

**Administrative Order
No. 68
December 16, 1993**

SUBJECT : Amendment of DAO No. 60, Series of 1993, Otherwise Known as the Revised Regulations and Guidelines Governing the Establishment and Management of Industrial Forest Plantations (IFPs) and Management of Residual Natural Forests for Production Purposes.

In order to encourage more investors in the IFP program of the government and to accelerate the establishment of industrial forest plantations along with improved management of residual natural forests for industrial purposes, DAO 60, Series of 1993 is hereby amended as follows:

Section 1. The incentives package as provided in Section 27 thereof is expanded to include the following:

- 27.7 The guarantee bond as basis in the award of IFMA will be administratively waived.
- 27.8 IFMA holders who have satisfactorily complied with the terms and conditions of their IFMAs in regard to plantation establishment and protection and sustainable management of the residual forests, may be allowed to apply for additional area to include not only open and denuded areas but also residual forests in other sites not necessarily adjoining or adjacent to their existing IFMA areas.
- 27.9 Private land owners who are not necessarily granted IFMAs shall be entitled to all relevant incentives as provided in Section 27.6 of DAO 60, Series of 1993 and other applicable incentives that may be granted to IFMA holders in the future.
- 27.10 The IFMAs shall be considered as priority program in the Debt for Nature Swap.
- 27.11 IFMA holders may turn-over their fully developed plantations that are at least three (3) years old to cooperatives and thereafter be entitled to refinancing.

- 27.12 IFMA holders shall be entitled to receive compensation for the fair market value of improvements, including plantation forest crops, in case of expiration or termination/reduction of area when public interest demands or in case of force majeure.
- 27.13 In coordination with government development banks and financial institutions, IFMA holders may be allowed to use stable plantation (at least 3 years old) as collateral for soft loans.

Section 2. Complementary to the implementation of the preceding section, the following sections and sub-sections of DAO 60 are hereby revised to read as follows:

- 13.2 The management responsibility over an area that contains residual production forest (TYPE II IFMA) shall be assigned through public bidding among qualified applicants based on the bid offer that is most advantageous to the government in terms of shares from production generated from the naturally growing wood and non-wood products, but not lower than the forest charges as provided in RA 7161.
- 13.3 TLA holders in good standing may apply to convert their TLA to IFMA by filing their application with the DENR subject to existing regulations on the matter and to the negotiation of the government shares in terms of forest charges as provided in RA 7161.
- 14 As guarantee for the satisfactory compliance with the terms and conditions of the Agreement as well as the applicable provisions of DAO 60, Series of 1993, IFMA holders shall maintain a performance bond of P20.00/ha or fraction thereof which shall be paid fully in cash or fifty (50%) percent in cash and the remaining fifty (50%) percent in callable surety bond; in the standard form as shown in Annex "C" of DAO 60, Series of 1993, PROVIDED the bond shall be refundable upon expiration of the IFMA, PROVIDED FURTHER, that any interest generated from the cash bond; shall be used by DENR as seed money in undertaking activities provided for in Section 9 of DAO 60 subject to the following conditions:
- 14.1 The company qualified to providing a surety bond shall come from a list of insurance companies certified to as member of good standing by the Insurance Commissioner..

- 14.2 All surety bonds shall be renewed not later than sixty (60) days prior to their expiration date.
- 15.4 The minimum value (Floor Price) of the production share of the government in terms of forest charges for the existing wood and non-wood forest products shall be as indicated in sub-section 13.2 of this Order.
- 17.5.2 There shall be at least two (2) competing bidders at the time of the opening of bids. In the event that there is only one bidder, the bid shall be returned unopened and the area advertised anew for rebidding; PROVIDED, that if after issuance of two (2) notices of invitations, there is only one qualified bidder, an IFMA may be entered into with that bidder after negotiation of the value of the Share of production which should not be lower than the Floor Price as specified in the Notice of Invitation of Bid.
- 17.6 Basis of Award. The IFMA covering the area subject to bidding shall be awarded to the bidder who, having complied with all the necessary requirements, offer to give the highest share of production that may be generated from the naturally growing wood and non-wood products and/or from the plantation; PROVIDED FURTHER, that if there are two or more equal highest bids, the award shall be resolved in favor of a corporation or partnership with the greatest percentage of ownership by Filipino citizens; PROVIDED FINALLY, that if the equal highest bids are still at par in terms of ownership by Filipino citizens, the bidder with the biggest paid-up capital shall be declared the winning bid.
- 21.1 All IFMA Holders shall post and maintain for the duration of their IFMAs, performance bonds covering the entire area as provided in Section 2 hereof which is the revised Section 14 of DAO 60.
- 21.4 If authorized in the approved Comprehensive Development and Management Plan, and/or the Integrated Annual Operations Plan, holders of TLAs whose areas have been converted into IFMAs in consonance with these regulations shall be allowed to continue their timber harvesting operations up to the expiry date of their TLA only, subject to the rules and regulations governing the matter; PROVIDED FURTHER: that other IFMA HOLDERS whose areas contain harvestable timber inside the residual forest portion covered thereby, may be allowed to cut, gather and utilize said timber resources only after all the open, brushland and degraded areas covered by the IFMA shall have been fully planted and/or covered with established plantations duly certified by the RED concerned.

Section 3. Effectivity. This Order amends the pertinent provisions of DENR Administrative Order No. 60 as above-cited, and shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

ANGEL C. ALCALA
Secretary