

Memorandum Circular

No. 1

January 8, 1990

TO: All Regional Executive Directors

SUBJECT: Shipment of KD S4S Lumber

Shipment of remaining volume of KD S4S lumber covered by Export Authority which expired December 31, 1989 is hereby allowed up to January 15, 1990 subject to the following conditions:

1. there is an LC opened;
2. there is a confirmed booking note as of December 31, 1989 from the shipping company;
3. lumber to be exported is already at the pier on or before December 31, 1989;
4. Export declaration processes and approved by authorized agent banks of the Central Bank;
5. Certificate of verification by DENR office concerned;
6. Philippine Ports Authority Official Receipt;
7. Marine Ports Services official receipt evidencing payment of arrastre, admeasure charges and VAT.

Please be guided accordingly.

FULGENCIO S. FACTORAN, JR.
Secretary

Memorandum Circular
No. 3
January 11, 1990

TO: ALL REGIONAL DIRECTORS

**SUBJECT: Clarification on Lumber Exports Sawn Out
of Imported Logs**

This Office had been informed that certain parties are proposing to export lumber sawn out of imported/exotic logs.

It is hereby clarified that the exportation thereof is prohibited without proper authority from the Secretary of the DENR.

However, lumber from imported logs which are already in their loading points or on shipside before December 31, 1989, with confirmed vessel bookings may be allowed for export, provided that they are kiln-dried S4S lumber of not more than two (2) inches thick and twelve (12) inches in width, which are considered components of finished wood products that were exempted from the export ban under Section 2 of DENR Administrative Order No. 19, Series of 1989.

Please be guided accordingly.

FULGENCIO S. FACTORAN, JR.
Secretary

**Memorandum Circular
No. 4
February 14, 1990**

**SUBJECT: Updating of Cost Estimates for
 Reforestation Contracts and Providing
 Guidelines for Implementing Cost
 Saving/Low Cost Approaches, Scheduling
 Disbursements and Establishing the
 Duration of Contracts**

**ARTICLE I
GENERAL PROVISIONS**

SECTION 1. The maximum allowable cost for upland reforestation contracts remains unchanged at TWENTY THOUSAND FOUR HUNDRED PESOS (P20,400) per hectare, as previously established in Annex "K" of Memorandum Circular No. 11 Series of 1988. The maximum allowable cost for mangrove reforestation contracts is ELEVEN THOUSAND SIX HUNDRED PESOS (P11,600) per hectare pursuant to Memorandum Circular No. 15, Series of 1989. The foregoing ceilings include all money allocated for sub-contracts and/or activity specific contracts that support reforestation of the site concerned. However, unit costs by activity for all types of contracts (comprehensive, sub-contract or activity specific contract) are hereby revised pursuant to Annex K-1 attached hereto.

SECTION 2. Annex K-1 shall be the basis for computing and establishing total costs for a reforestation contract. Giving due consideration for site variables, the DENR office responsible for awarding the reforestation contract shall select those technical options (i.e. activities) listed in Annex K-1 that are the most appropriate and cost-effective for the site.

SECTION 3. When drawing up a reforestation contract, the average unit costs set forth in Annex K-1 may be increased or decreased by a maximum of twenty-five percent (25%), **provided however** that the total cost of all activities to be implemented does not exceed the ceiling of P20,400 for upland reforestation contracts and P11,600 per hectare for mangrove reforestation contracts.

ARTICLE II
COST SAVINGS/LOW-COST APPROACHES

SECTION 4. In order to offset cost escalation brought about by increases in labor rates, materials and the like, all DENR offices are hereby instructed to optimize application of cost savings and low-cost approaches including the following:

- a. **Assisted Natural Regeneration (ANR)** shall be the prescribed treatment to apply in the development of protection forests (i.e. all land where the slope gradient is greater than fifty percent (50%). In protection forest areas where the population and/or distribution of pioneer trees is/are not adequate to achieve crown closure in three (3) years, the planting of leguminous cover crop vines, direct-seeding of suitable tree species, the use of cutting or bare-root seedlings and similar cost-savings/low-cost revegetation treatments, shall take precedence over planting of potted seedlings.
- b. Except in areas that have been plowed, reforestation contractors shall be encouraged to apply **lodging/pressing treatments** instead of clear brushing and strip brushing in order to control the growth of fire-prone grasses (e.g. cogon, talahib). As a general rule, lodging/pressing treatments will effectively suppress grass and are faster and cheaper to implement than brushing. However, ringweeding and cultivation will still be required.
- c. **Roads shall not exceed two meters (2 m) width**, exclusive of shoulders and drainage ditches. To provide access for vehicles coming from opposite directions, turnouts may be constructed at intervals of approximately one hundred meters (100 m). Labor-intensive road construction methods shall be applied in preference to the use of bulldozers and other heavy equipment.
- d. To further reduce costs, graded trails, shall be encouraged in lieu of roads. If properly constructed, graded trails can provide satisfactory access for plantation establishment, maintenance and supervision.
- e. In the development of production forests (i.e. lands up to 50% slope) all healthy **pioneer trees** already growing on the site shall be retained, regardless of species. The target population density shall include the trees thus retained. For example, if the target population density is 1,000 trees per hectare, and there are already 400 pioneer trees growing on the site, the reforestation contract will only provide for the planting of 600 additional trees. The reforestation contractor shall be allowed to charge and collect for **maintenance** of the pioneer trees that are retained, subject however to

existing ANR procedures for monitoring and evaluation which provide that two or more trees growing in clusters and spaced less than 1.5 meters apart shall be counted as only one tree.

- f. In order to minimize nursery and plantation establishment costs, nurse plants that can be planted by seed, cutting or sucker shall be allowed in lieu of nurse trees in the development of production and protection forests. For example bananas, kadyos, orotolaria, wild sunflower and other non-woody species that perform the biological functions of a nurse tree can be introduced in lieu of woody species that require propagation in a nursery. Where the objective of a contract is to establish production or protection forests, the planting density per hectare shall consist of 1,000 trees (i.e. woody species) and 600 nurse plants that provide biological and/or financial benefits, thus a total population of 1,600 trees and nurse plants per hectare. The 1,000 trees per hectare may include fast-growing species, premium slow-growing species and pioneer trees.
- g. In addition to the examples cited above ("a to f") all DENR offices are enjoined to implement other cost savings/low cost approaches that are suitable for the site concerned.

ARTICLE III SCHEDULING OF DISBURSEMENTS

SECTION 5. For upland reforestation contracts, not more than sixty percent (50%) of total contract costs shall be disbursed during the first twelve (12) months of a contract. Thus, the maximum amount that may be disbursed for the first twelve (12) months shall not exceed TWELVE THOUSAND TWO HUNDRED FORTY PESOS (P12,240) per hectare which is 60% of the P20,400 ceiling.

Twenty five percent (25%) of the total cost of the contract, or a maximum of FIVE THOUSAND ONE HUNDRED PESOS (P5,100) per hectare shall be disbursed during the remaining years of the contract. However, any portion of the sixty percent (60%) permitted for expenditure in the first twelve (12) months, which were not scheduled or disbursed during that period, may also be scheduled and disbursed along with and in addition to the twenty five percent (25%).

The balance of fifteen percent (15%) of the total cost of the contract or fifteen percent (15%) of all previous disbursements (whichever is the lower amount) or a maximum of THREE THOUSAND SIXTY PESOS ((P3,060) per hectare shall be disbursed at the conclusion of the contract; provided an eighty percent (80%) survival

rate has been attained; and provided further that the surviving trees satisfy DENR's technical standards as to height and vigor. If 60% survival is not attained, or if the surviving trees do not meet DENR technical standards, the 15% balance shall be de-obligated and re-programmed for other contracts.

SECTION 6. For mangrove reforestation contracts. Seventy percent (70%) of total contracts costs may be obligated and disbursed during the first twelve (12) months of the contract, provided an eighty percent (80%) survival rate has been attained at the end of the first twelve (12) months.

Fifteen percent (15%) of total contract costs may be obligated and disbursed during the remaining years of a mangrove reforestation contract. However, any portion of the seventy percent (70%) permitted for expenditure in the first twelve (12) months, which was not scheduled or disbursed during that period, may also be scheduled and disbursed along with and in addition to the fifteen percent (15%).

Fifteen percent (15%) of total contract costs, or fifteen percent (15%) of all previous disbursements (whichever is the lower amount), shall be disbursed at the conclusion of the contract provided an 80% survival rate and DENR's technical standards have been attained.

SECTION 7. All disbursements referred to in Sections 5 and 6 (above) of this Circular shall be subject to compliance with the terms and conditions set forth in the contract and to the standards and criteria prescribed by DENR for monitoring, evaluation and certification of performance. In particular, progress payments scheduled after outplanting and during the maintenance and protection phase of implementation, shall be subject to reduction pro-rated to survival rates as described in DENR's monitoring and evaluation guidelines.

ARTICLE IV

SECTION 8. Duration of Contracts:

- 8.1 As a general rule, reforestation contracts shall have a duration of three (3) years. This is premised on the following objectives:
- a. all planting will be accomplished in the first year of the contract;
 - b. by the third year after planting, seedlings will grow to a height that overtops competing vegetation such as grass and weed (i.e. around two meters).

- 8.2 There are two (2) important pre-conditions for attaining the foregoing objectives:
- a. contracts must be awarded and funded in advance of the rainy season (i.e. the planting season) in the first year of the contract to allow adequate lead time for site preparation and for seedlings to grow to the appropriate size and age for outplanting;
 - b. planting must be completed not later than three (3) months before the end of the rainy season so that seedlings become firmly established before the beginning of the dry season.
- 8.3 If contracts are awarded late, it may not be practical or advisable to plant during the first year of the contract because there may not be adequate lead time to (i) grow seedlings of the proper size/age for outplanting and (ii) complete outplanting three (3) months before the end of the rainy season. For example, under Type I climatic conditions where the rainy season usually begins in June and ends in December, all outplanting should be completed in August (i.e. 3 months before the end of the rainy season). If a contract is awarded later than February under Type I climatic conditions, there will not be adequate time to raise seedlings of the proper size/age before onset of the rainy season. Most species require at least three (3) months in the nursery and many require more than three (3) months. Outplanting of undersized/underaged seedlings (e.g. less than 3 months old) and/or late outplanting (e.g. later than August under Type I climatic conditions) is not advisable.
- 8.4 To cope with unavoidable delays that upset planting schedules (e.g. delayed release of funds) any or all of the following options may be applied:
- a. first year activities may be confined to ANR, covercrop planting or other site amelioration treatments, seedling production, trail construction (etc), with outplanting postponed to the rainy season in the second year of the contract.
 - b. fifty percent (50%) of outplanting may be completed in year 1 (YR. 1) and the balance of outplanting in YR. 2.
 - c. the duration of the contract may be extended to a maximum of four (4) years with outplanting in YR 2 and maintenance covering YRs 2, 3 and 4;

- d. disbursement schedules may be adjusted accordingly, provided that the fifteen percent (15%) final payment shall only be disbursed at the conclusion of the contract.

**ARTICLE V
REPEALING CLAUSE**

SECTION 9. Any provision of DENR Administrative Orders, Memorandum Circulars or other official issuances not consistent herewith are hereby repealed or amended accordingly.

**ARTICLE VI
EFFECTIVITY**

SECTION 10. This Order takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

NOTE: Annex K-1 omitted.

Memorandum Circular
No. 5
March 8, 1990

TO: All Concerned

**SUBJECT: Guidelines on the Cutting of Mangrove
Tree Species Within Approved FLA Area**

1. In recognition of the need to further develop areas approved for fishpond purposes, the cutting of mangrove species within existing Fishpond Lease Agreement (FLA) areas is now allowed pursuant to Section 7 of DENR Administrative Order No. 15 dated February 01, 1990 subject to the following conditions:
 - 1.1 Cutting is in consonance with the development of the area;
 - 1.2 No cutting of trees within duly approved FLA areas shall be allowed without the benefit of a cutting permit;
 - 1.3 Buffer zones must be maintained and developed pursuant to P.D. 705 and Ministry Administrative Order No. 42 Series of 1986;
 - 1.4 The trees cut in FLA areas shall be turned over to the DENR for disposition through public bidding, with priority given to the FLA developer;
 - 1.5 An area equivalent to the aggregate size where mangroves are clearcut shall be planted with mangrove species by the FLA developer;
 - 1.6 A Performance Bond shall be put up by the permittee or FLA developer equivalent to the estimated value of the mangrove timber to be gathered.
2. For the purpose of this Circular, mangrove cutting permits within FLA areas covering 100 cubic meters and above shall be issued by the concerned Assistant Secretary for Field Operations. Those permits covering volumes less than 100 cubic meters, shall be issued by the RED concerned. Copies of all cutting permits issued in this connection shall be furnished the Director, Forest Management Bureau, and the Coastal Resources Management Committee.
3. Violation of any of the foregoing conditions or of any applicable laws, rules and regulations by the permittee/FLA developer shall cause cancellation of the permit and the consequent forfeiture of the bond. Steps shall also be taken leading to the cancellation of the FLA if and when warranted.
4. This Circular takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Memorandum Circular

No. 6

April 3, 1990

SUBJECT: Guidelines in the Handling and Disposition of Forest Tree Seeds from Selected Provenances

With the massive reforestation of the denuded areas and critical watersheds of the country, the DENR through the National Forestation Program (NFP) realizes the urgent need to improve the quality and quantity of seeds used in reforestation projects. Towards this end, the NFP has imported a limited quantity of seeds from international sources that supply seeds from selected hi-quality provenances. These seeds are intended not only for the establishment of production and protection forests but also for the establishment of genetically improved plantations for Seed Production Areas (SPA) in the future. These imported seeds are not available. Within the year, seeds from selected provenances of endemic species will be collected and distributed.

In order to ensure that these seeds are properly handled and disposed of, the following guidelines are hereby promulgated:

A. Distribution and Recipients of Seed Lots

1. Distribution

The imported seed lots are available from the Reforestation Division, Forest Management Bureau. The species are the following:

ITEM	DESCRIPTION	QTY
a. Eucalyptus deglupta	Seedstand	2.5 kg
b. Acacia mangium	Plantation	15 kg
c. Gmelina arborea	Plantation	2000 kg

Distribution shall be through the PENRO's on a first-come first-serve basis, provided the requirements on site characteristics as discussed hereafter are fully met. To this effect, PENRO's interested to avail of these planting stocks should make a request in writing, including in such request the following information:

- a. Species required
- b. Quantity requested

- c. Location of the CENRO & planting site
- d. Map of area where the planting stocks shall be planted
- e. Statement whether the area is within a established DENR reforestation project or reservation, and whether the growing and tending of the stocks are by contractor(s) and a copy of a duly accomplished contract should be submitted
- f. Description of the site: soil characteristics, terrain, species composing the present vegetative cover

The Forest Management Bureau shall determine, based on the information submitted, the appropriateness of the site as future Seed Production Area (SPA) for the species requested. If the site is appropriate, the seed lot(s) shall be released to the requesting PENRO or his duly authorized representative, together with the documentation as discussed hereafter.

2. Recipients/End-users

The seed stocks may be released only to the requesting PENRO or his duly authorized representative. These planting stocks may be planted in reforestation projects under contract. The contractor should be made aware of the nature of such seeds, and the extra tending work required for such plantations established from these stocks. The end-user or a contractor, should be aware of the additional responsibilities required to ensure that the Seed Production Areas (SPAs) using these stocks are established.

B. Tending and Maintenance

1. Nursery tending

Upon receipt of the seed lot, the PENRO concerned shall designate a specific nursery to handle the germination, potting and tending of the seedlings from these seeds. For ease of documentation, only one nursery should be designated to handle the whole seed lot.

The seed lot(s) should be germinated and handled in a separate area of the nursery designated for the purpose. Extra effort should be made to ensure that the seed lot(s) and seedlings therefrom are not mixed with other planting stock in the nursery.

The seed lots are identified by source (seed-orchard seed, seed stand seed, or plantation seed), country/province of origin, and provenance. These identifications should accompany each seed lot at all times, from germination to planting. The necessary labels/markers should be provided at all times.

2. Planting sites

The PENROs concerned shall designate suitable areas which will be planted out of these stocks. These areas shall be treated as future Seed Production Areas (SPAs), hence, extra effort should be made to select the sites with the best biophysical conditions for these stocks. These contract reforestation areas should provide the requirements of best-site and absence of risk and potential damage are met. The necessary facilities and requirements to protect these plantation sites should be installed immediately before or at the time of outplanting, and should continue to be maintained.

Stocks of the same species, source and provenance should be planted in a homogeneous stand, but similar species of different sources and provenances should not be planted adjacent to each other to avoid cross-pollination in the future. The plantation layout should be pre-planned such that different species are planted adjacent to each other, such that each group constitutes a buffer zone for each other.

3. Documentation

Consistent and strict documentation of the planting stocks, starting from the nursery to plantation stage, is required. The Forest Management Bureau (FMB) in coordination with the Environmental Research and Development Bureau (ERDB) are instructed to assist each of the recipient PENROs to set up their respective documentation, reporting and monitoring systems, with respect to these seed lots, using the enclosed forms, and such other instruments which shall be necessary.

The PENROs concerned shall submit quarterly reports on the progress of development of the seed production areas from these stocks through their respective REDs. In the same manner, the Forest Management Bureau (FMB) and the Environmental Research and Development Bureau (ERDB) shall monitor and periodically report on the progress of such plantations.

C. Deduction

Since the end user is a contractor, the cost intended for the seedling production/seed procurement shall be automatically deducted from the contract price and the amount shall be used by the PENRO in establishing a nursery for the purpose or to contract additional area within their jurisdiction.

FULGENCIO S. FACTORAN, JR.
Secretary

Memorandum Circular

No. 07

April 10, 1990

SUBJECT: Conduct of Timber Stand Improvement (TSI) in Residual Forest Areas Covered by Community Forest Stewardship Agreements (CFSAs), Community Forest Lease Agreements (CFLAs) and Community Forest Management Agreements (CFMAs)

In order to further accelerate the implementation of TSI in residual forests, to enhance the training and participation of community forest stewards in forest management and to provide them additional income generation opportunities, the following instructions are hereby issued for guidance:

1. The designated Regional and CENRO TSI Project Officer (RTPO/CTPO) as created by Memorandum Circular No. 19, Series of 1989 dated September 26, 1989 shall determine within their respective jurisdiction residual forest areas within CFLAs, CFMAs and CFSAs that should be treated. These areas shall be separate from the TSI implementation under the ADB-OECF program.
2. The RTPO and CTPO shall together with the concerned community, prepare a TSI plan which shall follow the existing guidelines on TSI as generally described in the handbook on TSI published by the NPCO. This plan shall be subject to the approval by the concerned Regional Executive Director.
3. The implementation of the TSI plan shall be the responsibility of the concerned community, with close coordination, technical assistance, and monitoring by the CTPO using the prescribed forms, including the volume of timber produced through the treatments prescribed.
4. The TSI implementor (community) shall be allowed to dispose the TSI timber production in any manner he sees fit, subject to forestry rules and regulations on the matter. For this purpose, and to encourage more communities to engage in TSI, the CENRO concerned shall issue the necessary Certificate of Timber Origin (CTO) free of charge, and the forest charges due the forest products shall be waived by the government.

5. The TSI implementor, together with the CENRO, shall set aside 10% of the gross value (or 50% of the net value) of the timber produced from TSI activities to be utilized for reforestation or for enrichment planting within the area.
6. For the purpose of this Circular, the following conditions shall be observed at all times:
 - 6.1 Labor intensive methods shall be employed in the TSI activities.
 - 6.2 Rare species shall not be cut. However, premium species may be cut only if necessary to promote forest stand improvement.
 - 6.3 Reforestation may use fast growing exotic species, but enrichment/ supplemental planting shall be undertaken using primarily natural endemic species, preferably dipterocarps.
 - 6.4 Rattan and other economically important "minor" forest products shall not be considered impeters.
 - 6.5 The protection of the area against illegal loggers, poachers, and other illegal entrants shall be the joint responsibility of the implementor and the CENRO concerned.
7. This Circular shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Memorandum Circular

No. 8

April 18, 1990

**SUBJECT: Guidelines on Budget Allocation,
Disbursement and Accounting of Funds for
the Integrated Social Forestry Program**

Pursuant to DAO 97, Series of 1988, and in order to effectively ensure and hasten the delivery of basic developmental components of the Integrated Social Forestry Program, the following guidelines in the allocation, disbursement and accounting ISFP funds are hereby promulgated:

SOURCES OF FUNDS

The following shall be the specific sources and uses of ISFP funds:

1. **Regular (GOP) Funds.** This fund is carried under the regular annual budgetary appropriations of the Department of Environment and Natural Resources intended for financing regular ISFP activities, to wit: parcellary survey, CSC Issuance, area development, farmers training (on-site), organizational development and public information activities giving model ISF sites the priority.
2. **Agrarian Reform Fund.** This fund is carried under the regular annual budgetary appropriations of the Department of Agrarian Reform, for the Comprehensive Agrarian Reform Program. Program D or CARP-ISF, is intended to augment and fill the financing gaps not covered by the Regular ISF-GOP funds such as infrastructure, staff development, public information and extension work.
3. **ADB/OECF Funds.** This fund is a portion of a grant to the DENR by ADB/OECF which shall be used exclusively to provide subsidized support in the development of farm forests and establishment of ISF Model Sites.

FUNDS UTILIZATION

The ISF funds shall be allocated specifically to the ISF Project sites pursuant to the Project Annual Work and Financial Plan (PAWFP). However, out of the total budget (GOP or ARF) for each project site, a maximum of 10% shall be allocated for supervision and administration which shall be distributed as follows:

CENRO, 4%
PENRO, 4%
Regional, 2%

The remaining 50% shall be used solely for project site requirements as indicated in the WFP.

ACCOUNTANT OFFICERS

All employees or officers of DENR to whom the IFP funds have been entrusted and or released shall be held accountable for their proper use.

CONTROL CODE OF PROJECT

Each project site shall be provided with a permanent code number and in this connection, all REDs are hereby ordered to submit the list of all existing ISF Project sites in their respective regions within one month upon receipt of this order to the National Coordinating Office of ISF providing the following information:

Name of Project
Region
Province
CENRO Location
Municipality
Barangay

The National Coordinating Office of ISF shall upon receipt of the complete list of ISF Site per region assign a permanent code number of each site and shall return the same to the respective regional offices for implementation. The coding system shall follow the example below:

Examples:

ISF 1201-0101 - the first two digits from the left are the numbers indicating the region; the second two numbers being the code of the province; the third two numbers are the assigned numbers for the CENRO; and the last two numbers shall be the permanent numbers assigned by NCO for the project sites.

The general purpose of assigning code number to each project site is to facilitate monitoring and evaluation of project sites progress and accomplishments, and tracking of project site funds, disbursements and transactions. Henceforth, all reports, financial disbursements and other transactions shall bear the assigned code number, and these are:

1. all project site work and financial plan (WFP);
2. all cash disbursement vouchers and other financial transparencies;
3. all monitoring and evaluation report;
4. all accounting report, liquidation, cash advances, requisition, etc..

A Master list bearing code numbers for each, project site shall be maintained at the CENRO, PENRO, Regional and NCO and shall be updated from time to time, especially if new sites are identified and approved for implementation.

WORK AND FINANCIAL PLAN

The CDOs/CDAs shall assist the community participants in the preparation of the Annual Work and Financial Plan. WFPs should indicate priority targets, activities and schedule of payments for purposes of fund allocation and the source of funds, e.g. regular, CARP, or ADB/OECF, in consonance with the 5-Year Development Plan.

A Five-Year Development Plan for each project site will have to be developed by the CDO's/CDA's with the program participants and should conform with the prescribed format of the ISFP Development Plan (BFD Circular No. 29-65 re: Guidelines in the preparation of the 5-year ISFP Development Plan). Each project site shall have an Annual WFP to be consolidated by the CENRO, and the PENRO shall likewise consolidate all WFP's from the CENRO level to form the provincial WFP and to be submitted to the region as Regional WFP. Copies of the WFP's shall be submitted to the Undersecretary for Operations through the National Coordinating Office of the ISFP and shall also be provided all levels for monitoring, disbursements and control purposes.

Approved WFP shall be distributed to concerned officers/staff involved in the project site operation and shall be the basis for all project site transactions.

ACCOUNTING SYSTEM

All ISFP funds shall be deposited under their respective accounts in banks to be designated by the concerned agency/entity using the Provincial Accounting System of DENR.

MANNER OF DISBURSEMENT

1. Disbursements of ISF funds must be in accordance with the approved Work and Financial Plans for every project site.
2. Disbursements must be supported by properly accomplished cash disbursement vouchers and in accordance with the provincial accounting system.
3. All vouchers must bear the code number of each project site. The Project Leader shall sign and endorse these vouchers for approval to the CENR and PENR Officers concerned, respectively.
4. Allotment for MOE shall be used to pay obligations for capital outlays and vice-versa, and for prior years obligations, except where such obligations have been incurred during the preceding quarter within the calendar year.
5. Advance payments for services to be rendered, except for mobilization funds for Farm forest development, or supplies and materials not yet delivered shall not be allowed.
6. No obligations shall be incurred during a quarter, chargeable against the allotments of subsequent quarters.
7. Cash advances shall be given only if there are no outstanding unliquidated cash advances of the SDO or and when the disbursements are properly documented. All cash advances shall be liquidated within one month after receipt of the same.

REPORTING SYSTEM

The financial report for each project/activity and the disbursements of funds should be summarized and reported on the basis of the control number for easy monitoring and evaluation. A logbook of all transactions indicating in particular each activity must be maintained at the project site for purposes of spot-checking by the monitoring group from the national down to the CENRO level and to keep track of the disbursement reports and copies of these reports shall be provided the PENRO, Regional and Central Offices, following the regular disbursement reporting system.

REPROGRAMMING OF FUNDS

Changes in re-allocation of funds and revisions made should be submitted to the regional office for approval and copies submitted to the NGO Secretariat. Any major changes (above 15%) which will require reprogramming of funds or realignment in targets or activities should have the approval of the Undersecretary for Operations through the National Coordinating Office of the ISF.

All legal sanctions of the DENR, COA and DBM, with regards to the allocation, disbursement and accounting of public funds shall apply.

For immediate implementation and compliance.

VICTOR O. RAMOS
Undersecretary for Field Operations

Memorandum Circular
No. 10
May 9, 1990

SUBJECT: Guidelines in Hastening the Completion of Physical Targets in Sectioning of Areas Under Contract Reforestation Pursuant to DENR Monitoring and Evaluation System

SECTION 1. BASIC POLICY. It is the policy of the DENR to operationalize immediately the DENR Monitoring and Evaluation System for more systematic and effective management of areas under contract reforestation financed by the ADB and OECF. Pursuant thereto, there is an urgent need to support and augment the efforts of the thirteen (13) NAMRIA Teams doing the sectioning work.

SECTION 2. OBJECTIVES. In carrying out the sectioning works, the augmented NAMRIA Teams shall accomplish the physical target of 62,801 hectares from the date of their deployment up to the second week of June, 1990.

SECTION 3. MOBILIZATION OPTIONS. To attain the aforecited objective, the following guidelines are hereby promulgated:

- 3.1 The REDs shall organize two (2) survey teams from the personnel of the Field Network Survey Parties (FNSP) and Regional Land Management Service (FMS) Survey Parties in their respective regions to be deployed to augment NAMRIA Teams doing the sectioning works;
- 3.2 These teams deployed for sectioning work shall be composed of two (2) members, one of whom shall be a Geodetic Engineer and the other an Engineering Aide, and supported by four (4) locally hired laborers.

SECTION 4. FUNDING AND RESOURCES SHARING. The funding for the sectioning work shall come from the National Forestation Program (NFP) cashed advance by the NAMRIA Team Leaders. The NAMRIA Team Leaders shall defray to the concerned parties the corresponding costs for supplies and materials (07) and hired local labor (06). For the travel expenses (02) of the parties, these shall be charged against the NPCO/ADB/OECF fund allocated to the regional offices.

SECTION 5. HIGHEST PRIORITY. As this task is decisive and relevant in the full operationalization of the DENR MES consistent with the development of a Plantation Management System as envisioned under the ADB Loan, the REDs, PENROs and CENROs are hereby directed to give this matter the highest priority. The REDs shall exercise their discretion in the manner of utilizing the options as enumerated under Section 3 of this Circular.

SECTION 6. EFFECTIVITY. This Circular shall take effect immediately and remain in force until the objective set forth has been attained.

VICTOR O. RAMOS
Undersecretary for Field Operations

Memorandum Circular
No. 11
July 16, 1990

SUBJECT: Guidelines for Replanting and Recovering Shortfalls in Survival Rates and Targetted Areas in Contract Reforestation

The recent validation of forestation work of the National Forestation Program (NFP) has shown that there have been shortfalls in survival rates and planted areas with respect to prescribed norms and targets in some reforestation sites. Incidence of fires in newly established plantation and other causes of destruction have been likewise reported therefor. In order to insure, compliance with terms and conditions stipulated in the reforestation contract and attain higher survival, the following guidelines are hereby adopted for the guidance of all concerned:

A. Basic Procedures and Requirements

1. All DENR field offices, specifically the CENRO/PENRO/RED concerned, shall require all contractors who have shortfalls in survival rate and targets to submit an official written explanation on the reasons and causes for such. The written explanation shall form part of the contract documents and serve as one of the basis for evaluation.
2. All DENR field offices, specifically the CENRO/PENRO/RED concerned shall immediately conduct a field survey within five (5) working days after occurrence of incidence and/or upon receipt of report on shortfalls to determine and gather the following information:
 - 2.1 area of shortfall
 - 2.2 causes/reasons for shortfall
 - 2.3 estimate of the value of shortfall
 - 2.4 sketch map of the area showing shortfall
 - 2.5 photographs and other documents to show proof of shortfall
3. A Replanting/Reworking Plan must be prepared and submitted by the Contractor which must be in accordance with the original specifications if not an improved version of the former. Such plan shall be approved by the CENRO/PENRO/RED concerned and appended to the original contract.

4. A report shall be made and shall serve as a basis for action to be taken as provided for in Items B & C by this Circular. A copy of the report shall be submitted by the field office thru the Office of the Assistant Secretary for Field Operation to the Chairman, NFP Steering Committee for monitoring, evaluation and record purposes.
5. In the case of forest fires in reforestation projects, the provisions of Memorandum dated 10 May 1990 on Monitoring, Evaluation and Documentation of reported cases on Occurrences of Forest Fires (Burning) in Reforestation Projects shall apply. Nevertheless, other provisions of this circular which are consistent with the provisions of the said Memorandum shall still apply.

B. Shortfalls in Survival Rate

All DENR field offices and reforestation contractors are required to undertake immediate rehabilitation work to ensure that the plantations established in 1989 and previous years would meet the required density.

1. For areas evaluated at less than 50% survival rate, replant to achieve 100% stocking. In case the area is under contract reforestation, suspend further payments on the contract; the area should be replanted to 100% at the contractor's cost, although the DENR may provide seedlings at cost.
2. For areas evaluated at more than 50% survival rate, payments on the contract may proceed but the contractor should replant vacant planting spots to 100% stocking, and DENR may provide necessary seedlings at cost.

C. Shortfall in Planted Area as Against Target Area

All DENR field offices and reforestation contractors are required to undertake immediate supplementary planting to ensure that the target hectares in 1989 and subsequent years are met:

1. In case the shortfall is due to damage to previously planted areas, caused by force majeure (typhoon, flood, etc) or by factors(s) not within the control of the contractor like fire due to sabotage/deliberately planned or combination thereof, the area shall be replanted jointly by the contractor and DENR; the cost to the contractor shall be charged to the maintenance and protection budget in the contract cost. However, this action of the DENR shall be dependent on the result of the evaluation report as indicated in Item A of this Circular and

assistance by DENR shall be rendered on a case to case basis only. Seedlings may be provided by DENR at cost to the contractor.

2. Where the damage is due to the contractor's negligence, the replanting should be done by the contractor at his own expense. No further releases shall be made on the contract until the area has been planted to the original specifications. The DENR may provide seedlings at cost charged to the contractor's account.
3. In the meantime and until after the contractor has completed the replanting and/or reworking of his shortfall, no new contract shall be awarded to him. He shall, however, continue to undertake and perform the obligations set forth in his contract as far as reasonably practicable. An evaluation report must be conducted to determine his compliance to the replanting/reworking requirements. This holds true for all types of shortfalls regardless of the causes and/or reasons.
4. In case there is a shortfall in area planted as against area contracted, no further releases shall be made on plantation establishment for the remaining hectareage. If the shortfall is justifiable, the provisions under Section 8.4 of MC 04 Series of 1990 quoted hereunder shall apply and the original contract amended accordingly to include the work and financial plan and the schedule of payment.

"SEC. 8.4 To cope with unavoidable delays that upset planting schedules (e.g. delayed release of funds) any or all of the following options may be applied:

- a. first year activities may be confined to ANR, covercrop planting or other site amelioration treatments, seedling production, trail construction (etc.), with outplanting postponed to the rainy season in the second year of the contract.
- b. fifty percent (50%) of outplanting may be completed in year 1 (YR 1) and the balance of outplanting in YR. 2.
- c. the duration of the contract may be extended to a maximum of four (4) years with outplanting in YR. 2 and maintenance covering YRS. 2, 3 and 4;

d. disbursement schedules may be adjusted accordingly, provided that the fifteen percent (15%) final payment shall only be disbursed at the conclusion of the contract."

5. In the case of areas planted by DENR administration, where the damage was caused by force majeure or by factors beyond the control of the project manager, the area shall be given priority for the current year's planting, the cost of which shall be charged against the maintenance and protection budget and/or administration and supervision budget.
6. In the case of areas planted by DENR administration, where the damage was caused by the project manager's negligence or incompetence, the area shall be given priority for the current year's planting, the cost of which shall be charged against the maintenance and protection budget and/or administration and supervision budget. The project manager shall be relieved immediately without prejudice to the imposition of administrative sanctions.

D. Supplemental Rules and Regulations

1. The Regional Executive Director may promulgate supplemental rules, procedures and regulations to effectively carry out the objectives of this Circular which may apply to his/her Region. However, such rules procedure and regulation shall be subject to the approval of the DENR Secretary.

This circular shall by no means, be used to justify negligence or incompetence, either by DENR personnel or reforestation contractors. Appropriate administrative sanctions shall be imposed where such elements of incompetence or negligence were the causes of low plantation survival or shortfalls in area.

This circular shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Recommending Approval:
EBERT T. BAUTISTA
Chairman, NFP Steering Committee

Memorandum Circular
No. 13
July 20, 1990

SUBJECT: Prescribed DENR Log Marking Procedures

1. Pursuant to PD No. 705, as amended, and in consonance with the provisions of Executive Order No. 192, the following rules and regulations are hereby promulgated.
2. The numbering of logs sourced from the natural and/or plantation forests shall be as follows:
 - 2.1 For logs/timber coming from natural forest, the numbering shall be in accordance with the following manner:
 - 2.1.1 For logs cut and/or manifested under normal logging operations, not to include those that may have been harvested from the authorized areas for clear-cutting operations such as log landings (LL), skid roads (SR), road-rights-of-way (RR), cable ways (CW), or skid ways (SW) logs cut and manifested therefrom shall invariably be marked as indicated hereunder:

S-1

10/1 ABC

123

where:

- S-1 - Set-up Number
- 10/1 - Tree/Log Number
- ABC - Licensee's Log Mark
- 123 - Government Marking Hatchet Number

2.1.2 For logs and/or timber cut under normal logging operations within approved areas for clear-cutting based on the IAOP from the natural forest:

S-1/LL

10/1 ABC

123

where:

LL - Log Landing (Note: In cases where logs came from other areas where clearcutting is allowed, the markings shall be such as RR (road-rights-of-way), SW (skid ways) and CW (cable ways), provided that these have been properly identified and numbered by the Timber Management Officer of the CENRO/PENRO concerned.)

S-1 - Set-up Number
10/1 - Tree/log Number
ABC - Licensee's Log Mark
123 - Government Marking Hatchet

2.2 For timber harvested from natural forest which has been subject of forest plantation development; the log numbering shall be in accordance with the following manner:

FP-01

10/1 XYZ

123

where:

FP-01 - Lease or Permit Number
10/1 - Tree/Log Number
123 - Government Marking Hatchet Number
XYZ - Lessee's or Permittee's Log Mark

- 2.3 For timber harvested from private lands, the logs shall be numbered as follows:

P-42

10/1 XYZ

123

where:

- P-42 - Private Land Timber Permit Number
- R-3 - Region of Origin
- 10/1 - Tree/Log Number
- XYZ - Private Log Mark
- 123 - Government Marking Hatchet Number

3. To facilitate identification of log source and ownership, the size of the marks shall be at the minimum of 4-5 inches using white enamel paint to be placed in the exposed end of the logs/timber being transported. The CENR and PENR Offices shall prepare a list of licensees, lessees and permittees whose log shipments regularly pass through their area of jurisdiction for distribution to all concerned.
4. Failure of the timber licensee, lessee and/or permittee concerned to comply with these instructions shall be sufficient cause for the DENR through its field personnel to immediately confiscate such forest products without prejudice to the suspension/ cancellation of the license, lease or permit if so warranted.
5. This Memorandum Circular shall take effect forty-five (45) days from date of promulgation for the information and compliance of all concerned and shall amend or repeal, accordingly, all Orders, rules and regulations which are inconsistent herewith.

FULGENCIO S. FACTORAN, JR.
Secretary

Memorandum Circular
No. 14
July 25, 1990

**SUBJECT: Additional Guidelines on the Renewal of
Wood Processing Plant Permit**

To assure wood processing plants of sustained milling operations, the following additional guidelines in the renewal of permits by the Regional Executive Director pursuant to DENR Administrative Order No. 38, series of 1990 are hereby issued for the guidance and compliance of all concerned:

SECTION 1. Wood processors without backup concessions can enter into Log Supply Purchase Agreement (LSPA) only with holders of existing Timber License Agreements/Provisional Timber Production Agreements (TLAs/PTPAs), foreign suppliers and other valid timber permits/licenses including logs cut from areas covered by Private Land Timber Permit (PLTP) and Industrial Tree Plantations (ITP).

SECTION 2. The volume of logs that may be allowed to be supplied or committed to wood processors by legitimate log suppliers as provided for under Section 1 hereof including the latter's own log requirements for their own processing plants, should be within the annual allowable cut (AAC) authorized under the approved Integrated Annual Operations Plan (IAOP) for the current year.

SECTION 3. For purposes of monitoring and control of future log deliveries, the total volume committed by the log suppliers should be recorded at the Community Environment and Natural Resource Office (CENRO) to be submitted and consolidated at the Regional Office copy furnished the Office of the Undersecretary for Field Operations.

SECTION 4. In case the log supplier does not come from the same region where the wood processing plant is located, the CENRO concerned where the timber license area is located shall approve the LSPA copy furnished the Regional and CENR Offices where the wood processing plants are located.

SECTION 5. In cases where the log requirements are to be satisfied by imported logs, wood processing plant permit shall be renewed using the LSPA executed by and between the supplier and the importer, PROVIDED that the effectivity shall commence at the time of the arrival of the logs. For this purpose, a schedule of shipments should be indicated in the LSPA.

SECTION 6. The wood processing plant must be assured of log requirement equivalent to a minimum of six months; otherwise, such permit should not be renewed. In consonance with Section 10 of Ministry Administrative Order 50, series of 1986, wood processing plants without timber concessions shall have a tenure of a maximum of two years.

SECTION 7. Processing of logs coming from sources other than the approved legitimate log suppliers as provided for under Section 1 hereof shall be construed as a violation which will subject the processor to the cancellation of his/her permit. Such processor is heretofore disqualified from operating a wood processing plant.

This Order takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

**Memorandum Circular
No. 15
August 2, 1990**

TO: All Regional Executive Director/PENRO/CENRO

**SUBJECT: Updating of Cost Estimates for the
Establishment and Development of Rattan
Plantation by Contract and Administration**

For purposes of setting a maximum allowable cost for the establishment and development of rattan plantation by contract and administration using seedlings and/or wildlings, Annexes "A", "C", and "D" of Memorandum Circular No. 18, Series of 1989 dated September 14, 1989, are hereby revised pursuant to Annexes "A-1", "B-1", "C-1", "D-1", "D-2", and "D-3", respectively, in order to offset cost escalation brought about by increases in labor rates, materials and the need for infrastructure component in rattan plantations.

For this purpose, the maximum allowable cost for the establishment and development of rattan plantation by contract and administration shall be P13,284.00 per hectare using wildlings, and P15,776.48 per hectare using seedlings pursuant to Annexes "C-1", "D-1", "D-2", and "D-3", respectively, attached hereto. However, in selected sites where there are existing and usable infrastructure, the corresponding cost/s for such item/s shall be deducted accordingly. Furthermore, the Scheduling of Disbursements as provided for under Section 5 of Memorandum Circular No. 04, Series of 1990, shall be strictly adhered to in the preparation of yearly and quarterly cash flows of rattan plantation projects.

Henceforth, Section 3 of Memorandum Circular No. 18, series of 1989, shall read: In the formulation of Work and Financial Plans and/or assessment and modification of plans submitted by contractors and contract proponents, all DENR offices shall refer to the attached Annexes "A-1", "B-1", "C-1", "D-1", "D-2, and "D-3, respectively.

All other provisions of Memorandum Circular No. 18, Series of 1989, shall remain in force and effect.

This Circular shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

RECOMMENDING APPROVAL:

EBERT T. BAUTISTA
Director, Special Concerns Office and
Chairman, NFP Steering Committee

**OUTLINE OF INDICATIVE RATTAN PLANTATION
DEVELOPMENT/WORK PLAN
(Using Seedlings)**

- I. DESCRIPTION OF THE AREA
- II. TOTAL PROJECT AREA
- III. OBJECTIVES
- IV. TECHNICAL FEATURES
 - A. Nursery Establishment/Activities
 - 1. Seed Collection and Transport
 - 2. Seed Extraction and Storage
 - 3. Hilar Treatment
 - 4. Bagging and Arranging of Pots
 - 5. Maintenance of Seedlings
 - 6. Weeding, Watering, Fertilizer, Spraying and Hardening
 - 7. Grading and Transporting
 - B. Plantation Establishment
 - 1. Site Preparation
 - a. Strip Brushing
 - b. Staking
 - c. Hole Digging
 - 2. Seedling Transport
 - 3. Planting
 - C. Maintenance and Protection
 - 1. Brushing/Ringweeding
 - a. Fertilization
 - b. Prevention/Control Measures on Pests and Diseases
 - 2. Replanting
 - 3. Fireline Construction
 - 4. Patrol Work

D. Infrastructure

- 1. Road Construction**
- 2. Foot Trail Construction**
- 3. Look Out Tower**
- 4. Bunkhouse**
- 5. Water System**

E. Administration and Supervision

V. BUDGETARY REQUIREMENT

VI. MODE OF IMPLEMENTATION

VII. MONITORING AND EVALUATION

VIII. ANNEXES

- a. Map of the Project**
- b. Scheduling/Work Plan/Average Manpower Requirements/Cost Estimates**
- c. Quarterly Distribution of Cost and Labor Requirements with Respect to targetted hectarage under Rattan Plantation Contract**
- d. Contract, if any.**

**OUTLINE OF INDICATIVE RATTAN PLANTATION
DEVELOPMENT/WORK PLAN BY CONTRACT
(Using Wildlings)**

I. DESCRIPTION OF THE AREA

II. TOTAL PROJECT AREA

III. OBJECTIVES

IV. TECHNICAL FEATURES

A. Nursery Establishment

1. Wildlings Collection
2. Mudpuddling
3. Packing
4. Potting
5. Shading
6. Watering
7. Fertilization
8. Hardening-off
9. Grading and Transporting

B. Plantation Establishment

1. Site Preparation
 - a. Strip Brushing
 - b. Staking
 - c. Hole Digging
2. Seedling Transport
3. Planting

C. Maintenance and Protection

1. Brushing/Ringweeding
 - a. Fertilization
 - b. Protection/Control Measures on Pests and Diseases
2. Replanting
3. Fireline Construction
4. Patrol Work

D. Infrastructure

- 1. Road Construction**
- 2. Foot Trail Construction**
- 3. Look Out Tower**
- 4. Bunkhouse**
- 5. Water System**

E. Administration and Supervision

V. BUDGETARY REQUIREMENT

VI. MODE OF IMPLEMENTATION

VII. MONITORING AND EVALUATION

VIII. ANNEXES

- a. Map of the Project**
- b. Scheduling/Work Plan/Average Manpower Requirements/Cost Estimates**
- c. Quarterly Distribution of Cost and Labor Requirements with Respect to targetted hectarage under Rattan Plantation Contract**
- d. Contract, if any.**

COST ESTIMATES FOR RATTAN PLANTATION DEVELOPMENT

Basic Assumptions:

1. Spacing/Density per hectare = 4m x 4m/625 seedlings
2. Mortality Allowance = 50% of the prescribed density per hectare or 312 additional seedlings for every hectare.
3. Seedlings shall be potted; Production period for seedling from seed sowing to hardening will be from 6 to 8 months.
4. Brushing/ring weeding and fertilizer application shall be done as follows:

Year 1	=	2 passes	Five (5) mandays/pass
Year 2	=	4 passes	x 9 passes in three (3)
Year 3	=	3 passes	years = 45 mandays
5. Fertilizer Application: 40 grams/hill applied twice a year at 20 grams/application; 1/2 bag/year at P250/bag; 2 md/application/hectare x 2 applications = 4 md/ha/yr. x 3 years = 12 md for 3 years.
6. Replanting: 30% of 625 seedlings originally planted; 10% to be replanted within the first rainy season;

Yr. 1	=	62 seedlings/ha	---	1 md/ha.
Yr. 2	=	188 seedlings/ha	---	2.5 md/ha.
Total MD				3.5 md/ha.
7. Pesticides (against rodents): P25/ha.
8. Firelines Construction:

10-m wide x 50-m long	=	$500 \text{ m}^2/\text{ha};$
		$500 \text{ m}^2/\text{ha} + 200 \text{ m}^2/\text{md} = 2.5 \text{ md/ha/yr}$
		$\times 3 \text{ yrs} = 7.5 \text{ md for 3 years.}$

9. Infrastructure:
- a) Road (major repair/construction): 0.01 km/ha;
P100,000/km; P1,000/ha.
 - b) Foot trail: 0.5m wide x 50m long per hectare; $P25 \text{ m}^2/\text{ha} + 12.5 \text{ m}^2/\text{md} = 2\text{md}/\text{ha} \times P79/\text{md} = P158/\text{ha}$.
 - c) Look-out Towers: One unit for every 100 hectares; elevated at least 4 meters from the ground; local materials; 2m x 2m floor area; P7,900/unit; P79/ha.
 - d) Bunkhouses/Field Office: One unit/100 ha.; $50 \text{ m}^2/\text{unit}$; $P500/\text{m}^2$; P25,000/unit; P250/ha.
 - e) Water System: P250/ha.
10. Administrative/Supervision Cost (10% of the above items).
11. Survival Bonus (Retention payments) P2,366.47/ha.

**ESTIMATE PER HECTARE OF RATTAN PLANTATION
DEVELOPMENT**

I. Seedling Cost (625 seedlings/ha. + 50% mortality allowance):

P4.96/seedling x 938 seedlings/ha. = P4,652.48

II. Plantation Establishment

- | | | |
|-------------------------|-----------------------|---------------|
| 1. Brushing (strip) | : 10 md/ha x P79/md = | P790.00 |
| 2. Staking (625 stakes) | : 2 md/ha x 79/md = | 158.00 |
| 3. Hole digging | : 3 md/ha x 79 md = | 237.00 |
| 4. Seedling transport | : 812 seedlings | |
| | 4.5 md/ha x 79/md = | 355.50 |
| 5. Planting | : 4.5 md/ha x 79 md = | <u>355.50</u> |

Sub-Total P 1,896.00

III. Plantation Maintenance & Protection

- | | | |
|---|----------------------------|--------------|
| 1. Brushing/ringweeding (see basic assumption): | | |
| | 45 md for 3 yrs. x P79/md. | = P 3,555.00 |
| 2. Fertilizer application: | 12 md x P79 | = 948.00 |
| 3. Replanting: | 3.5 md x P79 | = 276.50 |
| 4. Fireline construction: | 7.5 md x 79/md | = 592.50 |
| 5. Patrol Work: (1 person for every | | |
| 50 hectares; 6 months patrol | | |
| period per year) | | = 285.00 |
| 6. Materials | | |
| a. Fertilizer: 1/2bag/ha per | | |
| year x 3 years x P250/bag | | 375.00 |
| b. Pesticides | | <u>25.00</u> |

Total Cost of Pltn. Maint. & Protection P6,057.00

IV. Infrastructure (Pls. see basic assumptions)

1.	Roads	P 1,000.00/ha.
2.	Foot trail	158.00/ha.
3.	Look-out tower	79.00
4.	Bunkhouse	250.00
5.	Water system	<u>250.00</u>

Sub-Total P 1,737.00

Sub-Total for I to IV above P14,342.48

V. Project Administrative & Supervision P 1,434.00

GRAND TOTAL (3-YR. PERIOD) P15,776.48

LESS: 15% RETENTION P 2,366.47

OPERATIONAL BUDGET FOR 3 YEARS P13,410.01
(85% OF TPC)

NOTE: The Scheduling of Disbursements as provided for under Sections 5 of Memorandum Circular No. 04, Series of 1990, shall be strictly adhered to.

NOTE: Annex C-1 and D-2 omitted

Memorandum Circular
No. 16
August 7, 1990

SUBJECT: Clarifying the Guidelines on Timber Stand Improvement (TSI) Activities in Dipterocarp Forests

For effective implementation of TSI activities under the ADB-OECF program, certain provisions of Memorandum Circular No. 19, dated September 26, 1989, are hereby clarified.

1. The contractual activities prescribed in carrying out TSI operations shall mean as described hereunder:
 - a. **Improvement of accessibility.**

The operational phase of improving the accessibility pertains to opening of trails and promoting the existing road condition. Trail opening refers to establishment and brushing of foot trails by cutting and clearing the vegetation traversed by them. The foot trails shall have a width of 1 to 1.5 meters and must follow ridges or bottom lines of depressions and ravines inside every TSI compartment having an average area of 40 hectares. On flat or gentle areas, the foot trails should lead directly into otherwise inaccessible parts of the TSI area. The aggregate or combined total distance of foot trails shall not be less than 1.0 kilometer long.

Road improvement shall include: (i) clearing the road track grasses, ferns, vines, climbing bamboos and other plant growth; (ii) excavating, leveling and compacting the ground; and, (iii) shaping the road crown and digging side ditches. At an average road density of 25 meters per hectare, the logging road that may be found inside a TSI compartment runs a kilometer long. The cost of this defined road improvement work shall be determined proportionate to the actual extent of the road span found therein, using as basis an assumed rate of P20,000 per kilometer of road, subject, however to flexibility/adjustment that may be warranted in conformity with Paragraph 3 hereof. As a rule, improvement shall be made only if the road so situated inside the TSI area forms a part or segment of an existing road. Otherwise, trail brushing shall be done along abandoned road and it shall belong to the activity of **Trail opening**.

The trail opening and road improvement activities, as used herein, shall be confined to the TSI area only, and in no case shall they include those falling outside the said area.

b. Preliminary work prior to TSI treatment

Diagnostic sampling is a survey conducted at a sampling intensity of 10 percent with the primary purpose of getting an estimate of the stocking of Potential Crop Trees (PCTs) and the kind of competition from which the PCTs have to be liberated. The data set to be gathered is shown in the format prescribed under Memorandum Circular No, 19, Series of 1989. The Preparatory work before making diagnostic sampling shall consist of surveying the access routes (foot trails and roads) and brushing the TSI operation lines. The results of the accessibility survey shall be appropriately plotted and accurately drawn on the TSI operation map at the scale of 1.0 meter. The operation line shall be established 50 meters apart in a perpendicular direction from the base line.

c. TSI treatment

The TSI treatment of **girdling** refers to the removal of a strip of bark (including the cambium and a few millimeters of the sap wood) 10-20 centimeters wide at breast height around the circumference of a competitor tree. **Climber cutting** refers to the elimination of vegetative climbers and vines strangling the PCT by cutting their ropes and strands dangling from the crown or twisted around the stem of the PCT. Utmost care must be exercise in the process of severing the climbers so as not to cause damage or injury to the PCT.

To serve as a guide of the TSI crew in applying the treatment, it is necessary that selection and marking of PCTs and competitor trees shall first be conducted. The PCTs shall thus be marked by painting a bright red band at least 1 1/2 inches wide around the stem circumference at about eye level. The competitor trees shall be marked with 2 yellow painted spots on opposite sides of the bole.

d. Enrichment planting

The portions of the TSI area where enrichment planting shall be made include all open areas which were previously the allowable clearings (log landings, cableways and skidways) that have not been planted and found at their present state still without adequate natural regeneration of Dipterocarp and/or premium species. Likewise to be planted are inadequately stocked areas containing PCTs that are less than the minimum level of stocking required under Memorandum Circular No. 19, Series of 1989. The species for enrichment planting shall preferably be dipterocarp. Premium species may also be used with the exception of the fast-growing or introduced species. Nursery-raised seedlings or wildlings may be utilized as planting materials, provided that if wildlings shall be planted, the necessary hardening process or other more appropriate techniques shall be applied at the preparatory stage to develop their vigor and adaptability to the environmental conditions to which they shall be exposed.

The average areal coverage of enrichment planting is estimated at 10 percent of the TSI area. For contractual TSI activity evaluation purposes, the survival rate required in every planted site/portion shall not be lower than EIGHTY (80) PERCENT after a period of 3 months or longer reckoned from the date of planting, replanting, if need be.

2. In case no road improvement shall be done inside a TSI area and/or enrichment planting is not necessary, the amount equivalent to their respective costs per hectare shall be used for TSI activities in additional areas that meet the existing criteria for treatment.
3. The unit cost of every TSI activity indicated in Memorandum Circular No. 19, Series of 1989, may be decreased or increased by a maximum of TWENTY-FIVE (25) PERCENT provided that the total cost of the activities shall not exceed P 3,500 per hectare. For any such TSI activities as are mentioned in Paragraph 2 hereinabove that may be inaccessibility and site-specific condition, their respective unit costs as indicated in the aforecited Circular, shall be correspondingly deducted from the total cost.

4. All other provisions of Memorandum Circular No. 19, Series of 1989, that are not inconsistent herewith shall remain in force.
5. All DENR field officials and others concerned must see to it that the provisions of this Circular and other regulations governing the proper conduct and implementation of TSI are complied with.
6. This Circular shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

RECOMMENDED BY:

CIRILO B. SERNA
Director
Forest Management Bureau

EBERT T. BAUTISTA
Director
Special Concerns Office

Memorandum Circular
No. 18
September 4, 1990

**SUBJECT: Supplementary Guidelines on the
Selection of Species to be Planted Inside
Contract Reforestation Areas for
Protection Purposes**

In addition to the provisions of Section 2 of DENR Memorandum Circular No. 11 dated 11 October 1988, prescribing the factors to be considered in the selection of species to be planted inside areas contracted for reforestation, and Section 4 of DENR Memorandum Circular No. 04-90 which prescribes the minimum density for contract reforestation the following supplementary guidelines are hereby issued for the guidance and compliance of all concerned:

- (1) As provided for in DENR Memorandum Circular No. 04-90, a minimum density of 1,600 trees per hectare shall be observed in all contract reforestation areas, specifically in areas reforested for protection purposes;
- (2) The species to be planted shall **predominantly** be forest tree species, e.g. dipterocarps, narra, mahogany, etc.; and indigenous species which are available in and suitable to the area. Whenever possible, such species shall be preferred over exotic species.
- (3) Fruit trees may be planted, provided that the total area shall not exceed 20% of the total project area; PROVIDED further, that these fruit trees shall be planted in such a manner that one block shall not cover more than one hectare.

This Circular takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

**Memorandum Circular
No. 19
September 10, 1990**

SUBJECT: Amendment of Certain Provisions of DENR Memorandum Order No. 36, Series of 1988 (Guidelines on the Confiscation, Seizure and Disposition of Illegally Cut, Gathered and/or Transported Forest Products)

In order to prevent the manipulation by lumber dealers and processors of the bidding process of confiscated forest products and to increase proceeds realized therein, the following amendments to Items 5.e, 5.j and 5.h of DENR Memorandum Order No. 36, Series of 1988 are hereby made:

1. Para. 2, Item 5.e, Page 7 on Accreditation of Bidders shall read as follows:

"FOR LUMBER AND LUMBER PRODUCTS, THE BIDDING SHALL BE OPEN TO THE GENERAL PUBLIC. HOWEVER, FOR LOGS AND OTHER UNPROCESSED FOREST PRODUCTS, IN ADDITION TO THE ABOVE REQUIREMENTS, a prospective bidder shall likewise submit proofs that he is a duly registered log dealer, or sawmill operator, furniture manufacturer, or manufacturer of other forest products or that he is an authorized official acting for a NACIDA-registered/recognized cooperative."

"FURTHERMORE, PURSUANT TO THE PROVISIONS OF REPUBLIC ACT NO. 6713, OTHERWISE KNOWN AS THE "CODE OF CONDUCT AND ETHICAL STANDARDS FOR PUBLIC OFFICIALS AND EMPLOYEES", DENR EMPLOYEES AND THEIR RELATIVES UP TO THE FOURTH CIVIL DEGREE OF CONSANGUINITY OR AFFINITY SHALL NOT BE ALLOWED TO PARTICIPATE IN THE BIDDING PROCESS."

2. Item 5.j (Basis of Award) shall read as follows:

"Award shall be given to the most advantageous offer TO GOVERNMENT; PROVIDED, THAT, THE OFFER SHALL NOT BE LESS THAN THE MINIMUM BID PRICE SET BY THE COMMITTEE. In case of tie, the bidders shall submit another sealed bid immediately after the Committee declares a tie and the bids

shall likewise be opened, after which, the Committee shall prepare abstract of quotations and its order of award. Furthermore, a certificate of disposal of the forest products seized indicating the quantity, species, the amount of specific taxes and penalties due thereon, together with five (5) copies of the auxiliary invoice shall be prepared furnishing a set of copy thereof to the following: Undersecretary for Field Operations, Regional Executive Director, PENRO, CENRO and representatives of the local government concerned and COA".

3. Addition of the following provision to Item 5.h (Opening of Bids):

"VI. PROVIDED, HOWEVER, THAT, THE AWARDEE SHALL HAVE REMITTED/PAID THE BALANCE OF THE AMOUNT OF BID BEFORE ACTUAL REMOVAL OR TRANSPORT OF SAME COMMENCES."

In addition, in order that the Bidding Committee will be properly guided in setting the current market value, all field offices (CENRO and PENRO) shall undertake a monthly monitoring of prices of forest products within their areas of responsibility. Results of this monthly price monitoring/survey shall be submitted to the Central Office, on a quarterly basis, for information and basis in determining whether or not the floor prices set by the bidding committees are reasonable.

This Memorandum Circular takes effect immediately.

FULGENCIO S. FACTORAN, JR
Secretary

Memorandum Circular

No. 21

September 10, 1990

**SUBJECT: Guidelines in the Handling and Disposition
of Endemic Forest Tree Seeds from
Selected Mother Trees**

With the reforestation of denuded forest areas, and critical watersheds of the country as the main thrust of the government and viewing same as an economic investment, the DENR through the National Forestation Program (NFP) realizes the urgent need to improve the quality and quantity of seeds to be used in reforestation projects. Towards this end, the NFP has purchased 52 tons of seeds of different forest tree species collected from selected mother trees throughout the country. These seeds are intended not only for the establishment of production and protection forests but also for the establishment of genetically improved plantations for Seed Production Areas in the future.

In order to ensure that these seeds are properly handled and disposed of, the following guidelines are hereby promulgated:

A. Distribution

1. Distribution

The endemic seed lots which are available in the Regional Offices shall be distributed through the PENRO's as systematically programmed by the RTD for Research Services, provided all the requirements on site characteristics as discussed hereafter are fully met. To this effect, the concerned RTD shall be provided by the recipient PENRO's the following information:

- a. Species required
- b. Quantity requested
- c. Location of the CENRO and planting site
- d. Map of the area where the planting stocks shall be planted
- e. Statement whether the area is within the existing reforestation project or reservation, and whether the growing and tending of stocks are by contractor(s) and a copy of the duly accomplished contract should be submitted
- f. Bio-physical condition of the site: area, soil characteristics, terrain, present vegetative cover

The respective RTD's for Research shall determine based on the information submitted the appropriateness of the site as future Seed Production Area and Seed Orchard for the species requested. If the site is appropriate, the seeds shall be released to the requesting PENRO or his duly authorized representative together with the proper information on the documentation, monitoring and reporting system adopted for the purpose.

2. Recipients/End-Users

The seed stocks may be released only to the requesting PENRO or his duly authorized representative. The planting stocks may be planted in reforestation projects by contract. The contract shall be made aware of the work and responsibilities required to ensure that Seed Production Areas and Seed Orchards are established.

B. Tending and Maintenance

1. Nursery Operation

The PENRO's/CENRO's concerned shall properly monitor and supervise the production of planting stock to ensure that the seedlings raised are of high quality.

2. Plantation Establishment

The PENRO's/CENRO's concerned shall strictly adopt the species-site matching and planting quality control in order to ensure good growth.

3. Monitoring and Reporting System

Consistent and strict monitoring and supervision of the planting stocks from nursery operation to plantation maintenance and protection shall be done by the Forest Management Sector (FMS) and Ecosystem Research and Development Sector (ERDS) of the respective region in collaboration with the Forest Management Bureau (FMB) and Ecosystem Research and Development Bureau (ERDB). The task force to be composed of technical personnel from Reforestation Division, FMB and GDAERD, ERDB will assist the FMS and ERDS and each of the recipient PENRO's to set up their respective documentation, reporting and monitoring system.

The PENRO's concerned shall submit quarterly reports on the progress of development of the seed production areas from these seed stocks through their respective RED's. Likewise, the task force shall monitor and periodically report the progress of such plantations.

C. Guide and Reference

In implementing item B of this Guideline the PENROs/CENROs shall be guided by herein Project Proposal on Species Trial and Establishment of Seed Production Area using Endemic Forest Tree Species.

D. Deduction

If the end-user is a contractor, the cost intended for seed procurement shall be automatically deducted from the total contract cost. The seed costs shall be based on the prevailing seed prices, see Annex B. The amount that will be raised upon deduction of contract cost shall be used by the PENRO's to finance additional contracts for establishment of seed production areas and species trial of exotic and endemic species within their jurisdiction.

E. Immediate Measures of Seed Disposition

While observing provisions A to C of this Circular, the REDs thru their RTDs for Research Services who already received their endemic selected seeds from the Zeta Beta Rho-Mussaenda Foundation shall endeavor to undertake the following measures in order to avoid spoilage.

1. For regions whose plantation establishment start at the Third Quarter and extended up to the First Quarter of incoming Calendar Year, sowing of the aforecited seeds in appropriate timing must be carried out. In carrying this out, contract reforestation when executed must contain provision to the effect that contractors in whole or in part must produce seedlings out of these DENR supplied endemic seeds, the cost of which shall be automatically deducted from the total contract cost. Areas for the planting of these endemic seedlings must be set aside as early as possible to assure establishment on time.

2. For regions whose planting season is from June to September and the production of plantable seedlings for the current year is impossible, the timing of sowing shall be determined taking into consideration the period required for the subject species to attain plantable size. To effectively undertake the seedling production out of the aforesaid seeds, the RTD for Research in coordination with the RTD for Forestry shall engaged in services of contractor with good track record in nursery operation and seedling production to do the job. The RTD for Research and RTD for Forestry shall likewise set aside areas where to plant the seedlings produced. They shall see to it that the areas selected are suitable for the establishment of future seed production areas.

F. Funding Requirement

All project proposals pertaining herein must conform with Annex A and be submitted to the Chief, Reforestation Division, FMB for review and processing of funding requirements.

In any case, the provisions of policy issuances on specific activity contract shall govern.

FULGENCIO S. FACTORAN, JR.
Secretary

Note: Detailed schedule of Activities and Budgetary Requirements omitted.

ANNEX "A"

- I. **Project Title: Species Trial and Establishment of Seed Production Area Using Endemic Tree Species**
- II. **Project Coordinator: FMB, ERDB**
- III. **Proponents: Regions 1-12, CAR**
- IV. **Significance of the Project:**

The continuous denudation of our forests and watershed areas leads to massive reforestation program of our government. The Department of Environment and Natural Resources thru different staff bureaus/ regions become responsible to the complete implementation of the program throughout the country. However, insufficient supply of planting stocks especially seeds hinder some of the activities in many area. Besides quantity and quality of the seeds became also a problem since most of the seeds used were of low genetic make-up and place of the collections was unknown. Because of these limitations some of the contractors and other government officials in charge of reforestation activities imported certified seeds of high quality from other countries which costs too much as compared to the prevailing prices in our country. Realizing the cost of importing seeds, DENR thru Zeta Beta Rho Mussaenda Development Foundation, Inc. implemented a project on seed collection from phenotypically superior mother trees. The foundation had already turned over to DENR 42 tons of seeds of different endemic species of species trial and establishment of seed production areas in different regions.

- V. **Project Objectives:**

The project aims to establish species trials of different indigenous tree seed species in different regions for seed production area and seed orchard establishment.

VI. Specific Objectives:

1. To conduct species trial of various endemic tree seed species in 13 regions.
2. To determine the effect of environmental conditions on the germination and survival of these species.
3. To determine the growth performance of tree stands in plantations.
4. To establish seed production areas and seed orchard.

VII. Materials and Methods:

A. Species Trial

1. Survey, identification and characterization of the site

Survey and selection of the sites will be done by the regional coordinator in cooperation with the PENRO's and CENRO's. The different components of this activity will be the survey of soil vegetation, physiography, fauna and flora. All gathered information will be filled up in Plantation Site Description Form. Soil samples will be collected for physical and chemical analysis.

2. Planting Stock Production

Seeds will be distributed to TRD's for research to PENRO's and then to CENRO's. Seeds will be tested using appropriate germination methods and will be sown in sterilized soil in seed boxes to minimize damping-off. Seed boxes will be incubated in existing nurseries. All informations relevant to seed germination will be recorded in Seed Germination Form. Maintenance and protection will also be done and assessment of seedling survival will also be recorded.

3. Plantation Establishment

Seedlings will be outplanted on the onset of rainy season in the prepared sites. Experimental design will be laid out using Randomized Complete Block Design. For all species, a spacing of 2x2m will be used.

4. Maintenance and Protection

Cultural treatments like weeding, spraying and clearing will be done regularly. Fertilizer will also be applied. Pest and diseases occurrence will be monitored to minimize and prevent outbreak in the area. Fire breaks and fences will also be provided.

B. Establishment of Seed Production Area

1. Field Work

a. Stand Selection and Evaluation

Selection of vigorously growing stand with superior growth form will be done in each site where the species are growing. The criteria selection will be based on the guidelines made by FMB.

b. Sample Plot Establishment

A ten meter radius plot at an interval of 50 m between plots will be established within the plot, height and diameter at breast height of the dormant trees will be recorded.

c. Delineation and Mapping of the Area

This activity will follow after the selection and establishment of sample plot. All important land marks such as roads, rivers, gullies and ridges will be recorded.

- d. **Isolation** - Selected stands shall be free from pollen contamination from inferior trees. In case of areas more than 3 hectares seed collection will be concentrated in 3 hectares only.
- e. **Cultural treatments**
 - 1. **Thinning** - shall be done to improve the genetic base of the stand.
 - 2. **Pruning** - removal of branches not capable of holding large amount of fruit.
 - 3. **Weeding** - removal of grasses, weeds and shrubs that will compete with the tree stand.
 - 4. **Disking/Cultivation** - to make the soil friable and to induce root formation and moisture penetration.
 - 5. **Fertilizer application** - improve the nutrient content of the site.
- f. **Plantation Maintenance and Protection**

Plantation areas will be managed by CENRO's of each region with a close supervision by the PENRO's and RTD for research. Yearly monitoring of the plantation sites will be done by the Project Team together with regional counterparts.

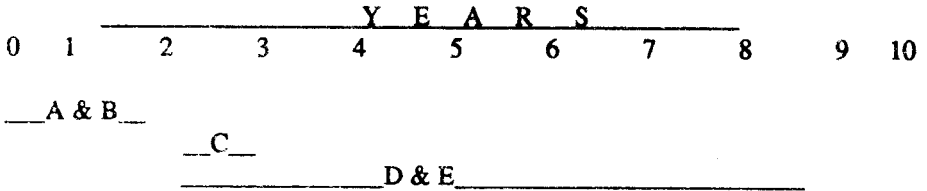
2. Seed Production

- a. **Phenological characteristics**
 - 1. flower fruit formation and development
 - 2. period of fruit maturation
 - 3. dates of seed selection

b. **Seed Yield**

1. quantity - amount of seeds collected per tree will be recorded.
2. quality - assessment of seed quality will be done through germination experiments, seed health and growth performance of seedlings.

C. **Schedule of Activities**



- A - Survey, identification and site characterization
 - B - Planting Stock Production
 - C - Plantation Establishment
 - D - Plantation Maintenance and Protection
 - E - Establishment of Seed Production Areas
- 1/ Project Start: Date - July 1990

D. **Budgetary Requirements:**

ANNEX "B"

SUGGESTED PRICING OF SEEDS ALREADY SUBMITTED
TO DENR

SPECIES	COST PER KILO	SPECIES	COST PER KILO
Akle	P 150.00	Kakauate	100.00
Agoho	250.00	Kalantas	300.00
Akleng parang	300.00	Kalumpang	100.00
Alibangbang (native)	150.00	Kalumpit	100.00
Alim	150.00	Kamachile	100.00
Achoan dilao	300.00	Kariskis	200.00
Anonang	200.00	Katurai	200.00
Bagalunga	100.00	Kupang	100.00
Baguilumbang	100.00	Langil	150.00
Balakat	100.00	Lamutan	150.00
Balakat gubat	100.00	Liusin	100.00
Banaba	300.00	Lumbang	95.00
Dao	100.00	Sapang	100.00
Dapdap	95.00	Molave	200.00
Duhat	95.00	Pink shower	200.00
Dungonlate	95.00	Putat	95.00
Earpod	100.00	Rain tree	95.00
Firetree	150.00	Siar	100.00
Fringon Morado	95.00	Talisay-gubat	100.00
Golden Shower	300.00	Tamarind	100.00

**Memorandum Circular
No. 22
September 19, 1990**

**SUBJECT: Cutting, Transport and Disposition of
Premium Species Inside Private Lands**

Pursuant to Presidential Memorandum Circular No. 298 which directs DENR to adopt reasonable and necessary measures to regulate the utilization and exploitation of forest resources and in view of the conflicting interpretations of the provisions of DAO 78-87 which reserves the right to cut Narra and other premium species inside private lands only to those authorized by the DENR Secretary and DAO 121-89 which prohibits the cutting of the premium species inside private lands without exemptions, the following are hereby issued for the guidance of all concerned:

1. The DENR recognizes the right of landowners to the use of resources found within their private lands;
2. Section 3.4 of DAO 78-1987 which allows the cutting of premium species only upon authority of the Secretary is hereby amended to read as follows:

3.4 In case of private lands, the permit shall only be issued to the landowners themselves. Moreover, prior to the issuance of permit, the landowner shall comply to the following conditions, aside from the pertinent conditions specified in DAO 121-1989;

3.4.1 The species to be cut shall be certified by the CENRO concerned as not rare and endangered in the locality; and

3.4.2 There shall be collected an environmental fee equivalent to P250.00 for every cubic meter of timber cut.

3.4.3 The permittees shall plant at least five (5) trees, which may be forest trees or fruit trees or a combination of both, for every tree authorized to be cut. If additional area is needed for such, the Regional Office, thru its CENRO concerned, should look for an area where tree planting activities can be conducted.

3. For purposes of clarification, Section 3 of DAO 121-1989 stating that its coverage does not include the cutting, transport and disposition of Almaciga as well as Narra and other premium species listed under DAO 78-87 is hereby amended, in so far as the permit to be issued shall be called Special Private Land Timber Permit (SPLTP).
4. It is further clarified that the prohibition on the issuance of license or permits of any kind within mangrove areas pursuant to DAO No. 15, Series of 1990 applies only to areas within public lands. The cutting, transport and disposition of mangroves found in private or titled lands may be allowed under a PLTP pursuant to DAO No. 121-1989, as amended.

Please be guided accordingly.

FULGENCIO S. FACTORAN JR.
Secretary

**Memorandum Circular
No. 23
December 5, 1990**

TO: All Concerned

SUBJECT: Amending Section 1 of Memorandum Circular No. 5, Series of 1990, "Guidelines on the Cutting of Mangrove Tree Species Within Approved FLA Areas"

1. Section 1 of Memorandum Circular No. 05, Series of 1990, "Guidelines on the Cutting of Mangrove Tree Species within Approved FLA Areas" is hereby amended to read as follows:

The cutting of mangrove species, including nipa palm, within existing Fishpond Lease Agreement (FLA) areas is allowed pursuant to Sections 4 and 7 of DENR Administrative Order No. 15 dated February 01, 1990 subject to the following conditions:

- 1.1 No cutting of trees within duly approved FLA areas shall be allowed without the benefit of a cutting permit issued by the DENR;
- 1.2 The area to be cleared for fishpond development shall be part of the approved development plan for the FLA;
- 1.3 No cutting permit shall be issued if five (5) or more years have elapsed since the date of issuance of the FLA;
- 1.4 Buffer zones of mangrove forest 50 meters wide fronting the seas, oceans and other bodies of water and 20 meters wide on both sides of river channels/banks must be maintained and/or developed in and around fishpond areas pursuant to P.D. 705 and Ministry Administrative Order No. 42, Series of 1986;
- 1.5 Mangrove wood cut in FLA areas under a cutting permit shall be turned over to the DENR for disposition through public bidding, with the permittee/FLA developer having the right to equal the highest bid within three working days after the date of bidding;

- 1.6 An area equivalent to the aggregate area clear-cut under the permit shall be planted with mangrove species and maintained for three (3) years with eighty percent (80%) survival by the FLA developer at the FLA developer's expense; and
 - 1.7 Performance Bonds shall be put up by the permittee/FLA developer equivalent to the estimated value of the mangrove wood to be gathered and the estimated cost of reforestation and maintenance.
2. This Circular takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Memorandum Circular
No. 24
December 10, 1990

**SUBJECT: Reinstatement Requiring Performance
Bonds for Community Reforestation
Contracts and Guidelines on Performance
Bonds for Contract Reforestation Projects**

I. Reinstatement of Performance Bonds for Community Reforestation Contracts

The posting of performance bonds by family and community contractors was waived in 1989 in order to encourage low-income families and small-scale community contractors to participate in the contract reforestation program of the NFP.

In view of the success of the program, and the overwhelming response to DENR's call for participants, the DENR must now enact safeguards against infiltration by parties whose motives are inconsistent with the objectives of the program. Towards this end, it is deemed necessary to re-institute control measures which will weed out the opportunists and retain those prospective contractors who are really committed to assist DENR restore/ rehabilitate our forests.

In order therefore to protect the government's investments in forest plantations and safeguard its interests against defaulting contractors, the DENR is hereby reinstating the requirement of posting performance bonds for all community reforestation contracts. Said performance bond shall be in the form of bonds callable on demand, pursuant to the provisions of the Memorandum dated 10 May 1990 by the undersigned issued to all REDs, PENROs and CENROs.

This Order thus reaffirms that henceforth, both community and corporate contracts shall be awarded subject to the posting of the said performance bonds.

This Order shall not apply to community contracts awarded prior to its date of issue.

II. Further Guidelines of the Posting of Performance Bonds for Contract Reforestation Projects

In order to guarantee faithful performance of the contractor under a reforestation contract, the community or corporate contractor shall post a performance bond equivalent to ten percent (10%) of the contract price. Said performance bond shall be callable on demand, issued by the GSIS or other institutions duly accredited by the Office of the Insurance Commissioner.

This bond should be co-terminus with the final acceptance by DENR of the project.

Subject to the conditions of the contract, the performance bond may be released by the DENR Office concerned after the final acceptance of the project, provided that there are no claims for labor and materials filed against the contractor or surety company.

Should any surety on the performance bond become unacceptable to the DENR, the contractor shall furnish a replacement equal to the amount of the original surety.

III. Other Provisions

These guidelines shall take effect immediately. All previous Orders inconsistent herewith are hereby revoked/repealed.

FULGENCIO S. FACTORAN, JR.
Secretary