

DENR MEMORANDUM CIRCULAR
No. 11

**SUBJECT : Rules and Regulations in the Implementation
of Contract Reforestation Projects.**

1.0 *PURPOSE*

This circular is issued to provide guidelines, rules and procedures in the implementation of the National Forestation Programs.

2.0 *COVERAGE*

This circular shall apply to all Contractual Reforestation Projects funded out of appropriations released to and administered by the DENR as well as by other national and local government agencies involved in the National Forestation Program.

3.0 *DEFINITION OF TERMS*

3.1 Reforestation

Reforestation means the planting of an area in forest land using perennial plant species, usually dominated by trees and other forest species including the attendant preliminary activities such as seedling production, site preparation, construction of trails and access roads & bridges as well as maintenance of plantations. Reforestation may also include watershed rehabilitation and such silvicultural treatment as timber stand improvement, assisted natural regeneration, and other similar activities that may result in the creation or improvement of forest lands.

3.2 Contract

Contract means an agreement between the government represented by the DENR or any other government agency involved in the National Forestation Program and an entity or individual whereby the latter agrees to implement an activity or a series of activities pursuant to the terms and conditions of the agreement.

3.3 Contract by Public Bidding

This is a contract awarded after conducting public bidding which involves the publication and dissemination of invitations to bid and terms of reference, specifications, prequalification of bidders, acceptance of bids, selection from among the prequalified bidders and the awarding of the reforestation contract to the most qualified bidder.

3.4 Negotiated Contract

A negotiated Contract is a contract that dispenses with public bidding or entered into after failure of bidding and is usually awarded in accordance with Executive Order No. 301.

3.5 Prequalification, Bids and Awards Committee

The Prequalification, Bids and Awards Committee (PBAC) created for the purpose, is a body that provides prospective contractors with notice of pre-qualification and other relevant information regarding the proposed work, including a brief technical description of work as to size, major items and other important features of the work to guide in evaluating their capabilities, evaluates bidder's qualifications and bids and makes recommendations on the result of bidding.

3.6 Family Reforestation Contract

Family Reforestation Contract refers to a contract entered into by and between the Government represented by the DENR or any other government agency involved in the National Forestation Program and the head of the family for a reforestation area of 1-5 has.

3.7 Community Reforestation Contract

Community Reforestation Contract refers to a contract entered into by and between the Government represented by the DENR or any other government agency involved in the National Forestation Program and a duly recognized entity such as the barangay, cooperative, foundation, civic and/or religious organization acting for and in behalf of residents of a community located in or adjacent to a reforestation site for areas not exceeding 100 has.

3.7.1 For the purpose of this Circular, an association is a group of at least 15 members who may or may not be registered in any government office with the president and the treasurer named as liable persons. They shall however be encouraged to register in appropriate government agencies.

3.7.2 The barangay referred here is the barangay government structure, represented by the Captain and the Kagawads, among whom authorized signatories are chosen, as documented in a barangay council resolution.

3.8 Corporate Reforestation Contract

Corporate Contract refers to a contract entered into by and between the Government represented by the DENR or any other government agency involved in the National Forestation Program and the private corporations, non-government organizations, and other formal/legally constituted entities for purposes of profit and other legitimate objectives of the entity concerned.

3.9 Memorandum of Agreement

Is a contract entered into by and between DENR and other government agencies, government controlled corporations and local government units to undertake reforestation activities as defined in Sec. 3.1.

3.10 Contract Cost

Contract cost refers to the amount of reforestation contract which includes other related expenditures incurred in the execution of the contract such as wages, cost of seedlings, small infrastructures such as potting sheds, nurseries, trails and small bridges, and cost of preparing the site, planting, project management and supervision, taxes, etc. and maintaining the plantation. The contract cost may cover the cost of a specific activity or activities necessary to be undertaken until the area is planted and maintained and all other activities specified in Sec. 9-b of DENR Memorandum Circular No. 11, Series of 1989, dated October 1988, Annex A of this circular.

3.11 CONTRACT DURATION

A reforestation contract's duration is 3 years starting from pre-establishment activities to maintenance.

- 3.11.1 The first year includes pre-establishment activities to actual planting and maintenance.
- 3.11.2 The second and the third years are devoted to maintenance (weeding and protection) of plantation.
- 3.11.3 The contract duration may be shortened depending on its coverage. An example is where the contract covers only a specific activity such as seedling production.

3.12 RED

RED refers to the Regional Executive Director to whom the authority of approving individual contracts with cost not exceeding P2,000,000 has been delegated by the Secretary of the DENR.

3.13 RTD

RTD refers to the Regional Technical Director for Forestry who assists the RED and has been delegated the authority to approve individual contracts with cost not exceeding P1,500,000.

3.14 PENRO

PENRO refers to the Provincial Environment and Natural Resources Office and to the Provincial Environment and Natural Resources Officer, to whom the authority to approve contracts with individual cost not exceeding P1,000,000 has been delegated by the Secretary of the DENR.

3.15 CENRO

CENRO refers to the Community Environment and Natural Resources Office and to the Community Environment and Natural Resources Officer, to whom the authority to approve contracts with individual cost not exceeding P 100,000.00 has been delegated by the Secretary of the DENR.

3.16 Advance Payment/Mobilization Fund

Advance payment/mobilization fund not exceeding 15% of contract price as allowed by the President of the Philippines is the amount which shall be paid in accordance with a schedule, to the Contractor after signing of the contract and shall be deducted proportionately from the progress payments, in accordance with the guidelines prescribed by the DENR.

3.17 NGO

NGO refers to non-government organization. Preferably a non-profit group, which may or may not be duly registered with the Securities and Exchange Commission (SEC) and or the Department of Science and Technology or any other appropriate government agency that has secured written authorization from all the proposed participants to represent them as their linkage with the DENR.

3.18 Special Disbursing Officer

Special Disbursing Officer (SDO) is a bonded employee authorized to pay out cash and issue checks in settlement of accounts.

4.0 *SPECIFIC GUIDELINES AND PROCEDURES*

4.1. Contract

4.1.1 Contracts may be awarded either through negotiated procedures or public bidding For families, communities, associations and non-government organizations, negotiated contract shall be allowed.

4.1.2 Contracts entered into with families, associations and communities need not be notarized. However, such contracts must be subscribed and sworn to before the Administrative Officer/Assistant of the Provincial and Community Natural Resources Offices, as the case may be and shall be recorded in a separate logbook exclusively for the purpose. All other contract shall be notarized.

4.2 Administrative Arrangements

4.2.1 Negotiated contracts may be entered into for families and communities. The contract cost, however, must be in accordance with the Approved Agency Estimate (AAE) as approved by the Secretary, DENR.

All other contracts may also be negotiated as provided for by EO 301 under any of the following situations:

- a) Whenever the supplies and services are urgently needed to meet an emergency which may involve the loss of, or danger to, life and/or property;
- b) Whenever the supplies and services are to be used in connection with a project or activity which cannot be delayed without causing and detriment to the public service;
- c) Whenever materials and services are sold by an exclusive distributor or manufacturer who does not have sub-dealers selling at lower prices and for which no suitable substitute can be obtained elsewhere at more advantageous terms to the government;
- d) Whenever the suppliers and services under procurement have been unsuccessfully placed on bid for at least two consecutive times, either due to lack of bidders or the offers received in each instance were exorbitant or non-confirmed to specifications;

- e) In cases where it is apparent that the requisition of the needed supplies and services through negotiated purchase is most advantageous to the government to be determined by the Department Head concerned; and
 - f) Whenever the purchase is made from an agency of the government.
- 4.2.2 Public bidding shall be announced through advertisements in newspaper/s of general circulation or posting the same in at least three (3) conspicuous places, like provincial/city/municipal buildings, markets and the like for at least 10 days. Award shall be made after three (3) days of bid submission.
- 4.2.3 Construction of permanent improvements under Contract Reforestation projects such as access roads, trails, bridges, pottings sheds, nurseries and similar structures within the area are not considered infrastructure in so far as P.D. No. 1594 is concerned.
- 4.2.4 The Certificate as to Availability of Funds (CAF) covering the full contract or first year amount whichever is appropriate signed by the Chief Accountant/Head of Accounting Units, shall be attached to and become an integral part of the proposed contract. The sum certified shall not thereafter be made available for expenditure for any other purpose until the obligation of the government under the contract is fully extinguished.
- 4.2.5 The Chief Accountant/Head of the Accounting Unit, shall sign as witness in the contract in addition to the required CAF. Contract not so witnessed and not supported by a CAF shall be considered null and void.
- 4.2.6 The CAF shall form part of the supporting documents of the contract for which the cash advances are released to the CENRO. The CENRO shall be furnished a copy of the contract and the CAF for funds control and record purposes.
- 4.2.7 One or more Special Disbursing Officers may be designated to take charge of the disbursement functions at the CENRO or PENRO.

- 4.2.8 Cash Payments may be made out of cash advances (CA) for an amount not exceeding P15,000 for any one payment.
- 4.2.9 Based on the agreed schedule, the Contractor shall submit a Statement of Account (SA). Such SA shall be verified and certified as to reasonableness by the personnel concerned duly designated by the RED, PENRO and CENRO, as the case may be.
- 4.2.10 Official receipt need not be required for payment made to families, tribal communities, community organizations and such other similar organizations. To acknowledge the receipt of payment, the Contractor shall simply sign the RECEIVED box of the Disbursement Voucher. As a safeguard, a witness shall sign and accomplish the space provided for in the lower portion of the Disbursement Voucher. All other contractors shall issue the corresponding officials receipts to acknowledge the payments received.

5.0 FUNDS FLOW

5.1 Interim procedures

These interim procedures will be adopted pending the implementation of the provincial accounting system whereby allotments and funding warrants will be released directly to the Provincial Environment and Natural Resources Offices.

5.1.1 Funds Needed To Pay Family and Community Contracts

- 5.1.1.1 Funds needed to pay mobilization and progress billings for family and community contract shall be released by the regional offices in the form of cash advance to the disbursing officers/special disbursing officers of the CENRO and PENRO, (wherever the payment is to be done).
- 5.1.1.2 The cash advance shall be supported by a list of contractors, number of hectares or activities covered by the contract and amounts due and payable per contract based on scheduled billing.

- 5.1.1.3. The cash advance granted to a disbursing officer/ special disbursing officer shall be liquidated immediately after its purpose has been achieved, i.e. paying scheduled billings.
- 5.1.1.4. No new cash advance shall be issued to a disbursing officer, unless the previous cash advance is liquidated.
- 5.1.1.5. Payment of billings of family and community contract is authorized to be made in cash but any billing/payment shall not exceed P15,000.00.
- 5.1.2. Billings arising from corporate contracts shall all be paid in check at regional or provincial office based on the delegation of authority in Sect. 6 hereof.
- 5.2 Procedures During the Operation of the Provincial Accounting Systems.
 - 5.2.1 Under the Provincial Accounting System, the allotment and funding warrant for reforestation contracts may be released by the Department of Budget and Management to the Provincial Environment and Natural Resources office, as indicated in the Work and Financial Plan.
 - 5.2.1.1. Funds needed to pay mobilization and progress billings for family and community contract shall be released in the form of cash advance by the Provincial Environment and Natural Resources Office (PENRO) to the special disbursing officer/s of the CENRO.
 - 5.2.1.2. The cash advance shall be supported by a list of contractors, number of hectares or the activities covered by the contract.
 - 5.2.1.3. Payment of advance fund and progress billing for family and community contracts may be made in cash but any one billing/payment shall not exceed P15,000.00.
 - 5.2.1.4. The cash advance granted to special disbursing officers shall be liquidated immediately after its purpose has been achieved, i.e. paying scheduled billings.

5.2.1.5. No cash advance shall be issued to special disbursing officer unless the previous cash advance is liquidated.

5.2.2. Payment of billings for contracts payable at the PENRO shall be made through checks at the PENRO.

6.0 *DELEGATION OF AUTHORITY*

6.1 The authority to enter into the various contracts and approve payment is delegated as follows:

6.1.1 Authority to enter into Contract

Transaction	Recommending Official	Approving/Signing Official
6.1.1.1. Family Approach Contract		
-not more than P100,000	Forestry Supervisor I	CENRO
6.1.1.2. Community Contract		
-more than P100,000 to P1,000,000	CENRO	PENRO
-more than P1,000,000 to P1,500,000	PENRO	RTD Forestry
-more than P1,500,000 to P2,000,000	PENRO and RTD Forestry	RED
6.1.1.3. Corporate Contract		
-not more than P100,000	Forestry Supervisor I	CENRO
-more than P100,000 to P1,000,000	CENRO	PENRO
-more than P1,000,000 to P1,500,000	PENRO	RTD Forestry
-more than P1,500,000 to P2,000,000	PENRO and RTD Forestry	RED

–more than P2,000,000 but not exceeding P10,000,000	RED	Secretary & 2 USECs
–more than P10,000,000	RED/Sec.	President
6.1.2 Voucher Covering Payment		
6.1.2.1 Family Approach Contract		
–not more than P30,000	Forestry Supervisor I	CENRO Countersigned by the PENRO
6.1.2.2 Community Contract		
–not more than P30,000	Forestry Supervisor I	CENRO Countersigned by the PENRO
–more than P30,000 to P300,000	CENRO	PENRO
–more than P300,000 to P500,000	PENRO	RTD Forestry
–more than P500,000 to P2,000,000	RTD Forestry	RED
6.1.2.3 Corporate Contract		
–not more than P30,000	Forestry Supervisor I	CENRO Countersigned by the PENRO
–more than P30,000 to P300,000	CENRO	PENRO
–more than P300,000 to P500,000	PENRO	RTD Forestry
–more than P500,000 to P2,000,000	RTD Forestry	RED
* Provincial Account	PENRO and RTD	RED
Regional Account	RTD	RED

–P2,000,000 and above	RED	Secretary or USEC for Operations.
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* Provincial Accounts means contracts funded out of provincial funds.

Regional Account means contracts funded out of regional fund.

6.1.2.4 Signing and Countersigning of Checks

–not more than P300,000	PENRO Administrative Officer	PENRO
–more than P300,000 but not exceeding P500,000	Regional Budget Officer and Financial Service Chief or any RTD that the RED may designate	RED or any other RTD that the RED may designate
–more than P500,000 to P2,000,000	RTD Forestry	RED
–more than P2 million	RED	Secretary or USEC for Operations

7.0 Reforestation Cost

- 7.1 The unit cost per hectare and the unit cost of reforestation materials and activities shall be prescribed by the Secretary of the DENR which should consider location, prevailing price conditions in the locality and other justified cost adjustments.
- 7.2 For this purpose, the DENR Secretary shall submit to the Commission on Audit periodically but not less than once a year, the unit cost of reforestation contracts and activities. Such cost shall be allowed until such time that the Commission on Audit issues officially its own contract cost which will consider, among others, the location.

8.0 DUTIES OF CONCERNED OFFICIALS

Copies of all contracts, together with their supporting documents shall be submitted to the Auditor within five (5) days after the perfection thereof. The review shall not be pre-requisite to the implementation/prosecution of projects or payment of claims.

9.0 REPEALING CLAUSE

All circulars and issuances inconsistent herewith are hereby modified accordingly.

10.0 EFFECTIVELY

This Circular shall take effect immediately.

CELSO R. ROQUE
Acting Secretary

Signed on July 05, 1989