

**Administrative Order
No. 1
January 23, 1991**

SUBJECT: Increasing the Reforestation Deposit Paid by Logging Concessionaires to Include Maintenance Costs and Further Amending DENR Administrative Order 31, Series of 1988

Pursuant to Executive Order No. 192 and Presidential Memorandum Order No. 298 dated 4 June 1990 and to ensure the survival of newly established plantations by the logging companies, the following guidelines are hereby promulgated for the observance of all concerned:

Section 1. The reforestation deposit imposed on logging concessions pursuant to DAO 79, Series of 1987, as amended by DAO 32, Series of 1988, DAO 63, Series of 1988 DAO 95, Series of 1988 and MC 25, Series of 1989, is hereby increased. The increase shall be used to defray maintenance costs of plantations established by virtue of aforesaid orders.

Section 2. For one-year old plantations, the maintenance deposit shall be ONE THOUSAND FIVE HUNDRED PESOS (P1,500) per hectare while ONE THOUSAND PESOS (P1,000) per hectare shall be the maintenance deposit for two-year old plantations.

Section 3. For purposes of reforestation deposit assessment, the annual contribution shall be determined by the following formula:

$$\begin{aligned} \text{Annual Deposit} &= \text{P10,000} \times \text{reforestation goal for current year} \\ &+ \text{P1,500} \times \text{area of established one-year old plantation} \\ &+ \text{P1,000} \times \text{area of established two-year old plantation} \end{aligned}$$

The manner of payment of the reforestation deposit, the mechanics of its release, and penalties shall be in consonance with existing regulations on the matter.

Section 4. The target area, in hectares, for each year must be completely planted and maintained. However, in case of force majeure and upon the request of the TLA holder, duly endorsed by the DENR-CENRO concerned, the DENR Secretary may allow the transfer of the targeted reforestation area to another site or the suspension of both the logging operations and the reforestation activities.

Section 5. Deficiencies in area reforested.

- 5.1 Licensees whose area accomplishment is between 80 - 100%, shall cover their shortfalls/deficiencies in the following year without any corresponding reforestation deposit to cover such shortfall/deficiency.
- 5.2 For those whose area accomplishment is between 50 - 79%, their logging extraction will be suspended and deficiency should be covered within the next six (6) months with the corresponding deposit for their shortfall/deficiency. Logging extraction shall remain suspended until such time the deficiency shall have been covered.
- 5.3 For those whose area accomplishment is below 50%, the license is immediately suspended, and within 15 days the licensee must explain why the said license should not be cancelled. Should the explanation prove satisfactory, the provisions of Section 5.2 hereof shall apply, otherwise the license/agreement will be summarily cancelled without detriment to the filing of charges for violation of existing forest and other laws, rules and regulations.

Section 6. Deficiencies in the rate of survival

- 6.1 At the end of 3 years, survival must be at least 80%, based on approved spacing as indicated in the approved management plan; in which case the licensee shall be allowed to continue their logging operations without penalty.
- 6.2 A fine shall be imposed on those TLAs/PTPAs whose plantation survival at the end of three (3) years, fall between 50 - 79%. This fine shall be based on the 3-year cost of reforestation per hectare as provided for in Section 3 hereof, and shall accrue to the Philippine Wood Products Association (PWPA) reforestation trust fund, to be used for additional reforestation activities to be undertaken by the PWPA. The fine shall be computed as follows:

$$\text{Fine} = (100\% - \text{percent survival}) \times \text{prevailing three-year cost of reforestation per hectare} \times \text{area targeted for their respective year}$$

- 6.3 Survival rates below 50% shall cause the immediate cancellation of the license/agreement without detriment to the filing of charges for violation of existing forest and other laws, rules and regulations.

Section 7. In case there are no available open and denuded areas within the license area, the licensee shall not be required to reforest but shall conduct Timber Stand Improvement (TSI) following the guidelines set in BFD Circular No. 48, Series of 1983, and DENR Memorandum Circular No. 19, Series of 1989, and Enrichment Planting as required in their Integrated Annual Operations Plan (IAOP). Provided, that the area in which TSI will be conducted shall be twice the area approved for logging and provided further that an amount equivalent to THREE THOUSAND FIVE HUNDRED PESOS (P3,500) per hectare, which is the cost estimate for TSI operations per hectare, as indicated in DENR MC No. 19, S. 1989, shall be deposited for this purpose. The manner of payment, mechanics of release and penalties for this TSI deposit shall be the same as those for reforestation deposit and shall be in consonance with existing regulations on the matter.

Section 8. As a guaranty for the faithful compliance by the TLAs/PTPAs of the conditions with regards to reforestation, TSI and enrichment planting as indicated in Section 7 hereof, a 3-year surety bond shall be put up by the licensee based on the 3-year cost of reforestation per hectare as indicated in Section 3 hereof. The formula for the 3-year surety bond is as follows:

3-Year Surety Bond = P12,500 x Total number of hectares targeted for development and maintenance

Section 9. In case of non-compliance with the requirements of reforestation, TSI and enrichment planting herein indicated, such as when survival after three (3) years is below 50% and/or when area reforested is below 50%, and explanation for such deficiencies is not satisfactory, causing the cancellation of license/agreement, the above-mentioned bonds shall be forfeited.

Section 10. The provisions of this Order shall cover those plantations established in 1989 and thereafter.

Section 11. This Order takes effect on January 31, 1991 and amends all other issuances inconsistent herewith.

FULGENCIO S. FACTORAN, JR.
Secretary

**Administrative Order
No. 3
February 11, 1991**

**SUBJECT: Policy and Guidelines for the Award and
Administration of the Mangrove
Stewardship Agreement**

Pursuant to Executive Order 192, LOI 1260 which establishes the Integrated Social Forestry (ISF) Program; the Comprehensive Agrarian Law (RA 6657); Department Administrative Order 97, Series of 1988, which provides implementing guidelines for the ISF Program; and the mangrove utilization policies established in Department Administrative Order 15, Series of 1990; the following policy and guidelines governing the award and administration of the Mangrove Stewardship Agreement are hereby promulgated.

Section 1. Basic Policy. To achieve the national objectives of economic and social development, it is the policy of government to democratize the use of public forest land and to promote more equitable distribution of the forest bounty. In line with this policy, the government shall provide secure tenure over mangrove forest lands to qualified and deserving individuals for them to develop and/or maintain their area as permanent mangrove forest and to enjoy such harvests as may be sustainably derived therefrom. The award and administration of Mangrove Stewardship Agreements shall therefore be pursued according to the following policy guidelines.

- a. **The Value of Mangrove Forest** as a vital natural resource which provides many direct and indirect benefits to society is recognized and acknowledged. Direct benefits include shoreline protection from erosion, wind and wave damage as well as the harvest of forest and marine products. Indirect benefits include providing vital spawning and nursery grounds as well as nutrient export to support other coastal fisheries. It is the policy of the Government to rehabilitate and protect our remaining mangrove forests.
- b. **Stewards and Stewardship.** A steward is someone entrusted with the resources of another for the purpose of exercising stewardship by providing care, protection and wise management to improve the quality and productivity of those resources for the mutual benefit of the Steward and the owner. It is the policy of the government to allow and encourage the stewardship of State owned natural resources and give preference to the existing small-scale users of those resources.

- c. **The Purpose of the Mangrove Stewardship Agreement** is forest management; it requires the development and maintenance of permanent mangrove forest on the Stewardship Area in return for the exclusive right to harvest from the Area on a sustainable basis. It is not a certificate of occupancy and is never be used for that purpose.
- d. **Approach.** The stewardship approach to mangrove forest development and management stresses self help and self reliance by organized groups of coastal residents. Forest development and/or management, including the collection of planting materials, will be accomplished through the voluntary efforts of participants to the greatest extent possible.
- e. **Coverage.** Mangrove Stewardship Agreements may be awarded over new plantations, existing mangrove forest or a combination of the two. All mangrove areas are eligible for coverage except those specifically exempted in Section 5 of this Order.
- f. **Security of Tenure.** Participants shall be given long-term tenure over a parcel of mangrove forest land for the purpose of establishing and/or managing mangrove forest thereon.
- g. **Utilization.** The selective harvest by participants of forest and marine products at sustainable levels shall be allowed on the area covered by the Stewardship Agreement.
- h. **Management of Mangrove Forest Lands by Individuals and Organizations.** Qualified individuals and groups of qualified individuals shall be allowed and assisted to develop and/or manage permanent mangrove forest on individually allocated parcels of mangrove forest land.
- i. **Size of Individual and Group Allocations.** Individual participants may be allocated a total maximum area of seven (7) hectares. The initial area allocated to a group shall not exceed five hundred (500) ha. This area may be increased in the future if the group demonstrates adequate managerial capability and additional area is available.
- j. **Location of Area Allocated.** Areas allocated to groups under the Mangrove Stewardship Agreement should be located within the community/municipality they are presently occupying. In the case of individuals, the participants must be living within the area or adjacent barangay/sitio and must continue to live therein.

- k. **Community Organization and NGOs/POs.** Before mangrove forest resources within a barangay are allocated to individuals and/or groups under Mangrove Stewardship Agreements, a process of community organization and education shall be required. This activity is to be undertaken by qualified NGOs/POs and/or by ISF technicians trained in mangrove management who reside in the area during this process and subsequent forest development and/or management activities.
- l. **Participatory Management.** Participants shall be enjoined to actively participate in the allocation of mangrove forest lands in the preparation and implementation of their respective Stewardship Agreements which shall detail the forest development and management activities to be undertaken. NGOs/POs and all government agencies indicated in LOI 1260 shall provide assistance as may be required.
- m. **Area Management** recognizes the interrelated nature of mangrove forest and coastal marine resources, the limited sustainable livelihood opportunities provided by each specific coastal resource and the corresponding need to manage these resources in an integrated way on an area basis rather than singly and in an unrelated fashion.

Section 2. Objectives. The organization of coastal communities and the award and implementation of Mangrove Stewardship Agreements aims to mobilize forest resources for the economic and social progress of the nation through the involvement of traditional small-scale mangrove users who shall be made effective agents of the State in the protection and management of permanent mangrove forest and in the production of forest and marine products. The program shall endeavor to achieve the following specific social, economic and ecological objectives.

- a. To establish a long lasting partnership between the government and participating small-scale mangrove area users in promoting the sustainable use public lands through a resource management system that is environmentally sound, productive and culturally appropriate.
- b. To rehabilitate and effectively manage our existing mangrove forest as the primary purpose; the planting of new mangrove forests is secondary.
- c. Maintain a permanent mangrove forest which shall provide improved shore line protection, wildlife habitat, spawning and nursery grounds for marine life and nutrient supplies to support marine life within and outside mangrove areas.

- d. Ensure regular supply of mangrove forest and marine products in the market place.
- e. Provide long-term security of tenure to participants who will develop and/or maintain permanent mangrove forest.
- f. Improve the capability of coastal communities in mangrove areas to address their own development needs through cooperative effort.
- g. Increase and sustain income of participants.
- h. Improve quality of life for participants.

Section 3. Definition of Terms. The following terms and definitions are provided for the purpose of this Order.

- a. **Mangrove Forest** refers to a distinctive community of trees and associated plant and marine species which is found on tidal flats along the sea coast, extending along streams which are brackish.
- b. **Integrated Social Forestry Program (ISFP)** refers to the national program launched under LOI 1260 which is designed to protect existing forests, improve the productivity of forest lands and to improve the socio-economic status of participants and participating communities.
- c. **Mangrove Stewardship Agreement** refers to a contract entered into by and between an individual mangrove user or mangrove user association or cooperative and the government which grants the former the right to the exclusive use of a specified mangrove area in return for managing that area according to a Stewardship Plan. It is hereinafter called the **Agreement**, a copy of which is attached as a part of this Order.
- d. **Mangrove Stewardship Area** refers to the parcel of mangrove forest land covered by a Mangrove Stewardship Agreement. It is hereinafter called the **Area**.
- e. **Mangrove Stewardship Plan** refers to a written plan which details the initial status of the Area and the forest development and management activities to be undertaken on the Area. It is developed jointly between the participant and the DENR and/or DENGO and is hereinafter called the **Plan**.

- f. **Mangrove Steward** refers to the individual or group entering into an Agreement to develop and implement a Plan over a specific mangrove area and is hereinafter called the **Steward**.
- g. **Certificate of Mangrove Stewardship** refers to the document issued by the government pursuant to the Mangrove Stewardship Agreement. The Agreement, the Plan and the site map comprise integral parts of the Certificate. A copy is attached as a part of this Order.
- h. **Next of Kin** refers to the spouse and children, or if not applicable, the parents, brothers and sisters of a participant who has entered into an Agreement.
- i. **Project Area** refers to a portion of coastline containing mangrove forest land which is to be managed as a project area by an NGO/PO and/or ISF technician(s) and the mangrove allocated to the community under a number of individual or group Agreements.

Section 4. Participants. Citizens of the Philippines of legal age who meet the following requirements may enter into Mangrove Stewardship Agreements.

- a. Individuals, heads of families, communities or associations of individuals who have traditionally utilized mangrove resources for all or a substantial part of their livelihood, residing near the mangrove area to be managed.
- b. Preference shall be given to participants who are poor and/or landless and who have previously relied upon mangrove areas as their primary source of livelihood.
- c. Individuals with primary residence along the coastline, wishing to develop or maintain mangrove forest to protect their property from strong winds and large waves.
- d. In the case of owners of coastal infrastructure, not qualified to enter into an Agreement, but wanting to protect their property, are encouraged to allow a qualified person to undertake the establishment and/or management of mangrove forest on the said area.

Agreements shall not be entered into with absentee claimants, landlords, speculators or other persons who do not meet the stated qualifications and who will not personally manage the allocated area pursuant to the goals of these agreements.

Section 5. Coverage. All mangrove forest lands and newly afforested areas are eligible for coverage under Agreements except those listed below. The following areas are prohibited from coverage under an Agreement.

- a. Mangrove wilderness areas which have been properly delineated and found to be free from valid prior private rights.
- b. Areas covered by a mangrove reforestation contract funded by the National Forestation Program, the Fisheries Sector Program or other funding source. Long term tenure over such areas may be provided by the Forest Lease Management Agreement (FLMA).
- c. Areas covered by valid Fishpond Lease Agreements (FLA) or Ordinary Fishpond Permits (OFP) which are fully developed in accordance with the terms and conditions of the lease or permit.
- d. Other areas, such as parks or preserves, where sustainable use of forest resources is not permitted.

Vegetated mangrove areas which have been released for fishpond development but which are not yet covered by an FLA or OFP; and vegetated areas within an existing FLA or OFP which have not been developed for more than five years, may be reverted to mangrove forest land and become eligible for coverage under a Mangrove Stewardship Agreement.

Section 6. Participation of Development Oriented Non-Government Organizations (NGOs) and Private Organizations (POs). It is the policy of the DENR to encourage NGOs/POs to actively participate in the implementation of its programs. This is in recognition of (i) their willingness to live and work in the barangay while assisting rural communities to undertake their own development, and (ii) the limited capacity the DENR has for undertaking such activities. The NGO/PO serves in this capacity as an extension of the DENR. The Government shall assist the development of NGOs/POs by providing training and technical assistance.

Section 7. Project Area Selection Criteria. The primary concern shall be the rehabilitation and management of existing mangrove forest. The reforestation of barren areas is secondary. The following criteria shall be used in site selection.

- a. Existing mangrove, with preference given to areas which are degraded and important to local residents for their livelihood. Where barren areas suitable for reforestation exist, it should be integrated with the management of adjacent existing mangrove rather than treated separately.

- b. Presence of interested prospective Stewards.
- c. Availability of suitable NGO/PO and/or ISF technician(s).

Section 8. Project Area Activities. The role of the NGO/PO and/or ISF technician at the community level would include the following activities.

- a. Inform the community of the purpose of and opportunities available under an Agreement and assist them to better understand the value of mangrove forest and the ways in which it can be made more productive.
- b. Undertake with the involved communities an inventory of mangrove users and uses relating to the project areas.
- c. Determine with the DENR the specific area(s) available for mangrove stewardship.
- d. Organize the community, with particular reference to mangrove area users. Assist the community to explore its opportunities and constraints to development, with special reference to coastal marine resources, and to explore opportunities for the more effective management and utilization of their productive resources.
- e. Establish by community consensus, within applicable guidelines, the criteria for participation in mangrove stewardship and the mechanisms for allocation of available areas. Assist the community to make the formal allocation which is subject to DENR approval.
- f. Assist the community to actively participate with the DENR in the parcellary survey of individual Stewardship Areas and the establishment of boundary markers.
- g. In close cooperation with the DENR, assist prospective Mangrove Stewards to develop Stewardship Plans for their respective Areas.
- h. In close cooperation with the DENR, provide trainings in various aspects of coastal resource management, especially in mangroves.

- i. Use the process of community involvement to identify other community needs especially in coastal resource management, and to begin to address those needs using community manpower and financial resources available from government and other agencies.

Section 9. The Stewardship Plan. The Plan shall be developed jointly by the Steward with a DENR and/or NGO/PO representative. The Plan shall be comprised of three parts; (i) the current status of the Area, (ii) specific forest development activities to be accomplished within the first three years (Phase One) and (iii) the long term management plan including harvesting (Phase Two). The completed Plan shall be approved by DENR prior to issuance of the Certificate of Mangrove Stewardship and become an integral part thereof.

The Plan shall incorporate as a minimum the following basic components:

- a. An inventory of existing vegetation, including species and their frequency of occurrence, stem density and stem diameters; soils/substrate; and any other existing features of interest. These features shall be indicated on an area map.

Phase One (to be completed in the first three (3) years):

- b. Area for reforestation, including planting schedule, species to be used, spacing, maintenance procedures until the first thinning and percentage survival expected.
- c. Area for existing stand improvement, including a pruning/thinning schedule, post improvement stem density and species composition, and the marking and protection of upper canopy/seed trees.
- d. Area for enrichment planting following stand improvement, including planting schedule, species to be used, spacing, maintenance procedures and percentage survival expected.
- e. Expected level of natural regeneration to be achieved, expressed as minimum density of rooted seedlings.

Phase Two:

- f. The schedule and nature of future thinnings/harvest.
- g. The schedule of thinning and replacement of the upper canopy/seed trees.

Section 10. Rights and Responsibilities of the Participant. The participant has the following rights and responsibilities under the Agreement.

- a. The sole and exclusive right to peacefully utilize the Stewardship Area and enjoy all the produce therefrom against any and all third parties.
- b. To establish or maintain and manage permanent mangrove forest on the Area.
- c. Manage the Area in accordance with the Plan developed specifically for the area employing appropriate mangrove forest management methods and practices.
- d. Implement Phase One of the Plan (reforestation and/or rehabilitation) within two years from the signing of Agreement.
- e. In the case of individual Stewards, undertake personal management of the area, including harvesting. The use of tenant labor is prohibited but family, friends and neighbors may provide assistance.
- f. In the case of organized groups, members are to undertake management of the Area and the group, if it wished, may employ its members as paid labor to implement the Plan.
- g. Prevent the conversion of all or any part of the Stewardship Area to a fishpond development, salt works, paddy cultivation or any other use which results in the destruction of all or a part of the mangrove forest.
- h. Prevent the introduction of infrastructure of any kind (land fill, dwellings, walls, wharfs, etc.) unless such infrastructure is specifically authorized in writing by the DENR.
- i. Prevent the unauthorized or unregulated cutting or any other activity destructive to the mangroves on the Stewardship Area or on other areas immediately adjacent thereto. Such activities shall be reported immediately to the barangay Captain and/or nearest DENR representative.
- j. Preserve the monuments and other landmarks which indicate corners and boundaries of the Stewardship Area.

Section 11. Rights and Responsibilities of the Government. The DENR shall be responsible for providing the services of NGOs/POs or trained ISF technicians to coastal communities to assist the community in the formulation and

implementation of Mangrove Stewardship Agreements. It shall also regularly monitor progress by the Steward in the implementation of the Plan.

The Government reserves the right to regulate the cutting or harvesting of the mangrove trees and associated species to insure that adequate forest cover always exists on the Stewardship Area.

The Government reserves the right to permit the opening, if public interest so requires, of such portion of the Area as may be required for road or boat right-of-way. The person or entity granted this right-of-way shall pay the Steward a reasonable compensation for any damage to improvements.

The Government reserves the right to remove unauthorized infrastructure (land fill, dwellings, walls, wharfs, etc.), either existing or future, from the Area.

Section 12. Incentives. The following incentives are provided for to Steward in return for his Stewardship.

- a. Awarding of long term tenure over the Area, 25 years renewable for another 25 years.
- b. Holding the sole and exclusive right to peacefully utilize the Area and enjoy all the produce therefrom against any and all third parties.
- c. No fees, including forest charges, shall be collected for use of the Stewardship Area by the DENR during the first five (5) years of the Agreement.
- d. Receive technical assistance from the DENR and/or NGO on mangrove development and management, including access to planting materials.

Section 13. Application, Approval and Issuance. The following procedures shall apply to the application, approval and issuance of Mangrove Stewardship Agreements and Certificates of Mangrove Stewardship.

- a. After the DENR approval of allocation by the community, the prospective Steward shall complete an application for his/her allotted area to be filed with the CENRO.
- b. The CENRO shall undertake a parcellary survey of the area following the DENR approved allocation plan, concrete posts shall be used to establish control points on the shore.

- c. The prospective Steward shall jointly prepare the Plan for his/her allocated area with a representative of DENR and/or designated NGO. The completed Plan shall be subject to DENR approval.
- d. The CENRO shall approve Agreements for areas up to seven (7) hectares and be responsible for the issuance of all approved Certificates of Mangrove Stewardship.
- e. The PENRO shall approve Agreements for areas from eight (8) to one hundred (100) hectares.
- f. The Regional Executive Director (RED) shall approve areas from one hundred one (101) hectares to five hundred (500) hectares.
- g. A Certificate of Mangrove Stewardship comprised of the Certificate, the Agreement, the DENR approved Plan and an Area map shall be issued to the Steward.

Section 14. Tenure and Terms. The Agreement shall become effective when it is signed by both parties and shall continue for a period of twenty-five (25) years, renewable for another twenty-five (25) years. The following general conditions apply:

- a. The Steward shall faithfully and fully implement the Plan.
- b. The Agreement is non-transferable.
- c. No person/organization/association shall be allowed to hold more than one Mangrove Stewardship Agreement at any time. A husband and wife shall be treated as one person and both their names shall appear on the Agreement and Certificate.
- d. The Steward and the Government shall conform with other related laws, rules and regulations that may be promulgated hereafter.
- e. No fees, including forest charges, shall be collected for use of the Stewardship Area by the DENR during the first five (5) years of the Agreement. Fees may be collected thereafter as determined by the Secretary of DENR.
- f. The Mangrove Stewardship Agreement does not allow or authorize the Steward or anyone else to construct or cause to be constructed any new land fill, dwelling, wall, wharf or other infrastructure on the Stewardship Area.

In the event of the death or incapacity of the Steward or of any other eventuality which prevents the Steward from fulfilling his/her obligations under the Agreement before its expiration, the following conditions apply.

- a. The Steward or nearest kin shall notify the DENR within sixty (60) days.
- b. A qualified next of kin may assume full responsibility over the Stewardship Area, subject to the approval of the DENR.
- c. In the event no qualified next of kin is willing or able to assume responsibility under the Stewardship Agreement, the DENR may enter into a new Agreement over the said area with another qualified party.

Upon expiration of the Agreement, the Stewardship shall have the right of preemption to any subsequent Stewardship Agreement covering the said area. If for some reason the Government opts not to reallocate the area for stewardship, the Steward shall be entitled to just compensation for mangrove management related improvements introduced thereon following the procedure set-out in the following section.

Section 15. Cancellation of the Stewardship Agreement; Compensation. The Government reserves the right to cancel a Mangrove Stewardship Agreement for cause or when the public interest, as determined by the Secretary of DENR, so demands.

In the event the Agreement is cancelled for cause, the grantee shall not be entitled to compensation for improvements introduced on the Stewardship Area and may be the subject of civil or criminal prosecution as the situation demands. The following are grounds for the cancellation of the Agreement for cause:

- a. Failure of the Steward to comply with the terms and conditions of the Agreement within six (6) months after having been notified in writing of his neglect by the Government.
- b. Conversion of the Mangrove Stewardship Area to a fishpond development, salt works, paddy cultivation or any other activity not authorized in writing by the DENR which results in the destruction of the mangrove forest on the Stewardship Area.
- c. Serious and/or continued violation of forestry laws, rules and regulations in the stewardship of the area.

In the event the Agreement is cancelled for reasons other than cause, as defined above, the Steward shall be entitled to a fair compensation for all forest management related improvements introduced therein based on their assessed value as determined by a competent third party on the date of termination minus all charges or other monetary obligations accruing to the Government. When compensation is due, the Steward may harvest such improvements as can reasonably be removed consistent with applicable mangrove management policies, the value of which shall be deducted from the final compensation.

Section 16. Mangrove Areas Covered by the Original or Upland Stewardship Agreement; Existing Mangrove ISF Projects. Stewardship Agreements have been issued over mangrove areas in several regions using the original version which is intended for use in the uplands and requires, among others, the planting of five fruit trees per hectare. As the approach to mangrove stewardship is somewhat different than upland stewardship, this mangrove area specific Agreement has been developed.

- a. Henceforth only the Mangrove Stewardship Agreement shall be awarded over mangrove areas.
- b. Existing Stewardship Agreements covering mangrove forest lands shall be converted to Mangrove Stewardship Agreements within one year from the effectivity of this Order.
- c. The conversion process shall include the preparation of a Stewardship Plan or the revision of the existing plan if it does not conform to these guidelines.
- d. The starting date of the revised Agreement shall be the same as that of the original agreement.
- e. In the event the holder of an existing Stewardship Agreement over a mangrove area does not qualify for a Mangrove Stewardship Agreement, the existing agreement shall be cancelled and the area awarded to a qualified Steward.
- f. In the event the area has been converted from mangrove forest to another, non-forest use, the holder of the original Stewardship Agreement shall be given the option of returning the area to mangrove forest or face cancellation of the original agreement and any civil or criminal charges that may be warranted.

Section 17. Additional Guidelines. The Secretary may issue additional instructions and circulars as may be necessary for the effective implementation of this Order.

Section 18. Repealing Clause. This Order supersedes DAO 97, Series of 1988 with respect to mangrove forest lands and revises or amends all existing forestry rules and regulations which are inconsistent herewith.

Section 19. Effectivity. This Order shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Recommending Approval:

RICARDO M. UMALI
Chairman, Coastal Resources Management Committee

MANGROVE STEWARDSHIP AGREEMENT

This Agreement made and entered into this ____ day of _____
19__ between the Republic of the Philippines' Department of Environment and Natural
Resources (DENR), hereinafter referred to as the Grantor, and _____
_____ of legal age, Filipino, with postal address at
_____,
hereinafter referred to as Grantee.

W I T N E S S E T H :

WHEREAS, the Grantor has jurisdiction and authority over the demarcation, protection, management, disposition, reforestation, occupancy and/or use of public forest resources including mangrove areas;

WHEREAS, a steward is someone who is entrusted with the resources of another for the purpose of exercising stewardship over those resources by providing care, protection and wise management;

WHEREAS, the Grantor will enter into a Stewardship Agreement with and issue a Certificate of Stewardship covering mangrove areas to qualified individuals, communities, associations or cooperatives for the purpose of allowing the Grantee to plant and/or manage and protect permanent mangrove forest, to harvest in a sustainable way and enjoy all the produce therefrom, and to benefit others by maintaining that forest for coastline protection and support of coastal fisheries;

WHEREAS, the Grantee is qualified to enter into a Stewardship Agreement under the laws of the Republic of the Philippines and has filed with the _____
_____ of the DENR for permission to plant and/or manage and protect mangroves on a parcel of public intertidal forestland, hereinafter referred to as the Stewardship Area;

WHEREAS, the Grantor, after having evaluated the social and economic condition of the Grantee, hereby recognizes and considers said Grantee as a qualified participant in the management and protection of mangrove areas as part of the national effort to maintain and enhance this essential coastal forest;

WHEREAS, according to official records on file with the Grantor, no adverse claim has been presented nor any objection or opposition has been filed against the application of the Grantee;

NOW, THEREFORE, for and in consideration of the foregoing premises, the Grantor hereby authorizes the Grantee under this Stewardship Agreement to plant and/or manage and protect permanent mangrove forest on the Stewardship Area described in the attached map (Annex 1), in accordance with the Mangrove Stewardship Plan attached hereto (Annex 2), both of which form an integral part of this Agreement, subject to existing forest laws, policies, rules and regulations and to the following terms and conditions:

A. Rights and Responsibilities of the Grantee

1. The Grantee shall have the sole and exclusive right to peacefully utilize the Stewardship Area and enjoy all the produce therefrom against any and all third parties; **Provided**, that, the Grantee shall establish and/or manage permanent mangrove forest on the Stewardship Area in accordance with the Mangrove Stewardship Plan attached hereto and employ appropriate mangrove forest management methods and practices; **Provided further**, that the conversion of all or part of the Stewardship Area to a fishpond development, salt works, paddy cultivation or any other activity not authorized in writing by the DENR which results in the destruction of all or a part of the mangrove forest shall not be allowed and shall be cause for immediate cancellation of this Agreement.
2. The Grantee shall successfully implement Phase One of the Mangrove Stewardship Plan attached hereto within three year, from the execution of this Agreement.
3. The Grantee may receive technical assistance and extension services in the management of the Stewardship Area, including assistance in the procurement of planting materials, harvesting and marketing from the DENR, the Department of Agrarian Reform, the Department of Agriculture and other government or private entities.
4. The Grantee shall not use tenant labor in the Stewardship Area but must undertake development and management himself **Provided** however, that assistance from the family and/or neighbors of the Grantee is allowed; **Provided further**, that cooperatives, associations or community Grantees may use their members as paid labor to develop the area in accordance with the Mangrove Stewardship Plan.
5. The Grantee shall preserve monuments and other landmarks which indicate corners and boundaries of the Stewardship Area.

6. The Grantee shall prevent unauthorized or unregulated cutting or any other activity destructive to the mangroves on the Stewardship Area or on other areas immediately adjacent thereto, shall immediately report such activities to his Barangay Captain and/or nearest DENR representative, and, when necessary, shall actively assist the local DENR in protecting mangrove forest.
7. The Grantee shall prevent the introduction of new infrastructure of any kind (land fill, dwellings, walls, wharfs, etc.) unless such infrastructure is specifically authorized in writing by the DENR.
8. In the event of death or incapacity of the Grantee or of any other eventuality which prevents the Grantee from fulfilling his/her obligations under this Agreement, the Grantee or nearest kin shall notify the Grantor within sixty (60) days.

B. Rights and Responsibilities of the Grantor

9. The Grantor shall monitor and evaluate the progress of the Grantee in the implementation of the Mangrove Stewardship Plan, making such mutually agreed revisions in the Plan as may be required and allowed under the implementing guidelines, as well as the compliance by the Grantee with other terms and conditions of the Stewardship Agreement.
10. The Grantor reserves the right to regulate the cutting or harvesting of the mangrove trees and associated species to insure that adequate forest cover always exists on the Stewardship Area.
11. The Grantor reserves the right to permit the opening, if public interest requires of such portion of the flat as may be required for road or boat right-of-way; **Provided**, that the person or entity granted the road or boat right-of-way shall pay the Grantee a reasonable compensation for any damage to improvements.
12. The Grantor reserves the right to remove any existing or future unauthorized infrastructure (land fill, dwellings, walls, wharfs, etc.) from the area.

C. General Provisions

13. The Grantee must have been living within the project area or adjacent barangay/sitio and must continue to live there to actively perform the activities allowed and indicated in the Mangrove Stewardship Plan.
14. The Grantee shall not be allowed to hold more than one (1) Mangrove Stewardship Agreement at any time.
15. The Grantor and the Grantee shall jointly prepare a Mangrove Stewardship Plan for the Stewardship Area in accordance with the implementing guidelines issued by the Grantor for this purpose.
16. The Grantor and the Grantee shall conform with other related laws, rules and regulations that may be promulgated hereafter.
17. No fees, including forest charges, shall be collected for use of the Stewardship Area by the DENR during the first five (5) years of this Agreement; **Provided**, that fees may be collected thereafter as determined by the Secretary of the DENR.
18. This Stewardship Agreement is non-transferable; **Provided**, that in the case of death or incapacity of the Grantee before the expiration of this contract, a qualified heir may assume full responsibility over the Stewardship Area, subject to approval of the Grantor; **Provided further**, that in cases where no qualified heir is willing or able to assume responsibility over the Stewardship Area, the Grantor may enter into a Stewardship Agreement over the Stewardship Area with another qualified party.
19. Upon expiration of this Stewardship Agreement, the Grantee shall have the right of preemption to any subsequent stewardship agreement covering the allocated Stewardship Area or if some reason the government opts not to reallocate the Area for stewardship, the Grantee shall be entitled to just compensation for mangrove forest management related improvements introduced thereon following the procedure provided below.
20. In the event of the cancellation of this Stewardship Agreement for cause, as defined in Section E, the Grantee shall not be entitled to compensation for improvements introduced on the Stewardship Area; **Provided**, that if the Grantor terminates this Agreement for other reasons, the Grantee shall be entitled to a fair compensation for all forest management related improvements introduced therein based on their assessed value as determined by a competent third party on the date of termination minus all charges or other monetary

obligations accruing to the government; **Provided further**, that when compensation is due, the Grantee may harvest such improvements as can reasonably be removed consistent with applicable mangrove management policies, the value of which shall be deducted from the final compensation.

D. Effectivity of Tenure

21. This Stewardship Agreement shall become effective upon execution thereof by the parties and shall continue for a period of TWENTY FIVE (25) years, expire on _____ renewable for another TWENTY FIVE (25) years.

E. Cancellation of this Agreement

22. The following are grounds for the cancellation of this Stewardship Agreement for cause:

- a. Failure of the Grantee to comply with the terms and conditions hereof within six (6) months after having been notified in writing of his neglect by the Grantor;
- b. Conversion of Stewardship Area to a fishpond development, saltworks, paddy cultivation or any other unauthorized activity which results in the destruction of all or a part of the mangrove forest on the Stewardship Area.
- c. Serious and/or continued violation of forestry laws, rules and regulations in the stewardship of the Area.

23. The Grantor reserves the right to cancel this agreement when the public interest, as determined by the secretary of DENR, so demands.

G. Ratification

24. This agreement becomes an integral part of the Certificate of Stewardship.
25. The provisions of this Agreement were fully and clearly explained by the Grantor to the Grantee in a dialect understandable to the Grantee before the Agreement was signed.

26. The Grantor and the Grantee shall sign each page of this Agreement including the Appendices (if the Grantee does not know how to write, he shall affix his right thumbmark in the space provided for his signature).

In Witness Whereof, the said parties have hereunto set their hands this ____ day of _____, 199_ in _____.

By Authority of the Secretary:

GRANTOR

GRANTEE

W I T N E S S E S:

Note: (Certificate of Mangrove Stewardship Certificate Omitted)

Administrative Order
No. 4
February 27, 1991

**SUBJECT: Revised Regulations Governing the
Integrated Social Forestry Program.**

Pursuant to the provisions of Executive Order No. 192, the Comprehensive Agrarian Reform Law and Letter of Instructions No. 1260, the following regulations and guidelines are hereby promulgated.

Section 1. Basic Policy and Objectives. The Integrated Social Forestry Program is based on the principle of land stewardship, which joins the complementary objectives of environment protection, poverty alleviation, and social justice.

The program applies to the lands classified as public forest lands. These lands, which have slopes greater than 18% have the special characteristic that the impact of the way in which they are used redounds not only to the user, but also to the larger society. Misuse of these fragile lands results in loss of soil fertility, siltation of downstream ecosystems such as irrigation systems and coastal fishing grounds, and the exacerbation of droughts and floods. Proper use of such lands reverses such effects to the benefit of everyone within the ecosystem. Therefore, anyone using such lands must be committed to protecting and enhancing the ecological stability of the land and of the larger ecosystem of which it is a part.

Therefore, the Integrated Social Forestry Program seeks to protect the environment, alleviate poverty, and promote social justice by enlisting the people directly using forest lands in the task of stewarding the uplands. In line with this policy, the government shall provide security of land tenure and other assistance to individuals, families, groups or communities that commit themselves to the stewardship role. Such a commitment would include not only proper use of the land under the stewardship agreement, but also cooperation with other stewards in the area to exert joint efforts to protect and enhance the natural resources base within their area of responsibility.

A fundamental requisite for exercising a stewardship role is physical presence in the area to be stewarded. Stewards must actively invest themselves in the care of the lands, be intimately aware of the land's response to different treatments, and be able to respond in ways that enhance the productivity of the land. Thus, any individual, family, or group wishing to take on stewardship rights and responsibilities must demonstrate capacity for stewardship by: personally tilling whatever land is cultivated in the area to be stewarded; and residing within the area or adjacent barangay so as to actively participate in individual and group activities aimed at environmental protection and enhancement, such

as fire control, watershed maintenance, and prevention of land encroachment by parties not committed to the stewardship concept. Absentee landlordism is inconsistent with the concept of stewardship.

The ISF Program shall therefore be pursued in accordance with the following policy guidelines:

- 1.1 **Security of Tenure.** Consistent with the provisions of the Constitution, the Program shall award Stewardship Agreements to individuals, families, groups or communities that qualify as stewards and commit themselves to stewardship responsibilities. Recognizing that the benefits of stewardship activities often take a long period of time to manifest, such Agreements shall provide use rights over the subject land for a period of twenty-five (25) years, renewable for an additional twenty-five (25) years.
- 1.2 **Continued Occupancy of Present Clearings.** Qualified participants shall be encouraged to cultivate and develop their clearings and homelots or settlement areas in ways consistent with ecological stability and sustainability. Such development should not impair the forest ecosystem nor shall it encroach on lands specifically exempted from the Social Forestry Program.
- 1.3 **Size of Stewarded Areas.** Individual and family stewardship Agreements shall, with due consideration to the need for equitable distribution of lands to all qualified stewards cover land areas of economically viable size, which, depending on topography, soil, and general conditions of the area, shall cover not more than five hectares. The size of communal Stewardship Agreements shall depend on the nature of the site, the history of the group in the area, and the potential of the group to promote productive and protective activities within the stewarded area.
- 1.4 **Establishment of Stewardship Associations.** Program participants awarded with individual or family Stewardship Agreements are encouraged and assisted to organize into Stewardship associations and mobilize themselves to undertake activities to improve participants' welfare and to protect and enhance the ecosystem upon which the participants as a group depend. Such association, and groups holding communal Stewardship Agreements, shall be encouraged to develop Stewardship plans that can serve as a basis for the awarding of rights and responsibilities for the development of additional nearby land areas in ecologically appropriate ways, such as through reforestation, forest protection, and other related activities.

- 1.5 **People's Participation.** Program participants, through their stewardship associations or other community organizations, shall be encouraged to participate in the preparation of plans for their individual and community areas and to draw assistance from government agencies as indicated in LOI 1260.
- 1.6 **Government Commitment.** The government agencies and instrumentalities, as mandated by LOI 1260 and other existing laws, rules and regulations, shall assist in the development of upland communities, through stewardship associations or other organized groups, in ways consistent with the objectives of environmental protection, poverty alleviation and social justice.

Section 2. Definition of Terms.

- 2.1 **Area Developed** - the portion of the land on which activities have been undertaken based on the individual and project area development plans jointly prepared by the holder/s of Stewardship Agreement and the Community Development Assistant (CDA).
- 2.2 **Certificate of Stewardship (CS)** - the document issued by the government to qualified individual forest occupants pursuant to the Stewardship Agreement.
- 2.3 **Certificate of Community Forest Stewardship (CCFS)** - the document issued by the government to qualified forest communities, associations, including indigenous cultural communities pursuant to the Stewardship Agreement.
- 2.4 **Integrated Social Forestry (ISF)** - the national program provided for by Letter of Instructions No. 1260 designed to maximize land productivity and enhance ecological stability, and to improve the socio-economic conditions of forest occupants and communities.
- 2.5 **Next-of-Kin** - the spouse and children, or if not applicable, the parents, the brothers or sisters of a forest occupant who has entered into Stewardship Agreement.
- 2.6 **Program Participant** - a forest occupant or community associations or cooperatives which has entered into a Stewardship Agreement and actively involved in the ISF Program.
- 2.7 **Project Area** - a public forest land which is utilized by a specific, proximate groupings of holders or prospective holders of CS or CCFS.

- 2.8 **Program** - refers to Integrated Social Forestry.
- 2.9 **Stewardship Agreement** - a contract entered into by and between an individual forest occupant or forest community association or cooperative and the government allowing the former the right to peaceful occupation, possession and sustainable management over the designated area.

Section 3. Program Management. The program shall be managed and implemented through an Executive Committee to be assisted by a National Coordinating Office, the Social Forestry Division of the Forest Management Bureau (FMB) and appropriate Program Assistance Teams and Community Development Officers.

- 3.1 **Executive Committee.** The ISF Program shall be managed by an inter-agency Executive Committee to be chaired by the DENR Secretary. The Committee shall include the Secretaries of Environment and Natural Resources, Agrarian Reform, Agriculture, Education, Culture and Sports, Health, Justice, Public Works and Highways, Social Welfare and Development, and Interior and Local Governments and the Director-General, National Economic and Development Authority (NEDA). The Committee shall have a two-fold function of ISF Program planning and policy making.
- 3.2 **National Coordinating Office.** The following shall be the functions of the National Coordinating Office:
- 3.2.1 To develop, formulate and recommend ISF policies, rules, and regulations, guidelines and procedures, related to program development and implementation;
 - 3.2.2 To coordinate the implementation and execution of ISF policies, plans and projects at all levels;
 - 3.2.3 To monitor and evaluate social forestry field activities and performance in coordination with the Regional Executive Directors;
 - 3.2.4 To provide the Executive Committee of the ISF Program with periodic reports on activities and accomplishments and perform such other roles in its capacity as the National Secretariat of the ISF Program;
 - 3.2.5 To act as clearing house for all project proposals, feasibility and policy studies pertaining to social forestry matters and make recommendations prior to the approval of the proper authority;

- 3.2.6 To liaise with other Government Agencies and coordinate with interdepartmental implementing bodies for smooth program implementation;
 - 3.2.7 To develop and recommend strategic plans that will unify the visions, approaches, and all existing upland development efforts of the various management units implementing social forestry related policies, programs, and projects;
 - 3.2.8 Call on any DENR personnel, whether Central Office based or in the Regions, for assistance in the performance of its functions;
 - 3.2.9 Exercise such discretion in the selection and hiring of personnel and other support staff for the administration of the ISF Program; and,
 - 3.2.10 Initiate institutional linkages with other government agencies (OGA) and non-government organizations (NGO).
- 3.3 **Social Forestry Division.** The Social Forestry Division (FMB) shall be strengthened and shall provide staff support to the National Coordinating Office in the development of guidelines and coordination of the implementation and execution of ISF policies, plans, and projects, formulation and guidelines in the identification, establishment and development of ISF projects, the monitoring and evaluation of field activities, preparation of periodic reports, process applications for CFSA through its regional counterparts and shall carry out other functions which shall be assigned to it.
- 3.4 **Program Assistance Teams (PAT).** The National Coordinating Office shall organize Program Assistance Teams which shall have the following functions:
- 3.4.1 Conduct briefings/orientation of CDOs and CDAs on the program;
 - 3.4.2 Provide technical assistance in the implementation of the Program;
 - 3.4.3 Monitor and evaluate program implementation;
 - 3.4.4 Validate and update profile of social forestry areas;
 - 3.4.5 Assist in the documentation of appropriate social forestry technologies and/or farming systems; and,

- 3.4.6 Coordinate implementation and execution of program policies, regulations and guidelines.
- 3.5 **Regional Executive Director (RED).** The RED shall be responsible for the effective implementation of all ISF projects in the region. He shall be assisted by the interim Social Forestry Division of the Region.
- 3.6 **Provincial Environment and Natural Resources Officer (PENRO).** The PENRO shall closely coordinate, supervise, and monitor the implementation of the ISF Program in the province. He shall ensure that ISF funds are exclusively utilized to support the program implementation.
- 3.7 **Community Environment and Natural Resources Officer (CENRO).** The CENRO shall be directly responsible for the supervision and management of the ISF Program within his area of jurisdiction. He shall also conduct periodic monitoring of all ISF projects and submit through the PENRO and RED periodic reports of project activities and program accomplishments.
- 3.8 **Community Development Assistants (CDA).** The RED, upon recommendation of the CENRO, shall designate at least one CDA for each Project Area who shall be responsible for actual management and implementation of the ISF Program in the Project Area under the direct supervision of the Community Development Officer (CDO) and CENRO concerned.
- 3.9 **Staff Development.** The DENR through the Human Resources Development Services in consultation/coordination with the National Coordinating Office and the Social Forestry Division shall organize appropriate training courses periodically for the CDOs and the CDAs based on the training needs determined through a training needs analysis which shall be properly conducted before such trainings.

Section 4. General Consideration. The following consideration among others, shall be applied in the design and implementation of projects aimed at achieving the objectives of the Program:

- 4.1 Economic self-sufficiency and ecological stability shall be the key considerations.
- 4.2 Each project will focus initially on strategic activity responding to an immediate concern of the participants as identified during the assessment and appraisal of the project area needs.

- 4.3 Program participants shall be actively involved in project area planning, design and implementation.
- 4.4 Project design and implementation shall be made flexible to allow revision as often as necessary.
- 4.5 Stewardship associations or cooperatives shall be developed and whenever appropriate local institutions shall be strengthened for future autonomy.
- 4.6 Appropriate indigenous practices shall be identified and documented for possible adoption where suitable.

Section 5. Program Components. The Program shall include the following components:

- 5.1 **Information Drive.** The Public Affairs Office in consultation/coordination with the National Coordinating Office shall prepare information for dissemination to prospective program participants to explain the program and encourage their participation in the Program. The CENRO Social Forestry Teams shall assist in the dissemination of information preferably through face-to-face dialogues with the farmers.
- 5.2. **Identification of Project Areas.** The CENRO Social Forestry Team shall identify prospective project areas based on information regarding forest occupancy. Upon approval of the project area by the RED, the Team shall work with the members of the local community concerned to identify the project area needs and formulate appropriate Stewardship development plan.
- 5.3 **Listing of Project Participants.** The Social Forestry Team, in consultation with the community shall list persons who qualify to participate in the program. The data gathered shall include demographic profile which will later be used in the preparation of the project development plan.
- 5.4 **Perimeter and Parcellary Surveys.** The Social Forestry Team shall work jointly with the community in the conduct of perimeter survey of the project area, and in case of areas to be covered by CSC the boundary of individual parcels.

The following limits shall be applied in delineating such boundaries:

The area to be allocated to an individual applicant for a CS shall be based on the area utilized by that person not to exceed five hectares. If the area cultivated exceeds five hectares the excess shall be divided among the applicant's next-of-kin whose allocation, if any, is less than five hectares. To qualify, such next-of-kin must meet the Stewardship requirement stipulated in Section 3 hereof. The total land holding of recipients should not exceed five hectares.

Upon completion of such preliminary work, the CENRO shall request the Land Evaluation Party to survey project area and prepare corresponding standard ISF map showing perimeter and parcel boundaries drawn to suitable scale in accordance with the provisions of DENR Adm. Or. No. 72, series of 1990.

Land allocated to the individual program participants should be made contiguous unless economic feasibility, indigenous cropping patterns or natural barriers prevent contiguity.

5.5 Processing and Issuance of Certificates of Stewardship. Prospective program participants shall apply for Stewardship Certificates in the appropriate CENRO. The CENRO in coordination with the project teams and/or concerned CDAs shall process the application in accordance with this order. If the applicant is qualified to become a steward as specified in Section 7 hereof, the CENRO Social Forestry Unit Chief shall prepare the Stewardship Agreement, which need not be notarized, in English or Pilipino. The map which is prepared in coordination with the applicant shall be attached to the Individual Certificate of Stewardship.

The CENRO shall review the documents to determine its compliance with the existing regulations. If all requirements have been complied with, he shall then approve the CS.

The CENRO shall be responsible for the issuance of all CSs. The duplicate copy shall be given to the program participants. The CENRO retains a copy for his file and the original shall be forwarded to the Regional Office for proper control and record.

The summary which shall include names of all CS holders, the area covered by CS, CS number, location and date issued shall be submitted to the PENRO and the Social Forestry Division, FMB for control, reference and information.

If the applicant has a spouse, the CSs must be issued in the name of both spouses who shall then be co-stewards of the land.

5.6 Processing and Issuance of Certificate of Community Forest Stewardship.

Associations of forest occupants including indigenous cultural communities may apply for CCFS with the appropriate CENRO.

The following are the application requirements:

- a. Duly accomplished application form;
- b. Constitution and By-Laws and Articles of Incorporation whenever applicable;
- c. Certified xerox copy of the Certificate of Registration from the Securities and Exchange Commission (SEC) or any registering agency;
- d. Sketch Map of the applied area; and,
- e. List of association/community members.

An application for CCFS shall be submitted to the CENRO which has administrative jurisdiction over the applied area. Upon receipt, the application shall be reviewed by the Social Forestry Section following prescribed guidelines.

If the area is available and suitable for development under the CCFS, the CENRO shall, within six months send the Social Forestry Team who shall conduct the verification of the applied area including the perimeter survey in accordance with Section 5, item d hereof. However, only areas which are exclusively occupied and utilized by the applicants including hunting and burial grounds in case of indigenous cultural communities and other potential areas for community projects shall be covered by application. These areas shall be indicated in the map and in the indicative plan of the project, specifying the development strategies for such areas.

The associations shall submit an indicative plan and a listing of all individuals residing within the area applied for. The DENR upon request of the association, shall extend assistance in the preparation of the indicative plan and the census.

If all the requirements have been completed, the CDO shall prepare the Certificate of Community Forest Stewardship (CCFS) and have the terms and conditions of the said agreement explained in a dialect understandable to the applicants and have it signed by their authorized representative. The folder of the applications shall be forwarded to the CENRO who shall review the documents, and if satisfied, he shall affix his

signature on the map, initial the Stewardship Agreement and endorse the documents through the PENRO, to the concerned approving officer.

All application involving tribal groups shall be cleared with the Indigenous Community Affairs Division of the Special Concerns Office, DENR.

The following shall be responsible for the approval of CCFS application:

- a. For areas less than five hundred (500) hectares, the Regional Executive Director.
- b. For areas more than five hundred (500) hectares but less than one thousand hectares (1,000), the concerned Assistant Secretary.
- c. For areas more than one thousand (1,000) hectares, but less than two thousand hectares, the Undersecretary for Field Operations.
- d. For areas more than two thousand (2,000) hectares, the DENR Secretary.

All applications for approval by the Undersecretary or Secretary shall be reviewed at the Regional Office and at the Social Forestry Division, FMB.

The applicant, CENRO, PENRO, the Regional Office and Assistant Secretary concerned shall each be given a copy of the CCFS with the original documents to be submitted to the Social Forestry Division, FMB for proper control and documentation.

All approved CCFS shall be notarized and the area covered shall be reflected in the control map of the region.

Within one year after the approval of the CCFS, the grantee shall submit a detailed development plan in accordance with the prescribed format in coordination and consultation with the DENR.

To ensure that the plans shall be properly implemented, and to provide the necessary technical assistance, the DENR shall assign a full-time CDA for a period of time mutually agreed by the DENR and the association to assist the farmers in farm development.

Indigenous cultural communities who entered into CCFS shall not be deemed to have waived their ancestral land rights inside and outside of the covered area.

5.7 Preparation and Approval of Stewardship Development Plan. The program participants with the assistance of the CDA(s) shall prepare individual

and project development plans for the area based on their needs, opportunities and problems taking into consideration the individual agroforestry farm plans. The plans shall include a brief description of the project area, its strategies, resource requirements, schedule of activities, marketing scheme and specific roles and responsibilities of the Program beneficiaries and the other government and non-government organizations involved in the establishment/development and protection of social forestry areas.

The CENRO and the Community shall pursue the development and maintenance of the project area in accordance with the stewardship development plan approved by the RED or his authorized representative.

- 5.8 **Planting Stock Production.** Based on their development plan, the program participants shall analyze their needs for planting stocks. Together with the CDA, they shall discuss ways of obtaining the needed stocks including the possible establishment of a central nursery and/or group/backyard nurseries.
- 5.9 **Stewardship Development Program.** Program participants shall be encouraged to develop their allocated land in accordance with their formulated Stewardship Development Plan. Appropriate agroforestry technologies, soil and water conservation measures and other upland farming practices shall be promoted to improve farm productivity and enhance the long-term sustainability of the area.

The concerned personnel of the DENR and other government agencies as mandated under LOI 1260 shall provide assistance to the program participants in the development of their farms.

- 5.10 **Performance Evaluation of Stewardship Agreement Holders.** Holders of stewardship agreements shall be evaluated every year, to determine if the individual/family/community is exercising responsible stewardship over the area. An evaluation team for each Project Area shall be created to conduct such evaluation. The team shall be composed of representatives from the Regional Office, CENR Office, and the community/local stewardship association.
- 5.11 **Community Organizing.** The CDA with the supervision of the CDO, shall recognize and strengthen organizations already existing in the Project Area that can serve to encourage their members to develop their farms following appropriate farming technologies. The CDA should also encourage such organizations to develop a community stewardship plan for project area and generate and monitor livelihood projects appropriate to the needs of the Project Area. In areas where there are no existing organizations, the CDA shall facilitate

the development of an organization which can serve the aforementioned functions. The CDA shall also assist the existing or newly-formed organization in registering with SEC or other appropriate government agencies.

- 5.12 **Training Programs.** The CDA, together with program participants, shall organize training courses periodically for program participants to improve their knowledge, skills, and attitudes in organization building, agroforestry, soil and water conservation, project management, and livelihood enterprises.

The training content shall be determined through a Training Needs Analysis conducted prior to the training. The CENRO and other concerned DENR officials shall help ensure that relevant expertise is available for such courses.

- 5.13 **Program Assistance.** The DENR shall coordinate with all the agencies concerned with the implementation of LOI 1260 in rendering technical, organizational, legal, marketing, financial and other assistance needed by the program participant. This program assistance which should be prepared jointly with the program participants may include the following:

5.13.1 **Infrastructure support.** Access roads, project trails, water impounding dams, multipurpose hall and other infrastructure support. The concerned DENR personnel shall facilitate the construction of access roads, project trails and water impounding dams in coordination with other government agencies in accordance with the plan formulated by the program participants.

5.13.2 **Credit Assistance.** The DENR shall assist in making representations with the Land Bank of the Philippines and other lending institutions to open credit windows to ISF program participants without the need for collateral.

5.13.3 **Planting stock.** The DENR shall provide seeds, seedlings, and other supplies for planting stock production while also developing program participants' capacity to meet such needs on a self-sustaining basis.

Section 6. Available Areas. The following areas within public forest land shall be identified as ISF Project Areas:

- 6.1 Open and denuded areas (with less than ten percent stocking) suited for ISF areas;

- 6.2 Areas covered by former Projects on Forest Occupancy Management (FOM), Family Approach to Reforestation (FAR), Communal Tree Farm (CTF) and other suitable reforestation/afforestation projects.
- 6.3 Areas within existing TLA, PLA, ITP or AFLA which have been developed as of 31 December 1981 and as concurred by the Secretary and provided further that it is not in conflict with the reforestation obligations of licensee/lease holder.
- 6.4 Communal forest, communal pasture and other leases which have ceased to serve their original intention, neglected or abandoned as determined by a study team to be designated by the Secretary.

Section 7. Prohibited Areas. The following are the areas prohibited for development under the ISF program.

- 7.1 Areas wherein continued occupancy would result to massive soil erosion, sedimentation of rivers and streams, reduction in water yield and impairment of other resources to the serious detriment of community and public interest.
- 7.2 Areas already covered by existing DENR reforestation projects, Community Forestry Program (CFP), Forestland Management Agreements (FLMA), and such other similar projects.
- 7.3 Areas designated strictly for protection purposes such as virgin forests, areas for biodiversity conservation and areas beyond 50% slope and 1000 meters elevation.

Section 8. Stewardship Qualifications and Requirements.

- 8.1 Individuals, families, or forest communities/associations including indigenous cultural communities with the following qualifications may enter into Stewardship Agreements under the ISF Program:
 - 8.1.1 Must be citizens of the Philippines;
 - 8.1.2 Must be of legal age;
 - 8.1.3 Must be actual tillers or cultivators of the land to be allocated;
 - 8.1.4 Must be living within the project area or adjacent barangay/Sitio in order to actively participate in stewardship activities;
- 8.2 The following shall be disqualified from entering into Stewardship Agreement:

8.2.1 Those who already have Stewardship Agreements or are married to holders of Stewardship Agreements

8.2.2 Those who have had previous Stewardship Agreements cancelled for cause, except in case of item 12.4 of Section 12 hereof.

Section 9. Incentives. To encourage qualified persons to participate in the Program, the following incentives shall be provided:

9.1 No fees shall be collected for the use of the allocated land under the Stewardship Agreement.

9.2 All income/proceeds derived from the land shall accrue to Program participants.

9.3 Unless the law otherwise provides, forest products derived and/or harvested from the Project Area shall be exempted from the payment of forest charges.

9.4 Technical, legal, financial, marketing, credit and other needed assistance shall be extended to program participants.

9.5 Program participants may avail of assistance provided by other government agencies and non-government and/or private organizations; and

9.6 Upon expiration of the Stewardship Agreement, Program participants or their direct next-of-kin shall have the right of pre-emption to any subsequent Stewardship Agreement covering their allocated land, and when for some reasons the government opts not to allocate the land for Stewardship, the participants concerned shall be entitled to just compensation for permanent improvements introduced including trees.

Section 10. Responsibilities of the Program Participants. The Program participants shall strictly observe and/or implement the following:

10.1 Participate in the delineation of project area and parcellary survey as a means to resolve boundary conflicts.

10.2 Develop their allocated land into productive farm to make their families economically viable and self-reliant consistent with accepted scientific practices and with environmental protection.

- 10.3 Devote at least twenty percent (20%) of the land within the project area to tree farming of suitable species to contribute to the reforestation efforts of the government.
- 10.4 Protect and conserve the forest growth within the project area and cooperate with the Department of Environment and Natural Resources (DENR) in protection forest areas adjacent thereto.
- 10.5 Preserve monuments and other landmarks indicating corners and outlines of boundaries within the project area in the course of implementing the project development plan.
- 10.6 Prevent and suppress fires within the project areas and other areas immediately adjacent thereto.
- 10.7 Protect and preserve trees or other vegetation within a twenty (20) meter strip of land along the edge of the normal high waterline of rivers and streams with channel of at least five (5) meters wide, bordering or passing through their allocated land. In case of rivers less than five meters in width, the strip shall be ten meters on each side of the river or creek.
- 10.8 Abstain from cutting or harvesting naturally growing timbers within and adjacent to social forestry area except when authorized by DENR in accordance with existing forest regulations and guidelines.
- 10.9 Refrain from transferring or assigning their allocated land or any portion thereof without prior approval from the DENR Secretary or his authorized representative.

Section 11. Transfer of Stewardship Rights and Responsibilities.

Subject to approval of the Secretary or his authorized representative, transfer of stewardship rights shall be allowed in cases of:

- 11.1 Death or incapacity of the original stewards;
- 11.2 Movement outside of the area by the steward(s); and
- 11.3 Change of vocation of the stewardship agreement holders from upland farmers or when the stewards cease to be the actual tillers of the area ;

Stewards shall be encouraged to nominate their heir to the Stewardship Agreement, again, subject to the approval of Secretary or his authorized representative, to

facilitate orderly transfer in cases of death or incapacity. In the absence of such a nomination, the children or next-of-kin may nominate who among them should inherit the Stewardship Agreement.

Such transfer should be approved after the nominated person's stewardship qualifications have been verified by DENR in consultation with the Stewardship Association, should such exist,

The new steward shall exercise stewardship rights and responsibilities over the subject land for the remaining unexpired term of the original Stewardship Agreement.

Section 12. Cancellation of Stewardship Agreement and Compensation. The Stewardship Agreement may be cancelled for any of the following causes:

- 12.1 When a program participant fails to comply with the terms and conditions of the Agreement within one (1) year after being notified of his neglect in writing by the RED;
- 12.2 When a program participant had willfully used false information to obtain the Agreement,
- 12.3 Serious and continued violation of forestry laws, rules and regulations, and;
- 12.4 When public interest as determined by the Secretary of DENR so demands.

In the event that the Stewardship Agreement is cancelled due to conditions (12.1) to (12.3), all permanent improvements on the land shall be forfeited in favor of the government.

However, in case the cancellation is due to condition (12.4), the participant shall be entitled to reimbursement for all permanent improvements introduced on the land, based on the fair market value of such improvements as assessed by a government assessor or disinterested and qualified third party as of the date of cancellation, minus all charges or other obligations accruing to the government, if any. For this purpose, permanent improvements are those which cannot be removed from the land. Temporary improvements which can be removed without damages to the land shall be removed by the participants within a reasonable period to be determined by the DENR in consultation with the participants.

Moreover, when the cancellation is caused by condition (12.4), the affected program participant, aside from just compensation, shall, whenever practicable, be

resettled to another area, upon the approval of the Secretary or his authorized representative. The grantee shall participate in the selection of the alternative site.

Upon cancellation of a CS, the steward loses the right to nominate another individual or family to take over his/her stewardship.

The Stewardship Agreement may be preterminated by mutual agreement of the contracting parties.

Section 13. Institutional Linkage. The ISF National Coordinating Office shall initiate the establishment of linkages with other support agencies and shall coordinate the provisions of technical and material assistance, infrastructure development, educational, health care facilities and related social welfare and other services to Program participants. The Social Forestry Division, FMB, Regional, PENR and CENR Social Forestry Offices shall insure that workable and sustainable institutional linkages among agencies at the regional, provincial and community levels are effected.

NGOs shall be identified and selected from the DENR Directory of NGOs and Other Private Organizations. They shall be encouraged to participate and provide technical expertise in the implementation of the various components of the ISF; specifically, but not limited to, listing of target participants, Community Organizing, Information and Technology Dissemination, and Monitoring and Evaluation of Social Forestry Projects.

Section 14. Technical Assistance and Services. Technical Assistance shall be provided to program participants, particularly on community organizing, agroforestry development, marketing of agroforestry products, soil and water conservation and forest livelihood projects. The REDs shall see to it that CDAs are assigned and devote most of their time in the project areas to assist the Program participants in the development and management of the project.

Section 15. Monitoring and Evaluation. To ensure the responsiveness of the program to issues and needs in each Project Area, regular monitoring shall be conducted by Social Forestry Project Teams and/or Community Development Officers (CDOs). A team composed of representatives from support agencies may also be organized for this purpose.

The Regional Office shall regularly monitor, evaluate and document existing social forestry projects within their jurisdiction to look at substantial adherence to development plans. Project Area reports highlighting problems, opportunities, and recommendations to further improve ISF program/project implementation shall be submitted to the National Coordinating Office semi-annually.

Section 16. Integrated Social Forestry Funds. ISFP funds shall be used to support the Program implementation. RED, PENRO and CENRO shall see to it that funds allocated for ISFP are properly programmed to finance social forestry activities.

Section 17. Additional Guidelines. The Undersecretary for Field Operations may issue additional instructions and circulars as may be necessary for the effective implementation of this Order.

Section 18. Repealing Clause. This Order supersedes DENR Administrative Order No. 97, Series of 1988 and revises/amends all existing forestry rules and regulations which are inconsistent herewith.

SECTION 19. Effectivity. This order shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Administrative Order
No. 10
March 15, 1991

**SUBJECT: Disestablishment of Communal Forest
Parcel II of Basal, Ma. Aurora, Aurora**

1. Pursuant to the provisions of Section 2, 9 and 19 of Presidential Decree No. 705, otherwise known as the Revised Forestry Code of the Philippines, as amended, the establishment of Communal Forest Parcel II of Ma. Aurora, Aurora located at Basal, Ma. Aurora, Aurora, is hereby revoked.
2. The disestablished parcel shall, hereafter revert to the category of forest land for integrated social forestry or any land use or uses as will be determined by appropriate land evaluation consistent with the established land use planning and allocation scheme to be enforced.
3. This order takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Recommended by:

CIRILO B. SERNA
Director, Forest Management Bureau

Administrative Order

No. 12

March 15, 1991

**SUBJECT: Disestablishment of Communal Forest
Parcel II of Lagay, Calauag, Quezon**

1. Pursuant to the provisions of Section 2, 9 and 19 of Presidential Decree No. 705, otherwise known as the Revised Forestry Code of the Philippines, as amended, Communal Forest Parcel II of Calauag, Quezon, located at Lagay, Calauag, Quezon, is hereby revoked.
2. The disestablished parcel shall, hereafter revert to the category of forest land for integrated social forestry or any land use or uses as will be determined by appropriate land evaluation consistent with the established land use planning and allocation scheme to be enforced.
3. This order takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Recommended by:

CIRILO B. SERNA
Director, Forest Management Bureau

Administrative Order
No. 13
March 27, 1991

SUBJECT: Amending the Area of Malasag Reforestation Project to Include the 69 Hectares from the Terminated Forest Land Grazing Lease Agreement No. 417 of the Late Pedro N. Roa

In line with the National Forestation Program (NFP) of the government and in order to maintain the water supply of Mahoganao Watershed for irrigation and domestic use by the residents and nearby communities, the area covered by Malasag Reforestation Project is hereby amended to include the sixty nine (69) hectares segregated and delineated on the ground from the terminated Forest Land Grazing Lease Agreement No. 417 of the late Pedro N. Roa and shall be developed into a tree plantation.

This Order takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Recommended by:

CIRILO B. SERNA
Director, Forest Management Bureau

**Administrative Order
No. 15
April 16, 1991**

**SUBJECT: Disestablishment of Communal Forest
Parcel I of Odiongan, Romblon**

1. Pursuant to the provisions of Section 2, 9 and 19 of Presidential Decree No. 705, otherwise known as the Revised Forestry Code of the Philippines, as amended, the establishment of Communal Forest Parcel I of Odiongan, Romblon located in Barangay Amatong, Odiongan, Romblon, is hereby revoked.
2. The disestablished parcel shall, hereafter revert to the category of forest land for integrated social forestry or any land use or uses as will be determined by appropriate land evaluation consistent with the established land use planning and allocation scheme to be enforced.
3. This order takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Recommended by:

CIRILO B. SERNA
Director, Forest Management Bureau

Administrative Order

No. 16

April 19, 1991

SUBJECT: Promulgating the Guidelines Implementing the DENR-PNOC Memorandum of Agreement Dated May 17, 1990 on the Management of Geothermal Reservations

Pursuant to the Memorandum of Agreement between the Department of Environment and Natural Resources (DENR) and Philippine National Oil Company (PNOC) dated May 17, 1990, the guidelines implementing the said memorandum of agreement were agreed upon by the President of PNOC and the Secretary of DENR on March 20, 1991. The Guidelines Implementing the DENR-PNOC Memorandum of Agreement is hereby promulgated to prescribe the delineation of responsibilities as well as areas of coordination and cooperation between DENR and PNOC in the management of geothermal reservations. The Guidelines attached herein is for the information and guidance of all concerned.

This order takes effect immediately and amends/revokes or modifies all other Administrative Order, Memoranda or Circulars inconsistent herewith.

FULGENCIO S. FACTORAN, JR.
Secretary

Guidelines Implementing DENR-PNOC Memo of Agreement Dated May, 17, 1990 on the Management of Geothermal Reservation

These Guidelines are issued jointly by Department of Environment and Natural Resources (DENR) and the Philippine National Oil Company (PNOC) for the information and guidance of all concerned:

Pursuant to PD 705/PD 1586, DENR is mandated with the conservation, management and development of the country's natural resources and overall protection of the environment. However, pursuant to EO No. 223/PD 1749/PD 1515, the government has declared some watershed areas and reservations supporting geothermal projects under the jurisdiction of PNOC.

In a Memorandum of Agreement between PNOC and DENR executed on May 17, 1990, delineation of responsibilities as well as areas of coordination and cooperation between the two agencies were identified. The said Memorandum of Agreement shall be implemented subject to the following guidelines:

Section 1.0 Forestry Law Enforcement

PNOC shall confiscate or seize forest products illegally acquired, cut or removed and all implements or instruments used therefore, and initiate and prosecute appropriate criminal, administrative and civil cases in line with EO 223/MOE-WMU Admin Order No. 84-11-12-005 and shall release to the custody of DENR the seized forest products and instruments in line with EO 277/DENR Memo Order No. 36, Series of 1988. In brief, below are the general procedures and attached is the flow chart of the forestry law enforcement operations (Annex I):

1.1 Mission Planning and Evaluation

PNOC shall prepare the mission plans considering the following details:

- a. Personnel requirements/composition;
- b. Deployment/location;
- c. Timetable;
- d. Specific activities;
- e. Rescue options; and
- f. Logistics support

The mission plans shall be reviewed jointly by the PNOC Security Officer and by the DENR Forest Protection Officer in case of joint patrols.

1.2 Patrol Operations/Arrest of Violators

A PNOC-DENR Task Force shall be created for the following:

- a. Hot pursuit cases;
- b. Lumberyard audit within reservations; and
- c. Violations along reservation boundaries

The PNOC Forest Protection Team shall proceed with the patrol following the approved mission plans. If violation is committed/detected, the following activities shall be undertaken:

- a. Assess security situation;
- b. Effect arrest;
- c. Gather the following evidence;
 - Photos of origin of lumber or the evidence (forest products and implements)
 - Sketch of affected area on LC/topo map
 - Data on violation (date, time, suspect's name and address)
 - Affidavit of witness
 - Affidavit of suspect's admission of offense (if possible)
- d. Confiscations may be impounded in any of the PNOC, PC, DENR or DLG compound; and
- e. The protection of PNOC project roads shall be prioritized. In addition to patrols, as much as possible, joint PNOC-DENR checkpoints shall be established along the major exit points from the forest at the boundary of the reservation.

1.3 Filing of Cases in Court

Cases shall be filed by PNOC with the proper court. In addition to the evidence listed in Item 1.2 of this document, the following shall be submitted to the court:

- a. Complaint document;
- b. Seizure receipts; and
- c. Inventory of confiscation

1.4 Disposition of Forest Products and other Confiscations

All confiscations must be turned over to DENR in line with EO 277 for disposition except for the following, based on Provision 5 of DENR Memo Order 36 series of 1988 dated May 6, 1988:

- a. Cases under judicial proceedings which will require clearance from the court; and
- b. For donation to other agencies and institutions.

1.5 Forestry Extension and Education

Complementary activities on info education and communication on watershed protection and conservation shall be undertaken by PNOC and DENR. Whenever feasible, collaborative efforts with other agencies and NGOs shall be pursued. Special attention shall be given to areas occupied by tribal communities.

Section 2.0 Social Forestry

Joint planning between PNOC and DENR shall be undertaken for social forestry programs within the geothermal reservation. This is to ensure that reconciliation of policies and exchange of relevant technologies.

Section 3.0 Permit Processing and Monitoring

3.1 Allowable Activities in the Geothermal Reservations

The regulation of forest resources shall be the primary function of DENR. The PNOC as administrator of the geothermal reservation shall assist DENR in carrying out this task. The following shall guide both agencies in the regulatory function.

The allowable land-use/activities, the corresponding permit requirements, prescribed processing period, and approving authorities are indicated in Annex II. These permit types are limited by Ministry Circular No. 84-02-18 Series of 1984 (which provides for the rules governing MOE 83-01-13, the implementing guidelines of PD 1515/1749 and EO 223 reserving the area as a geothermal reservation).

For the activities related to geothermal exploration and development, the DENR-PNOC Memo of Agreement of March 20, 1989 shall prevail (Annex III). In line with PD 1586, EIA requirements shall be complied with in addition to the various forestry permits prescribed in the said MOA.

3.2 Permit Applications

Permit application documents may be submitted to the nearest DENR Office or formally through PNOC. All applications received by PNOC in the field shall be submitted to the nearest DENR office. Likewise, DENR shall inform PNOC on a monthly basis of all applications received by said office within the geothermal reservation. For monitoring of permit terms, DENR shall provide PNOC with the issued permits. Attached is the prescribed information sheet to be adopted by both agencies (Annex IV).

As a requisite for processing, a certification from PNOC that the area being applied for is not in conflict with energy and watershed plans for the geothermal reservation must be secured.

3.3 Joint Inspection

A joint inspection shall be conducted by DENR and PNOC to serve as basis for the assessment of the permit request. Method of survey and related activities shall be determined by the respective field offices.

3.4 PNOC Review

All applications for permit/license within the geothermal reservation shall be referred by DENR to PNOC for evaluation, review and recommendation.

3.5 Permit Issuance

DENR shall be responsible for the issuance of permits/licenses for the gathering, utilization, and transporting (if necessary) of forest resources, upon prior recommendation by PNOC. Consistent with its permit issuance authority, DENR has the prerogative to disapprove applications recommended by PNOC based on the prevailing DENR regulations. For the geothermal reservations, the harvesting of standing/living trees as well as salvageable products are strictly regulated.

Likewise, all forest resources utilization except for planted trees shall be subject to permit issuance. The DENR shall promulgate/issue the appropriate mandatory admin order exempting the geothermal reservations from DENR Admin Order No. 78 Series of 1987 and DENR Admin Order No. 26 Series of 1990.

3.6 Permit Monitoring

Monitoring of the compliance with the terms and conditions of the permit shall be undertaken by PNOC within the reservation and by DENR if forest products shall be transported outside the reservation. For major projects however, joint monitoring can be undertaken based on the agreement by both agencies.

For monitoring purposes, the following measures shall be adopted:

- a. Color coding of permits (pink form for utilization, green form for transport, yellow form for certificate of origin and white form for charges);
- b. Use of DENR dry seal;
- c. Counterchecking by forest guards during forest product loading;
- d. Limitation of transport to one day during office hours with advanced information of consignee, destination, and vehicle unit to be used; and
- e. Retrieval of permit documents after utilization.

3.7 Permit Cancellation

Only DENR can cancel a permit or license within the reservation. Any permit/license due for cancellation shall be referred by DENR to PNOC for further review and recommendation. Also, PNOC upon confirmation of violation, may recommend permit cancellation.

Section 4.0 Environmental Requirements and Monitoring

To ensure the maintenance of a sound environmental quality within the geothermal reservation, geothermal exploration and development activities as well as other projects by other government agencies and private groups with potential environmental effects shall be subject to PD 1586. PNOC shall submit an Environmental Impact Statement (EIS) and shall secure an Environmental Compliance Certificate (ECC) from DENR-Environmental Management Bureau (EMB). Further, this project shall be subject to tripartite monitoring.

The responsibility of the Task Force is to ensure that timely, adequate and acceptable measures are adopted by the project proponent to minimize damage to the environment as a result of the project.

4.1 Membership

A Task Force for the monitoring of geothermal projects shall be created with DENR, PNOC, Local Government Unit (LGU) and a local non-government organization (NGO), as core members. In cases where there are several NGOs, only a representative group shall be selected. In case there is no NGO in the area, a staff from an LGU may represent the community. Whenever applicable, representatives from other agencies may be tasked to assist in the activity depending on their expertise. There shall only be one representation per sector per monitoring mission. DENR shall maintain a list of accredited NGOs.

4.2 Scope

Monitoring shall be based on any or combination of the following parameters which may be impacted upon by the projects undertaken within the geothermal reservation and any other condition set in the Environmental Compliance Certificate (ECC):

- a. Settlement;
- b. Agricultural areas;
- c. Forest (flora and fauna);
- d. Air quality;
- e. Water quality;
- f. Marine environment; and
- g. Aesthetics and Amenities

4.3 Mechanics

- a. The project proponent shall submit to DENR its work program for an agreed period. This will include the disclosure of monitoring stations and other information which may be requested by the Task Force for a better appreciation of the operation.
- b. Monitoring shall be conducted as provided by the ECC or as often as needed. Monitoring shall be done on control and impact stations.
- c. The location of stations and the parameters for monitoring shall be determined by DENR or as identified in the EIS.

- d. Replicate samples shall be collected to be analyzed separately by DENR and the project proponent. In case of conflict, another sample shall be collected for analysis by an outside DENR - accredited laboratory. PNOC and DENR shall set up the procedures on the validation of results. Cost of analysis shall be shouldered by the project proponent and the level of reasonable cost shall be agreed upon between the DENR and the project proponent.

4.4 The Task Force shall prepare and submit a monitoring report to DENR-EMB copy furnished the PNOC/DENR regional offices and the PNOC-DENR Working Committee within a month after the conduct of the monitoring activity.

Section 5.0 Reforestation

Reforestation plans in the area by either PNOC or DENR shall be jointly agreed upon by both parties. Reforestation areas must not be in conflict with energy or watershed plans of the reservation. PNOC shall issue a certification for areas which can be made available for reforestation by DENR and other groups based on the plans for the reservations.

Section 6.0 Working Committee

A Working Committee composed of DENR and PNOC representatives under a joint Special Order No. 706 Series of 1990 has the following functions:

- a. Formulate the implementing guidelines of the DENR-PNOC MOA of May 17, 1990;
- b. Ensure that all agreements entered into by both agencies are harmoniously and expeditiously implemented;
- c. Evaluate and resolve problems that may arise in the implementation of the guidelines;
- d. Serve as a clearing house;
- e. Conduct regular consultation and review of the agreements and guidelines as the need arises; and
- f. Submit regular reports to DENR, copy furnished PNOC.

Section 7.0 Effectivity

These joint admin order guidelines shall take effect immediately.

APPROVED BY:

FULGENCIO S. FACTORAN, JR.

Secretary
Department of Environment
and Natural Resources

MANUEL A. ESTRELLA

President
Philippine National Oil Company

NOTE: Annexes omitted

**Administrative Order
No. 19
April 23, 1991**

**SUBJECT: Reversion to the Category of Forestland
for Permanent Forest of a Portion of
Alienable or Disposable Block I, LC
Project No. 13, Peñablanca (Tuguegarao),
Cagayan**

1. Pursuant to pertinent provisions of PD 705, otherwise known as the Revised Forestry Code of the Philippines, as amended, I hereby revert to the category of forestland for permanent forest purposes the portion comprising of 68 hectares of the area certified as Alienable or Disposable Block, LC Project No. 13, Peñablanca (formerly part of Tuguegarao), Cagayan and designated same as LC Project No. 20-Q per attached map No. LC-3258.
2. This Order takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Administrative Order
No. 22
April 29, 1991

**SUBJECT: Disestablishment of Communal Forest
Parcel II of Lopez, Quezon**

Pursuant to provisions of Sections 2, 9 and 19 of Presidential Decree No. 705, as amended, otherwise known as the Revised Forestry Code of the Philippines, the establishment of Communal Forest Parcel II of Lopez, Quezon, located at Barangay Jongo, Lopez, Quezon is hereby revoked.

The disestablished parcel shall hereafter revert to the category of forest land for development to any land use or uses as will be determined by proper land evaluation consistent with the established land use planning and allocation scheme to be enforced.

This Order shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Administrative Order
No. 23
April 29, 1991

**SUBJECT: Disestablishment of Communal Forest
Parcel-I of Argao, Cebu**

1. Pursuant to the provisions of Sections 2, 9 and 19 of Presidential Decree No. 705, otherwise known as the Revised Forestry Code of the Philippines, as amended, the establishment of Communal Forest Parcel-I of Argao, Cebu, located at Barangay Talo-ot, Argao, Cebu, is hereby revoked.
2. The disestablished parcel shall hereafter revert to the category of forest land for development to any land use or uses as will be determined by appropriate land evaluation consistent with the established land use planning and allocation scheme to be enforced.
3. This Order shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Recommended by:

CIRILO B. SERNA
Director, Forest Management Bureau

Administrative Order

No. 24

May 3, 1991

**SUBJECT: Shift in Logging from the Old Growth
(Virgin) Forests to the Second Growth
(Residual) Forests**

Pursuant to DENR's mandate to manage the natural forest resources on a sustainable basis, and in accordance with the recommendations of the Philippine Master Plan for Forestry Development and the Natural Resources Management Program, the following are hereby issued for the guidance of all concerned:

1. Logging in the old growth (virgin) forests shall henceforth be prohibited starting 01 January 1992. These forests will form part of the permanent national forest estate primarily under the Integrated Protected Area System (IPAS).
2. Logging operations shall, beginning 01 January 1992 shift to the second growth (residual) forests, except on the following area where logging shall also be prohibited; areas with slope of 50% and greater, in areas above 1000 meters elevation, within 20-meters of either side of stream bank for stream bank protection, wilderness areas, proclaimed watershed reservation, in areas identified with historical value and in other areas proclaimed for ecological and environmental protection.
3. Along this line, and to guide DENR in this policy shift Timber License Agreement (TLA) and Timber Production Sharing Agreement (TPSA) holders are required to conduct at least a five percent (5%) estimate or any statistically sound timber inventory of their second growth (residual) forests as follows:
 - 3.1 In areas which have been logged 25 years ago or older, the results of the inventory shall be submitted to the DENR within six (6) months from date of this Order.
 - 3.2 In areas which have been logged 1-25 years ago, the inventory results shall be submitted within one (1) year from date of this Order.
4. The operable residual forests shall be stratified or blocked in such a manner that the timber inventory is conducted in each block as follows:
 - 4.1 25 years or older
 - 4.2 20-25 years

- 4.3 15-20 years
 - 4.4 10-15 years
 - 4.5 5-10 years
 - 4.6 1-5 years
-
- 5. Technical personnel of the DENR field offices where the TLA/TPSA areas are located, shall prepare the inventory sampling design and likewise undertake the timber inventory in accordance with the guidelines prescribed therefor. The results of the timber inventory shall be the basis in determining which TLA/TPSA holders shall be allowed to continue to operate in CY 1992 and thereafter. These results shall also be used in the computation of the Annual Allowable Cut (AAC).
 - 6. The DENR Central Office/Forest Management Bureau (FMB) shall conduct random check/field validation of the timber inventory results submitted by the field offices to ensure the reliability and accuracy of the timber resources data.
 - 7. All expenses incidental to the conduct of the timber inventory shall be borne by the TLA/TPSA holders. The needed amount shall be deposited under trust with the Cashier of the concerned DENR Field Office and shall be disbursed in accordance with existing government accounting and auditing regulations.
 - 8. TLA/TPSA holders who fail to submit the results of the timber inventory as prescribed in provision No. 3 hereof, shall be deemed to have forfeited their rights to continue logging operations.
 - 9. Three (3) certified true copies of this Order shall be furnished the UP Law Center for publication in the National Administrative Register in consonance with the Administrative Code of 1987.
 - 10. This Order shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Administrative Order
No. 25
May 7, 1991

SUBJECT: Regulating the Possession, Ownership or Use of Power Chainsaws Within Forestland

Pursuant to the provisions of Executive Order No. 192, Presidential Decree No. 705, as amended, Presidential Memorandum Order No. 298 and other pertinent laws and regulations, and in order to effectively conserve and protect the remaining forest resources, the following regulations are hereby promulgated for the guidance and compliance of all concerned:

Section 1. Basic Policy and Objective. It is the policy and objective of the Department of Environment and Natural Resources to promulgate and implement rules and regulations that will effectively promote the protection, conservation and sustainable management of the country's forest resources. Towards this end, the ownership, possession and use of chainsaws shall be regulated.

Section 2. Definition of Terms. As used in this Order, the following terms shall mean:

- 2.1 **Chainsaw** - refers to any portable power saw that has teeth linked together to form an endless chain and is usually used for the cutting of timber.
- 2.2 **Forestland** - refers to the land of the public domain which have not been declared as alienable and disposable and includes the public forest, the permanent forest or forest reserves, forest reservations, timber lands, grazing lands and game refuge and bird sanctuaries.
- 2.3 **Secretary** - refers to the Secretary of the Department of Environment and Natural Resources;

Section 3. Registration of Chainsaws. Present owners of chainsaws used within forestlands are hereby required to register the same with the concerned DENR Regional Offices within thirty (30) days from the effectivity of this Order. Failure to register shall subject the owner thereof to liability under paragraph 4 of this Section.

The Regional Executive Directors shall issue a Certificate of Registration using the format hereto attached as Annex "A". He shall then submit a periodic report on compliance to the Undersecretary for Field Operations through his respective Assistant Secretary for Field Operations.

Thereafter, registered chainsaws may only be transported to/and used within forestlands which are duly covered by existing timber utilization permit issued by the Secretary or his duly authorized representative.

The Certificate of Registration containing the following descriptions and information shall **accompany the chainsaws at all times**:

- 3.1 Purpose of the Chainsaw
- 3.2 Areas/Location where the Chainsaw is to be used
- 3.3 Limitations of use
- 3.4 Name of Owner
- 3.5 Date of Purchase
- 3.6 Brand
- 3.7 Model
- 3.8 Serial Number; and
- 3.9 Horsepower

Possession of chainsaw by any person within forestlands not covered by a timber utilization permit shall be subject to confiscation in favor of the government without prejudice to criminal prosecution, if evidence warrants. The owner must present proof that such chainsaws are not being used for illegal purposes.

Section 4. Registration Fee. A registration fee of P50.00 shall be collected for every chainsaw registered.

Section 5. Repealing Clause. All memoranda, rules and regulations which are inconsistent with this Order are hereby repealed and/or amended accordingly.

Section 6. Effectivity. This Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

FULGENCIO S. FACTORAN, JR.
Secretary

NOTE: Annex Omitted

Administrative Order
No. 27
May 16, 1991

SUBJECT: General Rules and Regulations on the Selection of Private Contractors for the Preparation and Development of Forest Management Plans

Consistent with the policy of the State to ensure the sustainable development of all public forest lands by putting these areas under scientific management and pursuant to the provisions of Presidential Decree No. 331 requiring that all public forests be developed, managed and utilized on a sustained yield basis with the benefit of technical forestry knowhow of registered Filipino foresters, the following rules and regulations are hereby promulgated:

Section 1. Basic Policy. The Department of Environment and Natural Resources (DENR) shall encourage and promote the participation of private contractors who possess the necessary forestry technical expertise in the development of forest management plans for all public forest lands.

Section 2. Objectives. These rules and regulations are promulgated in pursuance of the following objectives:

- 2.1 To provide a mechanism for the accreditation of private contractors who shall be involved in the development of forest management plans;
- 2.2 To provide a system for greater collaboration between the DENR and private sector; and
- 2.3 To ensure the development of workable, realistic and objective forest management plans.

Section 3. Definition. The following terms as used in this Order shall be understood and interpreted as hereunder defined:

- 3.1 **Private Contractor - individual contractors** who are registered professional foresters and **corporate contractors** as exemplified by professional partnerships, corporations, non-governmental organizations and other private entities, possessing the requisite technical knowledge and capability to prepare forest management plans.

- 3.2 **Forest Management Plan** - a written guide for proper and systematic development, harvesting, disposition and utilization of the forest-based raw materials based on Terms of Reference agreed upon by contracting parties.
- 3.3 **Accreditation** - the process of evaluating, assessing and authenticating the legal personality and capability of private contractors, as supported by the required documents prescribed in Section 8 of this Order.
- 3.4 **Selection** - the process of evaluating and choosing from a short-list of these private contractors the best or most suitable accredited private contractors against a set of criteria prior to entering into contract with the DENR and/or the TLA/TPSA/PTPA holder to prepare and develop forest management plans.

Section 4. Who May Participate - Private contractors may qualify to participate in the preparation and development of forest management plans, **PROVIDED**, however, that they should be priorly accredited by the Regional Accreditation and Evaluation Committee (RAEC) created under Section 6 of this Order.

Section 5. Areas of Participation. Accredited private contractors may enter into contract in the preparation and development of forest management plans required in the following:

- 5.1 Community Forestry Program (CFP);
- 5.2 Timber Stand Improvement or Assisted Natural Regeneration;
- 5.3 Forest Land Management Agreement (FLMA);
- 5.4 Timber License Agreement (TLAs), pilot areas selected under the Natural Resources Management Program (NRMP);
- 5.5 Timber Production Sharing Agreement (TPSA); and
- 5.6 Other forestry programs that may be launched by the Department which require the preparation of forest management plans and/or forest-related development plans, e.g. watershed, industrial forest plantation, park and research development.

Section 6. Regional Accreditation and Evaluation Committee. An Accreditation and Evaluation Committee shall be created in each of the Regional Offices to be composed of the following:

Regional Technical Director for Forestry	-	Chairman
Chief, Forest Resources Conservation Division	-	Member
Chief, Forest Resources Development Division	-	Member
PENRO concerned	-	Member
CENRO concerned	-	Member
Regional NGO Desk Officer	-	Member
Society of Filipino Foresters' Chapter representative	-	Member

Section 7. Functions of the Committee. The Committee shall perform the following functions:

- 7.1 Evaluate the qualifications of all interested private contractors for proper accreditation;
- 7.2 Select from the directory of accredited private contractors, the most suitable private contractor to prepare and develop forest management plans for a particular management area;
- 7.3 Following due process, withdraw accreditation of any private contractor who has failed to comply with any of the terms and conditions of the contract that may be entered into by such party with the DENR. The Regional Committee shall immediately inform the other regional committees of accreditations withdrawn;
- 7.4 Verify documents submitted in connection with the preparation and development of forest management plans; and
- 7.5 Maintain, keep and update records of all private contractors accredited by the Committee.

The Committee shall submit to the Office of the Secretary through the Office of the Assistant Secretary for Planning and Policy Studies, copy furnished the National NGO Desk Office and the National Society of Filipino Foresters a listing of the following :

- a) Accredited private contractors;
- b) Private Contractors whose accreditation have been withdrawn; and

- c) Progress Report on awarded contracts under this Order.

The Assistant Secretary for Planning and Policy Studies shall then prepare a master list of all of the above for proper monitoring and dissemination to all concerned offices.

Section 8. Accreditation Requirements. Interested and qualified private contractors shall submit the following requirements in order to be accredited:

8.1 Individual Contractors

- a) Professional Regulation Commission (PRC) Professional Forester License as supported by a valid PRC Identification Card; and
- b) Society of Filipino Forester membership or identification card as a proof that he has his peers acknowledgement of non-violation of the codes of ethics for professional foresters.
- c) Bio-data and documents to validate information contained therein.

8.2 Corporate Contractor

- a) Registration with the Securities and Exchange Commission (SEC) or any duly recognized accrediting body acceptable to the RAEC; and
- b) Profile of manpower/personnel possessing the requisite technical expertise, together with photocopy of their individual PRC license, Professional Tax Receipt (PTR), and their biodata.

Section 9. Issuance of Certificate of Accreditation. A Certificate of Accreditation which is hereto attached as Annex "A" shall be issued by the concerned Regional Accreditation and Evaluation Committee to private contractors who have fully complied with and completed all the requirements prescribed in the preceding section.

The Certificate of Accreditation shall be valid for a period of two (2) years and renewable for a like period. However, after due process the same shall be withdrawn should the Committee find grounds to do so pursuant to Section 7.3 of this Order. Provided, that the affected or concerned party may appeal his case with the Secretary of the DENR.

Accreditation issued by one regional committee shall likewise be valid and acceptable in all other regions.

Section 10. Evaluation and Selection Criteria. The following criteria shall be used in the evaluation of private contractors and the methodology or plan of approach in the preparation and development of forest management plan:

10.1 For Individual Private Contractors

A. **Education** - The individual private contractor's **educational attainment or degree** and the **relevant training and other related degrees** shall be the major considerations in the evaluation process.

B. **Experience** - The evaluation of the individual private contractor's experience shall be based on the following:

1. Record of previous engagements (to include names, addresses and other references) in the preparation and development of forest management plans;

The Committee may require the submission of plans prepared by the contractor during previous engagements to enable it to assess and evaluate capability and experience as well as quality of work.

2. Record of previous engagements (to include names, addresses and other references) other than the preparation and development of forest management plans;
3. Relationship with previous and current clients, including repeat engagements as contractors;
4. Present work commitments, geographical distribution of current and proposed projects indicating their names, location, duration, status and amount;
5. Suitability to the project as determined by age, affiliation, awards and publications; and
6. Acceptability to the affected community/ies.

C. Methodology or plan of approach to be used in the preparation of the plan as prescribed in the agreed Terms of Reference.

The Committee shall use the score sheet prescribed in Annex "B" hereof in the process of evaluation and selection of individual private contractors to prepare and develop forest management plans.

10.2 Corporate Contractor

The criteria to be used in the evaluation and selection of corporate contractor shall be as follows:

A. **Experience and Capability** of the firm or corporation. The following shall be considered in the evaluation of the contractor's experience and capability:

1. Record of previous engagements (to include names, addresses and other references) in the preparation and development of forest management plans.

The Committee may require the submission of plans prepared by the contractor during previous engagements to enable it to assess and evaluate capability and experience as well as quality of work.

2. Record of previous engagements (to include names, addresses and other references) other than the preparation and development of forest management plans;
3. Relationship with previous and current clients, including repeat engagements as contractors;
4. Present work commitments, geographical distribution of current and proposed projects indicating their names, location, duration, status and amount; and
5. Acceptability of the contractor to the affected community/ics.

B. **Quality of the personnel or staff to be employed or assigned**

For key personnel or staff of the contractor or contracting firm, the technical expertise and educational background shall be the major considerations.

The staff shall also be evaluated as to its ability to work under adverse conditions, i.e. physical and emotional fitness as evidenced by exposure in working under adverse conditions for extended periods. Sworn statements of commitment from the persons to be hired shall likewise be required.

C. Plan of Approach and Methodology

The plan of approach or methodology in the preparation of the forest management plan shall be evaluated and accepted based on the following criteria:

1. Substance of the proposal as to plan of approach and interpretation of project problems and solutions as outlined in the Terms of Reference;
2. Completeness of the proposal and compliance with mandatory requirements as to how the work shall be carried out as outlined in the Terms of Reference;
3. Clarity of methods and approaches to be used and their soundness and practicability to Philippine conditions;
4. Total man-months proposed for the services in relation to the government estimates as prescribed in the Terms of Reference;

The concerned RAEC shall use the score sheet prescribed in Annex "C" hereof in the evaluation and selection of corporate contractors to prepare and develop forest management plans.

Section 11. Repealing Clause. All existing rules and regulations inconsistent herewith are hereby repealed and/or amended accordingly.

Section 12. Effectivity Clause. This Order takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

CERTIFICATE OF ACCREDITATION

This Certificate of Accreditation is hereby issued to

_____ (Name of Private Contractor)

with business or official address at _____ after having fully complied with the requirements prescribed by the Department of Environment and Natural Resources (DENR), Region _____ under DENR Administrative Order No. _____, Series of 1991 entitled, "General Rules and Regulations on the Selection of Private Contractors for the Preparation and Development of Forest Management Plans".

This Certificate shall be valid for a period of two years commencing from the date of its issuance.

Issued this _____ day of _____ in the year of the Lord nineteen hundred and _____.

Chairman,
Regional Accreditation
and Evaluation Committee

Noted:

Regional Executive Director

ANNEX "B"

CRITERIA FOR THE SELECTION OF ACCREDITED INDIVIDUAL PRIVATE CONTRACTORS

CRITERIA	MAXIMUM POINT SCORE	TOTAL POINT SCORE
A . EDUCATION	30 Points	
1) Degree (25)		
Degree		
- Bachelor's degree	20	
- Master's Degree	22	
- Doctorate Degree	25	
2) Relevant Training and Related Degrees (5)		
Relevant Training* (2.5)		
- 1 month	0.65	
- 2 to 4 months	1.25	
- 5 to 6 months	1.87	
- More Than 6 months	2.50	
Related Degrees (2.5)		
- Undergraduate or bachelor's degree	2.20	
- Master's degree or doctorate degree	2.50	
B. EXPERIENCE	30 points	
1. Record of previous engagements		

(to include names, addresses and other references) in the preparation and development of forest management plans; (8 pts) **

- 1 to 5 engagement/ 3.0
- 6 to 10 5.0
- More than 10 engagements 8.0

2. Record of previous engagements (to include names, addresses and other references) other than the preparation and development of forest management plans; (3 pts)

- 1 to 5 engagement/s 1.0
- 6 to 10 engagements 2.0
- More than 10 engagements 3.0

3. Relationship with previous and current clients characterized by repeat years of engagements as contractors/or consultants (5 pts)

- 1 repeat or one-year engagement 1.0
- 2 repeat or two-year engagements 3.0
- 3 repeat or more than two years engagements 5.0

4. Present work commitments, geographical distribution of current and proposed projects indicating their names, location, duration, status and amount; (1 to 5 pts) 5.0

5. Acceptability of the contractor to the affected community/ies or TLA/TPSA/PTPA as evidenced by endorsements therefrom (1 to 5 pts) 5.0

6. Suitability to the project (5 pts)

a) Age Bracket (1)

- Below 30 or above 65 0.25
- 30 to 35 or 61 to 65 0.50
- 36 to 45 or 56 to 60 0.75
- 46 to 55 1.00

b) National/International Professional Affiliations (2) Number of Affiliation

- SFF only 1.00
- SFF + 2 1.50
- SFF + more than 2 2.00

c) Quality of Awards (2)

Kinds of Awards

- Strictly local/community 1.00
- Above plus regional 1.50
- National and international 2.00

C. METHODOLOGY OR PLAN OF APPROACH

40 points

1. Substance of the proposal as to plan of approach and interpretation of project problems and solutions as outlined in the Terms of Reference (10)

2. Completeness of the proposal, and compliance with mandatory requirements as to how the work shall be carried out as outlined in the Terms of Reference (10)

- 50% compliance to TORs 5.00
- 75% compliance to TORs 7.50
- 100% compliance to TORs 10.00

3. Clarity of methods and approaches to be used and their soundness and

practicability to Philippine condition (10)

4. Total man months proposed for the services in relation to the government estimates as prescribed in the Terms of Reference (10)

- Equal to 100% of the estimate 4.00
- 25% Less than the estimate 7.00
- 50% Less than the estimate 10.00

=====

T O T A L **100%**

=====

* Training to be considered are those of at least one (1) month duration. Those less than one month shall be added to compute the total training months. The total rating for relevant training and related degrees should not exceed five (5) points.

NOTE: **MAXIMUM POINT SCORE** - total possible score that may be given to a particular individual private contractor.

TOTAL POINT SCORE - the rating to be given by the Committee which should not exceed the allowable maximum point score.

** The Committee may require the submission of plans prepared by the contractor during previous engagements to enable it to assess and evaluate capability and experience as well as quality of work.

ANNEX "C"

CRITERIA FOR THE SELECTION OF ACCREDITED CORPORATE PRIVATE CONTRACTORS

CRITERIA	MAXIMUM POINT SCORE	TOTAL POINT SCORE
A . Experience and Capability		30 points
1. Record of previous engagements (to include names, addresses and other references) in the preparation and development of forest management plans; (8 pts) *		
- 1 to 5 engagement/s	3.0	
- 6 to 10 engagements	5.0	
- More than 10 engagements	8.0	
2. Record of previous engagements (to include names, addresses and other references) other than the preparation and development of forest management plans; (3 pts)		
- 1 to 5 engagement/s	1.0	
- 6 to 10 engagements	2.0	
- More than 10 engagements	3.0	
3. Relationship with previous and current clients characterized by repeat engagements as contractors; (5 pts)		
- 1 repeat engagement	1.0	
- 2 repeat engagements	3.0	
- 3 repeat engagements	5.0	

4. Present work commitments, geographical distribution of current and proposed projects indicating their names, location, duration, status and amount; (5 pts)

B. FOR KEY PERSONNEL OR STAFF ** 4 0

1. Educational Background (20)
2. Ability to work under adverse conditions, i.e. physical and emotional fitness as evidenced by exposure in working under adverse conditions for extended periods (20)

C. METHODOLOGY OR PLAN OF APPROACH 30 points

1. Substance of the proposal as to plan of approach and interpretation of project problems and solutions as outlined in the Terms of Reference (10)
2. Completeness of the proposal, compliance with mandatory requirements and no omission as to how any of the work shall be carried out as outlined in the Terms of Reference (10)

- Less than 25%	1.00
- 25% compliance to TORs	2.50
- 50% compliance to TORs	5.00
- 75% compliance to TORs	7.50
- 100% compliance to TORs	10.00
3. Clarity of methods and approaches to be used and their soundness and practicability to Philippine

and practicability to Philippine condition (5)

4. Total man months proposed for the services in relation to the government estimates as prescribed in the Terms of Reference (5)

- Equal to 100% of the estimate 1.00
- 25% Less than the estimate 3.00
- 50% Less than the estimate 5.00

=====

T O T A L

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NOTE: **MAXIMUM POINT SCORE** - the total possible score that may be given to a particular corporate private contractor.

TOTAL POINT SCORE - the rating to be given by the Committee which should not exceed the allowable maximum point score.

* The Committee may require the submission of plans prepared by the contractor during previous engagements to enable it to assess and evaluate capability and experience as well as quality of work.

** Sworn statements of commitment from the persons to be hired shall likewise be required from the contractors.

Administrative Order
No. 31
June 24, 1991

SUBJECT: Revised Guidelines for Contract Reforestation

Pursuant to Sections 3, 5(c) and 7(c) of Executive Order No. 192 Series of 1987, otherwise known as the "Reorganization Act of the Department of Environment and Natural Resources," and in response to the recommendations of the Master Plan for Forestry Development, the lessons learned in the implementation of the National Forestation Program (NFP), as well as, the high costs of fuel, the guidelines for contract reforestation are hereby revised as follows:

Article I
Preliminary Provisions

Section 1. Statement of Policies - The implementation of reforestation under the DENR shall henceforth be governed by the following policies:

- 1.1 Reforestation activities shall be undertaken in close collaboration with the private sector through family, community and corporate contractors. Reforestation shall be implemented by administration only upon prior clearance from the Secretary or his duly-designated representative;
- 1.2 To promote social equity and rural development, contracting with local upland families and organized **bona fide** communities shall be given priority;
- 1.3 Reforestation contracting shall, as a general rule, consist of three (3) sequential phases, namely: a) surveying, mapping and planning; b) comprehensive site development; and c) monitoring and evaluation. Activity - specific contracts for any of the site development activities, such as: seedling production, site preparation, planting/replanting, maintenance and protection, etc., shall no longer be allowed except upon prior clearance from the Secretary or his duly designated representative;
- 1.4 Prior to implementation of any reforestation contract, plantation establishment objectives must be clearly set and defined, whether for: a) production forests; b) limited production forests; or c) protection forests, or a combination thereof, depending on physical and economic considerations. Species diversification shall be encouraged and reforestation by single species (i.e. monoculture) discouraged in areas where the original ecosystem was naturally diverse. This means that in

areas (e.g. Cordilleras) where the original ecosystem was naturally dominated by single species (i.e. pines), monoculture may be allowed;

- 1.5 Intensive site preparation in reforestation projects shall be emphasized consistent with the recommendations of the Master Plan for Forestry Development. Covercrop planting, enrichment planting and intercropping shall likewise be promoted and intensified;
- 1.6 Construction of access roads in contract reforestation projects using heavy mechanized equipment shall be strictly regulated and will only be allowed upon prior determination of a reduced risk of soil erosion and other environmental damage. Plantation roads shall not be allowed, instead, construction of graded trails and footpaths shall be fostered; and
- 1.7 Monitoring and evaluation of reforestation projects through independent groups or entities, such as non-government organizations (NGOs), academic institutions, and registered professional foresters, shall be encouraged to ensure an objective view of their status and progress.

Section 2. Definition of Terms - As used in this Guidelines, the terms enumerated below shall be defined as follows:

- 2.1 **Access Road** - A type of all-weather road linking a reforestation project site to national or provincial highways, used for the transport of personnel, supplies and materials, and constructed in accordance with the standards and specifications established in DENR's Technical Guide on Contract Reforestation;
- 2.2 **Assisted Natural Regeneration (ANR)** - The process of rehabilitating denuded forest lands by taking advantage of trees already growing in the area. This usually involves the following activities: locating and releasing indigenous trees, maintenance, augmentation planting and protection;
- 2.3 **Community Contractor** - Refers to an association, organization, foundation, cooperative, or such other popular groupings or formations, duly-registered with the appropriate government regulatory agency, consisting of 15 or more members who are residing within, or adjacent to, a reforestation project. It may also refer to a barangay consisting of the residents of the community where the reforestation project is located represented by the Barangay Council. A community contractor may enter into contracts for surveying mapping and planning; comprehensive site development of areas involving more than ten (10) hectares but not exceeding 100 hectares; and for monitoring and evaluation of

reforestation projects, depending on its competency or qualifications and as may be authorized by law.

- 2.4 **Comprehensive Site Development** - Plantation establishment activities in reforestation which include, among others, construction of infrastructure; seedling production; site preparation; planting/replanting; maintenance and protection; and silvicultural treatments such as covercrop planting, income-enhancement planting, enrichment planting and intercropping;
- 2.5 **Contract Reforestation** - The implementation of reforestation activities through written agreements with the private sector such as families, communities and corporations and/or with the public sector such as local government units (LGUs) and other government agencies (OGAs). It shall include contracts for surveying, mapping and planning; comprehensive site development; and monitoring and evaluation;
- 2.6 **Corporate Contractor** - Refers to companies organized primarily for profit which may either consist of sole proprietorships, partnerships or corporations duly-registered with the Bureau of Domestic Trade and/or the Securities and Exchange Commission as the case may be. A corporate contractor may enter into contracts for surveying, mapping and planning; comprehensive site development of areas greater than one hundred (100) hectares; and for monitoring and evaluation of reforestation projects, depending on its competency or qualifications and as may be authorized by law;
- 2.7 **Covercrop Planting** - The process of conditioning denuded areas which are highly cogonal, rocky or erodible by planting creeping leguminous perennials such as kudzu, calopogonium, stylosanthes, desmodium, lablab bean, psophocarpus (winged bean), patani, or by planting suitable non-legumes such as morning glory vine, wild sunflower and kikuyu grass, in order to improve soil fertility, organic matter and water holding capacity prior to or concurrent with the planting of trees and other perennials in such areas;
- 2.8 **Enrichment Planting** - The process of interplanting fuelwood, timber and non-timber crops in inadequately-stocked reforestation projects previously implemented by administration for the purpose of increasing wood supply for the people and enhancing the income-generating potential of such projects;
- 2.9 **Family Contractor** - Refers to the spouses and children, if any, including household members related by affinity or consanguinity, living within or near the reforestation project. It shall be represented either by the husband or the wife, or in case of their death or incapacity, by the eldest child who is of legal age, or

in case of the latter's refusal or inability, by any other child or relative who is likewise of legal age duly-designated by the rest of the family members. A family contractor shall be qualified to enter into contracts for comprehensive site development of areas not less than five (5) but not exceeding ten (10) hectares;

- 2.10 **Forest Land Management Agreement (FLMA)** - A contract issued by DENR to duly-organized, **bona fide** residents of the community where the FLMA area is located, among others, granting them the sole and exclusive privilege to develop said area, harvest and utilize its products for 25 years, renewable for another 25 years, with the obligation to pay production share to the government equivalent to the cost invested in reforesting such area, pursuant to DENR Administrative Order No. 71 Series of 1990;
- 2.11 **Graded Trail** - A path constructed along a carefully surveyed alignment on the ground generally wide enough (i.e. not less than 1.5 m) to permit the use of animal drawn-carts, with gradient or slope normally not exceeding 10%;
- 2.12 **Income-Enhancement Planting** - The process of interplanting fuelwood and food crops in areas previously planted with trees and perennials to produce income from these areas while waiting for the trees/perennials to mature;
- 2.13 **Intercropping** - The process of interplanting food crops, such as: camote, bananas, cassava, peanuts, etc., in portions of a reforestation project cultivated as part of site preparation;
- 2.14 **Limited Production Forests** - Areas with slopes greater than 50% developed primarily to supply non-timber products such as bamboo, rattan, anahaw, pandan, medicinals, fruits, gums and resins, spices and other horticultural crops;
- 2.15 **Minimum Survival Rate** - The number of final crop and nurse species or other perennials growing at a reforestation project that is acceptable to DENR upon completion of a comprehensive site development contract, and which is fixed at 80% each for final crop and nurse species per hectare based on the prescribed planting density;
- 2.16 **Monitoring and Evaluation** - Inspection and assessment procedures employed in reforestation projects simultaneous with or upon completion of either the whole or part of the site development activities, for the main purpose of determining their status and progress;

- 2.17 **Plantation Road** - A type of all-weather road constructed within a reforestation project site linking the various plantation sections/blocks, and constructed in accordance with the prescribed standards referred to in Sec. 2.1 hereof;
- 2.18 **Planting Density** - The total number of final crop and nurse trees or other perennials prescribed per hectare for a particular reforestation project following the standards provided for in this Guidelines;
- 2.19 **Production Forests** - Areas with slopes from 0 - 50% developed to supply both timber and non-timber products such as bamboo, rattan, horticultural crops (e.g. fruits/nut trees), mangrove (e.g. bakawan/nipa), gums and resins, spices, or a combination thereof;
- 2.20 **Protection Forests** - Areas regardless of slope which are highly erodible or too rocky for establishment of either production forests or limited production forests, developed for the principal objective of establishing vegetative cover to prevent erosion, conserve water and nurture wildlife;
- 2.21 **Project Development Plan** - A concise write-up that presents in a systematic and organized manner the objectives, detailed activities, planting design/choice of species, schedule of activities, organization and manpower, estimated costs, and such other matters necessary for the full operation and establishment of a reforestation project;
- 2.22 **Reforestation** - The planting of denuded forestlands with trees and other perennials. It shall include all direct and indirect activities necessary to establish forest plantations, such as: identification of sites; surveying, mapping and planning; construction of infrastructure; seedling production; site preparation; planting/replanting; maintenance and protection; covercrop planting; enrichment planting and intercropping; monitoring and evaluation. It may also include watershed rehabilitation, assisted natural regeneration, and other silvicultural activities resulting in the establishment of forest stands;
- 2.23 **Reforestation by Administration** - The implementation of reforestation activities by DENR field offices through the traditional method of directly hiring laborers or workers instead of contracting such activities;
- 2.24 **Sectioning and Blocking** - Sectioning refers to the process of establishing Universal Transverse Mercator (UTM) grid control points on the ground. A section consists of 100 ha with a dimension of 1 km x 1 km which is equivalent to 10 blocks. Blocking is the process of subdividing an area, usually a section,

into blocks consisting of 10 ha each with a dimension of 200 m x 500 m, the short end oriented along the east-west direction while the long end is oriented along the north-south direction;

- 2.25 **Surveying, Mapping and Planning** - Pre-establishment activities in reforestation which include, among others, sectioning and blocking; monumenting and marking of corner posts; perimeter survey; contour mapping/slope classification; preparation of control and operations maps; gathering of benchmark data for planning; and preparation of recommended strategies for site development;
- 2.26 **Universal Transverse Mercator Grid (UTM)** - Refers to the imaginary lines (i.e., latitude and longitude) which subdivide the earth into sections.

Article II

Surveying, Mapping and Planning

Section 3. Mode of Implementation - Surveying, mapping and planning shall be undertaken through contract with duly-qualified community or corporate contractors preferably those that are based within or near the reforestation site. However, in cases where the local DENR field offices [e.g. Regional/Provincial/Community Environment and Natural Resources Offices] have the capability to implement these activities, surveying, mapping and planning may be undertaken using in-house manpower and resources. (Contract format for surveying, mapping and planning shall be provided for in the Manual of Operations for Contract Reforestation).

Section 4. Minimum Contract Area - The minimum contract area for surveying, mapping and planning shall consist of 100 hectares. The area shall, as much as possible, be contiguous or closely adjacent to each other in case there are several parcels.

Section 5. Schedule of Contracting - Contracts for surveying, mapping and planning shall be awarded and completed before commencement of plantation establishment activities, subject to the Transitory Provisions (Sec. 63) herein. They shall be awarded preferably eighteen (18) months before the first month of the rainy season during which planting will commence at the project site, but in no case less than six (6) months prior thereto. Contractors shall begin implementation not later than one month from receipt of the notice to proceed.

Sectioning and blocking shall be done, as much as possible, in tandem with perimeter survey and contour mapping. However, in case sectioning and blocking cannot be completed on schedule such that site development would be seriously delayed,

perimeter survey and contour mapping may be undertaken first so as to immediately delineate the various development/slope categories under Sec. 8 hereof.

Section 6. Sectioning and Blocking - Sectioning and blocking shall be carried-out following the procedures prescribed by the DENR Monitoring and Evaluation System for Contract Reforestation. Sections consisting of 100-ha grids with a dimension of 1 km x 1 km shall be established on the ground. Thereafter, blocks consisting of 10 ha each with a dimension of 200 m x 500 m with the short/long ends following east-west/north-south directions, respectively, shall be delineated within the project area.

Section 7. Monumenting/Marking of Corners - Concrete UTM monuments shall be installed on all corners of the grid falling inside the project area and on grid corners outside thereof but within 200 m from its nearest boundary. The UTM monument shall have a dimension of 15 cm x 15 cm x 60 cm with an exposed portion of 6-8 cm. It shall bear the corresponding northing and easting values of the point on the ground represented by a nail at the center of the exposed portion. The northing and easting value shall be in kilometers with the northing value oriented towards the north.

Similarly, wooden posts with a dimension of 5 cm x 5 cm x 150 cm shall be installed at the corners of the 10-ha blocks in such a way that one side faces a block. Marked on that side of the post is the corresponding code for each block. Alternatively, living posts may be installed by planting large stems of species, such as kakawate or daptap, which take root and grow, and to which marking labels may be attached.

Section 8. Perimeter Survey/Contour Mapping - The boundaries of all contract reforestation projects, whether existing or proposed, shall be clearly delineated and marked on the ground in accordance with standard surveying procedures. The area shall be tied to a known reference point, such as: Bureau of Lands Location Monument (BLLM), Provincial Boundary Monument (PBM), Municipal Boundary Monument, (MBM) Barangay Boundary Monument (BBM), UTM, etc. Whenever possible, the boundaries of reforestation areas shall correspond with the boundaries of sections/blocks. If the area is only part of a block, its boundaries shall consist of large stones, wooden posts, mature bamboo stakes, or any other permanent marker, all of which shall be painted.

Contour mapping of the area shall be conducted. Thereafter, it shall be subdivided into the following slope categories:

- a) Area to be developed as production forests (0 - 15% slope);
- b) Area to be developed as production forests (over 15% - 30% slope);

- c) Area to be developed as production forests (over 30% - 50% slope);
- d) Area to be developed as limited production forests (over 50% slope);
- e) Area to be developed as protection forests (i.e. not suitable for production/limited production forests);
- f) Area for special treatments (e.g. enrichment planting, covercrop planting, mangrove development, etc.); and
- g) Non-plantable areas (e.g. forested portions, streams, roads, buildings, areas with occupants unwilling to participate in the project, etc.).

Section 9. Expected Outputs - Contractors for surveying, mapping and planning shall produce the following outputs:

- 9.1 **Control Map** with a scale of 1:10,000 showing the following features: a) relative location of area; b) contour lines at 20m interval/elevation; c) color-coded breakdown of slope categories, to wit: (i) 0-15%, (ii) over 15% - 30%, (iii) over 30% - 50%, (iv) over 50%; d) table showing the number of hectares under each slope or development category; e) vegetative cover; f) rivers, streams, lakes; g) existing and proposed roads, trails, buildings; h) occupied areas or settlements; i) boundaries of sections/blocks; and j) such other important features as may be found in the area;
- 9.2 **Operations Map** with a scale of 1:2,000 reflecting the following features: a) blocks; b) slope/development categories; c) road/trail alignment proposed by the contractor; d) contour lines at 5 m interval; e) relative location of area; and f) such other important features as may be found in the area; and
- 9.3 **Technical Report and Recommendations** - containing a detailed description of the physical/socio-economic characteristics of the project area, viz.: climate, topography and drainage, soil, vegetative cover/existing land-use, photographs of the site, number and profile of occupants if any, and such other information necessary for development planning. This report shall also include the recommended reforestation strategies for the area, viz.: location of nursery and other facilities, choice of species, planting scheme/design, maintenance and protection techniques, other silvicultural treatments, schedule of activities and cost estimates.

Section 10. Contract Duration - Contracts for surveying, mapping and planning shall, as a general rule, have a duration of three (3) months. This may, however,

be extended upon agreement of DENR and the contractor for such period as may be necessary depending on the size of the contract area, accessibility, and such other factors that would warrant extension.

Article III Comprehensive Site Development

Section 11. Mode of Implementation - Comprehensive site development activities inclusive of construction of infrastructure, seedling production, site preparation, planting/replanting, maintenance and protection, shall likewise be implemented through contracts with family, community and corporate contractors based within, or adjacent to, the project site. Conformably with the policy enunciated herein, no activity - specific contract for site development shall be allowed except upon prior clearance from the Secretary or his duly-designated representative. (Contract format for comprehensive site development shall be provided for in the Manual of Operations for Contract Reforestation).

Section, 12. Preference for Family/Community Contractors - To enforce the policy of giving preference to family/community contractors, at least 60% of the total annual goal for contract reforestation in the Region/PENRO/CENRO shall be reserved to family contractors. The balance of 40% thereof shall be allotted to **bona fide** community and corporate contractors. However, the former shall be given higher preference than the latter in the allocation of area to be contracted.

Section 13. Schedule of Contracting - Contracts for comprehensive site development shall be awarded after completion of surveying, mapping and planning as soon as funds are available. Preferably, the award shall be made not less than eight (8) months before the first month of the rainy season when planting will commence at the project site.

Work shall commence within one month from receipt of the notice to proceed by the contractor. However, if fund releases are delayed and starting within one month from notice to proceed would not be consistent with seasonal schedules, commencement of work may be delayed to conform with the appropriate implementation calendars to be provided for in the Manual of Operations for Contract Reforestation.

Construction of infrastructure, seedling production and site preparation shall be completed not less than one month prior to planting.

Planting shall commence during the month specified in the contract and shall be completed within the next three (3) months thereafter. However, the start of the planting may be advanced or delayed with the rainfall. Ideally, planting should be completed

within three (3) months thereafter. Replanting shall be carried-out during the second year of the contract after planting, and shall be implemented as often as needed to comply with planting density requirements. It must be completed at least three (3) months prior to the onset of the dry season.

Maintenance and protection shall be implemented throughout the duration of the contract. However, establishment of firebreaks consisting of fire resistant trees/plants may be undertaken immediately after site preparation.

Implementation calendars for activities included in comprehensive site development contracts shall be provided for in the Manual of Operations for Contract Reforestation which take into account two possible scenarios that are dependent on the date when funds are released and become available: (a) Notice to Proceed issued from January to February, and (b) Notice to Proceed issued from March to September.

Section 14. Preparation of Project Development Plan - Within 30 days from signing of the contract, the contractor shall prepare a Project Development Plan in close collaboration with DENR technical personnel following the outline provided for in the Manual of Operations for Contract Reforestation. However, in the case of family contractors, the CENRO/PENRO should take the lead in preparing the Plan in close consultation with the contractor. The Plan must be consistent with the regional/provincial reforestation plans. It must take into consideration the prescriptions in this Guidelines as well as in the Technical Guide on Contract Reforestation. The DENR shall furnish the contractor with copies of the outputs of surveying, mapping and planning, i.e. Control Map, Operations Map and Technical Report and Recommendations, for this purpose. Upon completion of the Plan, it shall be submitted to DENR for review and approval.

The DENR office concerned shall review and approve the same within fifteen (15) days from the date of submission. Pending approval of the Plan, the contractor may begin preliminary activities such as seedling production, site preparation and construction of infrastructure.

Section 15. Setting Plantation Objectives - In the preparation of the Project Development Plan, plantation establishment objectives shall be clearly defined for each portion of the reforestation area so that plantations are developed for specific end use(s). In defining objectives, the variables that exist within and between sites shall be fully considered. Generally, slopes from 0 - 50% shall be developed into **production forests** while slopes greater than 50% shall be developed into **limited production forests**. Regardless of slope, however, **protection forests** shall be established on portions of the project site where it is not feasible or advisable to develop production or limited production forests because of high erodibility, rocks and similar constraints. The

minimum area that shall be developed as production forest or limited production forest in a contract reforestation project is ten percent (10%) of the total area covered by the contract.

Section 16. Fuelwood Production - In the development of production forests, planting of fuelwood crops with high calorific value shall be included in response to increased demand for firewood and charcoal due to the high costs of fuel. Fuelwood crops shall be planted as hedgerows following the contour and/or as nurse species in multi-purpose plantations (i.e. those that grow a mixture of timber and non-timber products) through the use of low-cost planting methods such as direct seeding, cuttings and bare-root seedlings. Herbaceous perennials and semi-perennials that produce stalks useful as fuelwood, such as: kadyos (*Cajanus cajan*), **Flamengia congesta**, **Desmodium renzonii** and crotolaria (*Crotolaria spp.*), may be planted as nurse species in lieu of, or in addition to, fast growing trees.

Section 17. Inclusion of Fruit Trees - The planting of fruit trees shall also be encouraged in the development of production forests. However, the area planted to fruit trees shall not exceed 20% of the total project site nor occupy a contiguous area of more than one hectare to ensure that the site is eventually reverted back to conditions approximating its former natural forest state and to provide for future timber supply.

Section 18. Site Preparation - Where the reforestation site contains cogon (*Imperata cylindrica*), talahib (*Saccharum spontaneum*), bagokbok (*Themeda triandria*) and other fire-prone grasses, site preparation shall include cultivation followed by removal and/or exposure of their roots (rhizomes). Cultivation shall be done so as to make the area suitable for direct seeding of nurse trees, the interplanting of food crops, and to give seedlings a better chance to survive. The extent of cultivation shall vary, depending upon the slope and plantation establishment objectives, as follows:

a) **Production Forests**

0 to 15% slopes: complete or strip cultivation of the entire area followed by removal/exposure of roots (rhizomes); spot cultivation at one meter diameter for bamboo and rattan plantations,

over 15% up to 30% slopes: cultivation of 25 planting strips per hectare measuring not less than two meters width along the contour, followed by removal/exposure of roots (rhizomes), leaving more or less two meters of uncultivated areas in-between cultivated strips;

over 30% up to 50% slopes: cultivation of 20 planting strips per hectare measuring not less than two meters width along the contour, followed by

removal/exposure of roots (rhizomes), leaving more or less two meters of uncultivated areas in-between cultivated strips;

b) **Limited Production Forests**

Spot cultivation of not less than 1,600 planting spots per hectare followed by removal/exposure of roots (rhizomes). Cultivated planting spots shall be circular in shape with a diameter of not less than one meter. Spots to be cultivated shall include: (i) planting spots for non-timber products, (ii) planting spots for covercrop, and (iii) spots where pioneer species (trees/bushes) are being nurtured through assisted natural regeneration (ANR).

c) **Protection Forests**

Spot cultivation of not less than 1,600 spots per hectare followed by removal/exposure of roots (rhizomes). Cultivated spots shall be circular in shape with a diameter of not less than one meter. Spots to be cultivated shall include: (i) planting spots for covercrop, and (ii) spots where pioneer species (trees/bushes) are being nurtured through assisted natural regeneration (ANR).

Section 19. Method of Cultivation - As a general rule, cultivation shall be carried-out using animal-powered implements (e.g. plow and harrow) or hand tools such as pick-mattock, asarol, gabion and similar instruments. Plowing with tractors may be allowed where feasible but the costs thereof shall not exceed the costs of cultivation using animal-powered implements or hand tools.

All strip cultivation shall follow the contour. Prior to cultivation, contour lines shall be laid out using an "A" frame or other suitable instrument.

Cultivation shall be done not less than two times at intervals of approximately two (2) months. Preferably, the first cultivation shall take place at the end of the rainy season. The second cultivation shall take place during the dry season to expose roots (rhizomes) to the drying effects of sunshine and wind. Cultivation shall be completed not less than one month prior to planting.

Section 20. Planting Density - The planting density per hectare for the various plantation development categories/objectives, i.e. production forest (timber and non-timber crops), limited production forest, enriched forest and protection forest, is hereto attached as Annex "A". The contractor shall prepare a planting design in consultation with DENR technical personnel following the density requirements indicated therein.

The seeds and other planting materials needed by the contractor, especially for final crop trees, shall, as much as possible, be produced from established seed production areas and/or seed orchards wherever these are available. The RED/PENRO/CENRO are hereby enjoined to assist the contractor in this regard.

Section 21. Minimum Survival Rate - The survival rate in a contract reforestation project that is acceptable to DENR upon turn-over of the project shall be 80% each of the final crop and nurse trees or other perennials based on the prescribed planting density. In addition, for timber species, the minimum acceptable height for surviving seedlings at turn-over shall be one-and-a half (1.5) meters for slow growing species such as narra and three (3) meters for fast growing species such as yemane.

Section 22. Road Construction - Consistent with the policy on road construction under this Guidelines, construction of access roads, but not plantation roads, may be allowed in reforestation projects subject to the favorable result of an environmental impact assessment, and where the project area to be serviced is greater than fifty (50) hectares. However, construction of graded trails and footpaths leading to and/or within plantation areas shall be included in comprehensive site development contracts: **Provided**, That such construction shall be implemented through labor-intensive methods in accordance with the standards prescribed in DENR's Technical Guide on Contract Reforestation.

Section 23. Contract Duration - Contracts for comprehensive site development shall have an average duration of thirty-six (36) months spread out over three (3) to four (4) calendar years. However, the contract may be extended up to a total of sixty (60) months, wholly or in part, to make up for losses caused by drought, typhoon and other natural calamities, or for the purpose of implementing income-enhancement planting pursuant to Sec. 35 and 36 hereof. To be eligible for extension, the contractor must have demonstrated satisfactory performance, with due allowance for slippage due to natural calamities, as of the date of filing the request for extension.

Section. Conversion to FLMA - Upon termination of the comprehensive site development contract, family and community contractors shall be given priority in the issuance of a Forest Land Management Agreement (FLMA) over the project area which will grant sole and exclusive privilege to further develop it, harvest and utilize the products therefrom for 25 years, renewable for another 25 years, on the condition that the minimum survival rate of 80% of the prescribed planting density is attained, subject to the requirements of DENR Administrative Order No. 71 Series of 1990, particularly, the implementation of community-based management in FLMA areas. Corporate contractors shall likewise have preference in the issuance of an FLMA, subject to the provision on equity participation for local residents under said Administrative Order.

Article IV Monitoring and Evaluation

Section 25. Mode of Implementation - Monitoring and evaluation (M & E) of reforestation projects shall be undertaken through contract with accredited non-government organizations (NGO's), pursuant to DENR Memorandum Circular No. 24 Series of 1989. Implementation of M & E by NGO's shall be done primarily to determine the extent to which Comprehensive Site Development contractors have attained the targets specified in their contracts, and to identify implementation problems that need to be addressed. Additionally, the DENR, through its duly-designated representatives, shall conduct inspections and assess performance in response to progress billing submitted by the comprehensive site development contractors. The principal purpose of M & E implementation by DENR will be to determine amounts due and payable to these contractors for services rendered or work accomplished. (Contract format for M & E by NGO's shall be provided for in the Manual of Operations hereof.

Section 26. Schedule of Contracting - Contracts for M & E conducted by NGO's shall be awarded one month after the award of a comprehensive site development contract or at anytime thereafter up to the conclusion of such contract. Work shall commence within one month from receipt of the notice to proceed by the NGO contractor.

Section 27. Monitoring and Evaluation Procedures - Monitoring and evaluation of the various site development activities, such as: construction of infrastructure, seedling production, site preparation, planting/replanting, maintenance and protection, etc., shall be carried-out in accordance with the DENR Monitoring and Evaluation System for Contract Reforestation, DENR MC No. 24 Series of 1989, and the DENR Manual for NGO Monitoring and Evaluation of Contract Reforestation Projects. These procedures employ the use of statistical sampling and inspection charting methods to ascertain the quantity and quality of work accomplishments. Results of monitoring and evaluation shall be used by DENR in deciding on the most appropriate course of action to take in regard to a particular contract pursuant to pertinent rules and regulations.

Section 28. Frequency of Inspection and Assessment - Inspection and assessment of site development activities shall be undertaken pursuant to a Work and Financial Plan prepared by the contractor and approved by DENR. At the minimum, inspection chart mapping (ICM) shall be done once during the first two years and twice during the third year of a comprehensive site development contract prior to disbursement of the final payment due under the contract. Systematic sampling, on the other hand, shall be done at least twice each year during the thirty-six (36)-month period of said contract.

Section 29. Contract Duration - As a general rule, contracts for monitoring and evaluation may be entered into for a duration of twelve (12) months covering one (1) ICM cycle and two (2) systematic sampling cycles. However, monitoring and valuation contracts may also be entered into for thirty-six (36) months or on a per activity basis depending on the capability and/or availability of NGOs in a particular region or province, and the availability of funds.

Article V
Supplemental/Alternative Silvicultural Treatments

Section 30. Covercrop Planting - Contracts may be awarded initially for the purpose of establishing covercrop under any of the following situations:

- 30.1 The planting site is heavily infested with cogon, talahib and other grasses that should be eliminated or substantially reduced before trees are planted;
- 30.2 The planting site is scheduled for development as production forest or limited production forest in the future but soil fertility and organic matter should be increased to improve site conditions in preparation for development;
- 30.3 Previous attempts to reforest the site have failed because of low soil fertility, insufficient organic matter or damage due to grass fires; and
- 30.4 There is an urgent need for quick establishment of a vegetative cover to reduce erosion and increase rainfall infiltration because the site is part of an important watershed .

Covercrop planting contracts shall be awarded for a maximum duration of twenty four (24) months spread over two (2) or three (3) calendar years and managed as comprehensive site development contracts. After the area has been conditioned with covercrops, it shall be planted with trees and other perennials.

Additionally, covercrop planting may be implemented as part of a comprehensive site development contract for establishment of production or limited production forests, pursuant to Sec. 63.1 herein.

Section 31. Covercrop Species/Method of Planting - Covercrop species to be planted shall consist of perennial legumes with the capability to overcome cogon, talahib and similar fire-prone grasses, and/or with non-legumes that have the same capability. As a general rule, a mixture of several covercrop species shall be planted. The mixture shall include fast-growing species (e.g. kudzu - **Pueraria spp.**) that can quickly

overtop cogon, talahib, etc., and slow-growing species that are drought-resistant such as siratro and centrosema. However, any mixture of covercrop species that can help overcome grasses and improve site conditions will be acceptable. The combination may therefore include calopogonium, stylosanthes, desmodium, lablab bean, psophocarpus (winged bean), patani, wild sunflower, morning glory vine, kikuyu grass and other suitable covercrop species.

Covercrops shall be planted in spots that have been thoroughly cultivated as described in Sec. 18(b) (c) hereof. Cultivated planting spots shall have a diameter of at least one meter. There shall be a minimum of 1,600 planting spots per hectare.

Section 32. Intercropping - Intercropping of food crops shall be allowed and encouraged in ongoing comprehensive site development contracts. The contractor may interplant at his/its own cost food crops in all areas cultivated during site preparation, except in spots to be planted with covercrops. Hardy food crop species shall be preferred such as canote, bananas and cassava. The planting of any other food crops suitable for the site and compatible with the trees/perennials therein shall also be allowed.

Section. Procurement of Intercrop Materials - The contractor shall procure the planting materials for intercropping. The RED/PENRO/CENRO, however, are enjoined to assist the contractor in securing seeds and other planting materials by establishing linkages with the Department of Agriculture and other government and private institutions that can supply such materials free of cost.

Section 34. Harvesting of Intercrops - Harvests from intercrops shall belong to the contractor who may sell, use or otherwise dispose of such harvests. No restrictions shall be placed on the harvesting of intercrops: **Provided**, That harvesting is done in a manner that does not damage the trees, bamboos, rattan or other species planted on the site.

Section 35. Income-Enhancement Planting - In projects contracted prior to approval and implementation of this ORDER, the quality of maintenance and protection shall be enhanced by carrying out Income Enhancement Planting (IEP). With particular reference to contracts awarded in 1988, 1989 and 1990, the amounts previously budgeted for Year 2 and Year 3 maintenance and protection under these contracts shall be obligated instead to implement IEP.

Income-enhancement planting shall be implemented through contracts entered into with the reforestation contractor using the format in the Manual of Operations for Contract Reforestation. The funds to be allotted therefor shall not exceed the amount fixed in Annex "B" hereof, and shall be spent solely to support the income-enhancement planting activities as discussed in the succeeding provisions. They shall not, in any way,

be utilized to finance the plantation establishment activities under the main reforestation contract.

Section 36. Technical Specifications for Income- Enhancement Planting - Income-enhancement planting shall be implemented as follows :

- 36.1 Approximately twenty (20) planting strips per hectare with a minimum width of two (2) meters shall be prepared between existing trees/other perennials by removing cogon, talahib and similar fire-prone grass species with hand tools, taking care not to damage the trees/perennials;
- 36.2 The planting strips shall be cultivated to the extent that will make it feasible to plant food crops and fuelwood crops between the trees/perennials using low-cost methods such as direct-seeding; and planting of cuttings, suckers; planting slips and the like;
- 36.3 In sites where preparation/cultivation of strips is not practical, planting spots of not less than one (1) meter diameter may be prepared/cultivated instead, provided the combined area of these planting spots is not less than the area that would otherwise be occupied by strips which is 4,000 square meters (i.e. 20 strips x 100 meters length x 2 meters width) per hectare;
- 36.4 Combinations of strips and planting spots shall also be allowed provided the total area prepared/cultivated is not less than 4,000 square meters per hectare;
- 36.5 The cultivated planting: strips/spots shall be planted with shade-tolerant crops that are compatible with the existing trees/perennials such as gabi, yutia, corot, ginger, siling labuyo and alugbati. Where the existing trees/perennials have been planted at relatively wide spacings, species that serve as nurse crops or temporary covercrops, or that supply fuel wood or food, may be interplanted such as bananas, camote, cassava, pineapple, flamengia, kadyos, kakawate, malunggay, crotolaria, etc.;
- 36.6 The interplanted crops shall be maintained by the contractor to prevent the re-infestation of cultivated strips by cogon, talahib and other fire-prone grass species.

Section 37. Schedule of Contracting - Income-enhancement planting contracts shall be awarded in 1991 and 1992 covering projects implemented under existing reforestation contract. Pursuant to Section 35 herein, the funds formerly envisioned to be obligated for brushing, ring weeding and replanting during Years 2 and 3 of a contract, shall be obligated instead for IEP. Notice to proceed shall be issued not later than two (2)

months prior to the normal planting season at the project site. Thus, in regions/provinces where the normal planting season is June/July, notice to proceed shall be issued not later than the end of May. In regions/provinces where the normal planting season begins in September/October, notice to proceed shall be issued not later than August.

Section 38. Harvesting, Sale and Utilization of Crops from Income-Enhancement Planting - The crops introduced through income-enhancement planting shall be harvested, sold and utilized by the workers who implemented the above-described activities: **Provided**, That upon issuance of an FLMA covering the project, the investment in income-enhancement planting shall be recovered through production-sharing arrangement with the DENR pursuant to DENR Administrative Order No. 71 Series of 1990.

Section 39. Duration of and Limitation on Income- Enhancement Planting Contracts - Income-enhancement planting contracts shall have a maximum duration of twenty-four (24) months spread out over two (2) to three (3) calendar years. These contracts shall only be awarded in areas covered by reforestation contracts awarded prior to approval and implementation of this ORDER wherein the new specifications for site preparation/cultivation set forth herein have not yet been applied.

Section 40. Enrichment Planting - The award of enrichment planting contracts shall be allowed in inadequately-stocked reforestation projects previously implemented by administration subject to the following terms and conditions:

- 40.1 The existing population of trees in the area is below the planting density prescribed in Annex "A" of this Guidelines;
- 40.2 Prior to the award of a contract for enrichment planting, surveying, mapping and planning shall be first undertaken either by contract or administration to determine the extent of planting required;
- 40.3 The planting design shall conform with the plantation establishment objectives under Sec. 15 and the planting density requirements hereof. Nurse trees shall consist of fuelwood crops and other species compatible with trees and other perennials such as bananas, kadyos, etc. Interplanting of food crops concurrent with the interplanting of fuelwood, timber and non-timber crops, shall be allowed and encouraged. The contractor shall procure the planting materials, establish and maintain the food crop plantings on his own at no cost to DENR. Harvests of such food crops shall belong to the contractor;
- 40.4 Contract budgets shall not allocate more than the amount necessary to attain the prescribed planting density requirements per hectare for final crop and nurse trees.

For example, if the required planting density is 400 final crop and 1,200 nurse trees, and the site already contains 200 final crop and 1,000 nurse trees, the budget shall only allocate for the amount needed to plant an additional 200 final crop and 200 nurse trees;

- 40.5 Enrichment planting of timber and non-timber species shall be allowed only in portions of the project site that are suitable for development as production forest and limited production forest. Portions of the project site that will be developed as protection forest shall be enriched by planting covercrop and implementing assisted natural regeneration;
- 40.6 Enrichment planting contracts shall be implemented and administered as comprehensive site development contracts, consistent with the provisions of Article III of this Order;
- 40.7 Enrichment planting contracts shall be prepared using the format for comprehensive site development contracts in the Manual of Operations for Contract Reforestation.

Article VI Reforestation Costs and Budgets

Section 41. General Budgeting Guideline - Budgets for reforestation contracts shall be consistent with plantation establishment objectives. Since most areas within sites vary in slopes and other features, budgets for plantation development shall not necessarily be uniform for the entire site. Higher budgets shall be required for portions of the site to be developed as production forests. By comparison, smaller budgets shall be allocated for portions thereof to be developed as limited production forests and protection forests. Smaller budgets will be adequate for the latter two categories since low-cost treatments such as assisted natural regeneration and covercrop planting are appropriate for such areas.

Section 42. Cost Ceilings for Reforestation - New budget ceilings are hereby established in accordance with the development objectives for each portion of a project site and for ancillary activities included in contracts for surveying/mapping/planning and for monitoring and evaluation. The summary of cost ceilings per type of contract/activity/end-use are presented in Annex "B" which shall henceforth apply unless adjusted pursuant to this Guidelines.

Section 43. Method of Computing Contract Budgets - The cost ceilings established for the various types of contracts and plantation development categories/end-uses shall not be exceeded in the computation of the cost estimates for a

particular project or activity to be contracted. In computing plantation costs, the DENR offices concerned shall first determine the number of hectares for each development category, i.e., production forests (timber, bamboo, rattan, orchards, mangrove), limited production forests, and protection forests (ANR and covercrop/covercrop only), before the budgets for plantation establishment are computed using the cost estimates worksheet to be provided for in the Manual of Operations for Contract Reforestation.

The DENR offices awarding contracts are hereby encouraged to negotiate costs that are lower than the ceilings taking into account prevailing conditions in the locality where the project site is located, without however, sacrificing the quality of plantations to be established.

Section 44. Adjustment of Activity Cost Ceilings - Notwithstanding the cost ceilings set under this Guidelines, the cost estimates for specific activities or types of work may be increased or decreased by 25% of the applicable cost ceiling for such activity/type of work at the option of the contractor during the preparation of the Work and Financial Plan or Project Development Plan as the case may be: **Provided**, That the total budget for the contract or category concerned does not exceed its cost ceiling: **Provided, further**, That the budget prepared by the contractor is approved by the DENR office which awards and administers the contract.

Section 45. Revision of Cost Ceilings - The cost ceilings herein established may be revised by the Secretary as the need arises through a memorandum circular or appropriate issuance taking into account the prevailing costs of labor and materials, and such other factors that would justify cost adjustment. Copy of the cost revision shall be furnished the Commission on Audit for the purpose of determining the reasonableness thereof prior to its adoption or application.

Article VII **Contract Management**

Section 46. Mode of Awarding Contracts - Pursuant to DENR Memorandum Circular (MC) No. 11 Series of 1989 (adopted as Commission on Audit Circular No. 89-310), reforestation contracts (i.e. for surveying, mapping and planning; comprehensive site development; monitoring and evaluation) may be awarded either through negotiation or public bidding. For family contractors, comprehensive site development contracts may be awarded through negotiation. For community contractors, contracts for surveying, mapping and planning, comprehensive site development, monitoring and evaluation, may also be awarded through negotiation.

However, for corporate contractors, contracts for surveying, mapping and planning, comprehensive site development, monitoring and evaluation, shall, as a general

rule, be awarded through public bidding as provided for under Sec. 9-A, DENR MC No. 11 Series of 1988 and Sec. 3.5 and 4.2.2 of DENR MC No. 11 Series of 1989. These contracts may be awarded through negotiation with corporate contractors only under any of the applicable cases provided for in Executive Order No. 301, Series of 1987, e.g., failure of bidding for two consecutive times; when the requisition for such services is most advantageous to the government as determined by the Department Head; or when the contractor is an agency of the government. [Sec. 1 (d) (c) (f); of DENR MC No. 11, Series of 1989 and COA No. 89-310].

Section 47. Timing of Award and Implementation of Contracts -

The award and implementation of contracts shall be consistent with the seasonal climatic variables prevailing in the site covered by the contract, and shall also take into account the date of release and availability of funds that may be obligated for implementation.

Thus, for regions/provinces where the recommended planting season is around June/July, implementation shall begin not later than February if the intention is to implement planting within the same year that the contract is awarded. Similarly, for regions/provinces where the recommended planting season is around September/October, implementation shall begin not later than March, if the intention is to implement planting within the same year. In both cases, this will provide approximately six (6) months lead time for seedling production and site preparation prior to planting.

However, if contract award and notice to proceed are delayed due to late release of funds, implementation and payment schedules included in the contract shall specify that planting will commence in the following calendar year and contract implementation shall begin approximately six (6) months ahead of the recommended planting season. For guidance in preparing implementation and payment schedules, DENR offices responsible for awarding contracts shall refer to the implementation calendars provided for in the Manual of Operations for Contract Reforestation.

Section 48. Approval of Contracts - Contracts for surveying, mapping and planning, comprehensive site development, and monitoring and evaluation, shall be considered as reforestation contracts, and shall be approved by the concerned DENR officials (e.g. CENRO/PENRO/RED/etc.) in accordance with the authority to enter into contract delegated unto such officials under Sec. 6.1.1 of DENR MC No. 11 Series of 1989.

However, in the case of the CENRO, his authority to enter into contract is hereby increased to not more than P200,000.00 due to the increase to ten (10) hectares in the maximum area that may be awarded to each family contractor. Thus, the lower limit of the PENRO's authority to enter into contract is likewise increased to more than

P200,000.00. All the other provisions of DENR MC. No. 11 Series of 1989 on delegation of authority shall remain applicable.

Section 49. Performance Bond - Community and corporate contractors shall be required to post performance bond equivalent to 10% of the total contract cost. This bond shall be posted in favor of the DENR issued by the Government Service Insurance System (GSIS) callable on demand in order to guarantee the faithful performance of the contractor. It shall be released to the contractor upon acceptance of the contracted services or project in accordance with DENR MC No. 24 Series of 1990. Family contractors shall continue to be exempted from this requirement.

Section 50. Release of Mobilization Cost - Pursuant to the authority granted by the Office of the President on 10 January 1989 and in May 1989, payment of mobilization cost shall be allowed to family, community and corporate reforestation contractors.

a) **Surveying, Mapping and Planning/Monitoring and Evaluation Contracts**

The contractor, either community (NGO) or corporate, shall be entitled to the payment of mobilization cost which shall not exceed 15% of the total contract cost, to be disbursed in full upon execution of the contract and after posting of a performance bond, pursuant to Sec. 4 a.2 and 4 a.3 of DENR Administrative Order No. 25 Series of 1989. However, in the absence of a performance bond, the mobilization cost (not to exceed 15% of the total contract cost) shall be disbursed in two equal installments. The first installment (approximately 7.5%) shall be disbursed after execution of the performance bond and submission of the Contract and upon submission of a Contract of Undertaking and/or Board Resolution, as the case may be, pursuant to the aforesaid Sections of DAO - 25, s. 1989. The second installment shall be disbursed only when the contractor has completed the work to be funded out of the first installment, pursuant to a Work and Financial Plan approved by the DENR.

b) **Comprehensive Site Development Contracts**

The contractor, either family, community or corporate, shall be entitled to payment of mobilization cost not exceeding 15% of the first year financial requirement of the project. For community and corporate contractors, the mobilization cost shall be disbursed in full upon execution of the contract and after posting of a performance bond pursuant to Sec. 4 a.2 and 4 a.3 of DENR Administrative Order No. 25 Series of 1989. However, in the absence of a performance bond, the mobilization cost (not to exceed 15% of the total contract cost) shall be disbursed in two installments. For family contractors, the first installment shall be equivalent to one-third of the total mobilization cost

(approximately 5% of total contract cost). The balance, equivalent to two-thirds of the total mobilization cost (approximately 10% of the total contract cost) shall be deposited in escrow in a bank nearest to the project site. Withdrawals from this account shall be subject to the written concurrence of the duly-authorized DENR representative pursuant to Sec. 5(a) of DENR Administrative Order No. 14 Series of 1989. For community/corporate contractors who have not posted a performance bond, the mobilization shall be disbursed in two installments, each of which shall be equivalent to one-half of the total mobilization cost (approximately 7.5% of total contact cost). Disbursements shall be contingent on submission of a Contract of Undertaking, Board Resolution or irrevocable letter of credit, as the case may be, pursuant to Sec. 4 a.2 and 4 a.3 of DENR Administrative Order No. 25 Series of 1989.

Section 51. Payment of Billings - Succeeding payments to the contractor shall be made only in response to written progress billings submitted to the DENR office concerned, in accordance with the payment schedule of the contract. Upon receipt of the billing, said DENR office shall, within five (5) working days, inspect the work through its duly-designated representatives. Within three (3) working days after inspection, the DENR inspectors shall submit their Inspection Report. The Report may either recommend for payment of the bill in such amount as may be warranted by actual accomplishments, or for its rejection, as the case may be. Whenever possible, the inspections conducted by NGO monitoring and evaluation contractors shall be scheduled to coincide with inspections by the duly-designated representatives of DENR.

If the recommendation is for payment, the billing shall be immediately processed and the payment remitted to the contractor. If for rejection, the CENRO/PENRO/RED concerned shall notify the contractor within three (3) working days from receipt of the Inspection Report informing the latter of such fact and explaining the reasons therefor. The DENR shall have the right to suspend payments on the contract, or impose such conditions as may be appropriate, if results of inspections by its duly-designated representatives or by NGO's contracted to implement monitoring and evaluation, indicate the accomplishments are below the targets specified in the contract. Suspension, if imposed, shall at last until such time the contractor overcomes any shortfall in performance and complies with the terms and conditions of the contract. Progress billings shall use the format provided for in the Manual of Operations hereof.

Section 52. Retention Fee - To further guarantee accomplishment of the contracted services/project targets, an amount equivalent to 15% of the total contract cost shall be retained by the DENR office concerned. This amount shall be disbursed to the contractor as final payment upon satisfactory completion of the contracted services, conversion to FLMA, or upon turn-over of the project, as the case may be, subject to Sec. 60 (a) hereof.

Section 53. Subcontracting/Assignment - Reforestation contractors are hereby prohibited from subcontracting or assigning, wholly or in part, the services/project contracted under this Guidelines without prior written consent from the Secretary or his duly-designated representative. In the event a subcontracting is authorized, the contractor shall continue to be primarily liable under the contract, and DENR shall not be answerable for any and all claims brought against the subcontractor by its workers, agents, creditors or by third parties. Any subcontracting agreement or assignment entered into in violation of this Section shall be considered null and void. This prohibition, however, does not cover the traditional practice of availing labor services, known as "pakyaw system", widely prevalent in the countrysides, or the payment of services on a piece rate basis pursuant to law.

Section 54. Penalty for Delay - The contractor shall be liable for penalty by way of and as liquidated damages in the amount equivalent to 0.1% of the total contract cost for every day of delay in the full completion of the contracted services or project due to causes other than **force majeure** as defined under Sec. 55 hereof. The total amount of penalty due and owing to the DENR under this Section shall be offset or automatically deducted from the retention fees to be released to the contractor as final payment. Should the retention fees be insufficient to cover the entire amount of the penalty, the balance thereof shall be settled by the contractor out of his/its own funds.

Section 55. Force Majeure - Under this Guidelines, **force majeure** shall refer to those events which could not be foreseen, or which though foreseen, were inevitable so as to make it impossible for the contractor to carry out, in whole or in part, the obligations under the contract. These shall include the following:

- a) Those due to human causes such as wars, armed invasion, revolution, rebellion, insurrection, armed blockades, riots, civil disturbances, strikes and other analogous causes; and
- b) Those due to natural causes such as earthquakes, typhoons, storms, floods, prolonged drought, epidemics, and other similar phenomena.

In case of **force majeure**, the contractor shall notify the DENR office concerned in writing, within seven (7) days after its occurrence, describing the same and its effects upon the performance of the contract. The parties shall, within five (5) days after DENR's receipt of the notice, consult with each other to decide on the most appropriate course of action to take under the circumstances, which may include suspension of work or termination of the contract.

In case of suspension of work, the contract may be extended for a period equivalent to that for which the contractor was prevented from performing the work. In

the event of termination, the contractor, upon receipt of the notice, shall take immediate steps to bring the work to a close in a prompt and orderly manner minimizing expenditures as far as practicable. The DENR shall not be liable to the contractor except for work or services performed prior to the date of termination and for actual costs incurred in connection with the liquidation of work. The contractor shall turn-over to DENR all improvements introduced, data gathered, maps, drawings, and preliminary conclusions reached, as of the date of termination.

The effects of **force majeure** on established plantations shall be treated in accordance with DENR Memorandum Circular No. 11 Series of 1990.

Section 56. Resolution of Disputes - In case of disagreements arising from a contract entered into pursuant to this Guidelines, the contractor shall submit to the immediate DENR office supervising the implementation of such contract a position paper with a brief statement of facts, the issue(s) in dispute, and his/its position thereon. Within fifteen (15) days from receipt of the contractor's position paper, the DENR official concerned (i.e. CENRO/PENRO/RED) shall render his decision in writing furnishing a copy thereof to the contractor. In case the contractor is dissatisfied with the decision, he/it may appeal the same to the Secretary within fifteen (15) days from receipt of a copy thereof.

In case the contractor still feels aggrieved of the Secretary's decision, the dispute may be submitted to arbitration pursuant to Republic Act No. 876, as amended, otherwise known as "The Arbitration Law". An arbitration panel shall be formed composed of three (3) arbitrators, one to be appointed by DENR, another by the contractor, and the third by the arbitrators so appointed who shall serve as chairman. The arbitration panel shall consider and decide the controversy in accordance with the procedures provided for in said Act pertaining, among others, to the conduct of hearings, rendering of award, its confirmation, enforcement and appeal.

Section 57. Termination of Contract - Contracts executed under this Guidelines shall be terminated upon completion of the stipulated services or project in a manner acceptable to DENR. In case of comprehensive site development contracts, the DENR office concerned shall advise the contractor of his/its privilege to apply for and receive a Forest Land Management Agreement (FLMA), pursuant to Department Administrative Order No. 71 Series of 1990, and Section 24 hereof. To facilitate processing of such application for FLMA, the DENR office concerned shall issue an acceptance letter in accordance with the format provided in the Manual of Operations hereof, within five (5) working days from receipt of the contractor's formal request for acceptance: **Provided**, that all outstanding obligations of the contractor, if any, with DENR or with private persons/entities, arising from the contract, have been duly settled.

Issuance of an acceptance letter as provided for herein shall also be applicable in the case of surveying, mapping and planning, and monitoring and evaluation contracts.

Contracts may likewise be terminated on any of the grounds warranting cancellation of contract, pursuant to Sec. 59 hereof, after giving the contractor due notice and opportunity to be heard.

Section 58. Contract Supervision - The CENRO/PENRO/RED shall be primarily responsible for ensuring proper and faithful compliance with this Guidelines as well as with all other pertinent rules and regulations for contract reforestation, within their areas of jurisdiction. They shall provide overall direction, management and control of contract reforestation projects in their respective areas. The CENRO/PENRO shall be assisted by Contract Reforestation Supervisor/s (CRS) in each CENRO who shall be mainly responsible for preparing contract documents, providing technical assistance to contractors, processing billings, monitoring the progress of implementation of reforestation contracts, and such other duties as may be necessary for effective contract supervision and management.

To facilitate the conduct of inspection in connection with billings filed by contractors, Inspection Team(s) shall be organized in each CENRO composed of a maximum of three (3) technical personnel to be headed by the CRS or any other forester at the CENRO. Contracts for monitoring and evaluation with accredited NGOs may also be executed for this purpose in accordance with Article IV hereof. The Inspection Teams/NGO shall undertake the inspection and assessment in accordance with the procedures outlined in the DENR Monitoring and Evaluation System for Contract Reforestation.

Article VIII Penal Provisions

Section 59. Grounds for Cancellation of Contract - The approving DENR official under Sec. 6.1.1 of DENR MC No. 11 Series of 1989 shall have the power and authority, after giving the contractor notice and opportunity to be heard, to cancel or rescind contracts entered into pursuant to this Guidelines for any of the following grounds:

- a) Fraud, misrepresentation or omission by the contractor of material facts in obtaining the contract which would otherwise disqualify him/it therefrom;
- b) Failure to start the project on the date specified in the contract without just cause;

- c) Abandonment of the project area, or of the work stipulated in the contract, for a period of at least one month from the date of discovery by DENR of such fact; or
- d) Violation of, or failure to comply with, the terms and conditions of the contract, the pertinent provisions of this Guidelines, and other rules and regulations for contract reforestation, without just cause.

This provision shall not preclude the Secretary from exercising his power and authority to rescind any contract if, based on investigation and findings, any of the above grounds for cancellation exists, and the approving DENR official fails or refuses, without just cause, to abrogate the contract to the prejudice of the Government.

Section 60. Penalties to Erring Contractors - In addition to the cancellation of the contract, the following penalties shall be imposed upon an erring contractor:

- a) Forfeiture of performance bond in favor of DENR including the retention fees;
- b) Suspension/blacklisting of the contractor, its owners, directors/trustees, officers, stockholders/members, from entering into any contract or from participating in any bidding with the DENR. The suspension/blacklisting order to be issued by the Secretary or his duly-designated representative shall remain in force and effect unless lifted;
- c) Permanent disqualification of the contractor, its owners, directors/trustees, officers, and stockholders/members, from entering in any contract or from participating in any bidding with the DENR.

The imposition of any or all of the above penalties shall not preclude DENR from demanding for the return/reimbursement of any payments received under the contract (i.e. mobilization cost) plus damages as may be allowed by law, and/or from the filing of appropriate civil or criminal case against the erring contractor as may be warranted under the law. In the event of cancellation, the DENR shall have the right to award the contracted project or services to any qualified contractor.

Section 61. Grounds for Disciplinary Action Against DENR Employees - The following shall constitute sufficient grounds for the institution of disciplinary action against DENR employees:

- a) Soliciting or receiving money, fee, gift, share, percentage or favor from any project proponent or contractor as a consideration for, or in connection with, the award and implementation of reforestation contracts;

- b) Falsification of inspection reports and any other official document in regard to the monitoring and evaluation of contract reforestation projects;
- c) Neglect of duty, misconduct, inefficiency or incompetence in the performance of official duties in connection therewith;
- d) Directly or indirectly having any financial and material interest in any contract entered into pursuant to this Guidelines;
- e) Violation of, or failure to comply with, the provisions of this Guidelines and the pertinent rules and regulations for contract reforestation without just cause.

This provision shall not preclude the filing of appropriate disciplinary action against DENR employees involved in the contract reforestation program on other grounds as may be warranted under Presidential Decree (PD) No. 807, otherwise known as the "Civil Service Decree of the Philippines" and/or under Republic Act (RA) No. 6713, otherwise known as the "Code of Conduct and Ethical Standards for Public Officials and Employees."

Section 62. Penalties to Erring DENR Employees - Pursuant to Sec. 36(c) of PD No. 807, the disciplining DENR official may, after due notice and hearing, impose the penalty of removal from the service, transfer, demotion in rank, suspension for not more than one year without pay, fine in amount not exceeding six (6) months salary, or reprimand, upon any DENR employee who has committed any of the grounds for disciplinary action enumerated under Sec. 61 above.

Article IX Final Provisions

Section 6. Transitory Provisions - In accomplishing the contracting requirements prescribed in this Guidelines, the following transitory provisions shall be complied with unless otherwise provided elsewhere herein:

- 63.1 In view of the late release of funds, only contracts for surveying, mapping and planning may be entered into for the current fiscal year (1991) by DENR offices concerned involving areas to be developed for 1992. However this shall not

preclude the RED/PENRO/CENRO from executing contracts for comprehensive site development of areas that have already been surveyed and mapped, or in cases where surveying, mapping and planning can be completed within this year, provided substantial compliance with this Guidelines can be ensured. In this connection, and inasmuch as only a very short period is available before the onset of the earliest recommended planting season (i.e. June/July), comprehensive site development contracts executed this year may provide only for the planting of covercrops and nurse trees/plants following the specifications in Sec. 30 and 31 hereof, among others, with the planting of final crop trees scheduled for next year. The planting of covercrop and nurse trees/plants shall be credited as area planted for the DENR office concerned for the purpose of reporting accomplishments.

- 63.2 During the budget programming for the 1992 appropriations, necessary adjustments should be made in the proposed expenditure items of funds allowed for contract reforestation such that adequate funds are programmed under other services (06) for surveying, mapping and planning/monitoring and evaluation contracts, while retaining a sizable amount thereof under land and land improvements outlay (300-31) for comprehensive site development contracts.
- 63.3 Beginning fiscal year 1992, all reforestation contracting must follow the three (3) sequential phases, to wit: a) surveying, mapping and planning; b) comprehensive site development; and c) monitoring and evaluation, provided for under this Guidelines. All REDs/PENROs/CENROs are therefore instructed to identify their respective target areas for contract reforestation for 1992 for purposes of forward planning.

Section 64. Supplementary Rules and Regulations - The Undersecretary for Field Operations, the Regional Executive Directors (REDs), and the Chairman, NFP Steering Committee, as the case may be, are hereby authorized to issue such supplemental or interpretative rules and regulations, as may be necessary, in the form of memorandum circulars, memorandum orders, memoranda, or instructions, to carry-out or effectuate the provisions of this Guidelines, taking into account the peculiarities or unique conditions obtaining in each region, among others. These supplemental rules and regulations must be consistent with this Guidelines and copies thereof shall be furnished the NFP National Program Coordinating Office (NPCO).

Section 65. Repealing Clause - The provisions of the following issuances which are inconsistent with this Guidelines are hereby repealed or modified accordingly:

- a) DENR Administrative Order No. 39 Series of 1988;
- b) DENR Memorandum Circular No. 11 Series of 1988;

- c) DENR Administrative Order No. 14 Series of 1989;
- d) DENR Administrative Order No. 25 Series of 1989;
- e) Memorandum dated 12 July 1989;
- f) DENR Memorandum Circular No. 11 Series of 1989; and
- g) DENR Memorandum Circular No. 04 Series of 1990.

All other administrative orders, memorandum circulars, memorandum orders, memoranda, and issuances whose provisions are inconsistent hereof are likewise deemed repealed or modified accordingly.

Section 66. Separability Clause - In the event any provision of this Guidelines is declared unconstitutional or null and void, the validity of the other provisions shall not be affected by such declaration.

Section 67. Effectivity - This Guidelines shall take effect fifteen (15) days after the completion of its publication in the Official Gazette or in a newspaper of general circulation. The Records Officer of this Department is hereby directed to file three (3) certified copies hereof with the University of the Philippines Law Center pursuant to Sec. 3 (1), chapter 2, Book VII of the Administrative Code of 1987.

VICTOR O. RAMOS

Undersecretary for Field Operations

NOTE: Annexes Omitted

Administrative Order

No. 32

June 25, 1991

**SUBJECT: Disestablishment of Communal Forest
Parcel-III of Lopez, Quezon**

1. Pursuant to the provisions of Sections 2, 9 and 19 of Presidential Decree No. 705, otherwise known as the Revised Forestry Code of the Philippines, as amended, the establishment of Communal Forest Parcel-III of Lopez, Quezon, located in Barangay Sumalang, Lopez, Quezon, is hereby revoked.
2. The disestablished parcel shall, hereafter revert to the category of forest land for development to any land use or uses as will be determined by appropriate land evaluation consistent with the established land use planning and allocation scheme to be enforced.
3. This Order shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Recommended by:

CIRILO B. SERNA
Director, Forest Management Bureau

Administrative Order
No. 33
June 25, 1991

SUBJECT: Amending Department Administrative Order (DAO) No. 71 Series of 1990, Otherwise Known as the "Implementing Guidelines for the Award and Administration of Forest Land Management Agreement (FLMA)"

In order to make the FLMA program more economically-viable and attractive for its intended beneficiaries, the following amendments to DAO No. 71 Series of 1990 are hereby promulgated:

1. Section 16, paragraph 16.1 of Article VI of the Implementing Guidelines for FLMA is hereby amended to read as follows:
 - 16.2 The government's production share shall be equivalent to thirty percent (30%) of the gross sales, computed at farm gate price, inclusive of any amount paid for forest charges or taxes arising from the sale, derived from harvests of trees and other perennials planted through contract reforestation or other modes of implementation financed by the government: **Provided**, That in no case shall the government's production share be more than the real value of the initial investment in plantation development. The government's production share shall be computed on the sale of the following products:
 - a) Timber sold as poles, sawlogs, veneer logs or pulpwood logs;
and
 - b) Rattan, bamboo and all other non-wood products if the combined area planted to supply these products covers fifty percent (50%) or more of the total FLMA area.
2. Section 16, paragraph 16.6 of Article VI of the Implementing Guidelines for FLMA is hereby deleted in its entirety and a new paragraph 16.6 is substituted in lieu thereof to wit:
 - 16.6 The FLM shall not be required to pay production share on the following products, the proceeds of which shall pertain to him/it exclusively:

- a) Products derived as a result of thinning, pruning, rouging and related silvicultural treatments carried out to increase the quality or quantity of final harvests;
- b) Tops and branches derived as by-products of harvests conducted to produce sawlogs, veneer logs or pulpwood logs;
- c) Harvests from non-wood species planted as intercrops, windbreaks or greenbreaks; and
- d) Harvests from wood and non-wood species which were planted, maintained and protected by the FLM at his/its own expense (e.g. post-harvest replanting)

3. Section 17 of Article IV of the Implementing Guidelines for FLMA is hereby amended to read as follows:

SEC. 17. On the seventh year of effectivity of the FLMA, the FLM shall open an interest bearing account in a bank of good standing. This account shall be in the name of the FLM, but the terms and conditions of the account shall stipulate that no withdrawals can be made without the written concurrence of a duly-authorized representative of the DENR. This account shall be identified as a Reforestation Guarantee Fund, hereinafter referred to as "the **FUND**".

4. Section 18, 19 and 20 of Article VII of the Implementing Guidelines for FLMA are hereby deleted and, in lieu thereof, the following provisions are incorporated:

SEC. 18 Immediately after each harvest and sale of the products specified in Section 16, paragraph 16.2 hereof, the FLM shall deposit into the FUND an amount equal to not less than forty percent (40%) of the gross income derived from the sale computed at the prevailing farm gate price.

SEC. 19 Not less than sixty (60) days after conclusion of each harvest and sale referred to in Section 18 above, the FLM (upon written concurrence of DENR's duly-authorized representative), shall withdraw an amount from the FUND equivalent to thirty percent (30%) of the gross income derived from the sale, computed at the prevailing farm gate price, less any amount previously paid to the Government by the FLM in the form of forest charges or taxes arising from the sale. The amount withdrawn shall then be remitted by the FLM to the DENR as production share. Any balance in the FUND remaining after the remittance of the Government's production share shall be retained by the FLM for replanting of the area assigned to him.

SEC. 20 In cases where harvests and schedules for payment of the production share are interrupted due to natural calamities such as typhoon, drought or other unforeseen circumstances (e.g. serious peace and order condition), and subject to approval of the Community Environment and Natural Resources Office (CENRO) having jurisdiction over the FLMA area, the production share due at that time may be deferred until such time that the FLM is in a position to resume payments, based on a revised schedule jointly drawn up by the FLM and the CENRO concerned. In no case however should the deferment be for a period of more than five (5) years.

SEC. 21 Payment of the production share shall continue for the duration of the FLMA for all final crop species planted with government funds that are harvested during the period. Furthermore, if the FLMA is renewed for another twenty-five (25) years, production shares will be collected on harvests of final crop species that did not mature during the first twenty-five (25) years (e.g. slow-growing premium timber such as narra). However, payment shall automatically end whenever the cumulative total of payments is equivalent to the real value of the initial government investment in the area.

SEC. 22 After payment of all production shares accruing to DENR from harvests of final crop species planted with Government Funds, the FLM may reforest additional areas adjacent to or contiguous with the area covered by the FLMA. Such area shall be identified by DENR and planted pursuant to plans mutually acceptable to DENR and the FLM, taking into consideration the financial and technical capability of the FLM to reforest additional areas and still operate the original FLMA area as a profitable enterprise. The FLMA shall have the first option to apply for another FLMA over the new site reforested or developed outside the original FLMA area.

5. Sections 21, 22, 23, 24, 25, 26, 27, 27.1, 27.2, 27.3, 27.4, 28, 29, 30, 31, 32, 33, 34, and 35, are hereby renumbered as Sections 23, 24, 25, 26, 27, 28, 29, 29.1, 29.2, 29.3, 29.4, 30, 31, 32, 33, 34, 35, 36, and 37, respectively.
6. This Order shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Administrative Order

No. 37

July 25, 1991

**SUBJECT: Disestablishment of Communal Forest
Parcel II of Tabango (Formerly San Isidro),
Leyte**

1. Pursuant to the provisions of Section 2, 9 and 19 of Presidential Decree No. 705, otherwise known as the Revised Forestry Code of the Philippines, as amended, Communal Parcel II of Tabango (formerly San Isidro), Leyte containing 73 hectares which was established on August 18, 1922, per BFD Map Cn. F. 746, is hereby disestablished.
2. Portion of the area of approximately 9.8118 hectares shall be established as a school site civil reservation for the Tabango Vocational School of Tabango, Leyte. The remaining portion shall be retained for integrated social forestry development or to serve the use or uses as will be determined by appropriate land evaluation consistent with the established land use planning and allocation scheme to be enforced.
3. This Order takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Recommended by:

CIRILO B. SERNA
Director, Forest Management Bureau

Administrative Order
No. 42
August 22, 1991

**SUBJECT: Revised Regulations and Guidelines
Governing the Establishment and
Development of Industrial Forest
Plantations (IFPs)**

Pursuant to Presidential Decree No. 705, as amended, Executive Order Nos. 725 and 278 dated September 1, 1981, and July 25, 1987, respectively, and in recognition of its role as a tool to economic recovery, the following regulations and guidelines governing the establishment and development of Industrial Forest Plantations (IFPs) are hereby promulgated:

CHAPTER I
TITLE, POLICIES, OBJECTIVES, AND DEFINITION OF TERMS

Section 1. Title. This Administrative Order shall be known as the "Revised Industrial Forest Plantation Management Regulations".

Section 2. Policies and Objectives. The following are the policies and objectives of Government on the establishment and development of industrial forest plantations:

- 2.1 **Policies** It is the policy of the government to ensure supply of timber and other forest products through effective protection and sustainable management of our natural forests and development of industrial forest plantations. Furthermore, the involvement of local residents/communities in the development of industrial forest plantations is considered highly desirable and, therefore, encouraged.
- 2.2 **Objectives** - The development of industrial forest plantations has the following objectives:
 - 2.2.1 To convert the country's open, denuded, brushland and inadequately-stocked residual forests into productive areas to supply the raw material requirements of forest-based and related industries, energy-generating facilities and for export;
 - 2.2.2 To promote more effective protection of the remaining natural forests;
 - 2.2.3 To improve and maintain a desirable forest ecosystem;

- 2.2.4 To generate employment opportunities in rural areas; and
- 2.2.5 To generate additional sources of foreign exchange.

Section 3. Definition of Terms.

The following terms are to be understood or interpreted as they are hereunder indicated:

- 3.1 **Adequately-stocked logged-over areas** - refer to forestlands with an existing stand of timber containing an average of at least 20 trees per hectare of dipterocarp and/or premium species with a diameter breast height (dbh) of more than 20 centimeters.
- 3.2 **Brushland** - refers to land which is predominantly covered with shrub growth or short stunted trees or shrubs.
- 3.3 **CENRO** - refers to the Community Environment and Natural Resources Office.
- 3.4 **DENR** - refers to the Department of Environment and Natural Resources.
- 3.5 **Fast-growing species** - refers to tree species that grow relatively faster than common forest trees with a mean annual increment of at least ten (10) cubic meters per hectare under favorable site conditions.
- 3.6 **FMB** - refers to the Forest Management Bureau.
- 3.7 **Inadequately-stocked logged-over areas** - refers to forestlands with an existing stand of timber containing an average per hectare of less than 20 trees of dipterocarp and/or premium species with a diameter breast height (dbh) of more than 20 centimeters.
- 3.8 **Industrial Forest Plantation (IFP)** - refers to any tract of forestland and other public and private lands planted to timber producing species including rubber, and/or non-timber species such as rattan, bamboo primarily to supply the raw material requirements of existing or proposed forest-based industries, and energy-generating plants, and related industries, as well as for export.
- 3.9 **Industrial Forest Plantation Management Agreement (IFMA)** - Agreement entered into by DENR and a qualified person, to occupy and possess,

in consideration of a specified rental, any forest land of the public domain in order to establish an industrial forest plantation.

- 3.10 **Open and Denuded Land** - refers to forestlands that has been depleted of its natural forest cover due to the activities of man, fire or other natural causes.
- 3.11 **PENRO** - refers to the Provincial Environment and Natural Resources Office.
- 3.12 **Premium species** - refers to tree species the wood of which has some special characteristics such as strength or durability, beauty, scarcity or rarity, or is used for special purposes, and included in the list-of such species as embodied in DAO 78, series of 1987 and other species that may hereafter be classified as such.
- 3.13 **Regional Executive Director** - refers to the Regional Executive Directors (RED) of the 13 Regional Offices of the DENR and the Cordillera Administrative Region.
- 3.14 **Secretary** - refers to the Secretary of DENR.
- 3.15 **Undersecretary** - refers to the Undersecretary for Field Operations.

CHAPTER II

Section 4. Areas Available for IFMA and/or Disposition for Industrial Forest Plantation Development. The following areas are available for industrial forest plantation development:

- 4.1 Bare, open, denuded or grass-covered tracts of forest lands, brushlands, inadequately-stocked areas within or outside timber concessions, **Provided**, that for areas within TLA's, such areas are not programmed for reforestation as required under TLA regulations.
- 4.2 Portion and/or areas covered by grazing/pasture leases needing immediate reforestation, **Provided**, That such areas shall be excluded from the lease.
- 4.3 Government reforestation projects or portions thereof found to be more suitable for or can be better developed as industrial forest plantation in terms of benefits to the government and to the surrounding community.
- 4.4 Areas of existing TLA and TPSA which are to be converted to IFMAs, **Provided**, That the area containing adequately stocked natural forest shall not exceed 50% of the total area of the proposed lease.

- 4.5 Areas covered by canceled TLAs or portions thereof that are suitable for industrial forest plantation development, subject to limitation in paragraph 4.4.
- 4.6 Private lands and other alienable and disposable areas where DENR has issued authorization to harvest forest crops under an out-grower scheme or nucleus estate approach.
- 4.7 Adequately stocked logged over areas within timber concessions adjoining open and inadequately stocked areas, may qualify for IFMA area, **Provided**, That such areas shall be subject to sustainable management and protection.
- 4.8 For rattan plantation, the following areas may also be available:
 - 4.8.1 Recently logged-over forests;
 - 4.8.2 Second growth forests not scheduled for relogging within the next twenty (20) years.

Section 5. Identification and Delimitation of Potential IFMA Areas. - The DENR shall identify, with the aid of the latest forest resources condition maps, aerial photographs, satellite imageries and/or other appropriate technical references, lands of the public domain, the physical features of which indicate the feasibility of establishing an industrial forest plantation.

Areas so identified shall be validated on the ground and thereafter demarcated/delineated on a map of convenient scale and shall henceforth be classified as part of Permanent Forest Estate.

CHAPTER III

Section 6. Mode of Disposition of Areas. - The areas available for IFP development shall be granted to qualified applicants of IFMA in either of two (2) types: IFMA for purely plantation establishment, and IFMA for plantation development and management of natural forest combined.

Section 7. Who May Apply/Qualify. - The following may apply/qualify for IFMA:

- 7.1 Filipino citizen of legal age.

- 7.2 Corporations, partnerships or associations or cooperatives registered under Philippine laws, at least sixty percent (60%) of the capital of which is owned or controlled by Filipino citizens.
- 7.3 TLA holders in good standing who are willing to convert their TLA to IFMA.
- 7.4 Community organizations whose members reside near or adjacent to the lands applied for.

Section 8. Awarding of Area.

- 8.1 Areas which do not contain adequately stocked natural forest shall be awarded on first-come-first served basis upon filing of the application in the prescribed format shown in Annex "A" and submission of requirements provided in Sec. 9.2 hereof and payment of application fee of P0.50/hectare and fraction thereof.
- 8.2 Areas that include adequately stocked natural forest shall be awarded through competitive bidding.
- 8.3 Areas covered by existing TLA willing to convert IFMA shall, likewise, be bid.

Section 9. Bidding Procedures.

9.1 Notice of Invitation To Pre-qualify to Bid.

Prospective bidders over available areas for IFMA identified in Sec. 8.2 and 8.3 hereof, shall be invited to pre-qualify to bid over the area by way of a public announcement in at least two (2) newspapers of general circulation, which shall run once for two (2) consecutive weeks. In addition, a copy of the Notice shall be posted at the DENR and its Regional, Provincial and Community offices concerned. **Provided**, That the Notice shall specify, among others, the location and technical description of the area.

9.2 Pre-qualification requirements - The following shall be submitted by prospective bidders:

- 9.2.1 If applicant is a government official or employee, whether in career or non-career service, written permission from the Department head or head of agency concerned.

- 9.2.2 If the applicant is a naturalized Filipino citizen, a copy of his/her Certificate of Naturalization certified by the Clerk of Court of the Regional Trial Court that issued the same.
- 9.2.3 If the applicant is a corporation, four (4) copies of the minutes of the meeting of the Board of Directors indicating the present Officers and Stockholders, Articles of Incorporation and By-Laws, and audited financial statement for the preceding year, **if the applicant was already in existence** and stating the authority of the officers to file the application in behalf of the corporation.
- 9.2.4 If the applicant uses a name, style, or trade name other than its true name, four (4) copies of the Certificate of Registration of such name, style or trade name with the Bureau of Domestic Trade, certified by an authorized officer of the Bureau.
- 9.2.5 Indicative plan of development as shown in Annex "B" hereof.
- 9.2.6 Proof of financial capability to at least undertake initial activities such as perimeter survey and preparation of a comprehensive development plan.
- 9.2.7 Four (4) certified copies of the income tax return filed for the preceding two (2) years.

9.3 Submission of Documents/Requirements.

Prequalification documents, together with the necessary supporting requirements shall be submitted in four (4) copies at the Office of the concerned DENR Regional Executive Director, in sealed envelopes not later than the time and date specified in the Notice of Invitation to Prequalify. All papers and documents submitted by the prospective bidders shall not be made public unless authorized by the Secretary.

9.4 Screening and Awards Committee.

The Secretary, shall create an IFMA Screening and Awards Committee (IFSAC) which shall be primarily responsible for the proper receipt, recording, safekeeping and evaluation of prequalification and bid proposals pertaining to the potential IFMA areas for 1,000 hectares or more, including the conduct of bidding and recommendations for the award of an area being disposed in accordance with these regulations.

The members of the IFSAC shall be designated by the Secretary and shall be composed of an Undersecretary as Chairman, an Executive Officer, and two (2) members from the technical forestry group with a rank not lower than a Division Chief, or its equivalent, and Commission on Audit representative as observer.

The Regional Executive Director in each region concerned shall also create IFSAC to handle the pre-qualification and bidding of potential IFMA areas of less than 1,000 hectares.

9.5 **Evaluation of Prequalification Requirements.**

The IFSAC shall, upon receipt of a prospective bidder's prequalification documents and supporting papers, immediately number the pages of the submitted documents and record the same and the date and time of the receipt including the number of pages. Forthwith, the IFSAC shall start evaluating the documents taking into account the completeness of requirements as specified in 9.2 and the following considerations:

9.5.1 **Financial capacity** - prospective bidder should have an available capital at least to undertake initial activities such as survey and preparation of development plan. This may be supplemented by proofs of available credit line facilities.

9.5.2 **Technical competence** - proof of technical know-how and experience, and/or ability to hire the services of competent technical personnel.

9.6 **Action on Prequalification Documents.**

If, upon evaluation, the prospective bidder meets all the requirements, the application for prequalification shall be stamped "**PREQUALIFIED**" and shall be submitted to the RED or the Secretary, as the case may be, for review and approval.

Subsequently, the Committee shall inform the concerned parties within five (5) days after approval that they have prequalified.

On the other hand, applications of prospective bidders who do not meet the requirements shall be stamped "**PREDISQUALIFIED**" and shall likewise be submitted to the RED or the Secretary, as the case may be, for his information

and record. Predisqualified applicants shall be informed in writing within five (5) days that they have been predisqualified.

9.7 IFMA Bid Proposal Forms and Particulars.

Bid proposal forms and particulars on an area to be bidded shall be made available by the IFSAC to prequalified bidders upon request, and payment of the corresponding fees therefor.

9.8 Submission of Bid Proposals.

Bid proposals shall be submitted in five (5) copies and in sealed envelopes plainly marked to the IFSAC within the period specified in the public notice. Proposals submitted after the prescribed period shall not be accepted by the IFSAC. All bids must be accompanied by a Bidders Bond of not less than Two Pesos (P2.00/hectare) in cash or surety bond from a reputable bonding company.

9.9 Receiving and Opening of Bids.

Bid proposals shall be submitted to the IFSAC within the specified period and in accordance with these regulations shall be stamped by the record officer of the Committee indicating the date and time of receipt thereof.

The Chairman shall open the sealed bids publicly at the place, time, and date stated in the notice which shall be attended by the bidders or their authorized representatives. Every page of a bid proposal, including the documents attached thereto, shall be numbered consecutively and initialed by the IFSAC members.

After the opening and the numbering of the pages of the bid proposals have been completed, the corresponding abstract shall be prepared which shall be signed by the committee members and the resident auditor or his representative, attaching thereto all the bids with their corresponding supporting papers/documents and the proceedings of the bidding.

9.10 Performance Bond.

The Performance Bond shall be 10% of the assumed net value (assumed market price of P2,500 per cubic meter, less production and other costs, assumed at P1,500 per cubic meter), but in no case be less than P6,000/ha of the area of natural forest within the IFMA.

9.11 **Evaluation of Bids.** The following general guidelines shall govern the evaluation of bid proposals:

- 9.11.1 Bid shall be prepared in the form as prescribed in the instruction supplied to bidders.
- 9.11.2 There shall at least be two (2) competing bidders at the time of 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.
- 9.11.3 A bid which does not comply with the conditions or requirements set forth in the bid shall be rejected.
- 9.11.4 The Secretary, or the Regional Executive Director concerned, as the case may be, reserves the right to reject any or all bid proposals when, in his opinion, public interest will be adversely affected. The right is also reserved to waive the consideration of minor deviations in the bids which do not affect the substance and validity of the bids.
- 9.11.5 After the bids have been evaluated, the committee shall submit a report of its findings to the Secretary, or the RED concerned, who shall decide as to whom the area shall be awarded.

9.12 **Basis of Award.**

The area subject of bid shall be awarded to the highest bidder. The highest bidder is one who, having complied with the necessary requirements, offers the highest performance bond for the bidden area; **Provided**, That the bid offer is not lower than P6,000/ha of the area covered by adequately-stocked residual natural forests for development and management as determined by the Department; **Provided, Further**, That if there are two or more equal highest bids and one of the equal bids is that of the former licensee, the former licensee's bid shall be selected; **Provided, Further**, That, if his bid is not one of such equal highest bids, the former licensee shall be given the option to raise his bid to equal that of the highest bidder, which option must be exercised within three (3) working days from the time the highest bid is announced, otherwise, said option shall be deemed waived; **Provided, Furthermore**, That, in the case where the former licensee waives his option as in the foregoing, or the bidding did not include the former licensee, equal highest bids shall be resolved in favor of the corporation or partnership with the greatest percentage of ownership by Filipino citizens; **Provided, Finally**, That if the equal highest bids are still equal in terms of

ownership by Filipino citizens, the bidder with the biggest paid up capital shall be deemed the winning bid.

9.13 **Decision of Award.**

The RED or the Secretary, as the case may be, based on a review of the evaluation report of IFSAC, shall make his decision as to whom the area shall be awarded and for which a Notice of Award shall be issued; **Provided**, That, should the awardee refuse or fail to comply with the requirements called for in the Notice of Award within the period prescribed therein, the award shall be nullified and the Bidder's bond submitted shall be forfeited in favor of the Government; **Provided**, **Further**, That, in such an eventuality, the second highest complying bidder shall be considered provided that his bid is at least 75% of the highest bid but in no case less than Six Thousand Pesos (P6,000) per hectare of area; and **Provided**, **Finally**, That these rules shall apply to the third highest bidder in case of refusal on the part of the second highest bidder, and so on.

Section 10. Preparation and Issuance of IFMA. - An IFMA, together with final sketch plan of the area, either for pure plantation development or for combined plantation development and management of natural forest, shall be prepared in the Regional Office in an IFMA form hereto attached as Annex "C", approval of which shall be made by the following DENR officials, as follows:

below 1,000 hectares	-	Regional Executive Director
1,000 - 2,000 hectares	-	Undersecretary for Field Operations
Over 2,000 hectares	-	Secretary.

CHAPTER IV
INDUSTRIAL FOREST PLANTATION MANAGEMENT AGREEMENT

Section 11. Size of the Area. - The minimum area for IFP is 100 hectares and the maximum area shall be the area that can be developed within five (5) years by the lessee but not to exceed 20,000 hectares; **Provided**, **however**, that the foregoing limitations shall not preclude the granting of additional areas on a case to case basis depending upon the satisfactory performance of the lessee as determined through evaluation of the accomplishment thereof; **Provided**, That only open and denuded areas shall be granted.

Section 12. Duration of the Agreement. - The IFMA shall have a duration of twenty-five (25) years renewable for another twenty-five (25) years, **Provided**, That the terms of the IFMA shall be subject to future legislative action on the mode of disposition and scheme on the utilization and development of natural resources in accordance with the 1987 Constitution.

Section 13. Terms and Conditions of the Agreement. - The IFMA issued in consonance with this regulation shall be subject to the following provisions:

13.1 IFMA solely for plantation development

- 13.1.1 The Lessee shall delineate and mark on the ground the boundaries of the IFMA and its sub-areas under the supervision of the DENR within six (6) months from the issuance of the IFMA and shall preserve the monuments and other land marks indicating corners and outlines along the boundaries and within the confines of the area covered by the IFMA.
- 13.1.2 The Lessee shall submit within six (6) months from issuance of the IFMA a Comprehensive Management and Development Program in the prescribed form shown in Annex "D" for the leased area for the approval of the LESSOR which shall form part of the Agreement.
- 13.1.3 The Lessee shall plant and raise in the leased area, forest tree species including rubber and/or non-timber species such as rattan, bamboo, buri, etc., for the production of timber, pulpwood, fuelwood and other non-timber forest products.
- 13.1.4 The Lessee may interplant secondary crops within the leased area.
- 13.1.5 The Lessee shall utilize the leased area only for the purpose for which the IFMA is granted.
- 13.1.6 The Lessee shall improve and plant at least 30% of the area granted within three (3) years from the execution of the IFMA; and the balance of the area within two (2) years; or in such a way that the whole area can be developed in five (5) years.
- 13.1.7 The Lessee shall protect the leased area from forest fires and other forms of forest destructions and to place his employees or workers under the direction of foresters or other authorized agents of the Secretary whenever required.

- 13.1.8 The Lessee shall submit Semi-Annual and Annual reports of activities showing among others, the number of hectares developed during the period, species planted, survival rate, number and size of nurseries established, kinds of seedlings raised, and other improvements introduced.
- 13.1.9 The Lessee shall not unreasonably impede, obstruct or in any manner prevent the passage of legitimate licensees, lessees, permittees, and/or other forest users and the public, by virtue of the IFMA.
- 13.1.10 The Lessee shall not construct permanent infrastructure that are not necessary in the development of the Industrial Forest Plantation such as buildings of concrete and strong materials. Furthermore, any road network planned for construction shall be subject to approval of the Secretary.
- 13.1.11 No trees in the leased area shall be cut regardless of species, if found within twenty (20) meters from banks of rivers or creeks of at least five (5) meters in width and of public roads. In case said 20 meters strip is bereft of trees, same shall be reforested by the lessee.
- 13.1.12 Open, denuded, brushland or inadequately-stocked areas along the banks of streams with channels less than five (5) meters in width shall be planted with trees and may be harvested if included in the duly approved Industrial Forest Plantation Development Plan.
- 13.1.13 The Lessee shall protect and conserve unique, rare and endangered trees, palms and wildlife identified as such under existing rules, laws and regulations within the lease area.
- 13.2 **IFMA for combined plantation development and management of natural forest** - In addition to the conditions in the preceding paragraphs IFMA covering combined plantation development and management of natural forest shall be subject to the following conditions:
- 13.2.1 The Lessee may, in accordance with the approved development and management plan of the leased area, be allowed to cut and utilize naturally grown trees in adequately stocked logged-over areas on a sustainable basis in accordance with selective logging regulations; **Provided**, That the lessee may be authorized to cut within adequately

stocked residual forests only after all open, denuded, inadequately stocked areas shall have been developed/planted.

13.2.2 The Lessee shall undertake sustainable and unified management and protection of natural forest.

13.2.3 The Lessee shall strictly observe and/or implement all possible measures to protect areas for environmental purposes.

CHAPTER V INCENTIVES

Section 14. Incentives. - A holder of IFMA issued in consonance with the Order shall be entitled to the following incentives:

- 14.1 **Reduced Payment of Forest Charges and Land Rentals.** The Lessee shall pay only 25% of regular forest charge due on plantation product from IFMA in accordance with P.D. 705, as amended. The government incentives on IFMA development shall be in accordance with the provisions of Sec. 36 of P.D. 705, as amended, as well as the incentives provided under the Board of Investment Priorities Plan and any incentive that may be provided by law in the future.
- 14.2 **Exemption from payment of certain Internal Revenue Taxes.** Timber and other forest products planted and grown in IFP areas bartered or exchanged by the management agreement holder, in their original state, shall be exempted from the payment of value added tax pursuant to Executive Order (E.O.) No. 273, Series of 1987. The IFMA holder shall, likewise, not be subject to any obligation prescribed in, or arising out of, the provisions of the National Internal Revenue Code on withholding tax at source upon interest paid on borrowings incurred for development and operation of the Industrial Forest Plantation as provided in PD 705, as amended;
- 14.3 **Integrity of Boundary and Status of Area.** The boundaries and legal status of the area covered by an IFMA once established shall not be altered or modified.
- 14.4 **Plantation development expenses, tax deductible.** Amount expended by a lessee in the establishment, development, and operations of an IFMA prior to the time when the production state is reached may, at the option of the lessee, be regarded as ordinary and necessary business or as capital expenditures and, therefore, tax deductible.

- 14.5 **Credit Assistance.** Holders of IFMA may apply with the Development Bank of the Philippines, Land Bank of the Philippines, the Central Bank and other government and private financing institutions for assistance in obtaining long term and low interest loans.
- 14.6 **Other Incentives.** They shall be entitled to other incentives provided for under the Omnibus Investment Code. All other applicable incentives enumerated under Sec. 36 of P.D. 705, as amended, shall apply to IFMA holders.
- 14.7 **Entitlement to Fair Compensation.** Upon the expiration of the IFMA or on its termination when public interest demands, all permanent improvements in the area shall be retained in the area but the LESSEE shall be entitled to fair compensation for such permanent improvements, the amount of which shall be mutually agreed upon by both the DENR and the Lessee.

CHAPTER VI HARVESTING AND UTILIZATION

Section 15. Harvesting and Utilization. - Trees and other products planted under IFMA belong to the lessee who shall have the right to harvest, sell and utilize said planted trees and other products at specified time and volume based on the development plan approved by the DENR.

The Lessee may export logs and other forest products harvested from IFMA plantations in any form without restriction as to quantity and volume. **Provided,** That logs including lumber produced from natural forest covered by the IFMA shall not be exported.

CHAPTER VII GENERAL PROVISIONS

Section 16. Monitoring and Control. - The following shall be adopted to provide an effective monitoring and control system for the development and operation of IFMAs:

- 16.1 The FMB and the concerned RED offices, PENROs and CENROs shall maintain identical sets of complete documents including maps of each operating agreement holder.

- 16.2 The IFMA holder shall submit to the CENRO a semi-annual and annual accomplishment reports on the development of the IFMA in the prescribed format shown in Annex "E".
- 16.3 The CENRO shall submit through the PENRO and the DENR Regional Office the semi-annual and annual accomplishment reports on the status of forest plantation development within its jurisdiction and copy furnish the Central Office.
- 16.4 The DENR Regional Office shall within thirty (30) days after submission of report from the CENRO prepare a summarized report to FMB which shall likewise submit report to the Secretary with its comments and recommendation and maintain a nationwide status chart of IFMA activities.

Section 17. Grounds for the Cancellation of IFMA. - The Secretary upon the recommendation of the Regional Executive Director may cancel IFMA after an investigation, depending on the gravity of the offense, or the adverse effect on the management of forest land and resources based on any of the following grounds:

- 17.1 If the privilege was obtained through fraud, misrepresentation or omission of material facts existing at the time of the filing of the applications.
- 17.2 Failure of a privilege holder to pay and/or settle any forestry account, such as, rental, forest charges, and permit fees, when they become due and upon prior notice to the lessee and the Borrower.
- 17.3 Violation of any of the terms and conditions of, or failure to comply with or perform the obligations imposed in the agreement, or pertinent laws, or policies affecting the exercise of the privilege granted therein, or any of the provisions of this Order.
- 17.4 Conducting an operation in violation of the approved management or operations plan, or outside the area covered by the privilege.
- 17.5 Failure to provide the necessary protection, management and development over the area covered by the privilege granted in his favor.
- 17.6 Illegal logging within the natural forest.
- 17.7 Failure to exercise the privilege granted within the prescribed period, or, if not prescribed, within four (4) months from the issuance of the agreement.

17.8 Abandonment of the area as evidenced by his absence whether actual or constructive for a period of six (6) months.

Section 18. Finality and Execution of Orders of Cancellation - The decisions on orders of cancellation of IFMA shall become final and executory after thirty (30) days from receipt thereof by the IFMA holder unless the latter files a motion for reconsideration or an appeal, as the case may be, with the Office of the Secretary.

Section 19. Transfers - Unless authorized by the Secretary, and with the consent of the Borrower for areas covered by sub-loans, no lessee may transfer, exchange, sell or convey his/her lease agreement or any of his/her rights therein or any of his assets used in connection therewith. The lessee may be allowed to transfer or convey IFMA only on the following conditions:

- 19.1 Lessee has been in existence for at least three (3) years;
- 19.2 Lessee has not violated any forest laws, rules and regulations;
- 19.3 Lessee has been faithfully complying with the terms and conditions of the IFMA;
- 19.4 Transferee has all the qualifications and none of the disqualifications to hold an IFMA;
- 19.5 There is no evidence that such transfer or conveyance is being made for purposes of speculation; and
- 19.6 Transferee shall assume all the obligations of the transferor.

Section 20. Transitory Provision. - In the interim, whereby the new identification and delimitation of potential areas for IFMA have not yet been completed, all existing ITP leases shall be evaluated within six (6) months from the issuance of this Order and those which have not complied with the terms and conditions of the lease shall be considered for cancellation and the area covered thereby, if still suitable for IFMA, shall be opened for bidding. Meanwhile, those active ITPs shall be converted into IFMA as provided in these regulations.

Section 21. Repealing Clause. This Order repeals/amends provisions of existing regulations, Memoranda, Circulars, and other issuances which are inconsistent herewith.

Section 22. Effectivity. This Order shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of national circulation.

FULGENCIO S. FACTORAN, JR.
Secretary

NOTE: Annex E Omitted

**APPLICATION FOR INDUSTRIAL FOREST
PLANTATION MANAGEMENT AGREEMENT**

Application No. _____

The Secretary
Department of Environment and Natural Resources
Visayas Avenue
Diliman, Quezon City

Sir:

In consonance with the provisions of P.D. No. 705, as amended, Executive Order No. 725, dated September 9, 1981, and all pertinent regulations in the matter, I/We hereby apply for an Industrial Forest Plantation Management Agreement, the particulars of which are as follows:

Approximate Area :
Location :

Province -
Municipality/City -
Barrio -
Sitio -

Boundaries :

North :
East :
South :
West :

I/We understand that the filing of this application does not convey the right to enter, occupy or develop the area applied for until an agreement has been issued to me/us by the Secretary of Environment and Natural Resources or his duly authorized representative.

The required fee of P _____, which is **NOT** refundable is herewith enclosed.

Very truly yours,

(Applicant)

Residence Certificate No. _____

Date issued _____

Place _____

Address: _____

Name of IFMA Applicant: _____

**OUTLINE OF INDICATIVE IFP
DEVELOPMENT/MANAGEMENT PLAN**

- I. INTRODUCTION
- II. DEVELOPMENT OBJECTIVES
 - A. General
 - B. Specific
- III. RESOURCES DATA
- IV. PLAN OF DEVELOPMENT
 - A. Forest Surveys
 - 1. Boundary Survey and Delimitations
 - 2. Timber and Other Forest Products Inventory
 - B. Infrastructure Development
 - 1. Access Roads
 - 2. Office and Employee Quarters
 - 3. Water System
 - C. Nursery Development Program
 - 1. Identification and Selection of Nursery Site
 - 2. Site Preparation
 - 3. Construction/establishment of Nursery Facilities and Other Infrastructure
 - 4. Species Sources and Seedling Production Schedule
 - D. Plantation Development Program
 - 1. Annual Planting Program

- 1.1 Area
- 1.2 Species
- 1.3 Maintenance

2. Employment Program

E. Utilization and Product Disposition

- 1. End Use
- 2. Harvest and Transport Systems
- 3. Dependent Industries
- 4. Export Market

V. Financial Resources

VI. Technical Knowhow

VII. Appendices

- 1. Maps
- 2. History of Area
- 3. History of Applicant
- 4. Others Relevant in the Plan

Submitted by:

(Applicant)

Prepared by/in collaboration with:

(Registered Forester)

Attested by:

(CENRO)

Republic of the Philippines
Department of Environment and Natural Resources
OFFICE OF THE SECRETARY
Diliman, Quezon City

INDUSTRIAL FOREST PLANTATION MANAGEMENT AGREEMENT
NO. _____

OF

(Name of Lessee)

(Location of the Area)

This AGREEMENT, made and entered into by and between: the SECRETARY OF ENVIRONMENT AND NATURAL RESOURCES, for and in behalf of the Republic of the Philippines, hereinafter referred to as the LESSOR, and _____ with residence and postal address at _____ hereinafter referred to as the LESSEE:

WITNESSETH, THAT:

WHEREAS, the establishment of Industrial Forest Plantations is encouraged as Government policy to accelerate the country's reforestation efforts which shall promote ecological balance and assure an adequate supply of timber and non-timber products to meet local and foreign demands;

WHEREAS, P.D. 705, as amended, Executive Order No. 725 and other existing laws, rules and regulations provide for incentives to qualified developers and operators of Industrial Forest Plantation;

WHEREAS, the LESSOR and the LESSEE are desirous of entering into this Industrial Forest Plantation Management Agreement (IFMA);

_____		_____	
(LESSEE)		(LESSOR)	
_____	_____	_____	_____
(WITNESS)	(WITNESS)	(WITNESS)	(WITNESS)

NOW, THEREFORE, for and in consideration of the foregoing premises, the LESSOR as Secretary of Environment and Natural Resources and by virtue of the authority of Presidential Decree No. 705, as amended, otherwise known as the Revised Forestry Code of the Philippines, hereby leases to the **LESSEE**

_____ hectares of public forest land for Industrial Forest Plantation purposes covering a period of twenty-five (25) years to expire on _____, automatically renewable for another twenty-five (25) years which land is located at

Sitio/s _____
Barrio/s _____
Municipality/ies of _____
Province of _____

Philippines, the description and boundaries of which are shown in the attached sketch which forms part of this (IFMA).

This **IFMA** shall be for the planting of timber and/or non-timber products to supply the requirements of existing and proposed forest-based (and other related) and/or for export industries subject to the following terms and conditions:

1. The **LESSEE** shall delineate and mark on the ground the boundaries of the leased area and its sub-areas under the supervision of the DENR within six (6) months from the issuance of the Management IFMA and shall conserve and preserve the monuments and other land marks indicating corners and outlines along the boundaries and within the confines of the area covered by this management agreement.

After the final boundary delineation, the boundaries of the area covered by this **IFMA** shall not be altered or modified except when public interest demands.

_____	_____	_____	_____
(LESSEE)		(LESSOR)	
_____	_____	_____	_____
(WITNESS)	(WITNESS)	(WITNESS)	(WITNESS)

2. To insure normal balance of forest cover, the **LESSEE** shall within six (6) months upon approval of the IFMA, submit a Comprehensive Management and Development program for the leased area for approval of the **LESSOR** which shall form part of this IFMA upon its approval. No revisions shall be made on such program without the mutual consent of both parties. All operations and planting of forest crops, in harmonized combination with secondary crops, shall follow the schedule in the Development and Management Plan of the area, **Provided**, that precautionary measures shall be instituted to minimize surface run-off, soil erosion and other land imbalance. Non-compliance with such rules and regulations shall be sufficient ground for the cancellation of this IFMA.
3. The **LESSEE** shall plant and raise in the leased area, industrial forest trees including rattan, rubber, bamboo, etc., for the production of timber, pulpwood, and other crops, if found viable.
4. The Lessee shall plant forest species as main crop and may interplant secondary crops within the perimeter of the leased area.
5. The **LESSEE** shall utilize the leased area only for the purpose for which this IFMA is granted.
6. The **LESSEE** shall improve and plant at least 30% of the area herein granted within three (3) years from the execution of this IFMA and the balance of the area within two (2) years; or in such a way that the whole area can be developed in five (5) years.
7. The **LESSEE** shall protect the leased area from forest fires and other forms of forest destruction, and to place his employees or workers under the direction of foresters or other authorized agents of the Secretary of Department of Environment and Natural Resources, whenever required.
8. The **LESSEE** shall submit Semi-Annual and Annual reports for activities showing, among others, the number of hectares developed during the period, species planted, survival rate, number and size of nurseries established, kinds of seedlings raised, and other improvements introduced.

(LESSEE)

(LESSOR)

(WITNESS)

(WITNESS)

(WITNESS)

(WITNESS)

9. The **LESSEE** shall not unreasonably impede, obstruct or in any manner prevent the passage of legitimate licensees, lessees, permittees and/or other forest users and the public, by virtue of the IFMA herein granted.
10. The **LESSEE** shall not construct permanent infrastructure that are not necessary in the development of Industrial Forest Plantation such as buildings of concrete and strong materials. Furthermore, road network planned for construction shall be subject to the approval of the Secretary.
11. No trees in the leased area shall be cut regardless of species, if found within twenty (20) meters from banks of rivers or creeks of at least five (5) meters in width and of public roads. In case said 20 meter strip is bereft of trees, same shall be reforested by the lessee.
12. Open, denuded, brushland and inadequately-stocked areas along stream channels below five (5) meters in width shall be planted with trees and maybe harvested, if included in the duly approved Industrial Forest Plantation Development Plan.
13. The **LESSEE** shall protect and conserve unique, rare and endangered trees, palms and wildlife identified under existing rules, laws and regulations within the leased area.
14. The **LESSOR** reserves the right to permit, if public interest requires, the opening of such portions of the area under lease for logging, mining, and other public right-of-way, which shall not be more than ten (10) meters wide, **Provided**, That the person or entity granted the right-of-way shall pay the **LESSEE** a reasonable compensation for any damage to improvements, if any, occasioned by such opening.
15. No rental shall be collected during the first five (5) years from date of the issuance of the agreement; from the sixth year to the tenth year, the annual rental shall be fifty (P0.50) centavos per hectare; and thereafter, the annual rental shall be one peso (P1.00) per hectare; **Provided**, That failure to pay without justifiable cause the annual rental on or before the end of the first month of the 6th year shall subject the lessee to surcharge based on the amount of the original rental according to the following schedule:

(LESSEE)

(LESSOR)

(WITNESS)

(WITNESS)

(WITNESS)

(WITNESS)

Period	% Surcharge
Rental paid from 2nd to 3rd month	- 10%
Rental paid from 4th to 6th month	- 15%
Rental paid from 7th to 9th month	- 20%
Rental paid from 11th to 12th month	- 25%

16. The **LESSEE** shall not assign or sublease the leased area or any portion thereof. Neither shall the **LESSEE** encumber the leased area in whole or in part, to any lending entity for the purpose of credit financing, without the prior approval of the **LESSOR**.
17. Upon the expiration of this IFMA or its termination when public interest demands, all permanent improvements introduced shall remain in the area, but the **LESSEE** shall be entitled to fair compensation for such improvements introduced by the **LESSEE** on the leased area in an amount to be determined mutually by both the **DENR** and the lessee.

The **LESSEE** shall be entitled to compensation to permanent infrastructure introduced by the **LESSEE** based on their fair market value as of the expiration date. The **LESSEE** may remove the temporary or semi-permanent structures, unless the **LESSOR** opts to retain them by paying their fair market value as of the expiration date. The value of the improvements shall be determined mutually by both parties.

18. Upon the cancellation of the IFMA through fault of the lessee, the improvements existing thereon shall revert to and become the property of the government. In case the same is granted to another lessee, such improvements shall be appraised accordingly, the new grantee shall either rent them or pay the value thereof.
19. The IFMA shall terminate upon the death of the lessee. An IFMA may be issued to his surviving heirs if duly qualified to hold the same in accordance with the requirements of this regulation upon filing of an application within six (6) months from the death of the lessee.

(LESSEE)

(LESSOR)

(WITNESS)

(WITNESS)

(WITNESS)

(WITNESS)

- 20. This IFMA maybe renewed for another twenty five (25) years upon filing of an application for renewal at least six (6) months prior to its expiration. Provided, finally, that if no renewal application is filed at all, upon the expiration of the IFMA thereof, the subject forest area shall be considered vacant and its disposition shall be governed by existing regulations.
- 21. This IFMA is non-transferable and non-negotiable except when authorized by the Secretary.

Additional conditions: (For IFMA for plantation development and management of natural forest combined)

- 22. The LESSEE shall be allowed to cut and utilize naturally grown trees in adequately stocked natural forest in accordance with selective logging operations and only after all open, denuded brushland and inadequately stocked areas have been developed/planted.
- 23. The LESSEE shall undertake sustainable and unified management and protection of natural forest within the leased area.

_____ (LESSEE)		_____ (LESSOR)	
_____ (WITNESS)	_____ (WITNESS)	_____ (WITNESS)	_____ (WITNESS)

24. The **LESSEE** shall strictly observe and/or implement all possible measures to protect areas for environmental purposes.

Quezon City, Philippines

_____, 19____

For and in behalf of the
Republic of the Philippines

**Secretary, DENR
(LESSOR)**

(LESSEE)

WITNESSES:

WITNESSES:

RECOMMENDED BY:

(Regional Executive Director)

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) S. S.

In Quezon City, this _____ day of _____, 19____, before me a Notary Public for and in the said City, personally appeared:

NAME	RES. CERT.	DATE OF
PLACE OF	NO.	ISSUE
ISSUE		

Secretary, DENR
(LESSOR)

(LESSEE)

personally known to me and to me known to be the same person who executed the foregoing instrument and who acknowledged to me that the same is his free act and deed.

This document is an **INDUSTRIAL FOREST PLANTATION MANAGEMENT AGREEMENT NO. _____**, covering _____ parcels of public forest land, consisting of _____ and each is signed by the LESSOR and has witnesses and bears my Notarial Seal.

Witness my hand and official seal, on the date and place first above written.

Notary Public

Doc. No. _____
Page No. _____
Book No. _____
Series of 19_____

**OUTLINE OF INDUSTRIAL FOREST PLANTATION
COMPREHENSIVE MANAGEMENT AND DEVELOPMENT PLAN**

- I. Preparation, Review and Approval Sheet
- II. Location Map
- III. Summary of Plan
- IV. Description of the Plantation Area
- V. Development Plan
 1. Survey and demarcation of boundary
 2. Infrastructure to be introduced
 3. Nursery Work Program
 - 3.1 Seed species
 - 3.2 Source of seed
 - 3.3 Seedling production schedule
 - 3.4 Size and capacity of nursery/ies
 - 3.5 Source of water, specifying water development activities, such as dams, catchment basins, irrigation, etc.
 - 3.6 Sources and shedule of application and other inputs, such as fertilizers, chemicals, limes, etc.
 - 3.7 Schedule of application of machineries, equipment, tools, etc. and construction of supporting buildings, sheds. and other infrastructures.
 4. Plantation Work Program
 - 4.1 Number of compartments or blocks
 - 4.2 Area of each compartment or block
 - 4.3 Final crop species to be planted in each compartment/block
 - 4.4 Number and spacing of the final crop species to be planted in each compartment or block
 - 4.5 Schedule of planting indicating target date of the start of operations and completion in each compartment/block
 - 4.6 Period of maturity of the final crop species

- 4.7 Land preparation activities in each compartment/block including, if to be undertaken, the planting of secondary species and other soil conditioners and primary crop protectors.
- 4.8 Source and number of seedlings to be introduced in each compartment or block with allowance for mortality.
- 4.9 Source of water, specify water development activities such as catchment basins, dams, irrigations, etc.
- 4.10 Source and application schedule of other inputs such as fertilizers, chemicals, etc. required in each compartment/block; and
- 4.11 Source and schedule of use in each compartment/block of machineries, equipment, tools, etc.;;
- with further information on the following:
- 4.12 Maintenance of plantation, such as replanting, weeding, and mulching, etc.
- 4.13 Protection of plantation such as patrolling, establishment of checkpoints, firebreaks, green-belts, fire towers, and protection measures against pests and diseases.
- 4.14 Such other information relevant to the development, rehabilitation, planting and replanting activities.

VI. Utilization and Production Disposition

- 1. Harvesting Methods
- 2. Transportation
- 3. Processing Plant/s and/or wood using industry/ies supported
- 4. Marketing

VII. Implementing Organization

- 1. Ghant Chart showing development schedule
- 2. Corporate Structure
- 3. Structure of implementing division or department such as its forestry department
- 4. Total personnel and payroll
- 5. Duties of key personnel

VIII. Financial Feasibility, particularly budget, sources of funds and schedule of application

IX. Required Appendices or Annexes

Administrative Order
No. 44
September 9, 1991

**SUBJECT: Creation of a Forestry Sector Coordinating
 Committee**

In accordance with the agreements reached during the forestry mini-donor's meeting held last April 26, 1991 and to ensure complementation and proper utilization of donor inputs to the forestry sector, a Forestry Sector Coordinating Committee (FSCC) is hereby created.

The FSCC shall assist the DENR in performing the following functions on an advisory level:

1. To foster closer cooperation among the members of the Donor Community, DENR and the oversight agencies
2. Supervision/management of the implementation of the Master Plan for Forestry Development (MPFD)
3. Sourcing and proper allocation of resources for the implementation of the fifteen investment programs of the MFPD
4. Resolution of major issues affecting the implementation of foreign-assisted forestry projects/programs
5. Strengthening of the mechanism for the coordination of the activities of development projects and programs under the forestry sector
6. Provisions of a mechanism for information sharing on forest development and management matters.

The FSCC shall be chaired by the DENR Secretary with the DENR Undersecretary for Planning, Policy and Project Management as vice chairman. It shall initially be composed of representatives from the following agencies as core members:

DENR

1. Undersecretary for Legislative Affairs
2. Director, Forest Management Bureau
3. Director, Environment Management Bureau

4. Director, Parks and Wildlife Bureau
5. Director, Ecosystems Research and Development Bureau
6. Director, Special Concerns Office
7. Representative, Non-Governmental Organization

Oversight Agencies

1. Budget Operations Bureau D, Department of Budget and Management
2. Public Investment Staff, National Economic Development Authority
3. International Finance Group, Department of Finance

Donor Community

1. Asian Development Bank (ADB)
2. World Bank (WB)
3. United States Agency for International Development (USAID)
4. Overseas Economic Cooperation Fund (OECF)
5. Japan International Cooperation Agency (JICA)
6. Government Technical Cooperating Agency of Germany (GTZ)
7. Australian International Development Assistance Bureau (AIDAB)
8. New Zealand Embassy/Ministry of External Relations and Trade
9. European Economic Community (EEC)
10. Finland International Development Agency (FINNIDA)
11. United Nations Development Programme (UNDP)
12. Food and Agricultural Organization (FAO)
13. Canadian International Development Agency (CIDA)

Representatives from other agencies shall be requested to attend committee meetings as the need arises.

The Foreign Assisted and Special Projects Office (FASPO), the DENR unit directly responsible for the preparation/appraisal, monitoring and coordination of the ENR foreign assisted programs/projects shall act as the secretariat of the Committee.

The FSCC shall meet at least three times a year.

This Order takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Administrative Order
No. 50
September 24, 1991

**SUBJECT: Amendment of Communal Forest Parcel II,
Amd. of Kiangan, Ifugao**

1. Pursuant to the provisions of Section 2, 9 and 19 of Presidential Decree No. 705, otherwise known as the Revised Forestry Code of the Philippines, as amended, Communal Forest Parcel II, Amended, of Kiangan, Ifugao located in Barrio Nayon, Kiangan, Ifugao, is hereby further amended and designated as Communal Forest Parcel II amd. I, containing an area of 75.36 hectares.
2. The excluded portion containing 12.64 hectares shall hereafter revert to the category of forest land and to form a portion of the areas proposed to be established as School Site Civil Reservation of the Ifugao State College of Agriculture and Forestry.

This Order takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Administrative Order
No. 54
October 18, 1991

**SUBJECT: Rules and Regulations Governing the
Exportation of Finished and Semi-Finished
Wood Products**

Pursuant to Executive Order No. 192, Series of 1987, mandating the Department of Environment and Natural Resources (DENR) to implement, among others, measures for the regulation and supervision of the processing of forest products, as well as monitoring the movement of timber and other forest products, the following rules and regulations are hereby promulgated:

Section 1. Policies and Objectives. - This Order is in pursuance of the following policies and objective:

- 1.1 **Policies.** It is the policy of the DENR to conserve the country's forest resources, and to strictly supervise timber harvesting operations in the forest areas, to ensure that all timber supplied to wood-based industries originate from legal sources.

It is also the policy of DENR to facilitate the development and distribution of more value-added timber products in the domestic and international markets.

- 1.2 **Objective.** To streamline the export procedures for processed wood products that are allowed for exports.

Section 2. Definition of Terms. - As used in this Order, the following terms are defined as follows:

- 2.1 **Export** - the sale and shipment of products to a foreign entity;
- 2.2 **Export Authority** - a document issued by the Regional Executive Director (RED) allowing the exportation of any wood-based products containing the following information: (a) name of species used; (b) kinds or forms of products to be exported including its number, volume and specifications; (c) the export price; (d) date and place of loading; and (e) country of destination;
- 2.3 **Export Compliance Certificate** - a certificate issued by the Community Environment and Natural Resources Officer (CENRO), where the wood products to be exported are to be loaded. This Certificate supports the documentation

process by the Central Bank of the Philippines (CB) and the Department of Trade and Industry (DTI) on the exportation of wood-based commodities. Information/data listed therein should be consistent with the Export Authority issued by the Regional Executive Director (RED). A format of this Certificate is prescribed in Annex C hereof;

- 2.4 **Finished Wood Products** - end-products ready for use without need of further manufacture such as, but not limited to doors, door jambs, picture frames, tool handles, wooden shoes, mouldings, toothpicks, chopsticks, boxes, plywood, toys, drawers sides, decorative articles, floor parquets, pallets (assembled), and other similar products;
- 2.5 **Semi-Finished Wood Products** - whole end-products requiring final stages of manufacture and/or assembly such as, window components, table tops, veneer, and other similar products.
- 2.6 **Knock-down finished or semi-finished wood products** - end-products whose components or parts are taken apart for ease in packing, handling and transporting to the market or the end-user such as cabinets, tables, chairs, and other similar products.

Section 3. Requirements for Qualified Applicants. Individuals, corporations/partnerships and holders of wood processing plant permits are qualified to apply for an authority to export, subject to the submission of the following requirements:

3.1 For Individuals

- a) Photocopy of purchase order;
- b) Letter of Credit issued by the Central Bank of the Philippines;
- c) Certified photo copies of Income Tax Returns for the last three (3) years, if applicable (for new applicants); and
- d) Sworn statement authorizing DENR representative/s to verify submitted information.

3.2 For Licensed Wood Processors/Exporters

- a) All documents required for individual applicants as stated under Section 3.1 hereof; and

- b) Photocopy of permit to operate a wood processing plant and corresponding official receipts.

3.3 For Corporations, Partnerships and Associations other than Licensed Wood Processors or Exporters

- a) All documents required for individual applicants as stated under Section 3.1 hereof;
- b) Certified photo copy of Certificate of Registration issued by the Securities and Exchange Commission (SEC) (for new applicants);
- c) Certified photo copy of the Articles of Incorporation and By Laws of Partnership/Association and/or Corporation;
- d) Audited Financial Statements for the immediately preceding three (3) years (for new applicant); and
- e) Authorization letter duly approved by the Board of Directors of the corporation, partnership and/or association designating their representative to sign and follow-up documents for and in behalf of the said corporation, partnership and/or association.

Section 4. Procedures. - The following procedures for the exportation of wood products shall be observed:

- 4.1 Qualified exporters shall file a letter of application attaching all the requirements stated under Section 3 of this Order to the CENR Office where the wood products to be exported are located, **five (5) days** before the date of loading;
- 4.2 The concerned CENRO shall then evaluate the qualifications of the applicant as well as the completeness of the documents submitted. He shall also dispatch a qualified technical personnel to verify the commodity subject for export. The verification or inspection of wood products to be exported shall be done at the manufacturing plant where the wood products are being packed or being prepared. The verification report shall contain, among other the following:
 - 4.2.1 Name of the entity and status of its license/permit e.g. date of issuance of the permit and its expiration and other relevant information;
 - 4.2.2 Description (kinds and forms), volume and estimated value of the products being cleared for export; and

4.2.3 The date and port of loading including the conveyance to be used.

4.3 If the inspection/verifying officer finds everything is in order, the CENRO shall forward the application together with the original copy of inspection/verification report with all the submitted requirements to the Office of the Regional Executive Director (RED) thru the Provincial Environmental and Natural Resources Officer (PENRO) within two (2) working days after submission of the verification/inspection report. Otherwise, the CENRO shall reject the applications.

4.4 If the RED concerned finds that all submitted documents are in order after a thorough evaluation, he shall issue an **Export Authority**, (ANNEX A) copy furnished the CENRO concerned, Office of Secretary, Office of the Undersecretary for Field Operations and the Director of Forest Management Bureau for monitoring and records purposes.

If however, the application is denied, the application and the supporting documents shall be returned immediately to the CENRO concerned thru his PENRO for appropriate action.

The said Export Authority covers the authority to transport the subject wood products from its processing plant to the final loading point (pier) and shall remain valid for thirty (30) days from the date of issuance. However, the actual loading of the wood products to be exported shall be supervised by the CENRO concerned or his duly authorized representative to ensure that only the authorized wood products will be loaded. A certification to that effect shall be issued by the designated DENR officer present at the actual loading and the same shall form part of, and should be attached to, the approved Export Authority.

4.5 The applicant shall request the CENRO concerned to conduct final inspection and verification of the wood products to be exported following the format prescribed in Annex B hereof (Request for Inspection).

4.6 If it is in order, the CENRO at the port of loading shall approve the **Export Compliance Certificate** (Annex C) within twenty four (24) hours upon receipt of the final verification/inspection report, copy furnished the Office of the Secretary, Office of the Undersecretary for Field Operations, Director of Forest Management Bureau and the Office of the RED who issued the Export Authority. In case of misdeclaration, he shall cause the immediate confiscation of the wood products pursuant to the existing rules and regulations on the matter.

4.7 In cases where the manufacturing plants and the port of loading are under different CENROs, the CENRO which has jurisdiction over the port of loading shall be furnished copies of the export documents by the CENRO which has jurisdiction over the location of the manufacturing plant.

Section 5. Fees and Charges. Qualified applicants shall be required to pay a verification/inspection fee equivalent to one percent (1%) of the FOB value of the wood products to be exported as indicated in the **Export Declaration** issued by the Central Bank of the Philippines, computed to its peso equivalent.

Section 6. Penal Provisions. Any misdeclaration and falsification of any information as stated in all the documents pertinent to exportation shall be sufficient ground for the filing of administrative charges against DENR personnel involved in the processing, and verification/inspection.

Furthermore, if after investigation, the exporter is found to be in connivance with some DENR Officials in committing such acts, such exporter will be banned from engaging in any form of business with DENR. The DENR shall further recommend to other concerned agencies (CB and DTI) the cancellation of their license to operate or engage in any form of export business without prejudice on the part of the government to file a criminal case, if evidence warrant.

In case the misdeclared wood products are still within Philippine jurisdiction, they shall be seized and confiscated pursuant to the existing rules and regulations on the matter.

Section 7. Separability Clause. If any provision of this Order is declared void or illegal, the remaining provisions thereof, not affected thereby, shall remain in full force and effect.

Section 8. Repealing Clause. All Orders, Circulars, Memoranda and other issuances, which are inconsistent herewith are hereby repealed and/or modified accordingly.

Section 9. Effectivity. This Order takes effect fifteen (15) days following its publication in a newspaper of general circulation.

FULGENCIO S. FACTORAN, JR.
Secretary

NOTE: Annexes Omitted

Administrative Order
No. 56
October 25, 1991

**SUBJECT: Interim Rates of Forest Charges Pursuant
to R.A. No. 7161**

Pursuant to the provisions of Republic Act No. 7161, and pending the determination, by an inter-agency committee to be created for the purpose, of the actual FOB market price of naturally growing timber and other forest products cut or gathered from forest lands, alienable and disposable lands, and private lands, the following new rates of forest charges shall be collected:

1. Timber
 - 1.1 Common and construction hardwoods, P550.00 per cubic meter;
 - 1.2 Narra, kamagong, almaciga, and other premium hardwoods, P3,000.00 per cubic meters;
2. Pulpwood and matchwood, P60.00 per cubic meter;
3. Firewood, branches and other recoverable wood wastes of timber, P10.00 per cubic meter;
4. Rattan
 - 4.1 2 cm or less in diameter, P0.50/lineal meter;
 - 4.2 over 2 cm in diameter, P0.80/lineal meter;
5. Almaciga resin, P1.00/kilogram;
6. Manila elemi, P0.95/kilogram;
7. Other gums and resins, P0.40/kilogram;
8. Beeswax, P1.00/kilogram;
9. Gutta-percha, P1.50/kilogram; and
10. Bamboo, P1.50/piece

Henceforth, the environmental fee imposed on timber and the management fee for rattan shall no longer be collected. However, the reforestation deposits required of timber licensees and rattan permittees shall continue to be imposed, which shall be used to replenish the timber and rattan cut to ensure the sustainability and expanded availability of these valuable resources.

This Order shall take effect on October 29, 1991.

FULGENCIO S. FACTORAN, JR.
Secretary

Administrative Order
No. 57
October 29, 1991

SUBJECT: Disestablishment of Communal Forest Parcel-III (Amd.) of Atimonan, Quezon, Located at Barangay Villa Ilaya, Atimonan, Quezon

1. Pursuant to the provisions of Sections 1, 9 and 19 of Presidential Decree No. 705, otherwise known as the Revised Forestry Code of the Philippines, as amended, the establishment of Communal Forest Parcel-III (Amd.) of Atimonan, Quezon, located in Barangay Villa Ilaya, Atimonan, Quezon, is hereby revoked.
2. The disestablished parcel shall, hereafter reverts to the category of forest land for development to any land use or uses as will be determined by appropriate land evaluation consistent with the established land use planning and allocation scheme to be enforced.
3. This Order shall take effect immediately.

VICTOR O. RAMOS
Acting Secretary

Recommended by:

CIRILO B. SERNA
Director, Forest Management Bureau

Administrative Order
No. 65
December 27, 1991

SUBJECT: Guidelines in the Determination of Actual FOB Market Price of Timber and Other Forest Products as Basis for Assessing Forest Charges

Pursuant to the provisions of Section 6 of Republic Act No. 7161, the following criteria and/or guidelines in the determination of actual FOB market price, to be used as basis for the assessment of the **ad valorem tax** on timber and other forest products, are hereby promulgated for the information and guidance of all concerned.

Section 1. FOB Market Price refers to the prevailing price of a product at the designated monitoring areas. This includes all the charges involved in getting the product actually to the specified place (monitoring area).

Section 2. The actual FOB market price of timber and other forest products shall be set by geographical region (Luzon, Visayas and Mindanao) once a year.

Section 3. The FOB market price of timber and other forest products in each of the geographical region shall be the average price of the product in the following price monitoring areas:

Price Monitoring Areas

Region	Timber	Additional Areas for Other Forest Products
CAR	Mankayan, Benguet & Banawe, Ifugao	Baguio City
1	San Fernando, La Union Laoag,	Ilocos Norte & Dagupan City
2	Sta. Ana, Cagayan Maconacun & Ilagan, Isabela & Sta. Fe, Nueva Vizcaya	Tuguegarao, Cagayan & San Mariano, Isabela
3	Cabanatuan City	San Fernando, Pampanga

		& Olongapo City
4	Puerto Princesa City Casiguran, Quezon & Calapan, Mindoro Or.	Lucena City & Mamburao, Mindoro Occ.
5	Legaspi City & Virac, Catanduanes	Dact, Cam. Norte, Naga, Cam. Sur & Sorsogon
6	Bacolod City & Iloilo City	San Jose, Antique, Kalibo, Aklan & Roxas City
7	Tagbilaran, Dumaguete	Cebu City
8	Sogod, S. Leyte	Catbalogan, Samar & Tacloban, Leyte
9	Zamboanga City	Basilan, Dipolog & Pagadian
10	Butuan City & Cagayan de Oro City	Surigao City
11	Bislig, Surigao del Sur & Davao City	Gen. Santos & Mati
12	Cotabato City	Lebak & Kidapawan
ARMM	Iligan City	Marawi City

The Regional Executive Director concerned may designate additional monitoring areas or deactivate or replace existing monitoring areas, if the need arises. Provided, however, that the FMB Director is informed accordingly and concurrence from the regional representatives of the agencies/sectors enumerated in Section 5 hereof.

Section 4. In determining the actual FOB market price, the weighted average price at the designated monitoring area during the last twelve (12) months shall be used.

Section 5. For the purpose of gathering market information, a price monitoring unit shall be established in each regional office of the DENR which shall

closely coordinate with the local units/chapters of the Department of Trade and Industry, the National Economic and Development Authority, the Bureau of Internal Revenue, the Philippine Wood Products Association, the Chamber of Furniture Industries of the Philippines and the Consumers sector in undertaking a monthly survey using the attached forms.

Section 6. Survey respondents shall include both producer-sellers and processors-buyers.

Section 7. A montly price survey report shall be submitted by the Price Monitoring Unit to the Director, Forest Management Bureau. The report, which should reach the Forest Management Bureau at Quezon City not later than the 10th day of the ensuing month, shall include each of the following product categories:

- a. Timber
 1. Common hardwoods (tangile, lauan, apitong, etc.)
 2. Construction hardwoods (yakal, guijo, etc.)
 3. Premium hardwoods (narra, almaciga, etc. where cutting is allowed by DENR)
 4. Pine
 5. Mangrove timber (where cutting is authorized by DENR)
 6. Lesser-known species
 7. Pulpwood
 8. Matchwood
 9. Poles and piles
- b. Rattan
- c. Bamboo
- d. Almaciga resin
- e. Gums
- f. Other resins (pili, balau, oleoresin, etc.)
- g. Beeswax
- h. Gutta percha

Section 8. In cases where the prices of the forest products are not readily available, the mill gate price shall be used. If the mill gate price is not available (e.g. if only one company is granted a license to cut or gather a certain kind of forest product as raw material for its processing plants), the FOB market price shall be determined taking into account the factors enumerated under RA 7161 and using the following equation:

$$P = C + MPR$$

where:

P = FOB market price

C = Production cost including reforestation

MPR = Margin for profit and risk computed as a percentage of production cost. For this purpose, a 15% margin shall be used

The reforestation deposit embodied in DAO No. 79, Series of 1987, as amended, will still be remitted by TLA holders to the PWPA, hence, included as part of production cost.

This order shall take effect immediately.

FULGENCIO S. FACTORAN, JR.

Secretary