscape/Seascape	120,457.00						
Puerto Princesa Subterranean River National Park		National Park	22,202.00						

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)
34,618.00	0.00	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)
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34,618.00	0.00	0.00	0.00
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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)
Busuanga			778.00						
Coron			32,764.00						
Culion			454.00						
Linapacan			622.00						

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)
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20000.00	0.00	0.00	0.00
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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			

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			

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

Indicator 5.3 Amount of Marine Litter Avoided

Metric Tons (expected at PIF)

Metric Tons (expected at CEO Endorsement)

Metric Tons (Achieved at MTR)

Metric Tons (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			
Male	140			
Total	350	0	0	0

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

The alignment of the project with the CBD Aichi Targets is summarized in Annex D.

Part II. Project Justification

1a. Project Description

1.1 The global environmental problems, root causes and barriers that need to be addressed

1.1.1 Background and trends related to ecosystems, biodiversity and ecosystem services

The Philippines is endowed with vast natural resources essential to address local and global challenges such as food security, livelihoods, biodiversity conservation and climate change mitigation. These natural resources are also critically important to the national economy, as evident on the country's reliance on land and terrestrial ecosystems for its economic development, such as e.g. agriculture, mining, tourism and fisheries. The island province of Palawan contains a significant share of the country's remaining forests and natural ecosystems. In Davao Oriental province, central Mindanao (MHRWS, 7,133 hectares), its Protected Area landscape supports critically endangered, endangered, vulnerable species, as well as restricted range species. Sustainable management of the resources in these provinces requires science-based policy and conservation planning. Natural Capital Accounting (NCA) approaches are a powerful way to measure the stocks of natural resources and flows of benefits to different sectors of economy, providing essential inputs to policy and decision-making processes.

The Philippines is one of the mega-diverse countries of the world^[1]. It is 5th in the number of plant species, having 5% of the world's flora, with at least 25 genera of plants listed as endemic^[2]. The country has prominent level of species endemism as seen in having 85% of amphibians, 68% of reptiles, 66% plants, 61% mammals, 35% birds and 23% of freshwater fish species recorded as only occurring in the Philippines. Despite of these, the Philippines ranks among the top ten countries globally with the largest number of species threatened with extinction (CI, 2013). Pimm and Raven (2000) estimate that 18 % of hotspot species will disappear even if all remaining hotspot lands would immediately be protected, while 40% of hotspot species will disappear if only the currently protected hotspot areas remain in a decade's time. In addition to the biodiversity of its terrestrial ecosystem, the Philippines is third in the world in marine biodiversity, and its waters rich in reef resources are part of the Coral Triangle – the global hotspot of hard coral species diversity. There are 1,755 reef fish species over an area of 2.5 million hectares, which represents 9% of the global total coral reef area, and it hosts a total of 468 hard coral species which is nearly half of all known species. Additionally, its waters are frequented by 5 species of marine turtles, it has 1,062 species of seaweed, 648 species of molluscs, and 28 species of marine mammals, the latter group however having most stated as threatened (27 species). The Philippines has a total of 311,000 hectares of mangroves, with a total of 37 recorded true mangrove species including the threatened species 'gapas-gapas' (*Camptostemon philippinensis*) and 'piapi' (*Avicennia marina* var. *rumphiana*), which have been categorized in the IUCN Red List as endangered and vulnerable species, respectively.

Besides its high biodiversity, immense land/seascape beauty supporting a vibrant tourism sector, productive agriculture, and long history of marine resource utilization, the country is also known for some of the highest rates of deforestation, severe watershed degradation, reef destruction, and loss of much of its original extend of mangroves. Some of the core threats to ecosystems, biodiversity and ecosystem services in the Philippines include:

- *Population growth*: The fast-human population growth of the past tens of years caused extensive forest conversion, coastal degradation and overexploitation of its biological resources such as fish, reefs or wetlands. Poverty levels, landlessness and absence of secure tenure rights led to conversion of secondary forest areas or logged-over areas into agricultural land and settlements. As a result, as many as 50% of the sites in the National Integrated Protected Area System may have some to severe level of human settlements, habitat conversion or degradation.
- *Mining*: Formal mining blocks overlap with defined areas for Protected Areas and ancestral lands including those planned for conservation, which threaten their ecological sustainability. As of 2013, about 339 Mineral Production Sharing Agreements within 602,012 ha have been issued (DENR-MGB, 2013).
- *Loss of primary forests* which remains among the highest in the world due to: unabated degradation of natural forests as well as the conversion of secondary forest land to agriculture, the limited scope and enforcement capacity for forest protection, the failure to value ecosystem services, as well as the meager public and private investment in Protected Area management or forest rehabilitation. Although having a logging ban on old growth forests – illegal logging activities continue. Recent assessment shows an average annual increase in forest area of 240,000 hectares or 3.3%; much of this is however coming from new plantations (Global Forest Resource Assessment, FAO, 2015), as the projected loss of the primary forests is 6% (Fourth National Report to CBD).
- *Degradation of coastal and marine resources*: Depletion^[3] of the stock of aquatic marine resources, fish and coral reef species because of unregulated resource extraction^[4], overfishing^[5], conversion and degradation of coastal habitats, pollution, warming of surface waters and coral bleaching, rising sea levels and coastal erosion.

These drivers collectively have resulted in many species of wildlife and plants, including those being endemic to the country, becoming threatened. Of the total of 746 species of mammals, reptiles and amphibians recorded for the assessment, 12% or 85 species are stated as threatened (DAO 2004-15 and CITES 2015). Of the total of 593 bird species found in the country – including 257 endemics, a total of 92 is stated as threatened (<http://datazone.birdlife.org/country/philippines>). This situation is even worse for plants where a total of 1,510 species are stated as threatened, including 278 species as critically endangered.

Given the ongoing threats to these rich and highly diverse marine, coastal and terrestrial ecosystems, it is therefore imperative to strengthen and extend forest and marine ecosystem protection and biodiversity conservation, particularly because of their ecosystem services such as coastal protection, water supply to industries, cities and agriculture, fish as main diet of the Philippines population, pollination of commercial crops, production of Non-timber Forest Products, carbon stock and sequestration, and many more such services supporting; as well as supporting the government's agenda towards poverty alleviation.

Ecosystems such as reefs and forests, including their services provided are also known as Natural Capital. The natural capital of the Philippines is expected to be worth billions of USD, yet detailed national scale assessments and valuation have yet to be conducted. Some sector or habitat specific assessments are available though. Examples include: the total potential sustainable annual economic net benefits from coral reefs in the Philippines alone are estimated at USD 1.1 billion arising from fisheries, shoreline protection, tourism, recreation and aesthetic value (Burke, Selig and Spalding 2002); whilst the coastal and marine ecosystems of the country collectively support fisheries worth over USD 2.4 billion per annum representing more than 4.3% of the GDP (Barut et al. 1997). Similar figures are expected if such inventory and valuation would be conducted in e.g. the water supply and purification services provided by the many watersheds and wetlands in the Philippines, including those included in protected areas.

Republic Act 7586 on the National Integrated Protected Areas System (NIPAS), as amended by Republic Act 11038 now known as the Expanded National Integrated Protected Area System (ENIPAS) Act of 2018, provides the legal framework for the establishment and management of protected areas in the Philippines. To date a total of 244 Protected Areas have been established to “maintain essential ecological processes and life support systems, preserve genetic diversity, ensure sustainable use of resources, and maintain their natural conditions to the greatest extent possible.”[6] Out of the 244 PAs, 107 have been enacted into law - the final required legal step to becoming fully gazetted as protected areas and 13 declared through presidential proclamations. Through the ENIPAS, the DENR is now mandated to create a Protected Area Management Office for the protected areas with the corresponding Protected Area Superintendent and staff with plantilla position, and importantly create access to state funds and management for those Protected Areas.

Target PA Landscapes:

Given many ecosystem services are generated or impacted by systems surpassing the administrative boundaries of the targeted Protected Areas e.g. (watershed services, reef fisheries) or the stewards as well as well as beneficiaries of ecosystems services may be situated outside yet close to the PA boundaries, the principle management unit will be the Protected Area Landscape. The exact boundaries, partnership and targeted ecosystem services and related finance mechanisms would be determined during the pre-feasibility studies of the PPG phase. The Government of the Philippines has suggested to target the following Protected Area landscapes:

Davao Oriental Protected Area Landscape - Mount Hamiguitan Range Wildlife Sanctuary (MHRWS - see Annex A – map series A).

Located in Davao Oriental province, central Mindanao (MHRWS, 7,133 hectares), was formally gazetted in 2004. It was inscribed as a UNESCO World Heritage site and as an Asean Heritage Park in 2014. This wildlife sanctuary is categorized under Category IV: Habitat/Species Management Area. Its Protected Area landscape involves a total of 26,653 hectares. A total of 423 species of fauna have been recorded, including 26 mammals, 108 birds, 33 reptiles, 18 frogs, 142 butterflies, and 31 dragonflies and damselflies. Of the total fauna, 124 species are endemic to the Philippines whilst 39 are only found on Mindanao island. In terms of conservation status, 72 are threatened whereas two are critically endangered, six are endangered, 19 are vulnerable. More data on species endemism and conservation status is found in Section 1.5. The main vegetation types include the extremely rare and nationally threatened lowland dipterocarp forest, montane forest, mossy forest and the rather unique mossy-pygmy forest found at an altitude of 1,500 meters and higher, as well as a relatively small area of agro-ecosystems. The mossy-pygmy forest is an internationally unique and rare stunted forest ecosystem growing on ultrabasic rocks which has shallow soils with high concentrations of iron and magnesium, thus only allowing a specialized group of plants to grow in this environment. Mossy-pygmy forest is also home to endangered, endemic and 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. The zoning in the MHRWS Management Plan classified 5,792 ha for strict protection and 1,341 ha as multiple-use zone. Fortunately, 72% of the PA (5,205 ha) is undisturbed and still having a closed forest canopy, whilst the remainder 28% has open forest canopy or bushland, making it a key site for both strict conservation as well as eco-tourism development. The MHRWS area is also very rich in plant diversity (957 species), including 35 plant species classified as critically endangered, endangered or vulnerable; and an impressive 171 endemic species of plants found only in the Philippines. These include three species of pitcher plants found occurring in MHRWS, 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 found in MHRWS include *Nepenthes copelandii*, *Paphiopedilum adductum*, *Platynerium coronarium*, *Rhododendron kochii*, *Shorea astylosa* and *Shorea polysperma*. This Protected Area landscape is experiencing some level of illegal logging, mining, land conversion (kaingin, road construction) and wildlife hunting (for pet trade) In addition to its unique and globally significant biodiversity, the area has been selected by the BMB-DENR due to its high potential for eco-tourism development including forest tracking to the unique pygmy forests (see above), recreational services at Tinagong Dagat Lake, Twin Falls, Hidden Garden and Licub Falls, as well as mountaineering to climb Mansadok Peak. The area includes several watersheds, which may provide for a potential payment for water services scheme (PES). The Dumagooc/Timbo watershed constitutes the largest catchment area with 2,942 ha. Three of the rivers draining from the protected mountains, namely: Dumagooc, Tibanban and Bitaugan are major sources of irrigation waters for agriculture in the municipalities of Governor Generoso and San Isidro. Dumagooc River has the biggest discharge used for this and is estimated to be at 30 cubic meters per second.

Palawan Landscape (whole island – three provinces, with various protected areas, See Annex A – map series B)

With an area of 14,650 km² and a population of over one million, Palawan is the largest island, including its recently demarcation into three provinces (was one only), in the Philippines. Palawan has continuously been labelled the country's "last frontier," or the last province to experience intense natural resource exploitation, which has resulted in this area in the Philippines archipelago being named one of the most threatened areas ("development hotspots") for biodiversity conservation in the world. Agriculture, mining, and tourism are major contributors to the economy and are also the sectors that depend on and impact upon its rich natural resources. There have been a few efforts in the past to systematically measure and periodically track the contribution of natural ecosystems to livelihoods and the economy in the province(s). Palawan is recognized as being somewhat advanced in its capacity and programs with regards natural capital assessments and valuation work; as well as has important data set available for the GEF project to use. The Palawan Council for Sustainable Development plays a key role with regards integrating ecosystems and ecosystem services in planning, zonation and development of SD strategies for the island. However, most past NCA projects focused on scales other than what would be ideal for accounting, and as a result provide limited information for broader management issues. That includes the ground-breaking WAVES project implemented in Southern Palawan^[7], which explored land, carbon, condition, ecosystem services supply and asset accounts in Pilot watershed, mangroves, and the municipality of Sofroño Española. By building and enhancing capacity on this accounting pilot, the WAVES project provides Palawan with a steppingstone to scale up natural capital accounting efforts to the entire province, and to work towards its continuous update on a regular basis. Among the potential areas for applying NCA are Mt. Mantalingahan Protected Landscape, Calamianes Group of Islands, Victoria Anepahan Mountain Range (potential for PA establishment) and El Nido Marine Resource Reserve.

Mount Matalingahan (see map B2 in Annex A), the highest peak in Palawan, Philippines, provides more than US\$5.5 billion in ecosystems services to people. [8] It is a key biodiversity area where new species are still being discovered. It holds over half its original forest cover and provides an essential watershed for the 200,000 people that depend upon it. This mountain is home to indigenous Palawans who have lived on this land for thousands of years, of which some 3,000 families depend on the water that flows from it for their agriculture, drinking water and livelihood. The mountain's substantial forest cover plays an important role in absorbing and storing carbon. Like many forests in this region, it faces considerable threats including illegal logging and wildlife poaching, conversion to agricultural and aquaculture including its mangroves, and unsustainable mining. In response to these threats, in 2009, over 120,000 hectares of this area was given formal protected area status through a presidential proclamation – becoming the Mount Matalingahan Protected Landscape (MMPL); and is both the largest terrestrial reserve on Palawan island as well as one of the key national biodiversity areas. MMPL[9] is also one of only ten sites of the Alliance for Zero Extinction in the Philippines and one of the 11 Important Bird Areas in Palawan. In addition, most of the threatened and restricted-range birds

of the Palawan Endemic Bird Area occur in the Mantalingahan range and the adjacent lowlands. Conservation International (CI) has been involved for many years and supported the development and implementation of the MMPL's integrated management plan, which aims to achieve zero net loss of forest and ecosystem services. CI is currently working to secure long-term financing for MMPL so that it may endure in perpetuity. As a key biodiversity area, most of the **threatened and restricted-range birds** of the Palawan Endemic Bird Area occur in the Mantalingahan range and the adjacent lowlands. With the recent discoveries of several potentially new species of plants and animals, Mt. Mantalingahan represents a significant contribution to the known pool of Philippine and global biodiversity. **Floral evidence** suggests that there are at least 861 plant species recorded in Mt. Mantalingahan. Of these, 351 plant species represented by 214 genera and 92 families occur in the forest edge. The remaining 510 plant species represented by 326 genera and 116 families were recorded from different forest types in higher elevation. Aside from plants, Mt. Mantalingahan contains 56 lichen species of which 21 species are new records to the Philippines (Sipman *et al*, 2013). There are 169 species of **vertebrates**, comprising 35 species of mammals from 15 families and 31 genera, 90 birds in 34 families and 73 genera, 30 reptiles in 8 families and 26 genera, and 14 amphibians in 5 families and 14 genera. The International Union for the Conservation of Nature (IUCN) lists 13 of these as threatened species, 10 as vulnerable, 2 as endangered, and 1 as critically endangered. Additional information on the status of biodiversity and ecological features of Mt. Mantalingahan is provided in Annex A, under the map B2.

Victoria Anepahan Mountain Range (VAMR, See Map B3 in Annex A) The Victoria-Anepahan mountain range is within southern Puerto Princesa and the municipalities of Aborlan, Narra and northern Quezon and is a key biodiversity hotspot covering 165,000 hectares. Stakeholders have expressed it is a candidate and in need for protected area declaration, however other management and governance options include the establishment of an inter-Local Government Unit (LGU) watershed management area, a Critical Habitat Area or an Indigenous Community Conserved Area (ICCA). The high species richness, high endemism and the presence of threatened species and diverse ecosystems make VAMR among the top priority sites in Palawan. It covers six forest types from the peak of Mt. Victoria down to the mangroves of Puerto Princesa. Among the key species in the mountain range are the Critically Endangered Philippine cockatoo (*Cacatua haematuropygia*; CR), the Palawan peacock pheasant (*Polyplectron napoleonis*, VU), blue-headed racket-tail (*Prioniturus platenae*; VU), Palawan hornbill (*Anthracoceros marchei*; VU), Palawan tree shrew (*Tupaia palawanensis*; LC), Palawan fruit bat (*Cynopterus brachyotis*; LC) and Palawan montane squirrel (*Sundasciurus rabori*; DD). The world's largest pitcher plant, *Nepenthes attenboroughii* was discovered in Mt. Victoria in 2009 (Robinson, A. 2009). Victoria-Anepahan mountain range is also the ancestral domain of the indigenous Tagbanuas people. However, threats to the ecosystems and its services in the area include illegal cutting, collection and trade of birds and pangolins and quarrying. Abandoned mining areas by Olympic and Trident mines in the lower part of the mountain range need to be rehabilitated. There is an ongoing nickel and chromite mining in Quezon. The PA landscape would benefit from improved spatial planning and allocation of development, protection and rehabilitation zones, based on a thorough assessment and valuation of its natural capital resources. There is also a potential for PES for water in Quezon and Aborlan. Tourism potential include several waterfalls, caves, birdwatching, trekking with an exceptional view of the landscape-seascape in the west coast.

The Calamianes Group Seascape (see Map B4 in Annex A) occupies the northernmost section of Palawan Province in the southwestern Philippines. The Calamianes consist of three main islands (Busuanga, Culion and Coron) and a host of smaller satellite islands covering an area of approximately 220,000 hectares or 10% of the province. Palawan, and the Calamianes Islands in particular, supports some of the most extensive and relatively intact marine environments in the Philippines. Calamianes Islands is considered a Marine Key Biodiversity Area and the region also supports one of the country's most productive fishing grounds. Compared to other parts of the Philippines the area is sparsely populated, having about 60,000 inhabitants. In spite of its low population density, there has been intense fishing pressure in the area, particularly in Coron Bay, along with extensive use of illegal fishing methods, including explosives, muro-ami, and cyanide. Fringing reefs in Calamianes extend to 9,623 ha. Information on the extent of mangrove and seagrass area in Calamianes

is limited to Busuanga, Coron, and Culion. Busuanga has 1,364 ha of mangroves and 2,026 ha of seagrasses, Coron has 772 ha of mangroves and 1,321 ha of seagrasses, and Culion has 882 ha of mangroves and 895 ha of seagrasses.^[10] The islands, although not particularly high, are generally hilly. Coastlines are highly indented in such a fashion that no part of the interior is more than 11 km from the sea. Due to the complex coastline, the littoral zone is very extensive. There is an abundance of reefs, particularly coastal fringing reefs. These range in width from about 20-200 m and typically descend gradually to a depth of about 2-10 m before dropping steeply into depths of about 15-30m. The main environmental variable is degree of protection and consequent siltation.^[11] The most highly protected reefs (e.g., Halsey Harbor) generally exhibit the least siltation.

Puerto Princesa Subterranean River National Park (PPUR, see map B5 in Annex A). The National Park is best known for its extensive underground river system (Karstic geomorphology) and is thus commonly known as Saint Paul Subterranean River National Park. The Park consists of more than 20,000 hectares of flat to steep slopes including 647 ha of marine areas. More than 50% of its area is primary growth forest, designated as core zone under the Environmentally Critical Areas Network (ECAN). Studies undertaken to date indicate that 23% of Philippines species are found in Palawan, of which at least one third is represented in the Park. Some 800 species of plants from some 300 genera and 100 families have been identified in the park, including 280 trees. Some threatened species found in the Park are *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 paraguensis* (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*).^[12] Of the park's fauna, 149 vertebrate species, including 90 birds, 30 mammals, 19 reptiles, and 10 amphibians have been recorded in the Park. Among them, 12 species of mammals and 9 amphibians, while not endemic, are not found elsewhere in the country. Notable because they roost in large numbers in the cave of the underground river are the 8 species of bat and 2 species of swiftlet. A number of bird species are endangered and threatened including the Philippine cockatoo (*Cacatua haematuropygia*; CR), blue-naped parrot (*Tanygnathus lucionensis*; NT), Palawan hornbill (*Anthracoceros marchei*; VU), green imperial pigeon (*Ducula aenea palawanensis*; LC), and Palawan scops owl (*Otus fuliginosus*; NT). Amongst the mammals, scaly anteater (*Manis culionensis*; NT) and Palawan bearcat (*Arctictis binturong whitei*; VU) are listed as 'Threatened'. Actual conservation activities started in 1979 by the Department of Environment and Natural Resources (DENR). Responsibility for protection, management and development of the Park was transferred to the City Government of Puerto Princesa in 1992 by Memorandum of Agreement with DENR. Conservation of areas outside the Park remains the responsibility of DENR, as does ultimate responsibility for the Park itself. In June 1998, the Protected Area Management Board (PAMB) for the then-named St. Paul Subterranean River National Park in Puerto Princesa City, Palawan adopted a management strategy.^[13] It was necessarily long-term in nature, designed to provide the basis for the management programs to be developed as required by the law on National Integrated Protected Areas System (NIPAS, Republic Act 7586 of 1992). The park was named a World Heritage Site by UNESCO because of its high biodiversity and conservation value and covers a complete mountain to the sea ecosystem. It has important watershed that provides water for domestic and agricultural uses and the source of water that flows into the famous underground 'karstic' river. It is also a home of two indigenous groups, the Tagbanuas and Batak people. One potential of the national park is the possible development of a payment for water services scheme involving the enhanced management effectiveness for water services by park management, reduced water pollution from transformation to organics rice farming, and fees drawn from eco-tourism support and PES through local government (the project will further assess and develop this potential). Threats to the park include possible road construction, population increase, uncontrolled tourism and commercial development, inappropriate land-use, including the upper catchments of Cabayugan and Babuyan which are outside the park boundaries, and deforestation. The park is bounded by forested areas in adjacent barangays. These areas if not properly managed could post a major threat to wildlife in the

park since they depend on a wider area, including areas outside the proclamation, for their long-term survival. It has been assessed that the surrounding areas of the national park are key to maintaining its ecosystems and services, and as such a landscape approach to planning, management and monitoring would be essential in maintaining its ecological integrity, including though the use of NC assessment and accounting.

Concerted effort is needed to address a number of associated barriers to effective management of Protected Areas as outlined below.

Barriers related to information and limited capacity for implementation of Biodiversity and Natural Capital Accounting

(a) Weak appreciation of the merit of natural resources management and protection

The Philippines is a natural resource dependent country, with most rural population relying on natural resources for their livelihood. 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. It was 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 the downstream areas and Protected Area dependent livelihood (REECS, 2014).

(b) Under-valuation of ecosystem services from Natural Capital

Due to lack of capacity and adequate knowledge on the contributions of natural capital to the economy and human welfare, the value of most ecosystems services has not been completely inventoried and externality impacts, e.g. from extractive activities that may have depleted natural assets and degraded the environment, are yet to be verified and incorporated in business plans and budgets of the sectors concerned. This impacts particularly the opportunity to strengthen the case for maintaining Protected Area landscapes within the context of local government development objectives, as these exclude the values as well as business potential of ecosystem services generated or found in the Protected Areas, through e.g. Payment for Ecosystem Services mechanisms (PES).

(c) Limited capacity for integration of Natural Capital (NC) and Biodiversity (BD) into national policies and in the operations of key economic sectors including towards sustainable tourism

Despite the existence of a national policy framework for integrating NC and BD values 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 applications is generally poorly understood. In the Philippines, experience among resource managers and the private sector on the practical approaches to 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-Experimental Economic Accounting (SEEA-EEA), developed and formalized in 2012 by the United Nations Statistical Commission, has been approved as an international standard for ecosystems & services-based natural capital accounting. This underscores the importance of building capacity among Protected Area managers and NC dependant sectors with practical skills of NC accounting to ensure that NC dependencies/investment risks are assessed and incorporated into sustainable business planning, NC-responsive corporate budgeting and investments, as well as other opportunities such as sustainability reporting.

Currently, the integration of biodiversity and ecosystem services in landscape planning and sector development remains inadequate resulting in economic investments which are not environmentally sensitive, the conversion of fragile uplands, coastal zones or other important biodiversity-rich areas into agricultural, industry and other uses. It also means that fast growing sectors such as tourism do not necessarily maintain the integrity of the ecosystems they depend on for their operations such as the case with scuba businesses which do not keep to the Green Fins principles for sustainable dive activities and reef protection. Although, industry players and some governments are gradually recognizing this weakness, such as introducing sustainability and certification standards, there is a need to promote and apply these more widely, including measurement of impact and compliance for Protected Area objectives.

Barriers related to financial sustainability of Protected Areas

(d) Inadequate technical capacity to identify and develop sustainable finance mechanisms and partnership

Financial sustainability has been identified as one of the major barriers to the effective management of Philippine's Protected Areas (BMB-GIZ, 2014; UNDP-GEF, 2016). It has been estimated (e.g. BioFin program) that around USD 8.2 million would be needed annually for the management of the 107 legislated protected areas under the ENIPAS. Much of these funds are not (yet) available and alternative income sources, funding mechanisms and cost reductions are urgently needed. There is a lack of diversified sources and volumes of revenue for Protected Area management, with an over reliance on entrance and facilities user fees. The systems to capitalize on alternative revenue streams from natural capital dependent sectors such as ecotourism, local industries or public utility companies (water) remain limited – which is closely related to the identified barrier of Protected Area staff not having the technical capacity to apply resources economics, conduct pre-feasibility studies nor the legal requirement to establish formal agreements with the beneficiaries using the ecosystem services generated.

the legal requirement to establish formal agreements with the beneficiaries using the ecosystem services generated by the Protected Area landscapes. As a result, the use of financing mechanisms e.g. payments for ecosystem services (PES) and biodiversity-friendly Social Enterprises (SMEs) have been tested and implemented in very few sites, but not enough to enable national upscaling and make any significant impact on the financing gap of Protected Areas.

(e) Weak national policy and legal framework to support institutionalization of alternative revenue sources

Additionally, there is a need to strengthen national policy and legal framework 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 (PPP, conservation concessions etc), and community-based Social Enterprises (SMEs). The latter have the potential of both generating income as well as taking away some of the drivers and pressures challenging Protected Area managers. The weakness of institutional and legal capacities can be traced to a basic lack of information on the country's biodiversity and strategic management priorities and options. This is compounded by the ongoing need to improve awareness and demonstrate the long-term benefits of conservation actions and the economic merits of sustainable management of natural resources to local governments as well as the public involved such as communities living in and around Protected Areas.

[1] As one of the top 17 mega-diversity countries in terms of biological richness on a per hectare basis, the Philippines has more than 52,177 described species, more than half of which are found nowhere else in the world (Heaney, 2002; Ong et al, 2002).

[2] There are an estimated 53,500+ species of plants and animals in the country.

[3] About 97% of existing coral reef cover are under medium to high threat. Sea grass beds have declined by 30-50% over the past 50 years. With regards to mangroves, its annual area loss since 1970 has been 7,500 hectares.

[4] Recent reports show the thriving trade in wildlife and the smuggling of turtles and corals.

[5] Philippine marine fisheries produced a total fisheries volume of 5 million metric tons in 2009 valued at PhP 215.58 billion. The Bureau of Fisheries and Aquatic Resources (BFAR) estimates the fishing industry's contribution to the country's GDP at 2.2% (PhP 170.3 billion) and 4.4% (PhP63.2 billion) at current and constant prices, respectively. The Bureau does not report how much fishery production has reduced fishery stock.

[6] RA 7586: Protected Areas System in the Philippines. http://ap.fftc.agnet.org/ap_db?id=285&print+1

[7] World Bank. 2017. Pilot Ecosystem Account for Southern Palawan. A WAVES World Bank report developed in partnership with Department of Environment and Natural Resources (DENR) and the Palawan Council for Sustainable Development (PCSD). Available at https://www.wavespartnership.org/sites/waves/files/kc/WB_Southern%20Palawan%20Tech%20Report_FINAL_Nov%202016.pdf

[8] Conservation International. The Economic Value of the Mt. Mantalingahan Range. 2008.

[9] Palawan Council for Sustainable Development Council. A Policy on the Protected Area in the Province of Palawan (Mt. Mantalingahan Mountain range situated in the Municipalities of Bataraza, Brooke's Point, Sofronio Espanola, Quezon and Rizal, all in the Province of Palawan, as Protected Landscape. Available at the

http://pcsd.gov.ph/21%20PLANS%20AND%20POLICIES%20FOR%202016/11.%20Policy%20Analysis%20&%20Bill_Mt.%20Mantalingahan%20PL.pdf

[10] PCSD. State of the Environment Province of Palawan (Man and Biosphere Reserve) Philippines. 2015.

[11] Werner, T. B. and G. R. Allen (eds.). 2000

A Rapid Marine Biodiversity Assessment of the Calamianes Islands, Palawan Province, Philippines. RAP Bulletin of Biological Assessment 17. Washington, D.C.: Conservation International.

[12] Madulid, D.A. et.al. 1998. *Floristic and Faunistic Survey and Assessment of St. Paul Subterranean River National Park and Vicinities, Palawan*.

[13] PAMB Resolution No. 68. of June 19, 1998. *A Resolution Approving and Adopting the Management Strategies*

1.2 The baseline scenario or any associated baseline projects

In the baseline, several national projects and programs address barriers related to financial sustainability and the inadequate capacity of the NIPAS, including support towards eco-tourism in Protected Areas. Additionally, other baseline initiatives in the Philippines specifically support integrating natural capital and biodiversity into policies and operations of key natural capital resource dependent economic sectors. These include government initiatives and several projects from international donor partners which complement national government efforts, as follows:

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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 **National Protected Area System (NIPAS)** and initiatives related to PA financing and ecotourism. NIPAS provides the legal framework for establishing and management of protected areas of the Philippines administered by the Department of Environment and Natural Resources' Biodiversity Management Bureau. Under the applicable law, the recognition of the rights of the 'tenured migrants' (*Quote: 'local people who have lived continuously in protected areas for more than 5 years prior to the enactment of the law and solely dependent on the resources therein for subsistence'*) and the indigenous people (ancestral people with distinct cultural identities) who depend on the natural resources within the protected areas for survival is a major element in the in-situ biodiversity conservation. To take the pressure off the protected areas, the law stipulates that buffer zones may be established at the periphery of Protected Area sites to support the local needs of indigenous communities living in, or adjacent to, the protected areas. Ecotourism is one of the strategies that has been introduced to generate alternative livelihoods to both tenured migrants and indigenous people. The approximate annual budget – and increasing annually, is US\$ 27,980,373. Furthermore, 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 the Expanded National Integrated Protected Area System (ENIPAS), and now the main funding vehicle for Protected Area management. The NIPAS Act provides for the IPAF to be an effective structure for generating and allocating revenue.

Furthermore, 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 Protected Area land/seascapes in the Philippines. As for the domestic market, Philippine tourism had reached 4.3 million foreign tourists in 2012; according to the National Tourism Development Plan, this was projected to reach 10 million in 2016. In contrast, the number of domestic tourists was projected to reach 35 million in 2016. Overall, the potential maximum earnings from ecotourism could have reached USD 3.14 billion by 2016 (the PPG will re-assess the tourism visitors and revenues baselines). However, visitor counts in protected areas and other adventure destinations show that domestic and foreign visitors in over 200 protected areas under the NIPAS averaged 778,008 annually for the period 2000 to 2012, which is far short of the potential market size for ecotourism in the Philippines which is in the range of 1,251,293 to 14,176,500 ecotourists annually. The anticipated and potential growth of ecotourism related to the natural resources and services held in the ENIPAS is of course not without its environment risk, including the large footprint observed related to e.g. water use and degradation of key natural capital.

The importance of biodiversity – tourism linkages have been emphasized in the NIPAS Act, as amended related to the management of Protected Areas. The need for the tourism sector to involve the local and indigenous people residing in and around the Protected Areas is also emphasized. The Philippines has over 15 years' experience with strategizing ecotourism development for enhanced biodiversity conservation, in Protected Areas, which is anchored both in the Executive (Presidents) Order 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 to provide funding and establish programs towards eco-tourism development linked to Protected Area and conservation objectives. This is enabled, among other actions, with the identification of 32 key ecotourism zones. More than 65% of these zones are inside Protected Areas which galvanizes the DoT's goal of ensuring sustainable tourism development in the country's top cluster destinations. The most recent National Tourism Development Plan 2016-2022 of the DoT has taken this to the next phase where 49 Tourism Development Areas (TDA) are included in 20 Clusters for improved tourism development, transport linkages and services. Furthermore, management strategies to harmonize biodiversity conservation with the development of tourism in the protected areas in the Philippines is reflected in many initiatives including the ENIPAS, community-based marine protected areas, as well as the national tourism policy framework referred to as National Ecotourism Strategy (NES 2002 – 2012) and its follow up the National Ecotourism and Program (NESAP 2013 – 2022).

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. The CMEMP is a national program which aims to comprehensively assess, address and effectively reduce the drivers and threats of degradation or the coastal and marine ecosystems to achieve and promote sustainability of ecosystem services, food security and climate change resilience. Of direct relevance to the GEF project are the CMEMP activities: 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 greatly assist the GEF project establishing the Natural Capital Accounts for the two targeted PA Landscapes led by the Philippines Statistics Authority (Component 2), the building of understanding on the importance of Natural Capital to local economies, the tourism sector, and people depending on Protected Areas (Component 1). Additionally, the CMEMP's work on eco-tourism development will provide key baseline and co-funding support to the development of SME and conservation concessions-based eco-

tourism development in the targeted PA landscapes (Component 2). Additionally, 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 is directly benefitting the three investment sites and the remainder the National Integrated Protected Area System.

The national ecotourism development programme under **National Ecotourism Strategy and Action Plan 2013-2022**, is supported through national government budget to implement some of its programs to promote sustainable tourism development at LGU level and ecotourism development in priority protected areas. This baseline project aligns well with the incremental GEF support towards establishing innovative finance solutions by among other things, establishing sustainable ecotourism investments in Protected Areas.

In the baseline, **DENR supports provincial field offices** in their task of Protected Area patrolling, law enforcement, conservation monitoring, providing operational budgets for PAMBs and the running of a number of information centers. However, provincial offices lack knowledge and capacity to assess and value ecosystem services, are mostly unable to identify opportunities and establish public-private partnership, as well as offer tenders for business investments in sustainable tourism in Protected Areas (e.g. through Build-Operate-Transfer mechanism), and as such not able to generate and use extra revenue as regulated under the IPAF.

The Biodiversity Finance Initiative (BIOFIN Philippines): This UNDP-led project, funded by the EU and other European donor countries, is a key baseline project assisting the government through DENR-BMB in assessing the needs and testing feasibility for various finance solutions for the implementation of the Philippine Biodiversity Strategy and Action Plan (PBSAP) 2015-2028, including its core conservation approach through the NIPAS. As basis for the development of its financing strategy it 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). The country would need between USD 7.4 to USD 8.6 billion for properly implementing the PBSAP, 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 Protected Areas. The project has as major activities and achievements:

- Facilitating the successful mainstreaming of PBSAP targets into the Philippine Development Plan 2017-2022, which is a strong basis for additional and sustained public resources for biodiversity conservation.
- Testing the feasibility of 16 finance mechanisms for biodiversity conservation, including Corporate Social Responsibility, PPP and other partnership with private sector for bufferzone development linked to economic commodities, ecological tissue transfers, etc; yet reportedly it is not following the natural capital accounting approach as a basis to determine options and feasibility for NC-based finance mechanisms, such as supported through the proposed GEF project, nor focussing on a national enabling environment for PES. The project does not look into the (evidence-base) for environmental sustainability of ecotourism such as targeted by the GEF project.
- Filing of a bill to reform the National Integrated Protected Areas System (NIPAS) Act to formalise 100 proclaimed protected areas into law, which would enable them access to state funds and management support by BMB.
- Proposed bill 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 identify opportunities for private sector investment in biodiversity-friendly enterprises through a Marketplace, ecotourism included.

BIOFIN has been extended until 2020, and one of its major goals is the development of a framework for Ecological Fiscal Transfers (EFTs) in addressing the funding gap of the PBSAP.

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 Marine Protected Areas in its project sites. The biophysical indicators they estimate will be most useful in developing natural capital accounts in Palawan and will be used for the establishment of sustainable financing mechanisms. Fish Right will run from 2018 to 2022, with total budget of USD 25 million. In connection with fish catch monitoring, the Bureau of Fisheries and Aquatic Resources (BFAR) is regularly conducting a National Stock Assessment Program (NSAP) for fisheries. With the assistance from Fish Right, they will be expanding NSAP to cover Northern Palawan waters during the project's lifetime. NSAP is being conducted on an annual basis and is being funded through the regular government budget.

Another USAID-funded program that can complement this proposal is the 5-year PROTECT project (USD 23 million), which aims to combat illegal wildlife trafficking in the country. Together with ADB's Illegal Wildlife Trafficking Project, they plan to conduct valuation studies of selected species originating from the Philippines which are being illegally traded in the region. Furthermore, PROTECT plans to establish a PES scheme in one of the NIPAS PAs in Palawan by 2021.

Baseline programs related to natural capital assessment and accounting:

In accordance to Executive Order 406 series 1997, otherwise known as **Institutionalizing the Philippine Economic-Environmental and Natural Resources Accounting (PEENRA) System**, the locally-funded PEENRA project, implemented by the PSA, focuses on developing and institutionalizing environmental and natural resources accounts of the Philippines based on the United Nations SEEA (2012) Central Framework. Environmental 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, the accounts for Energy, Water, Land and Material Flow are being developed at the national level while accounts for Minerals, Water, Land and Timber are being compiled at the sub-national level by selected regional offices.

Additionally, a key baseline project in support of natural capital accounting is the **Statistical Framework for Measuring Sustainable Tourism (SF-MST)**. This project initiated by the UN World Tourism Organization (UNWTO) with support from the UN Statistics Division (UNSD) has invited the Philippines – through the Philippines Statistical Authority (PSA), to participate as a pilot country of the SF-MST. The project aims at extending the current statistical standards beyond their economic focus to cover the 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 the economic and environmental dimensions of sustainable tourism by linking SEEA and the Philippines Tourism Satellite Account found great traction at the International Conference on Tourism Statistics in Manila, June 2017. The GEF increment will support pioneering work on the link between the Philippine Tourism Account and environmental nexus 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. In follow up to this, the Satellite Accounts Division - Philippine Statistics Authority, has committed to measure and monitor sustainable tourism. It has worked to establish provisional methodology for the compilation of indicators measuring some of the impacts of tourism

activities on the Philippine Environment. It employed an assessment strategy that involve the use of the Philippine Input-Output tables and the Philippine Tourism Satellite Accounts (PTSA) in generating indicators. As of date, PSA had generated statistics on the energy use and water use for each of tourism industries that are highlighted in the PTSA.

1.3 The proposed alternative scenario, GEF focal area strategies, with a brief description of expected outcomes and components of the project

The Project's overall 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 eco-tourism development'*.

A draft Theory of Change chart is included as **Annex E**.

The proposed alternative scenario for the project per Component is:

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

The first component of the project is to strengthen the foundation for Natural Capital Accounting (NCA) in the Philippines to ensure that the value of biodiversity and ecosystem services is incorporated into national decision-making and NC-based reporting, as well as enable enhanced (spatial) planning and monitoring of sustainable tourism operation in relation to improved management of the national integrated protected area network (NIPAS). NCA will require cooperation across a number of different government agencies to establish a functioning set of national accounts which is guided by the national 'Roadmap to Institutionalize NCA in the Philippines' (coordinated by NEDA and implemented by PSA and other supporting agencies including DENR).

Under this component GEF incremental support will target *'Outcome 1.1 – Enhanced foundation and capacity for implementation of the NCA Roadmap in the Philippines'*

The Philippines Statistics Authority - as nationally mandated agency will lead on Outputs 1.1.1, which will both (i) establish the SEEA-NCA partnership at national and provincial levels (including with the Planning and Policy Service & Knowledge, as well as the Information and Systems Service divisions of DENR; as well as for Palawan – the Palawan Council for Sustainable Development); (ii) agree on methods, formats and data exchange protocols, including on populating and using the Environment and Natural Resources data system (ENR), as well as (iii) build capacity for the compilation of a series of natural capital accounts. Key to these outputs is the advancement of the ENR towards provincial application and establishment of the NC accounts, including specifically (a) stock inventory of flora and fauna, (b) condition of ecosystems, and (c) development of the meta data containing the data requirements, parameters and data sources to feed into and make NC accounts more useful and doable. This is to achieving the twin objectives of NCA in the Philippines: to (a) develop and utilize the ENR as a systematic tool for data standardization, collection, compilation and accounts use at site-specific levels; and (b) enable applications of NCA, such as foremost the estimation of adjusted macroeconomic indicators (i.e., how natural capital especially ecosystem services are fully captured in the economic performance) at the macro level.

As part of 1.1.1, the project would provide incremental support through technical assistance, capacity building and tools to the implementation of the national 'Roadmap to Institutionalize Natural Capital Accounting in the Philippines', including on aspects of:

- Conceptual framework on asset and ecosystem accounting and analytical approaches used in ecosystem accounting, for data producers and users of accounts;

- Improving the ENR system for NC accounting use: Data collection, assessment and consolidation for data providers' agencies to the NC accounts. Use of software (e.g., Excel) to store data, integrate data and manipulate data files; create metadata; data documentation;
- Account compilation, calculation of macroeconomic indicators.
- o SEEA 2012 – Central Framework, covering asset and stock/flow accounting
- o SEEA Experimental Ecosystem Accounting: ecosystem accounting units; ecosystem service classification and links to ecosystem functions and conditions; measurement and modeling of ecosystem conditions, functions and services; structure of ecosystem accounts and hands-on training: physical and monetary asset accounts
- o 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 environmental resource (e.g., water), specific ecosystem (e.g., watershed), or specific ecosystem service (e.g., recreational service)

It would also build capacity with a restricted number of provincial counterpart agencies towards conducting scenario analysis to inform multiple applications as needed such as planning, budgeting and management of two Protected Area Landscapes and sustainable tourism. Latest knowledge, formats and expertise in SEE-EEA-based natural capital accounting would be secured through partnership with UN Statistics Division, REECS (former WAVES TA partner), UNEP TEEB program and other related NCA initiatives in the region. A full-time NCA Specialist Coordinator is suggested to be contracted through the project to strengthen this KM and capacity building aspect.

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.

Output 1.1.2 will establish 2-3 SEEA/EEA-based Ecosystem Accounts for two targeted Protected Area Landscapes – one involving the entire island group of Palawan, as well as one zooming in on the Davao Oriental Protected Area Landscape – centered around the Mount Hamiguitan Range Wildlife Sanctuary (26,653 ha). The Palawan Protected Area Landscape would specifically establish the accounts for the geography in and around the Mt. Mantalingahan Protected Landscape, Calamianes Group of Islands, Victoria Anepahan Mountain Range (potential for PA establishment) and the Puerto Princesa Subterranean River National Park. Led by the Philippines Statistics Authority (PSA-ENRAD) it would also build upon and expand 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 shown to be in the lead in Palawan in a number of valuation and SD initiatives including the proposed input of the project to the Palawan Environmentally Critical Areas Network Management Program. Overall, all the Ecosystem Accounts would be linked with the adjusted Supply and Use Table of the existing statistics system in the provinces.

Additionally, the project would enable the methodological expansion of the already existing Tourism Satellite Account under output 1.1.3, through adoption of the SEEA-EEA methodology; which would enable the PSA to measure and report the dependency as well as impacts the tourism sector to key ecosystems and their ecosystem services, through the Philippines Statistical Development Program. It is envisioned that this work would be supported by the PSA as part of 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). 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.

Under *'Outcome 1.2 - 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'*, GEF incremental support would enable application of the NCA accounts and institutional capacity.

It will do so through conducting post-accounting analysis of alternative (development) scenarios and conducting sector roundtables with specifically the tourism, agriculture and water services sectors to enable its incorporation in the Palawan Environmentally Critical Areas Network Management Program to inform identified government programs (1.2.1). This output and specifically its 'round tables' with the department of Tourism is suggested to also target the adoption of more NC-inclusive national standards for sustainable tourism, to be measured and monitored – specifically related to its investment decisions and operations in Protected Area Landscapes. The project will also support developing NC-informed budget allocation criteria and SEAA-based indicators, as well as demonstrating its use towards provincial Ecological Fiscal Transfer (as per NEDA's NC Road Map) by building on the previous work and partnership established with a.o the Ministry of Finance by the UNDP-led BioFIN project (1.2.2.) – this would potentially constitute a strong fiscal mechanisms for significantly increased programming and funding allocations to biodiversity and other natural capital. Additionally, NCA-based indicators will be tested and used for monitoring the two provincial contributions to the Philippines Development Plan, Philippine Biodiversity Strategy and Action Plan) and Sustainable Development Goals (1.2.3).

The project will enhance the understanding and capacity with policy and decision makers on the contribution of Natural Capital in Protected Area landscapes to national and provincial economies – including key sectors like tourism' through a gender-sensitive national communications and outreach campaign (1.2.4) involving a.o policy-relevant briefs, background materials as well as high-level fora on the key role of NC for national SD, making the case for sector transformation especially towards sustainable tourism, as well as the key role of BD- and NC-friendly spatial planning, green investments and sustainable sector operations in and around the protected areas in the NIPAS system. The outreach program will facilitate the sector round tables under 1.2.1 to discuss the results of post-accounting to inform key priority sectoral policies, e.g., tourism, agriculture and water) It may also provide incremental support to the proposed training programs under the 'Roadmap to Institutionalize Natural Capital Accounting in the Philippines', which is coordinated by NEDA, and implemented by PSA. These a.o could include:

- 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)
- Applying results of NC accounting towards policy use, through e.g. hands-on training on policy analysis for sustainable tourism, agri-food security and sustainable production practices in fisheries, rice production etc.
- Adjusting macroeconomic indicators and reporting for natural capital (e.g. factors in the estimation and sources of data/statistics)
- Using NCA as reference system for budget tagging, ecological fiscal transfers, etc.

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 Areas

The component will focus work in two Protected Area Landscapes in Davao Oriental and Palawan provinces, respectively including a number of formally established Protected Areas, and which have been pre-selected by the Government based on both the GEF 7 criteria for globally significant (Protected Area) sites for biodiversity conservation, as well as meeting the criteria of a size of at least 25,000 ha, overlapping with the Philippines system of Key Biodiversity Areas (hotspots), as well as having good potential for both eco-tourism, Social Enterprise and PES development. The PA sites suggested, as mentioned earlier, include: Davao Oriental Protected Area Landscape and Palawan Landscape.

'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'

Based on the new provincial Ecosystem Accounts of Component 1 as well as capacity built with provincial agencies (DENR, provincial PSA, Palawan Council for Sustainable Development, etc.) on the establishment and running of the NC Accounts, the project will conduct NCA analysis and build understanding with Palawan & Davao Oriental provincial authorities on the magnitude of the contribution of current nature-based business in two PA landscapes, specifically to facilitate a process to the establishment or scaling-up of business opportunities and incentive-based mechanisms for more sustainable activities, especially sustainable tourism (2.1.1). Working with the PPP Center as well as the Tourism Infrastructure and Enterprise Zone Authority (TIEZA - MoT), the project would support the market identification and feasibility design of at least 2 sustainable tourism Conservation Concessions and other sustainable investments in the targeted Protected Area Landscapes (2.1.2), followed by offering these through commercial tender to prospective investors via modalities such as Build-Operate and Transfer (BOT). Part of the development costs will be met through co-funding by TIEZA and PPP Center and GEF incremental support; yet the actual investments would be fully co-funded. Key to these investments and operations would be to assure full compliance with the Protected Area management objectives as well as to benefit NC-outcomes through new revenue flows for meeting the costs PA management. To monitor this as well as seek verification on positive BD and NC impacts the government Biodiversity Assessment and Monitoring System will be applied (BAMS) as well as the usual METT of GEFSEC. Additionally, BAMS would be reviewed against the project experience and improvements made where needed under 3.1.4 to better service NC data needs and objectives. The compliance and integration with PA objectives and agencies' mandates would be achieved through a planning and decision process with LGUs, PAMBs and line agencies such as the Department of Tourism, on priority management and investment action in the two protected area landscapes – specifically the nationally acknowledged and delineated 'tourism development zone in PA's (e.g. under new or existing Business Plans for the next 5 and 10 years); and specific – through the GEF support, will ensure new NC-focused business partnership, market analysis and improved local governance by LGU, corporate and communities. This may be done in combination with an impact investment mechanism, to combine profitable business with sustainable landscapes and biodiversity conservation objectives – e.g. through the restoration, protection or enhancing connectivity of HCVF, PA buffer zones or critical habitat for ecosystem services such as water.

As part of the same 2.1.2, the project will conduct a feasibility design and seek a PES mechanism applied to the Puerto Princesa Subterranean River National Park in Palawan, through its potential for the development of a payment for water services scheme involving the enhanced management PA effectiveness including for water services by park management, reduced water pollution from transformation to organics rice farming in the surrounding areas, and fees drawn from eco-tourism support and PES through local government. This would involve setting up and training of multi-stakeholder governance bodies, establishing payment and benefit sharing agreements – preferable through local government ordinance, as well as the design and implementation of NC management objectives and actions benefitting the targeted ecosystem service(s). The Public Private Partnership Center (PPP Center) which operates under the definitions of the Build Operate and Transfer Law (R.A. 7718, 2012) is mandated and has expressed interest to support the PES scheme if being of sufficient size. The PPP Center would provide co-funding support for e.g. enterprise feasibility design, facilitating compliance with regulations, and providing assurance systems and management support towards good business practices.

The project would provide incremental support to facilitate access, build capacity and conduct feasibility design and the establishment of Social Enterprises, facilitated through financing schemes available national and at provincial level through e.g. the Public Private Partnership Center, Small Business Corporation (Department of Trade and Industries), the Tourism Infrastructure and Enterprise Zone Authority (TIEZA – MoT), CSOs as well as finance agencies including banks, towards micro-credit, small-grants and loans for community-based SME in sustainable BD-friendly enterprises in the field of e.g. tourism, agriculture and fisheries, both marine and terrestrial based (Output 2.1.3); and with as major goal to benefit PA objectives and management costs (inside PA as well as in areas bordering directly outside PAs). The strengthened governance, partnership and sustainable business strategy and associated investments – both larger scale through corporate as well as community-based SME, is anticipated to provide a major mechanism to reduce conflict, to reduce costs on PA

management, as well as strengthening the mainstreaming of the PAs and sustainable sector development in provincial spatial allocations, policy development and programming. Operational modalities will include conditionality to meet these; and to be monitored by the provincial PAMBs, including PA management effectiveness through the recently established Biodiversity Assessment and Monitoring System (BAMS) of DENR.

Component 3: National replication and Investment Plan for sustainable business and tourism in the NIPAS for improved NC and BD outcomes

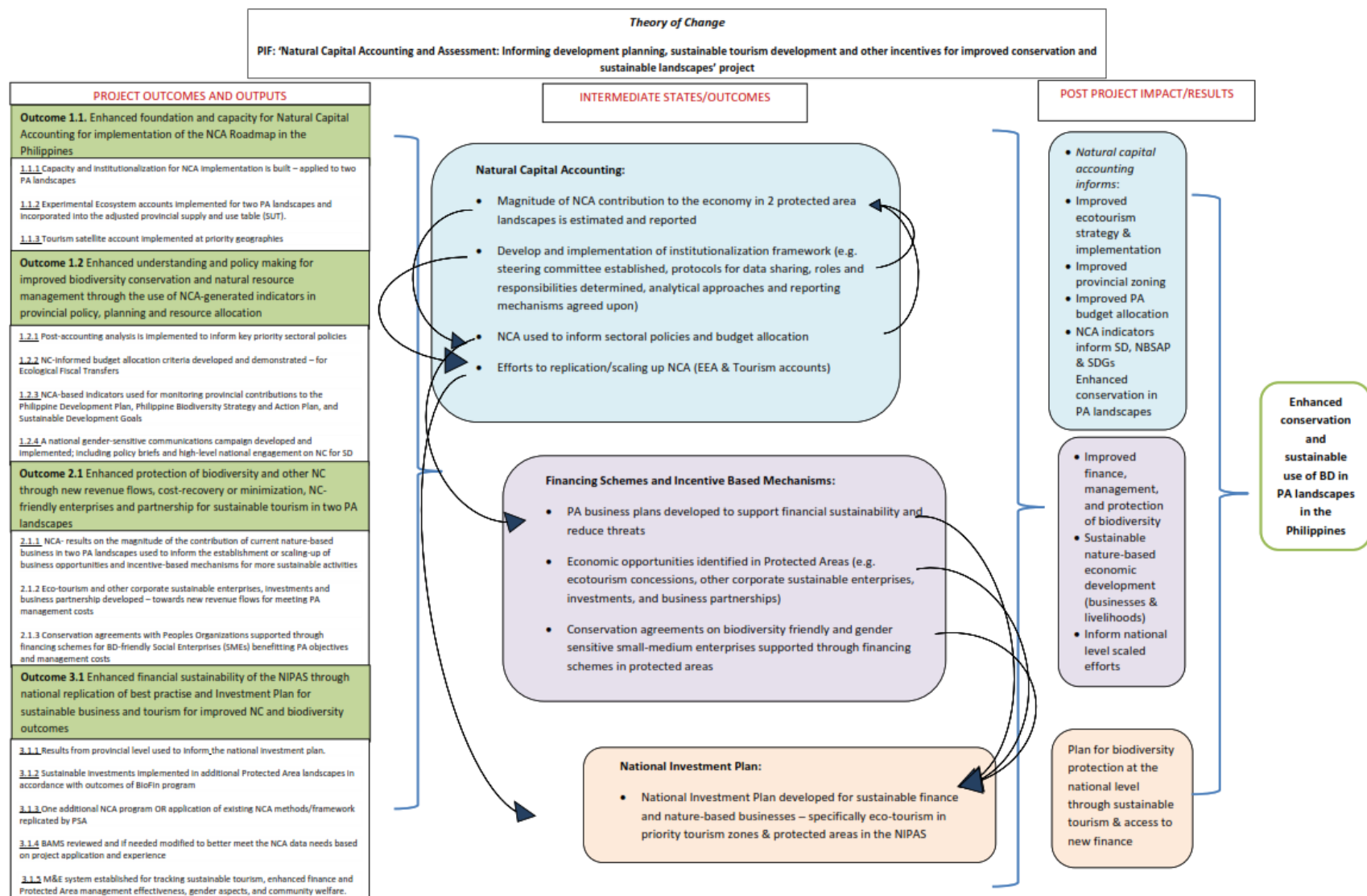
GEF's incremental support will enable achievement of '*Outcomes 3.1 - Enhanced financial sustainability of the NIPAS through national replication of best practice and Investment Plan for sustainable business and tourism for improved NC and BD outcomes*

Building upon the partnership, round tables and sustainability agreement with industry leaders, finance institutions and government sector agencies under Comp 1, GEF incremental support under Output 3.1.1 will enable development and agreement on a National Investment Plan for NC-based and Sustainable Tourism, through financing, fiscal measures and sector development in the NIPAS, with measurable NC interventions and target indicators (e.g. habitat species conservation support, water resources and pollution management, visitor management and caps, etc.) Much of the national available credit and loan facilities do not specifically target for the sustainable financing and NC-based enterprise development needs in Protected Area landscapes, nor being conditionalized to generate conservation outcomes. Therefore, GEF incremental support under Output 3.1.2 will broker new or modified credit, seed funding or loans in support of NC and biodiversity-friendly enterprise development in the national NIPAS, in collaboration with the DoT - TIEZA seed funding facility, the Small Business Corporation/mSME Credit Facility of DTI and others to be determined during the PPG. The targeted cumulative result of outputs 3.1.1 and 3.1.2 are an average increase with 10% (LOP) nationally in the number of NC-based sustainable tourism operations in Protected Area Landscapes; as well as generating at least a 10% increase nationally in private and public investments (including through the government local Trust funds – IPAF, for PAs) applied to NIPAS landscapes -benefitting NC through sustainable tourism and community-based Social Enterprises (PPP, SMEs).

In collaboration with the national Philippines Statistics Authority as well as the National Economic Development Authority (NEDA), the project under Output 3.1.3 will facilitate expansion of the NCA system in the Philippines in two possible ways: (a) by adding one additional SEEA-based NC account program by PSA (co-funding), or (b) support the application of existing NCA methods/framework by PSA to one new geography in contribution to the NCA Roadmap of NEDA. Assuring that future sustainable business development in the NIPAS can be better monitored and will comply with sustainability and BD/NC objectives, as well as making sure that this system generates new data of use in the provincial and/or national system of NC Accounts, the project would review – and suggest changes to the Biodiversity Assessment and Monitoring System (BAMS), based on the project experience with the BAMS under Comp 2, to better capture the NCA data needs (3.1.4).

Taking this all together Output 3.1.5 will establish the Project M&E system for tracking sustainable tourism (linked to national Sustainable Tourism Account), enhanced finance and Protected Area management effectiveness, gender and community welfare.

Annex E – Draft Theory of Change



1.4 Alignment with GEF focal area and/or Impact Program strategies

In accordance with the GEF guidelines, the Project's Components will contribute to the following programs:

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 Account (1.1.3) various applications of NCA would contribute to this program, including through valuation, application into provincial spatial planning, sector scenario analysis and policy adjustments (specifically towards sustainable tourism, but also agriculture and water resources services), through using SEEA-based indicators to guide and measure impact of proposed Ecological Fiscal Transfer scheme, as well as towards specific NC-focused reporting by provincial authorities with regards contributions made to the Philippine Development Plan, NBSAP as well as SDGs. Application of the system capacity and results of NCA would be fed into high-level sub-national and national fora and meetings with policy and decision makers, to enable securing better support for BD and NC-friendly policy, planning and budgeting, especially in support of the National Integrated Protected Area System (NIPAS). Additionally, the NCA analysis would be conducted and results communicated with the two targeted provinces' authorities with regards the magnitude of the contribution, dependency and potential of NC for nature-based business and investments – the latter enabled in two Protected Area landscapes under Component 2, and replicated through facilitated access to loan, grant and seed funding facilities and funds under Comp 3. Under this same component, the project would also enable replication of SEEA-based NC account and its application through upscaling lead by the national Philippines Statistics Authority, as well as to use the experience of the project with the NC assessments and accounting work to review and revise the Biodiversity Assessment and Monitoring System applied by BMB-DENR nationally to all formally gazetted PAs. It will assist the government of the Philippines – specifically in the two targeted provinces, to conduct a more meaningful (and data-based) dialogue with the private sector, specifically those of interest to invest in sustainable tourism in the protected area landscapes.

The project also contributes in 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*' by building the case for sustainable tourism investments, sustainable agriculture (Puerto Princesa Subterranean River National Park) and others, in and around protected areas, improving provincial (spatial) planning through local government and corporate engagement as well as monitoring the compliance with sustainability criteria of such investments, supporting BD-friendly social enterprises to meet community interests, in combination with facilitated access to and implementing a range of financing mechanisms such as Payment for Ecosystem Services; national seed funding, micro-credit and loan facilities, etc. Conservation agreements, improved zonation in the PA landscapes, of which the individual PAs are an integral ecological part, by provincial governments, as well as agreement at provincial level with LUG, PAMBs and potential corporate partners towards improved governance, agreement on, and its associated investments (2.1.2) as well as at national (3.1.1) level with the Department of Tourism towards reduction in conservation threats and drivers through focused investments and programs in sustainable tourism in priority protected areas will further strengthen the financial sustainability of the PA (NIPAS) network.

1.5 Incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing

Project Component	Scenario Without GEF Project	Scenario with GEF Project
Comp 1	Modest work and facilities, expanding its staff capacity at Philippines Statistics Authority on environmental & NR accounts. Has not yet fully adopted SEEA-EEA. Cap	The Project will complement existing initiatives like the Phil-WAVES by upscaling the application of the SEEA-EEA framework particularly at provincial level and more specifically for the two selected areas, including Palawan and Davao Ori

	<p>acity and experience in establishing Natural Capital Accounts is particularly limited at provincial level. Only erratic reporting on natural resources. The completed WAVES project introduced SEEA yet not integrated in the system; inventory for mangrove carbon and sedimentation services conducted in one location only. Tourism satellite account yet to be expanded on the SEEA-EEA. Natural Capital-based information has not been used to inform budget allocation at provincial level, including the provincial Ecological Fiscal Transfer. Furthermore, Natural Capital Accounts-based indicators are not available/used to monitor specific Protected Areas' contribution towards the Philippine Development Plan, Philippine Biodiversity Strategy and Action Plan, and Sustainable Development Goals. Expertise on NC accounting and valuation is strong with few specialized institutions (e.g. REECS) yet results not acknowledged nor used by government.</p>	<p>ental, focusing on the tourism and conservation sectors. In addition to building technical and institutional capacity to implement and apply Natural Capital Accounting, ecosystem accounts and the SEEA-based tourism account will be implemented at provincial level, to inform selected government programmes on eco-tourism development, as well as Environmentally Critical Areas Network Management Programme. Furthermore, the information provided by the Natural Capital Accounts will inform budget allocation at provincial level, specifically the provincial Ecological Fiscal Transfer. Through the Communications Campaign and targeted capacity building efforts, the project will also contribute towards enhanced understanding on the contribution of Natural Capital in Protected Area landscapes to national and provincial economies, particularly the tourism sector. The increment would be a much stronger NC-based capacity with national and provincial governments, benefitting specifically the tourism and conservation sectors towards specific policies and sectoral programs on biodiversity and ecosystem services. GEF increment will enable a much stronger baseline and capacity in ecological data (information), valuation and scenario analysis for the identification of most optimum NC-based financing mechanisms.</p>
Comp 2	<p>The two Protected Area investment sites have modest income streams mainly from visitors' fees, yet little if any from other value chains such as larger tourism concessions. These flows to PAMBs are reportedly not only insufficient yet also not linked to any targeted management plan on protecting or restoring specific ecosystem services; nor is conservation effectiveness being verified in accurate and independent ways. Partnership with local agents such as LGU and private sector is evolving yet of modest scale, not benefiting conservation at the scale possible. Communities and local tourism operations continue to be marginalised.</p>	<p>In the alternative, local government, selected private sector partners and PAMBs will use their new capacity on applying the results of NC scenario analysis to specific Protected Area management actions to protection of biodiversity, NC and ecosystems services, as well as related business development potential. As such there will be much stronger link between management decisions, investments and positive conservation outcomes. Specifically, Natural Capital Accounting analysis will assist Palawan and Davao Oriental authorities in understanding the contribution of current nature-based business in two Protected Area landscapes towards their economies, as well as in establishing or scaling-up of business opportunities and incentive-based mechanisms for more sustainable activities. Through active engagement with LGUs, PAMBs and DoT, ecotourism and other corporate sectors will be promoted.</p>

	<p>inue operating in ways detrimental to their own as well as Protected Area conservation interests and values. PAMB and LGU continue having only modest understanding and capacity to use results of NC valuation and scenario analysis coming from national NC accounts.</p>	<p>sustainable enterprises, investments and business partnerships will be developed in support of enhanced protection and NC-outcomes in the selected Protected Area landscapes. In the alternative, larger national and local tourism enterprises (existing and new investments) will become good conservation partners and become truly sustainable eco-tourism operations as measured through certified standards and M&E. Furthermore, conservation agreements with People's Organizations will be supported through financing schemes, resulting in active engagement of households in biodiversity-friendly and gender sensitive Social Enterprises (sustainable tourism, agriculture and fisheries), leading to improvements in the overall conditions of the Protected Area landscapes.</p>
Comp 3	<p>Joint national policy exists towards tourism and NIPAS development, yet little has been done to generate an investment portfolio and sustain and replicate the needed financing mechanism(s) through adequate legislation as well as teaming up with the finance sector. So far, national uptake of new Natural Capital-friendly funding, business models and partnership opportunities in Protected Area landscapes has been limited, with limited availability and access to best practice, guidelines and promotion. As a result, NC accounting is not integrated in sector development & investment plans – specifically tourism, with regards maintaining NC values and services – except general statements about 'protect the environment'. Many eco-tourism operations nationally are not truly sustainable with regards biodiversity, NC and ecosystems services protection. However, otherwise good tourism investment models/operations at local scale, are not replicated nationally, and do not adequately support the funding needs for the man</p>	<p>GEF incremental support will enhance replication and sustainability for finance, business models and partnerships for sustainable management of Protected Area landscapes by developing a National Investment Plan, together with measurable Natural Capital interventions and indicators, to support sustainable tourism in priority Protected Areas within tourism development areas. The project will address the institutional barriers at national level to harness the already available seed funding, credit and loan facilities to the benefit of NC protection and enterprise development; and will bring about significantly broadened business partnership to reduce investment risks, gain a price- or reputational market premium by meeting international certification standards related to ecosystem services benefits, as well as increase # sustainable enterprises in and around Protected Area landscapes.</p> <p>Furthermore, in the alternative, the focus on implementing, monitoring and evaluation systems for tracking sustainable tourism, enhanced finance and Protected Area management effectiveness, gender and community welfare, will provide a strong basis for further replication and a good image of the sustainable tourism sector on their NIPAS investments and operations. GEF incremental support will also enhance development and implementation of outreach strategies to disseminate information on best practices, guidelines and</p>

	agement of Protected Areas. Seed, credit and loan facilities available in Philippines for e.g. tourism infrastructure development do not specifically cater nor benefit NC protection or NC-based enterprise development.	to disseminate information on best practices, guidelines and business promotion of sustainable tourism and other finance or enterprise mechanisms in Protected Area Landscapes.
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1.6 Global Environmental Benefits

This project has numerous benefits, such as adding value to the existing accounting work in Palawan as well as Davao Oriental provinces, demonstrating the spatial distribution of identified priority services (i.e, biodiversity – genetic resources, water, carbon, recreational services) to well-identified beneficiaries, and ultimately better informing specific policies and planning. Such understanding is critically important in ensuring a high impact of government strategies, spatial planning, as well as budgeting towards sustainable development in the two provinces, including directly related to improving the performance of the NIPAS network, through BD-friendly social enterprises and eco-tourism operations.

Specifically, the project has the following GEBs directly related to biodiversity:

- Biodiversity and/or ecosystem services stable or improving in at least 10,000 ha of marine seascapes, and an additional 20,000 ha landscapes.
- At least 183,632 hectares of Protected Area landscapes (33,840 MPA plus 149,792 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 the protected area landscape of Davao Oriental province, improved landscape and PA management will benefit the more secure protection and habitat condition and connectivity involving 124 species of endemic fauna (to the Philippines) of which 39 are only found on Mindanao island. In terms of conservation status, 72 species are threatened whereas 2 are Critically Endangered, six are Endangered, 19 are Vulnerable.
- The project in Davao Oriental province will support enhanced management effectiveness of the Mount Hamiguitan Range Wildlife Sanctuary, which will involve the extremely rare and nationally threatened lowland dipterocarp forest, montane forest, mossy forest and the rather unique mossy-pygmy forest found. The mossy-pygmy displays 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.
- Additionally, the project in Davao Oriental will generate global environmental benefits through the more secure protection of the very rich plant diversity found in the Mount Hamiguitan Range Wildlife Sanctuary (957 species), including 35 plant species classified as Critically Endangered, Endangered or Vulnerable; and an impressive 171 endemic species of plants found only in the Philippines. These include three species of pitcher plants found occurring in MHRWS, 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*, *Platycerium coronarium*, *Rhododendron kochii*, *Shorea astylosa* and *Shorea polysperma*.
- In Palawan alone, enhanced 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) [1].

Additional Global Environmental Benefits

- Conservation and sustainable use of biodiversity and ecosystem flows of benefits in terrestrial and coastal areas;
- Reduction in loss and degradation of ecosystems, both on terrestrial and coastal areas;
- Improvements to understanding and measurement of coastal and marine goods and services, particularly as it relates to mangroves and opportunities for their conservation and sustainable management;
- Enhanced sustainable livelihoods for local communities and ecosystem-dependent people;
- Measurement and monitoring of the status of natural capital, and reporting through routine government mechanisms such as on the Philippine Development Plan, Philippine Biodiversity Strategy and Action Plan, and national SDGs reporting;
- Enhanced incorporation of protection and sustainable use of biodiversity in existing and new sustainable/eco-tourism operations

-

Climate Change Mitigation

The development of ecosystem accounts as proposed in this project may - if resources allow, include carbon accounting and support an improved understanding and awareness of opportunities for:

- Mitigation and monitoring of GHG emissions from land degradation and land use change in the two protected area landscapes;
- Forest conservation and management with sustained carbon sequestration and the concomitant avoidance of greenhouse gas emissions;
- Conservation and enhanced carbon stocks in agriculture, forestry, and other land use
- Blue carbon from conserved coastal ecosystems such as mangroves are also expected to be of substantial amount.

[1] 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.

1.7 Innovation, sustainability and potential for scaling up

Innovation: Efforts to address threats to biodiversity conservation to Protected Areas and other landscapes have not yet targeted underlying barriers in a comprehensive manner. Ad-hoc approaches that do not address the interlocking nature of these barriers cannot lead to sustained and optimal solutions. In response to this and to leverage the scope and impact of existing and planned interventions, the project adopts an integrated ecosystem-based landscape approach.

The project innovativeness lies in the fact that it will be the first of its kind to take an integrated approach to Protected Area management, focusing on both the ecological and financing components. Through Component 1, the project introduces on-the-ground, the establishment and application of the SEEA-EEA framework which is the de facto agreed framework for NC accounting. The project is innovative in conducting post-accounting analysis of alternative scenarios for Palawan Environmentally Critical Areas Network Management Program to inform through e.g. sector round tables with the tourism, agriculture

and water services sectors identified government programs, budgeting and decision making. Previous attempts to integrate NC into national policies and programs have been limited by methodological constraints and limited technical capacity. This project will be innovative in introducing and implementing the state of art methodology for mainstreaming biodiversity and ecosystem services into policies and programs at provincial level and sectoral levels for enhancing Protected Area management by reducing external drivers of impact as well as strengthening the financial basis for the costs of conservation management (mainly through sustainable tourism, agriculture and water resources). This will promote sustainable and green growth within the tourism sector which is key to ensuring long term conservation of biodiversity and ecosystem assets. It will simultaneously carry out pilot application for NCA, and knowledge and information management actions, which will provide a bottom-up input for discussion and formulation of improved provincial spatial plans and strategies, as well as tourism sector discussions on the impact but also dependency of the sector on NC for sustained growth and reduced environmental impacts to the NIPAS system of protected areas. This can incentivize national dialogue towards improved national policies and regulatory framework that are best suited to local Protected Area conditions. It is also innovative and cost saving for future related projects in that the provincial data sets as well as SEAA methods applied to NC accounts, would be used as a baseline for other projects as well as replication to other provinces through engagement with the Philippines Statistics Authority (Comp 3). The application of NCA to inform long-term sustainability goals and reporting by the provincial authorities on its performance with regards natural resources management and international commitments is also innovative (e.g., SDGs, Philippines Development Plan, Aichi Biodiversity Targets). Through Component 2, project introduces innovative sustainable financing mechanisms for biodiversity conservation in Protected Areas, such as social enterprises and eco-tourism concessions, in and around the targeted PAs, through a dialogue with the national as well as provincial tourism departments – and based on NCA analysis to build understanding with Palawan & Davao Oriental authorities on the magnitude of the contribution of current nature-based business in two PA landscapes as well as to help to inform the establishment or scaling-up of business opportunities and incentive-based mechanisms for more sustainable activities. These innovative approaches, if proved successful, can go a long way in resolving the threats to biodiversity and ecosystems with the Protected Areas and other landscapes. Finally, under Component 3, the project is innovative in that it recognizes the importance of establishing a national eco-tourism and PA management business plan to enable further upscaling of the efforts.

Replication and Sustainability: The project design is incorporating several mechanisms and assurances to have a good likelihood for ‘post project’ replication of outputs and sustainability on the targeted outcomes, including the new Natural Capital Accounts of Component 1, which will have a permanent basis and enable the provincial government agencies to produce continued statistical reports on the state of the environment, ecosystem services and how the landscapes fare with regards its contribution to the SDG through NC-based development, including the monitoring of sustainable tourism. The project will facilitate the development and agreement on a National Investment Plan with DoT and DENR for sustainable tourism in priority protected areas within tourism development areas, which will enable the other outputs on e.g. enhanced access and diversity of credit and finance facilities to have greater change of application and replication. The project will also enable more and continued sustainable business practices in the tourism sector through brokering for adoption of sustainability standards which will be strongly on biodiversity and natural capital protection objectives, this e.g. through collaboration with the UNWTO. Whilst Component 2 is meant to as invest in NC-based enterprises SMEs and corporate investments in two Protected Area landscapes, sustainability and replication of these models will be enabled under Component 3 with the national support to partnership and access to a range of existing loan, seed funding and micro-credit facilities for NC, biodiversity and Protected Area conservation objectives, as well as the partnership and agreement both with investors and beneficiaries on the National Investment Plan for sustainable tourism in Protected Area Landscapes beyond the project landscapes. The work planned with the national PSA to replicate the project-sponsored NCA program and or other existing NCA methods/framework to one new area or province is an important mechanism towards replication of the NCA program – and in direct contribution to the targets set under the NCA Roadmap (NEDA). Based on lessons learnt in Palawan and Davao Oriental provinces, NCA can be replicated in other provinces and regions of the country and be scaled up to the national level once all the information and data are available.

Additionally, the communications and capacity building outputs (Comp 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 originally targeted Protected Area landscapes. Finally, the adoption of e.g. sustainable tourism and sustainable agriculture (e.g. good agriculture practices or GAP) standards applied to any investment under the project should enable a strong basis for sustained environmental and social outcomes of the interventions.

Stakeholder engagement is an essential process for project sustainability. Government authorities, non-government organizations and local communities are brought together to ensure that voices from different perspectives are heard and incorporated in project planning and implementation. Guidebooks and technical manuals containing the NCA frameworks, methods, and policy/planning applications will be produced to serve as references for NCA practitioners and researchers.

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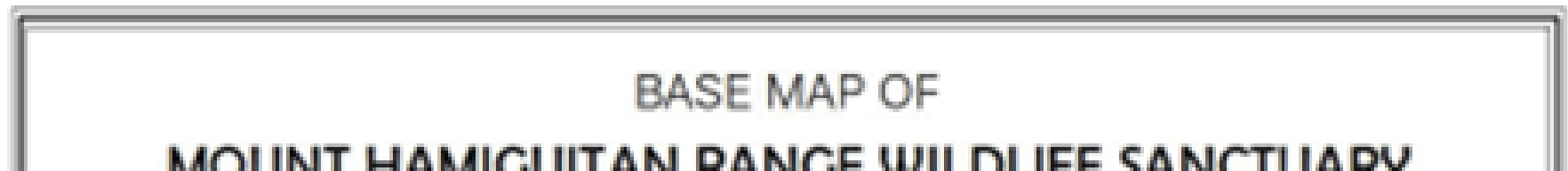
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1b. Project Map and Coordinates

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

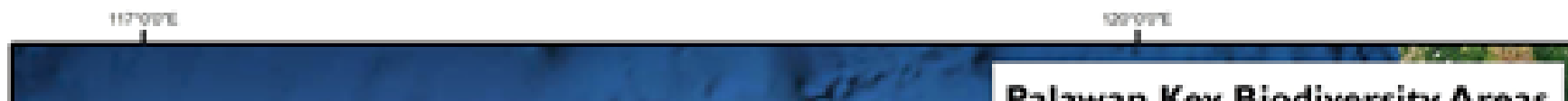
See maps in Annex A – map series A and B.

A: Maps of Davao oriental PA Landscape

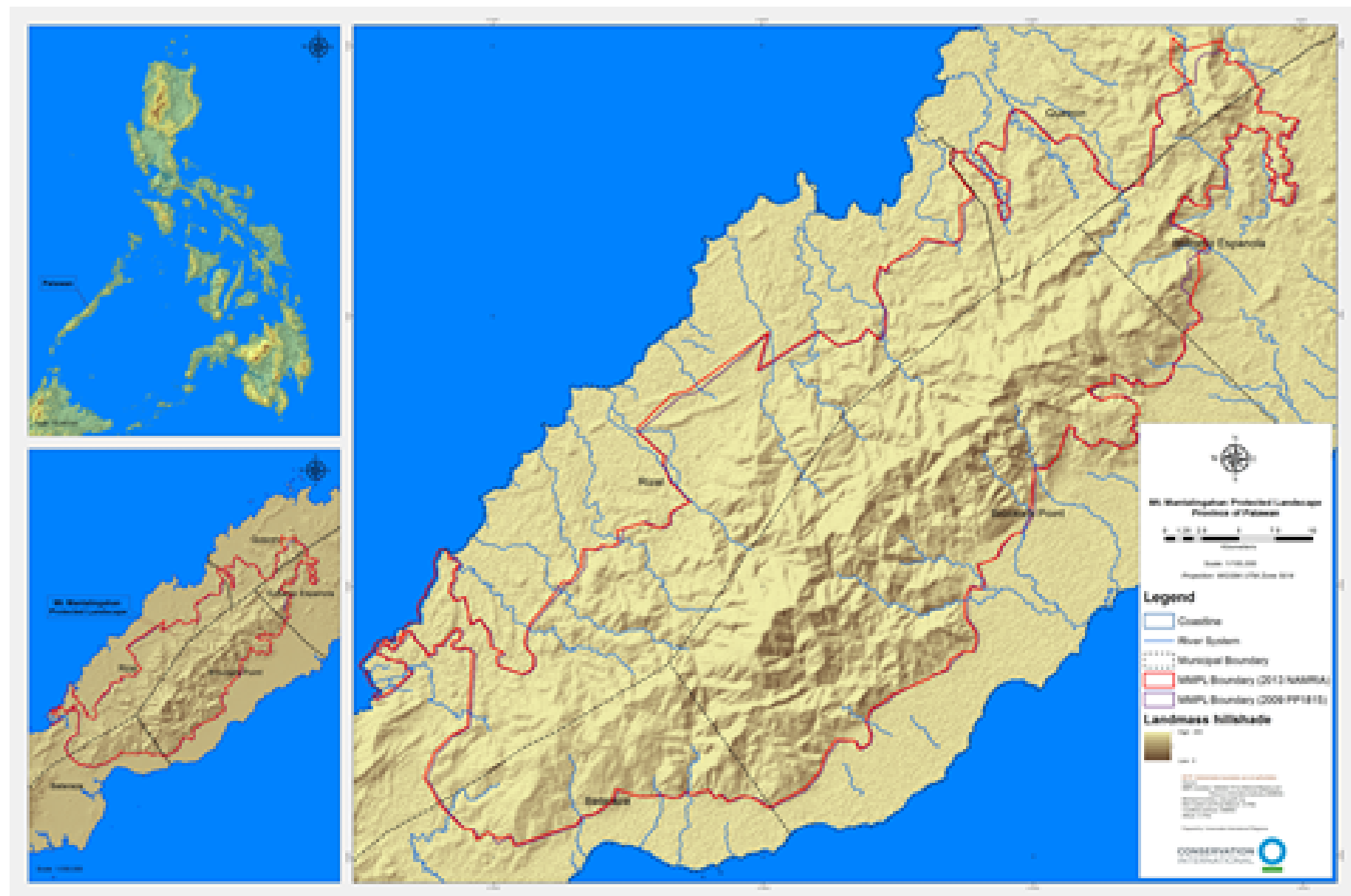


Map A1 - Mount Hamiguitan Range Wildlife Sanctuary

B: Maps of Palawan PA Landscape and Protected Areas



B1 – *Protected areas and landscapes of Palawan*



B2 - Mount Mantalingahan Protected Landscape

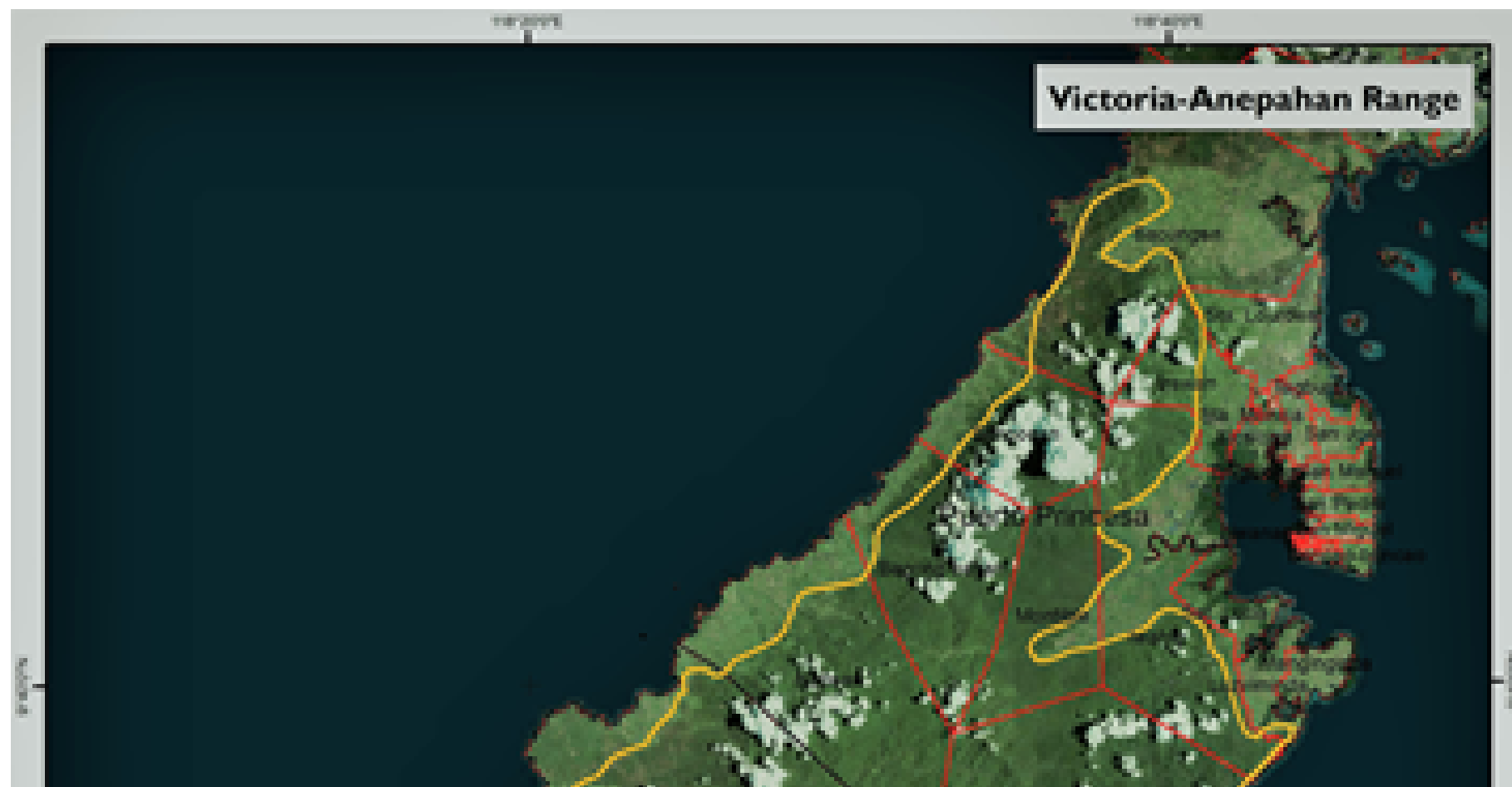
Additional information on the status of biodiversity and ecological features of Mt. Mantalingahan:

Mt. Mantalingahan has exceptionally high floral and faunal diversity and endemism with several noteworthy species recorded during the rapid biological assessment conducted by Conservation International in 2007.

- There are at least eight (8) possibly undescribed plant species; at least five (5) plant species that are newly recorded for Palawan; and twelve plant species considered as new plant records for the country.
- Three restricted-range species of plants are known to occur only within the mountain range: *Alyxia palawanensis* Markgraf (Apocynaceae), *Rhododendron acrophilum* Merr. & Quisumb. (Ericaceae) and *Sphaerostephanos cartilagidens* P. Zamora & Co (Thelypteridaceae).
- Six out of fourteen recorded frog species are Palawan endemic. One of these, *Ingerana mariae* (Mary's Frog, Palawan eastern frog) is known to be restricted to Mt. Mantalingahan.
- Three lizards, *Gekko palawanensis*, *Mabuya* cf. *cumingi* and *Sphenomorphus* sp and two snakes (*Calamaria* cf. *palawanensis* and *Trimeresurus schultzei* are endemic to Palawan.
- A new species of forest gecko, *Luperosaurus gulat* was confirmed by experts and published in 2010.
- The *Stachyris hypogrammica* (Palawan striped-babbler) is restricted to Mt. Mantalingahan, Victoria and Mt. Borangbato.
- Two endemic subspecies of birds are restricted to Mt. Mantalingahan: *Cettia vulcania palawana* (bush-warbler) and *Brachypteryx montana sillimani* (white-browed shortwing).
- The critically endangered *Cacatua haematuropygia* is among the five Philippine endemic bird species thriving in Mantalingahan.
- Two parrotfinches *Erythrura hyperythra* and *Erythrura prasina* were recorded in 2007. Based on all current records, both species are new island records for Palawan and the latter is a possible new country record.
- The presence of two elusive fast canopy flyer bats, the *Saccolaimus saccolaimus* is a new record for Palawan faunal region and *Chiromeles torquatus* that was again seen after five decades in the island is a surprising discovery.
- The Palawan soft-furred mountain rat, *Palawanomys furvus*, that was rediscovered in 2007 has not been seen since it was first discovered in 1962 and known to occur only in Mt. Mantalingahan.
- The taxonomic identification of a certainly new species of shrew that probably lives only in the high mountains of Mantalingahan and a potentially new species of toadlet is underway at the Field Museum of Natural History in Chicago.

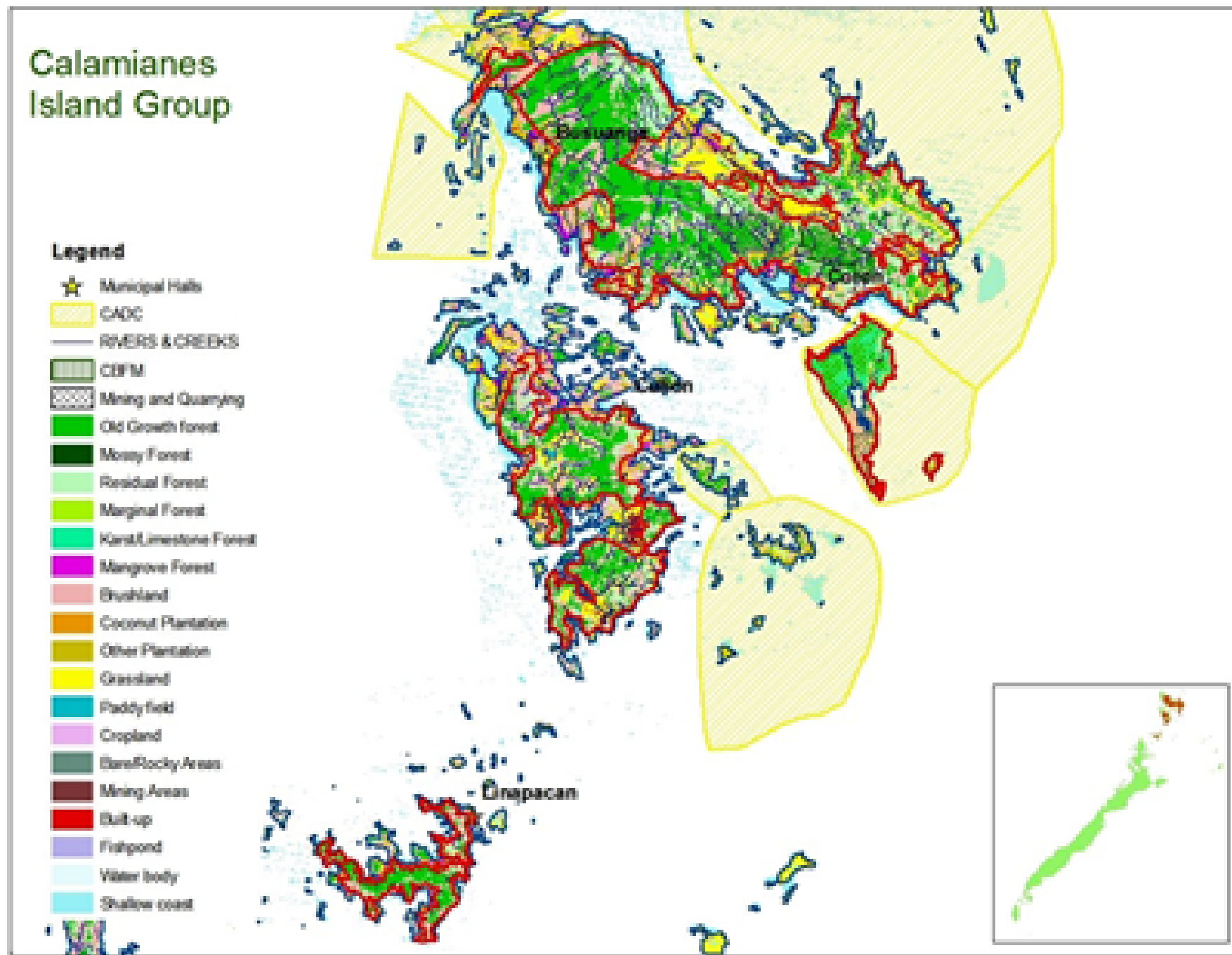
Summary table of Threatened Plants and Vertebrates in MMPL

Taxon	IUCN Category			TOTAL
	Critically Endangered	Endangered	Vulnerable	
Plants	3	3	4	10
Amphibians	0	1	1	2
Reptiles	0	1	0	1
Birds	1	0	6	7
Mammals	0	0	3	3
Total	4	5	14	23





B3 - Victoria Anepahan PA landscape



B4 - Map of Calamianes Island Group – Sea-/Landscape



B5 - *Puerto Princessa Subterranean River National Park*

2. Stakeholders

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

Indigenous Peoples and Local Communities Yes

Civil Society Organizations Yes

Private Sector Entities Yes

If none of the above, please explain why:

N/A

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.

Stakeholder	Role during the PPG
DENR-BMB	The Biodiversity Management Bureau (BMB) - Department of Environment and Natural Resources (DENR) is the National Executing Agency and will be responsible to both conduct the PPG detailed project design, as well as once GEF CEO endorsed, to manage the implementation of the project; as well as carrying out its coordination and monitoring with other key agencies. BMB will also lead in the formulation/revision of national policies and regulations to provide enabling conditions sustainable financing and NC conservation in Protected Areas under component 3 of the project.
Philippines Statistics Authority	Both the Environment and Natural Resources Account Division, as well as the (PSA-ENRAD) Satellite Accounts Division, of the Macroeconomic Accounts Service, Sectoral Statistics Office, will be involved in the design of Component 1 with regards the methodology and development of the identified Natural Capital Accounts based on the SEEA-EEA methodology. They would also advise on the data and training needs both at national and regional levels.
Department of Tourism (DOT) & TIEZA	This departments will play a critical role in the design and implementation of sustainable best practices in the tourism sector, as well as strengthening the national investment framework for small and larger scale eco-tourism investments in and around Protected Areas (Comp 2 and 3). Their involvement in Component 1 of the project will also be crucial to ensure that staff acquire critical skills on NC mainstreaming strategies. During the PPG design the DoT would be responsible to reach 'in-principle' agreement with private partners and LGUs towards investments in eco-tourism. The DoT also offered the services of the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) – which provides business advice and credit support.
Palawan Council for Sustainable Development	The PCSD is a multi-sectoral and inter-disciplinary body, which under the law is charged with the governance, implementation and policy direction of the SEP for Palawan Act. PCSD sees

<https://gefportal.worldbank.org>

I Sustainable Tourism Council	<p>ying forested Protected Areas for their biodiversity and ecosystem services protected through e.g. eco-tourism, PES mechanisms. This would strengthen the business case of investors to secure funds and reduce risks. Similar certification and verification could be forged through partnership with e.g. the Rainforest Alliance if concerning commodities and a green value chain for Social Enterprises, or the</p> <p>attainment of sustainable tourism in collaboration with the Global Sustainable Tourism Council.</p>
Conservation International	<p>Conservation International (CI) is a leader in applied research and development of NCA – both as Experimental Ecosystem Accounting and the Natural Capital Protocol. Globally, CI is at the forefront of NCA research and development (R&D) with completed, ongoing and forthcoming projects in several countries. CI – given its long presence in the Philippines, global pool of scientists and experts and numerous partners, is well positioned to tackle the challenges associated with accounting for natural capital in partnership with UNEP. Taking advantage of our multidisciplinary science team and our strong field programs we are the first NGO to work with a country to pilot ecosystem accounting. In addition of Peru, CI is currently implementing numerous efforts associated with the development of extent accounts, intended for subsequent development of other accounts. CI also led the development of the Natural Capital Protocol and continues to work with Natural Capital Coalition on its implementation/expansion. CI shall be BMB's Local Resource Partner in implementing this project in the Philippines.</p>
UN Environment Program	<p>UNEP is the GEF Implementing Agency that will provide technical assistance during the PPG design as well as during full project cycle on matters such as NCA, TEEB methods, national capacity building; as well provide oversight during the FSP implementation.</p>

3. Gender Equality and Women's Empowerment

Briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis).

Often, women bear the main responsibility for household operations in the Philippines, such as food production, and collection of essential resources including forest, water, fuel and fodder, while men might be more involved in the formal income generating activities, such as small-scale businesses and employment. These gendered responsibilities, roles and capacities are essential to understand in order to plan for sustainable solutions and for the project to equally benefit men and women. Furthermore, women's perspectives and needs have to be included equally with men's in decision-making processes to advance sustainable biodiversity policies. All development programs in the Philippine must meet the principles specified in the Harmonized Gender and Development Guidelines, including those supported by DENR.

The project will establish natural capital accounts which in addition to data systems for natural capital assets and services also captures information and the monitoring of indicators related to sustainable tourism, which will include aspects on gender equality, and the fair access and benefit sharing of women in tourism job opportunities, income, etc. In addition, the project will set up gender responsive targets for implementation to ensure that these actions will be taken. The project will also conduct a range of gender-sensitive capacity building activities in e.g. SME development, micro-credit access, as well as the design and implementation of a national communications program to build knowledge and support for applying natural capital accounts, valuation to both sustainable tourism development as well as conservation management. During the PPG, the project will conduct a gender + social analysis to better understand current gender/social roles with respect to project-relevant themes and design project interventions respond to the roles, responsibilities and capacities of men and women. The initiatives will be guided and monitored through a dedicated gender management plan – as part of the project design and GEF budgeting process (during the PPG). Additionally, the planned stakeholder and gender surveys and analysis during the PPG will provide us additional insights in specific gender concerns and interests of the targeted stakeholder groups.

Indicative interventions respond to the GEF's gender result areas as follows, and will be further refined in PPG phase following the gender/social analysis,

Closing gender gaps in access to, and control over, natural resources:

- Protected area business plans (2.1.1) incorporate actions/activities that ensure women's access to, and control over, natural resources
- Ensure that women's use of natural resources/ecosystem services are fully incorporated into NCA

Improving women's participation in decision-making:

- Conservation agreements will be organized + designed so that women are able to actively participate in decision-making

Generating socio-economic benefits or services for women:

- The project's sustainable business and eco-tourism investments (2.1.2) will be designed so that an equitable number of women directly benefit (target # of women TBD based on assessment)

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; and/or Yes

generating socio-economic benefits or services for women. Yes

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

Yes

4. Private sector engagement

Will there be private sector engagement in the project?

Yes

Please briefly explain the rationale behind your answer.

The project will seek partnership with tourism entrepreneurs and companies to collaborate towards additional sustainable tourism investments (via concessions or impact financing), work with financial intermediaries to access seed, micro-finance and loans for SME in the field of BD-friendly social enterprises, including community-based tourism development and other mechanisms with corporate sector. The PPG will conduct a pre-feasibility design and analysis to develop such financing partnership and interventions in and around the targeted PAs in the two landscapes. This may also involve a PES scheme on introduction of sustainable rice farming combined with sustainable tourism, including involvement of sustainable sourcing companies e.g. OLAM towards the enhanced protection of the water resources and BD in the Puerto Princesa Subterranean River National Park.

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 (table format acceptable)

Risk	Level	Risk Mitigation Strategy
Partner agencies unable to establish the targeted NCA accounts and populate with a workable set of data – due to property right issues with partner agencies, insufficient or incomplete datasets, as well as capacity problems.	M	The project recognizes this challenge with establishment of NCA accounts. The project has chosen a multi-pronged way in tackling or reducing these risks, by (i) enabling an effective provincial partnership through the creation of institutional mechanisms for establishing and mainstreaming NCA into the existing processes. This includes the creation of Inter-agency Committee (IAC), Technical Working Group (TWG) national partnership; (ii) zooming in on just two protected Area Landscapes instead of going for national scale; and (iii) to benefit from the significant institutional capacity with NCA, dataset and GIS base available for Palawan.
BMB and PAMB continue to receive a lower priority and budget allocation due to the historic bias towards 'forestry' in the Philippines.	L	The project will mitigate and turn this into a positive program and funding support by DENR, through the envisioned broadening of the partnership with corporate as well as the Tourism sector, micro-credit mechanisms, as well as importantly to link the NIPAS with the developing three Natural Capital Accounts, which will lead to conservation specific national statistics, and the targeted increase in funding to better maintain this capital value.
Insufficient trust and commitment by local communities to partake in the project. Local people mostly acknowledge the existence of Protected Area status yet do object to conservation action by PAMBs due to preferring managing the land inside the Protected Area on their own (this given historic resource uses of the Protected Area land and natural capital).	M	The project would mitigate this through firstly building a better understanding – through communications, with communities of the need for conserving the resources in the Protected Area to their own benefit, as well as to fully involve them in the SME capacity building and access to micro-credit.
Repeated staff changes at senior level of e.g. PAMBs, highly affects continuation and growth of the	M	The project through building a stronger foundation for the economic functions and value of natural capital contained in the

he conservation investments made. This is initiated by DENR or outside Departments, and not as such due to 'lack of incentives to stay in the job.		e NIPAS, as well as engagement with the House of Representatives towards adoption of the National PES Strategy, would effectively raise the profile of the conservation sector, BMP, PAMB and their government funding support.
The highly decentralized government structure also often means weak support by local government for national initiatives on conservation, greening of operations or projects such as a NC account approach IF it is not clear upfront how this would benefit the government in its obligations and reporting on SD, as well as facilitate new investments and enterprises in the respective PA landscapes.	M	The project will mitigate this risk by putting much effort through communications and capacity building of e.g. PAMB and LGU, on the merits of natural capital accounting for local economic planning, but importantly to devise investments and enterprise development through e.g. the GEF project Comp 2 on tourism concessions, SMEs and PES mechanisms.
Climate change may affect PA as well as the PA landscapes through e.g. prolonged drought periods or the opposite towards seasonal flooding; alter growing conditions in the PA buffer zones or change the Philippines development priorities.	L	Climate change impacts impose additional pressures on vulnerable and risk-averse communities, potentially diminishing their readiness to participate in any innovative activity in the targeted landscapes. The project will mitigate this risk through a.o improving both productivity and resilience in (rural) PA landscapes, through e.g. the Social Enterprises, as well as strengthened co-management in the bufferzones of targeted PAs related to sustainable business development such as Tourism Concessions; the improved habitat protection, forest restoration and better near-coastal habitat protection such as reefs and mangroves; which cumulatively contributes to the country-level response to climate change. However, given the largely good state of the natural habitats in the targeted landscapes the effect of CC to the achievement of the project objectives is considered low.
Risks for PAs and conservation associated with facilitating the development of tourism in PA landscapes	L	Unsustainable tourism and uncontrolled investments and operations, not being agreed by a broad stakeholder process in the investment/buffer-zones of PAs, as well as not being clear on generating (financial) benefits to both the communities, local government and specifically the management costs of PAs is the baseline situation of the project. The project would reduce that risk significantly through its project design as well as its GEF-funded interventions, where incremental support towards more sustainable practices; agreement and co

		<p>pliance on sustainability criteria, and facilitation of more sustainable tourism investments and operation through direct project support under Comp 2, would manage this risk in a planned and monitored way..</p> <p>Additionally, the UNEP Environmental, Social and Economic Safeguards have extensively captured this risk and rated it low.</p>
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6. Coordination

Outline the institutional structure of the project including monitoring and evaluation coordination at the project level. Describe possible coordination with other relevant GEF-financed projects and other initiatives.

UNEP will act as a GEF Implementing Agency for this project. The project will be executed at the national level led by the Biodiversity Management Bureau (BMB-DENRE) in collaboration with the Planning and Policy Service, as well as the Knowledge and Information and Systems Service divisions, both DENR; the Philippine Statistics Authority, the National Economic Development Authority, and the Department of Tourism, and others, including at local provincial level such as the Palawan Council for Sustainable Development. Conservation International Philippines will act as the Local Resource Partner to BMB both for national and provincial implementation. A Project Steering Committee (PSC) will be constituted to serve as the project oversight, advisory and support body for the project and to ensure representation of key stakeholder groups and interests in the project implementation.

The project will follow UNEP standard monitoring, reporting and evaluation processes and procedures; further expanded through Output 3.1.2 to track achievement and compliance with sustainable tourism, enhanced financing for PAs, gender and community welfare aspects. Reporting requirements and templates are an integral part of the UNEP legal instruments, to be signed with the Executing Agencies and the GEF Implementing Agencies. The project M&E plan will be consistent with the GEF Monitoring and Evaluation policy.

Coordination with GEF and other initiatives will be ensured through BMB and UNEP, who are engaged in related initiatives in the Philippines. In addition to the programs and initiatives mentioned in section 2 on baseline projects, this will include coordination and sharing of lessons learned with other national and sub-national initiatives and GEF-funded projects. Initial research has identified few projects, whose coordination potential or best practice are of benefit to incorporate with the proposed project, and which will be further specified and confirmed in the PPG phase, including:

Project	Relationship to Project
UN Environment TEEB Program – national project Philippines	The national TEEB project in the Philippines, although focusing on Manila Bay is an important methodological and capacity building step, which will enable a quick uptake of subsequent NCA and valuation activities to be done under the GEF project.
UN Environment '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)	This project although focusing on reducing the Carbon footprint of tourism investments, and operations of accommodation, food & beverage, and events, will be useful to the GEF project, through firstly, creating the partnership with the cooperate sector (still in its infancy with BMB), as well as enabling opportunities for low carbon buildings and operations in the GEF project eco-tourism investments and SMEs.
UNDP-GEF 'Partnerships for Biodiversity Conservation'	This biodiversity mainstreaming project has conducted various baseline

ervation: Mainstreaming in Local Agricultural Landscapes/Biodiversity Partnerships Project (BPP), 2010-2017, USD 4.5 million GEF grant.	eline activities for 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 has also done the baseline assessments and social preparation of LGU to encourage biodiversity friendly business development in the respective 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 Protected Areas.
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..	This sustainable watershed management project is to increase revenues of local government units, people's organizations, 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 PWS scheme. The GEF project will build upon the methodologies developed and lessons learned for both its own PES scheme, as well as feeding that into the development of the National PES Policy and Legal Framework.
Capturing Coral Reef & Related Ecosystem Services (CCRES) project (WB, GEF and other sources)	The proposed GEF project will benefit using the various models, tools and knowledge products established by CCRES, specifically related to mapping socio-ecological systems at the Protected Area sites, as well as simulating future market scenarios and analysis for business value chains and developing sustainable enterprises. The project which has a pilot, in El Nido, Palawan – a coastal site, is also seeking to unlock new sustainable income streams for the communities, which the GEF project could incorporate in work on Social Enterprises (Comp 2).
UNDP/GEF - Marine Key Biodiversity Areas (MKBA) Project (USD 8 million)	The project is a national initiative aimed at strengthening the Marine Protected Area System to conserve marine biodiversity found in Key Biodiversity Areas at five pilot sites: Verde Island Passage, Lan

	<p>Key Biodiversity Areas at five pilot sites: Verde Island Passage, Luluza Bay, Davao Gulf, Southern Palawan, and Tanon Strait. The project's key outputs are to improve management effectiveness and financial sustainability of the Marine Protected Areas (MPA). Lessons learned from this project constitute important baseline information for the proposed GEF project towards local institutional arrangements for enhancing financial sustainability of Protected Areas.</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)" s</p>	<p>The presently proposed project will benefit from these soon to start GEF 6 initiatives, specifically with regards the development and application of NC accounting 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 government to increase its capacity.</p>

7. Consistency with National Priorities

Is the Project consistent with the National Strategies and plans or reports and assessments under relevant conventions

Yes

If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc

The project contributes to Section 20 of the **Philippine Development Plan (2017-2022)**, specifically the Subsector Outcome 1: Biodiversity and functioning of ecosystem services sustained. The project will develop 2 natural capital accounts through assessment and valuation of various ecosystems services and implement Payment for Ecosystem Services, to improve finance and management of 2 Protected Area Landscapes. The Natural Capital Accounting activities under the GEF increment support the monitoring capacity of both the Philippines Statistics Authority as well as Department of Tourism under the recent '**Manila Call for Action on Measuring Sustainable Tourism**' (June 2017), which is fully endorsed by the Philippines government.

The project will also contribute in mainstreaming ecosystem values into national and local development planning to ensure that due importance and appropriate management will be given to these finite resources.

Analysis of alternative scenarios for the Palawan Environmentally Critical Areas Network Management Program to inform NC-based ECAN Zoning and implementation of biodiversity-friendly enterprises/businesses (e.g. sustainable agriculture, tourism and fisheries) will also be supported to improve PA conservation and management.

The project also directly contributes 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), specifically Section 16 on the Integrated Protected Areas Fund (IPAF), which has as aim the enhanced financing of the NIPAS. Through its various enterprises, SME and PES, the GEF project would generate additional funds of which 75% would be retained and channeled through the local IPAF trust funds linked to Protected Area management.

The project will contribute to the **Philippines Biodiversity Strategy and Action Plan** - Target No 1 'By 2028, the conservation status of nationally and globally threatened species in the country from 2016 levels is maintained or improved'; Target No 7 'By 2028, as result of improved conservation, ecosystem services provided by key biodiversity areas will be enhanced (*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'*); Target no. 9 'By 2028, there will be an annual increase of at least 5% in biodiversity conservation related jobs (*as measured in # jobs in ecotourism, sustainable agriculture, ecosystem restoration*)'.

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*'. This will particularly be supported through the establishment of NC accounts for measuring sustainable tourism (Comp1) as well as the enterprise development for sustainable tourism in Protected Areas under Comp 2. Additionally, the three targeted Protected Area landscapes are all situated in Tourism Cluster Development Zones. The project is aligned closely with the objectives and strategies of the **National Ecotourism Strategy & Action Plan 2013-2022** (DENR – DoT, 2014), specifically with **Strategy 1**: 'Developing and marketing diversified and competitive ecotourism products. The project contributes through its market assessment based on the NC-based scenario analysis under Comp and Output 2.1.2, as well as the partnership and capacity building for enterprise development and credit access. **Strategy 2**: 'Creating conducive environment for ecotourism investments. The project would encourage the participation of private sector investment in the protection and management of the protected areas, as well as enable better access to a sustainable investment framework for ecotourism (Outputs 3.1.1 – 3.1.3). The GEF project is aimed at the financial sustainability of protected areas, as well as encourage innovative community-based ecotourism enterprises, which is integral to the strategies of the NESAP. It is also aligned with NESAP **Strategy 6**: 'Developing and strengthening partnerships which though the GEF project aims to facilitate the engagement of partnerships among communities, entrepreneurs, government and funding sources.

The project is aligned to **Sustainable Development Goals** - SDGs 8 - through its sustainable tourism development activities, specifically '**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' and '**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'; SDG 14 & SDG 15 – through enhancing the management effectiveness of Protected Areas, specifically 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', **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' and **15.9** 'By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts'. Additionally, Output 3.4 contributes capturing and reporting to SDGs - 'NCA-based indicators used for monitoring Palawan's contribution to sustainability goals, natural resources management and national (e.g. Philippines Development Plan, Philippine Biodiversity Strategy and Action Plan) and Sustainable Development Goals (SDGs).

8. Knowledge Management

Outline the Knowledge management approach for the Project, including, if any, plans for the Project to learn from other relevant Projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.

The project will learn and benefit from existing programs, expertise and formats/framework on the development and application of the new SEEA-EEA based NC accounts (outputs 1.1.2. and 1.1.3), through partnership with UN Statistics Division, REECS (former senior service provider on WAVES Philippines), the Philippines Statistics Authority - including based on their various initiatives and capacity building programs in SEE-EEA based NCA, and other NCA initiatives elsewhere in the region such as in Thailand, Maldives through UNEP-GEF projects. Collaboration with the Economics of Ecosystems and Biodiversity (TEEB) team and their various IKI and EU funded projects such as the TEEB AgriFood program will provide valuable insights and capacity to benefit from, specifically in the field of scenario analysis and science-to-policy interface. The project is will adopt (or adapt) the guidelines training materials and communication and outreach materials prepared by the 'TEEB-led Advancing Natural Capital Accounting' (ANCA) project funded by the Norwegian Agency for Development Cooperation (NORAD).

Additionally, CI has extensive experience with natural capital accounting and valuation – which as Local Resource Partner to BMB will assure a high-quality based approach and access to existing expertise and KM products for NCA. It is suggested that the PPG project design will considers incorporating a full-time NCA Specialist as core staff of the proposed project to secure the proper knowledge management as well as capacity building in the project.

With regards the 'dissemination and mainstreaming' part of KM, the Natural Capital Accounts to be developed and applied under Component 1 of the project are both the formal central government knowledge mechanism for capturing, analyzing and valuing Natural Capital and their services as well as its dissemination in national statistical and economic reports. These NC-based economic statements will also be a powerful tool to help convince the Philippines government and sectoral Ministries to put their attention and budgeting for Natural Capital higher at the political agenda, in line with the Roadmap for natural Capital Accounting in the Philippines by NEDA. The project approach is to involve various sector agencies in this work including DENR, DoT, PSA, DTI at national level, and PAMBs and LGUs at the local level, by reaching agreement on the process and methodologies as well as sharing relevant information products through the implementation of a communication platform (Comp 1) to raise awareness on the contribution of biodiversity and ecosystem services to NC dependent sectors and people's livelihood. It will also capture best practice and raise awareness through the capacity building activities with regards successful integration of NC into policies and programs based on using the SEEA-EEA framework. Communications of best practice, guidelines and business promotion of sustainable tourism in Protected Area Landscapes is also emphasized in Component 1 of the project.

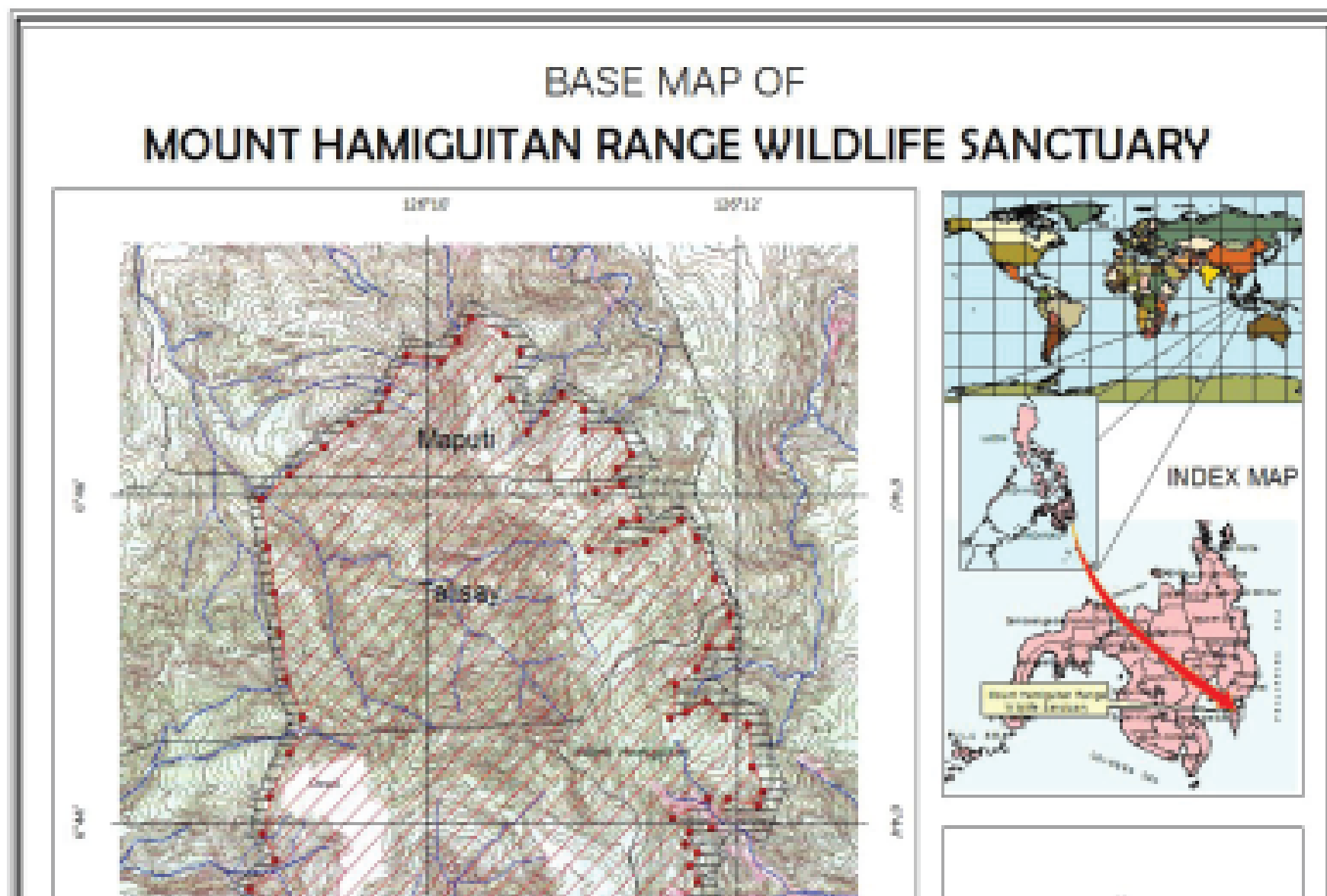
Part III: Approval/Endorsement By GEF Operational Focal Point(S) And Gef Agency(ies)

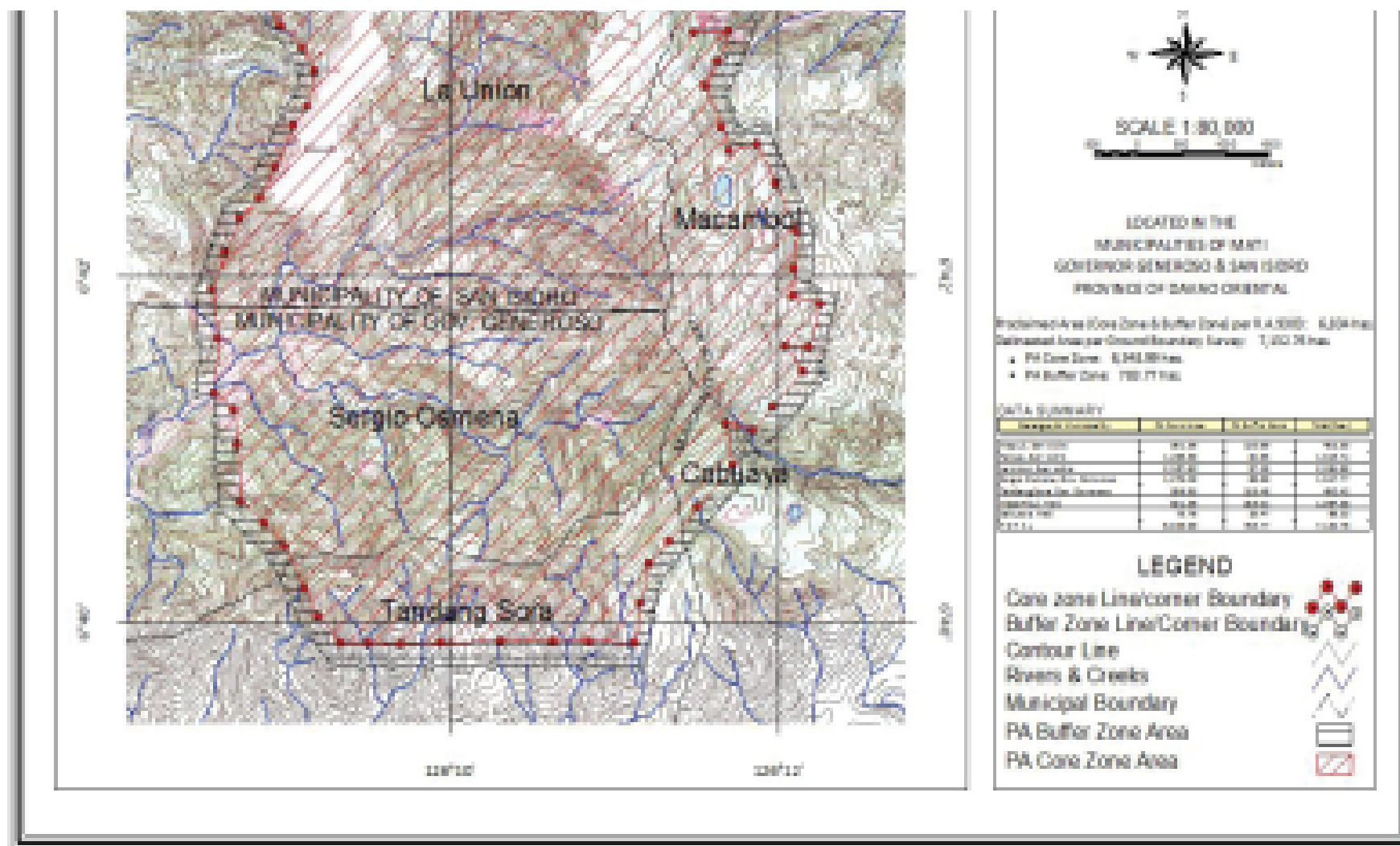
A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the Operational Focal Point endorsement letter with this template).

Name	Position	Ministry	Date
Analiza Rebuelta-Teh	Undersecretary	Department of Environment and Natural Resources	10/10/2019

ANNEX A: Project Map and Geographic Coordinates

Please provide geo-referenced information and map where the project intervention takes place

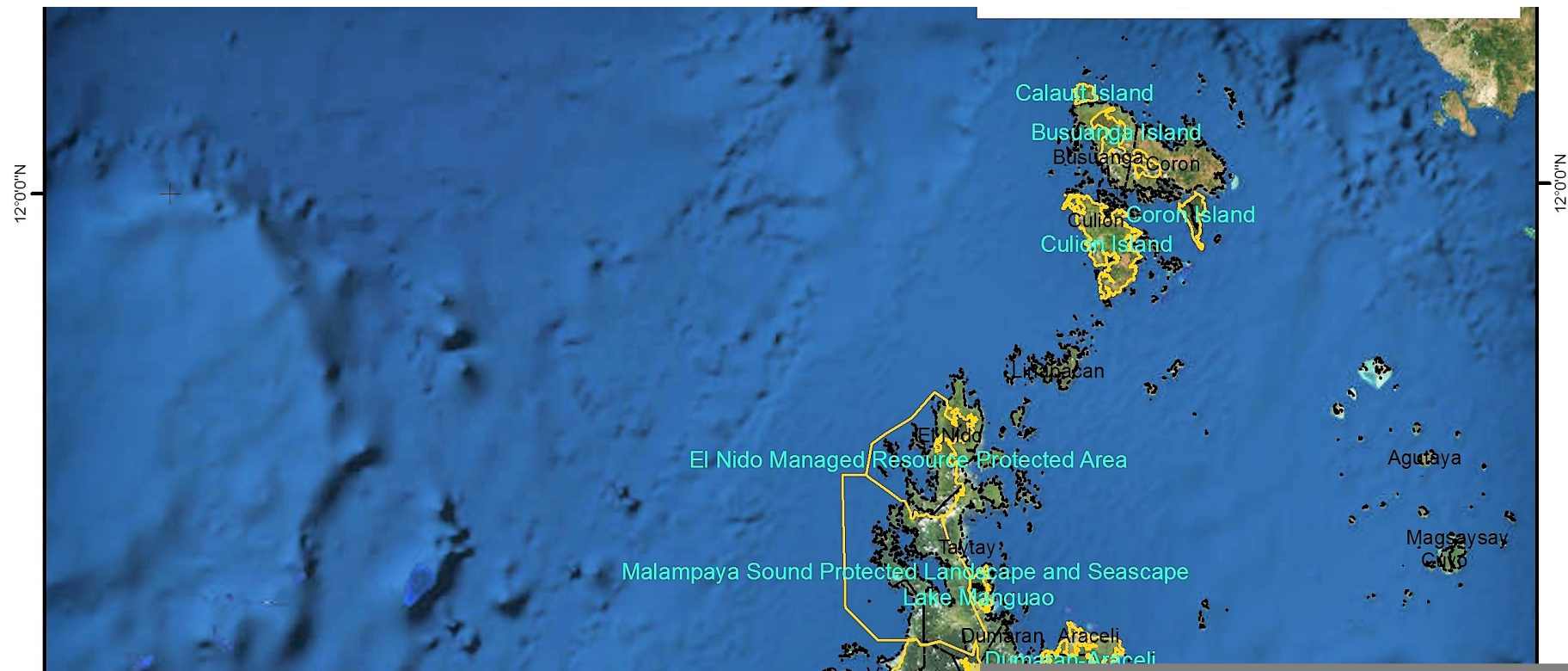
A: Maps of Davao oriental PA Landscape



Map A1 - Mount Hamiguitan Range Wildlife Sanctuary

B: Maps of Palawan PA Landscape and Protected Areas







B1 – *Protected areas and landscapes of Palawan*



B2 - Mount Mantalingahan Protected Landscape

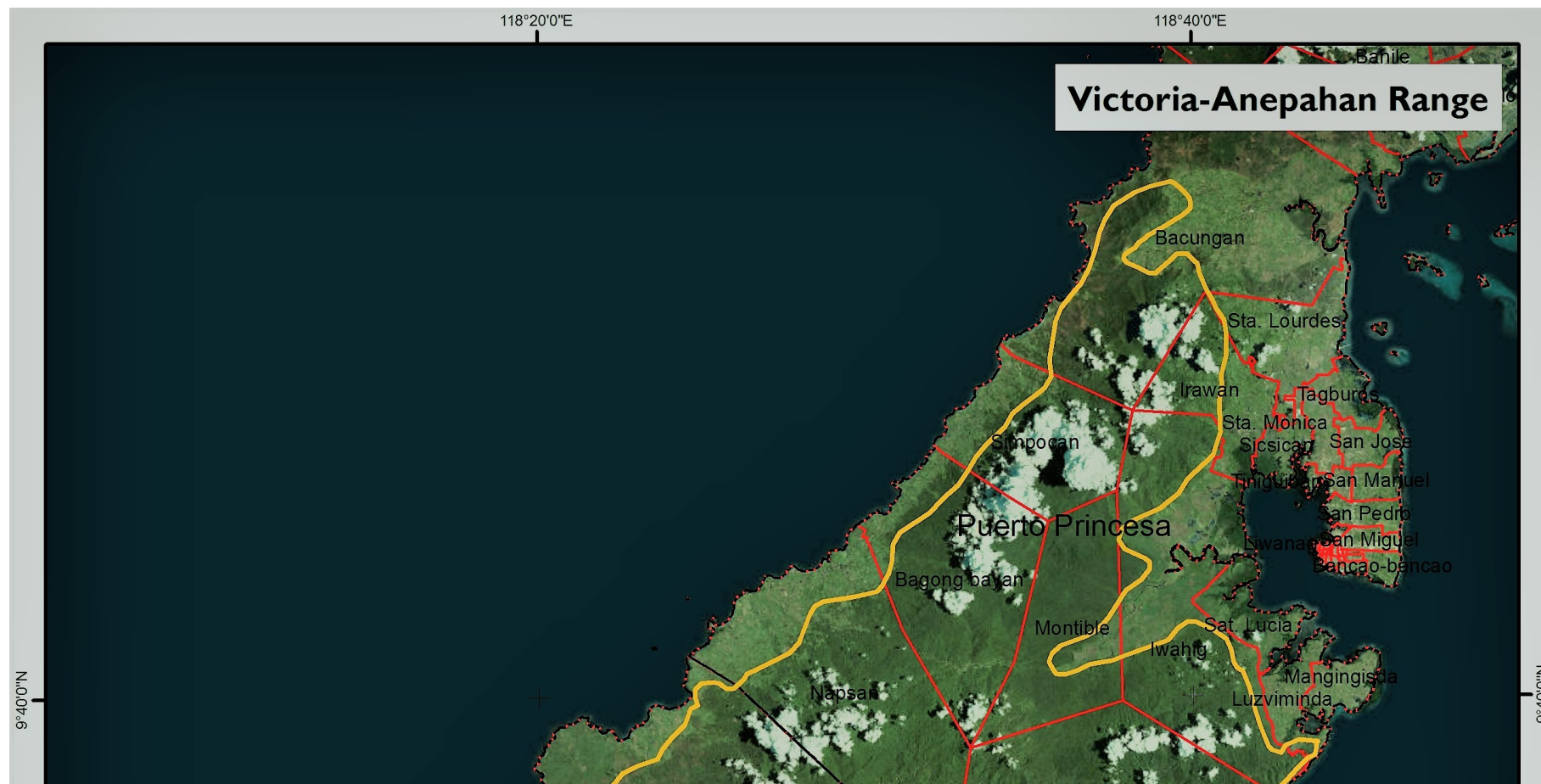
Additional information on the status of biodiversity and ecological features of Mt. Mantalingahan:

Mt. Mantalingahan has exceptionally high floral and faunal diversity and endemism with several noteworthy species recorded during the rapid biological assessment conducted by Conservation International in 2007.

- There are at least eight (8) possibly undescribed plant species; at least five (5) plant species that are newly recorded for Palawan; and twelve plant species considered as new plant records for the country.
- Three restricted-range species of plants are known to occur only within the mountain range: *Alyxia palawanensis* Markgraf (Apocynaceae), *Rhododendron acrophilum* Merr. & Quisumb. (Ericaceae) and *Sphaerostephanos cartilagidens* P. Zamora & Co (Thelypteridaceae).
- Six out of fourteen recorded frog species are Palawan endemic. One of these, *Ingerana mariae* (Mary's Frog, Palawan eastern frog) is known to be restricted to Mt. Mantalingahan.
- Three lizards, *Gekko palawanensis*, *Mabuya* cf. *cumingi* and *Sphenomorphus* sp and two snakes (*Calamaria* cf. *palawanensis* and *Trimeresurus schultzei* are endemic to Palawan.
- A new species of forest gecko, *Luperosaurus gulat* was confirmed by experts and published in 2010.
- The *Stachyris hypogrammica* (Palawan striped-babbler) is restricted to Mt. Mantalingahan, Victoria and Mt. Borangbato.
- Two endemic subspecies of birds are restricted to Mt. Mantalingahan: *Cettia vulcania palawana* (bush-warbler) and *Brachypteryx montana sillimani* (white-browed shortwing).
- The critically endangered *Cacatua haematuropygia* is among the five Philippine endemic bird species thriving in Mantalingahan.
- Two parrotfinches *Erythrura hyperythra* and *Erythrura prasina* were recorded in 2007. Based on all current records, both species are new island records for Palawan and the latter is a possible new country record.
- The presence of two elusive fast canopy flyer bats, the *Saccolaimus saccolaimus* is a new record for Palawan faunal region and *Chiromeles torquatus* that was again seen after five decades in the island is a surprising discovery.
- The Palawan soft-furred mountain rat, *Palawanomys furvus*, that was rediscovered in 2007 has not been seen since it was first discovered in 1962 and known to occur only in Mt. Mantalingahan.
- The taxonomic identification of a certainly new species of shrew that probably lives only in the high mountains of Mantalingahan and a potentially new species of toadlet is underway at the Field Museum of Natural History in Chicago.

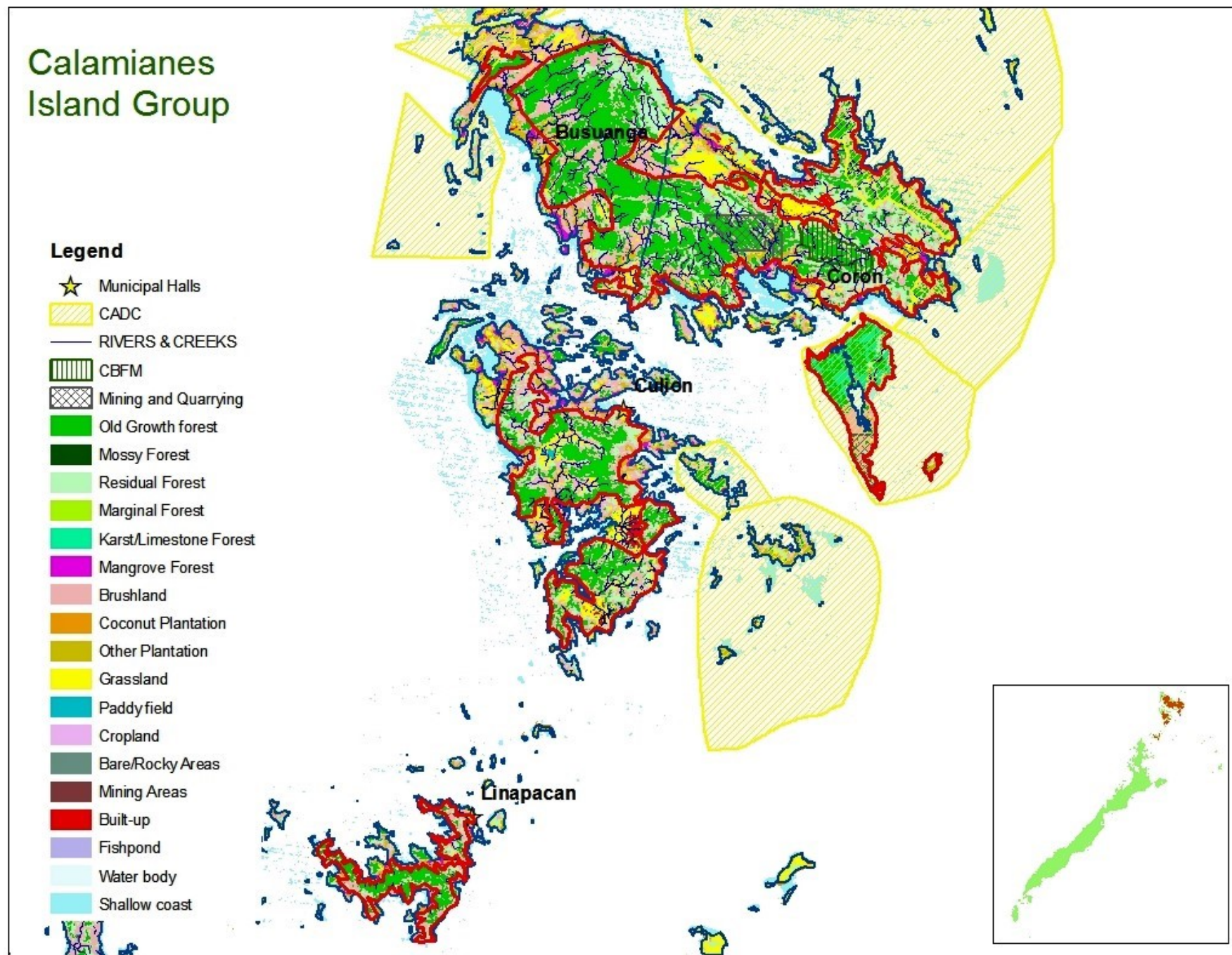
Summary table of Threatened Plants and Vertebrates in MMPL

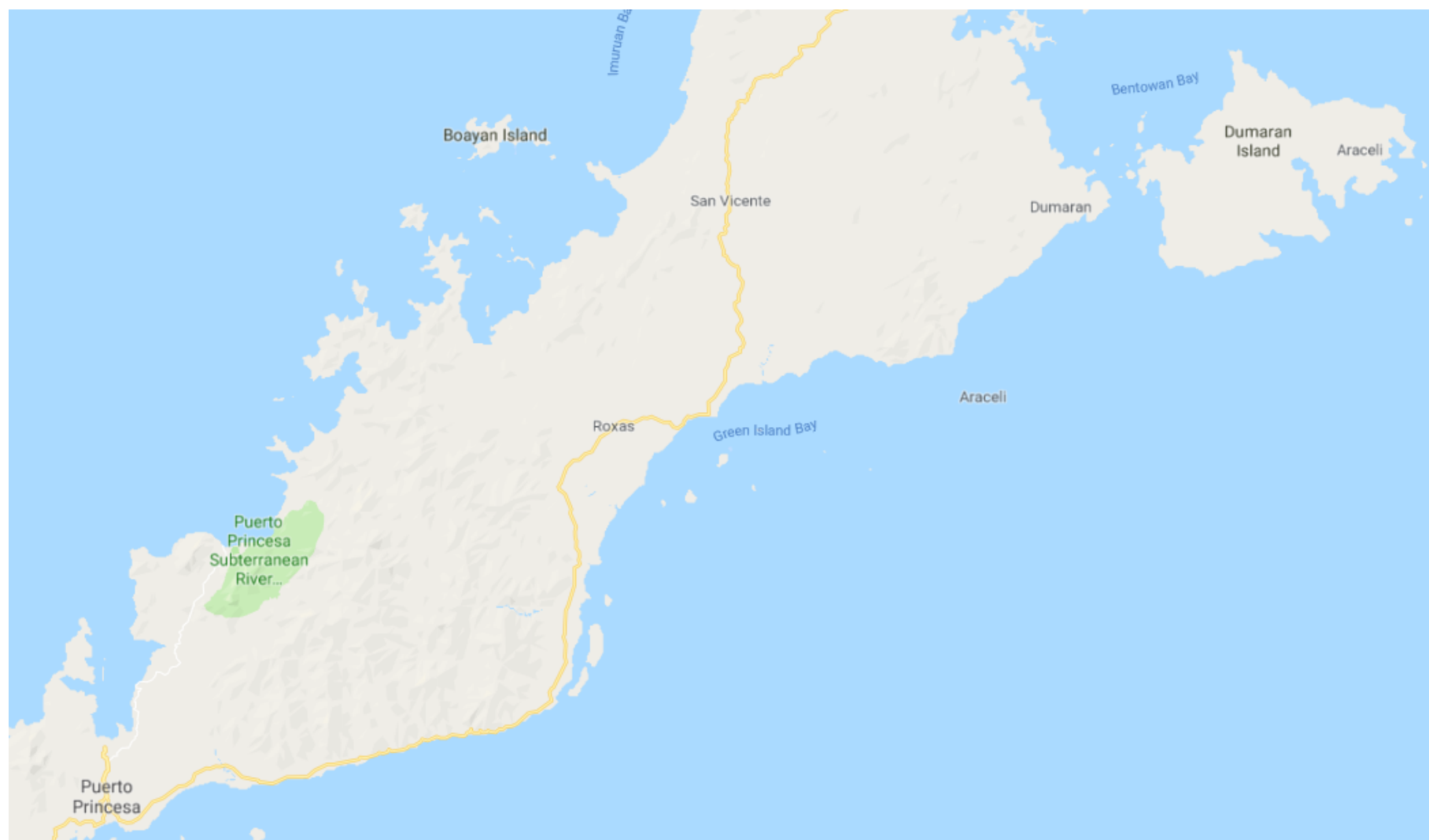
Taxon	IUCN Category			TOTAL
	Critically Endangered	Endangered	Vulnerable	
Plants	3	3	4	10
Amphibians	0	1	1	2
Reptiles	0	1	0	1
Birds	1	0	6	7
Mammals	0	0	3	3
Total	4	5	14	23





B3 - Victoria Anepahan PA landscape



B4 - Map of Calamianes Island Group – Sea-/Landscape**B5 - Puerto Princess Subterranean River National Park**

