

Terminal Report

Simplified and Harmonized Forestry Regulatory Procedures

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ANNEX C FOREST RESOURCE UTILIZATION PERMITS

FORESTRY DEVELOPMENT CENTER

College of Forestry and Natural Resources

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AN ANALYSIS OF WOOD PROCESSING PLANTS PERMITTING SYSTEM

1.0. INTRODUCTION

Wood Processing Plants Permit (WPPP) is one of the utilization permits issued by the Department of Environment and Natural Resources (DENR) purposely to rationalize the wood industry and promote its growth by regulating the establishment/installation and operation of wood processing plants in the country. Wood processing plant is a combination of machines or set-up used for the treatment of poles and piles; and the conversion of logs and other wood materials into lumber, paper board, pulp, paper or other finished wood products. The Philippine Forestry statistics revealed that there were 403 WPPPs issued in 1971 composed of regular sawmills (349), veneer plants (19) and plywood plants (35). In 2001, a total of 214 WPPPs were issued, composed of 44 regular sawmills, 124 mini-sawmills, 19 veneer plants and 27 plywood plants (Table 1 and Figure 1). The forty-four (44) regular sawmills in 2001 have a daily rated capacity of 2,119 cubic meters and log requirement of 777 thousand. The 27 operating plywood plants and 19 veneer plants had a combined daily rated capacity of 2,756 cubic meter. Most of these plywood and veneer plants are located in Butuan City and Agusan del Norte (Phil. Forestry Statistics, 2001).

From 1989 to 2001, the number of WPPS for regular sawmills and plywood plants dropped from 171 to 44 and 48 to 27, respectively. The production capacity of sawmill and plywood also has been going down at an average rate of 8.7% per annum for sawmill and 3% per annum for plywood from 1989 to 2002 (FMB, 2003). The wood processing plants' production capacities have been going down due to the unavailability of local raw materials. Those actively involved in the wood industry have characterized it as experiencing serious decline. Figure 1 presents the performance profile of the wood industry from 1971 to 2001.

The industry association believes that most wood processing plants are now antiquated or obsolete. In order to improve efficiency of wood processing facilities and to make the outputs more competitive, processing facilities need to be replaced or re-tooled. However, the policy and supply environments of the forest industry are not conducive to undertake investments to replace or re- tool. Investments in the primary wood based sector of the industry are only geared towards maintenance of existing operations due to the prevailing uncertainties and risks involved. Some of the limiting factors to major investments are: uncertain and unstable policy environment which continue to affect the industry level and weakens confidence of investors; Insecure long term availability of raw materials (including major changes in size, quality of materials) and shortage or absence of low interest, long term funds for equipment modernization, upgrading and forest development programs (NRMP Report, 1992)

2.0. POLICIES ON WOOD PROCESSING PLANTS

Wood processing plants operate on approved Wood Processing Plant Permits (WPPP) under various policy issuances (Table 2). The most recent policies being used are Memorandum Order (MAO) No. 50, Series of 1986 which is the regulation governing the issuance of permit and DENR Administrative Order No. 41 signed by the DENR Secretary last Sept. 2003 which amends certain provisions of MAO No. 50, S-1986. These policies apply to all owners and

operators of existing wood processing plants established prior to issuance of MAO No. 50, S-1986; holders of IFMA, CBFMA, TLA and other tenurial instruments and other citizens of the Philippines/entities who can comply with the constitutional provisions on corporate law. Owners of two or more wood processing plants which are independently operated in separate locations shall file individual applications for each wood processing plants.

Table 1. Wood Processing Plants in the Philippine (1971-2001)

Year	Wood Processing Plants				Total
	Regular Sawmill	Mini-Sawmill	Veneer Plants	Plywood Plants	
1971	349	-	19	35	403
1972	355	-	18	31	404
1973	370	-	18	31	419
1974	355	-	18	31	404
1975	408	-	18	31	457
1976	325	-	24	33	382
1977	341	-	23	32	392
1978	357	-	23	33	413
1979	227	-	23	33	283
1980	209	-	23	33	265
1981	182	-	23	33	238
1982	190	-	11	35	236
1983	195	-	8	35	238
1984	189	-	6	38	233
1985	174	-	7	38	219
1986	169	-	8	38	215
1987	180	-	11	39	230
1988	190	-	12	45	247
1989	171	-	17	48	236
1990	152	-	15	45	212
1991	150	125	14	42	331
1992	122	157	13	42	334
1993	95	151	13	45	304
1994	93	-	6	40	139
1995	78	-	6	31	115
1996	61	-	7	32	100
1997	85	-	14	34	133
1998	55	59	19	33	166
1999	51	66	19	31	167
2000	45	-	19	30	94
2001	44	124	19	27	214

2.1 Tenure

The tenure of WPP permit shall be co-terminus with the forestry tenurial instruments issued such as CBFMA, IFMA, SIFMA and TLA for applicants who are holders of such forestry tenurial instrument, provided that the wood production from such forestry projects is the primary input to the processing plant. For applicants who are not holders of forestry tenurial instrument, the permit shall have a duration of three (3) years, renewable every three years thereafter, provided that the annual permit fee shall be duly paid.

2.2 Levels of Approval

Under MAO 50, S-1 (Attachment A) approval of WPP permits will be at the DENR Secretary's level while its renewal shall be approved by the Regional Executive Director concerned. In DAO 2003-41 (Attachment B) which is the recent WPPP policy signed by the DENR Secretary, WPP permits shall be approved by the Regional Executive Director including its renewal. The process/levels of approval of WPP is shown in Figure 2.

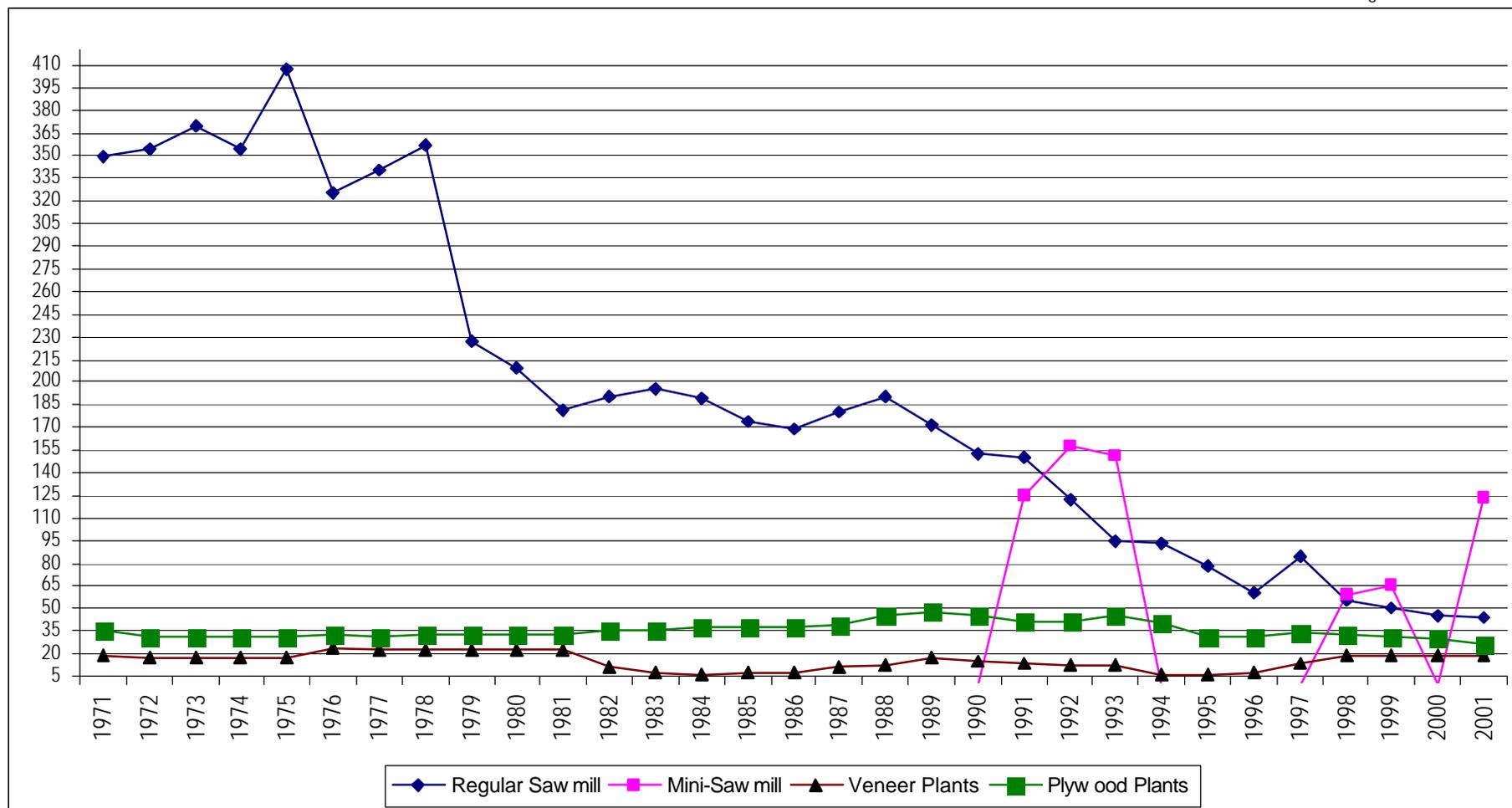


Figure 1. Number of wood processing plants from 1971-2001.

Source: Forestry Statistics, FMB-DENR

Table 2. Policy Issuances related to Wood Processing Plants Permits.

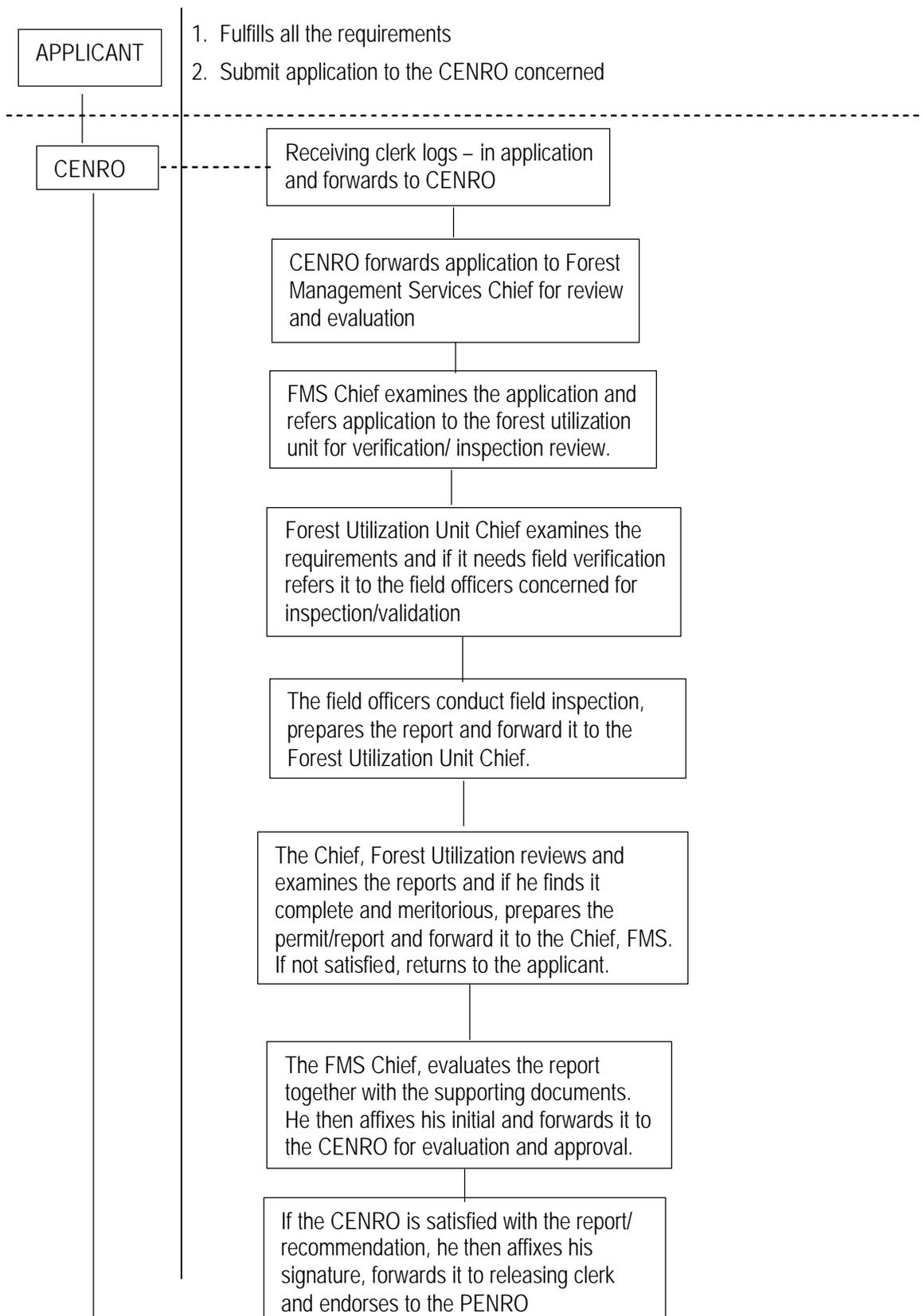
Policy	Year	Title	Highlights/Salient Provisions
R.A. 460	1950	An Act Regulating the Operations of Sawmills Requiring Operators of Sawmills to obtain from the Director of Forestry permits for the Operation of such sawmills and providing penalties for violations thereof	<p>Operation of Sawmill</p> <ul style="list-style-type: none"> Secure a permit from the Director of Forestry Approval of permit of the Secretary of Agriculture and Natural Resources Source of adequate supply of timber for the sawmill <p>Any person, association or corporation who violates this act in sawmill operations shall be punished by a fine of not less than one thousand and not more than ten thousand pesos</p>
Forestry Memo Order No. 19	1964	Policy on the Issuance of Sawmill Permits (Apolonio F. Rivera)	<ul style="list-style-type: none"> Application for original and renewal of permits must be filed at least 60 days before the operation and 60 days before the expiration of permit to give ample time for the central office of Forestry to process the application and supporting papers
P.D. 705.	1975	Regulation of Timber Utilization in all other classes of lands and wood processing plants Diffusion of Benefits	<p>Sec. 39 – The establishment and operation of saw-mills and other wood processing plants, shall be regulated in order to prevent them from being used as shelters for excessive and unauthorized harvest in forest lands and shall not therefore be allowed except through license agreement, license, lease or permit.</p> <p>Sec. 58 – The privilege to utilize. Exploit, occupy or to conduct any activity therein, or to establish and operate wood processing plants shall be qualified and deserving applicants as possible.</p>
PD 1559 Amending PD 705	1978	License Agreement, License Lease or Permit (Pres. Ferdinand E. Marcos) Rationalization of Wood Industry	<p>Sec. 20 - No person may utilize, exploit, occupy, possess, establish, install, add and operate any wood or forest products processing plant, unless he had been authorized to do under a lease agreement.</p> <p>Sec. 30 – No expansion or integration of existing processing no establishment of new processing plant shall be allowed unless environmental consideration is taken into account and adequate raw materials supply on a sustained-yield basis is assured.</p>

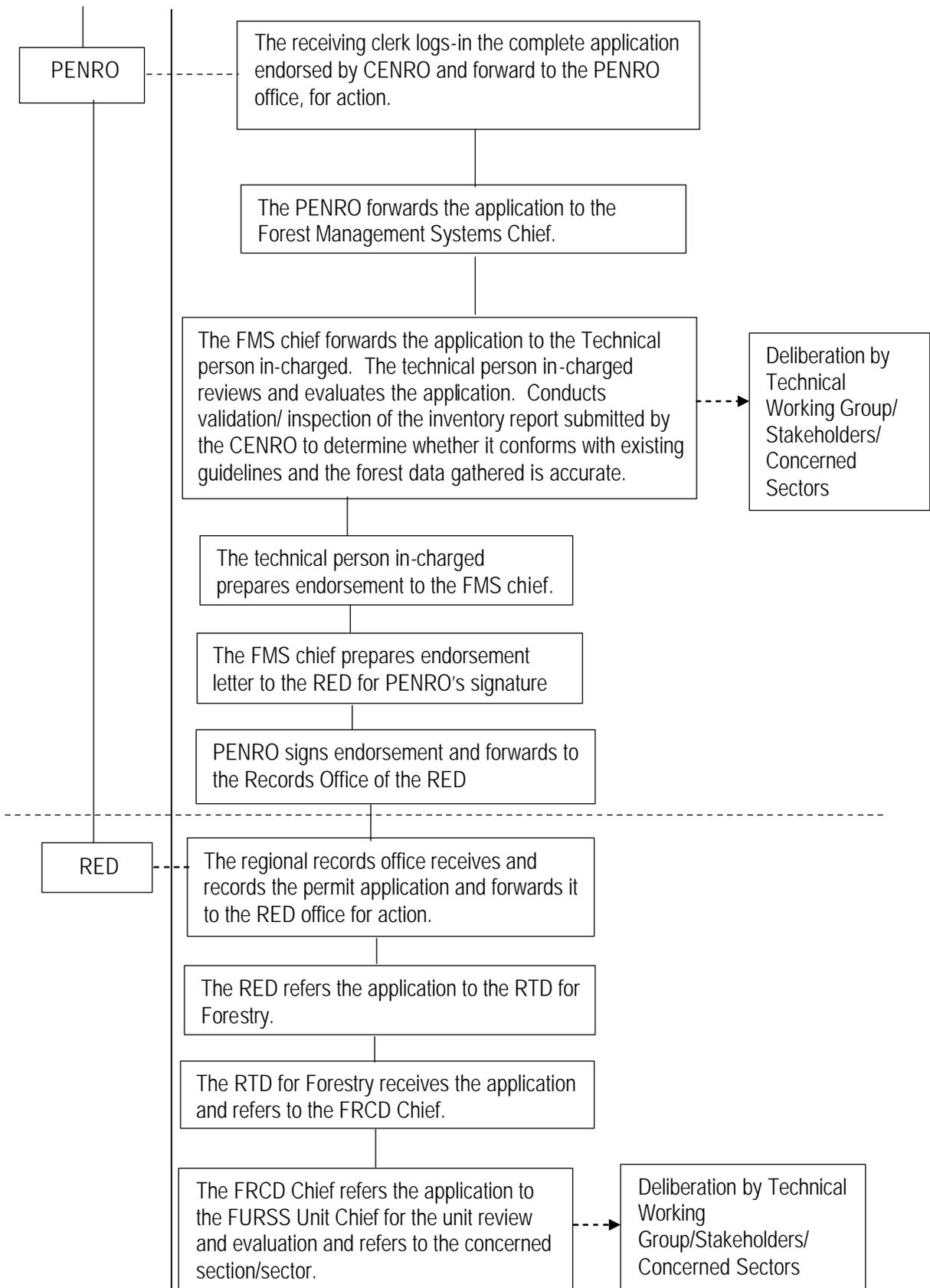
Policy	Year	Title	Highlights/Salient Provisions
			<ul style="list-style-type: none"> • Permittees without processing plants shall jointly adopt any feasible scheme or schemes for approval of the MNR. • All processing plant existing, to be expanded, to be integrated or to be established shall obtain operating permits from BFD. • MNR Head may cancel, suspend or phase-out all inefficient, wasteful, uneconomical or perennially short in raw material wood or forest products processing plants which are not responsive to rationalization program of the government.
MNR Administrative Order No. 50	1986	Integrated Regulations on the Establishment and Operations of Wood Processing Plants (Sec. Ernesto M. Maceda)	<ul style="list-style-type: none"> • Owners and operators of existing wood processing plants, citizens of the Philippines, corporations or associations which owned at least sixty percentum of the capital may apply. • All applications shall be filed with the field office of the BFD/MNR where the wood processing plant is located. • Application Requirement <ul style="list-style-type: none"> • Common <ul style="list-style-type: none"> ◊ For Private corporation, partnership or association: <ul style="list-style-type: none"> ◆ Articles of incorporations, partnership ◆ Authorization issued by the corporations, partnership or association ◆ Application fee ◆ Forestry Bond ◆ Location and Clearance from the Ministry of Human Settlements ◆ Pollution Clearance ◆ IEE ◆ Evidence of ownership of machineries (for new application) ◆ Business plan (for new application) ◆ Project feasibility study (for new application) ◆ Authority to establish (for new application)

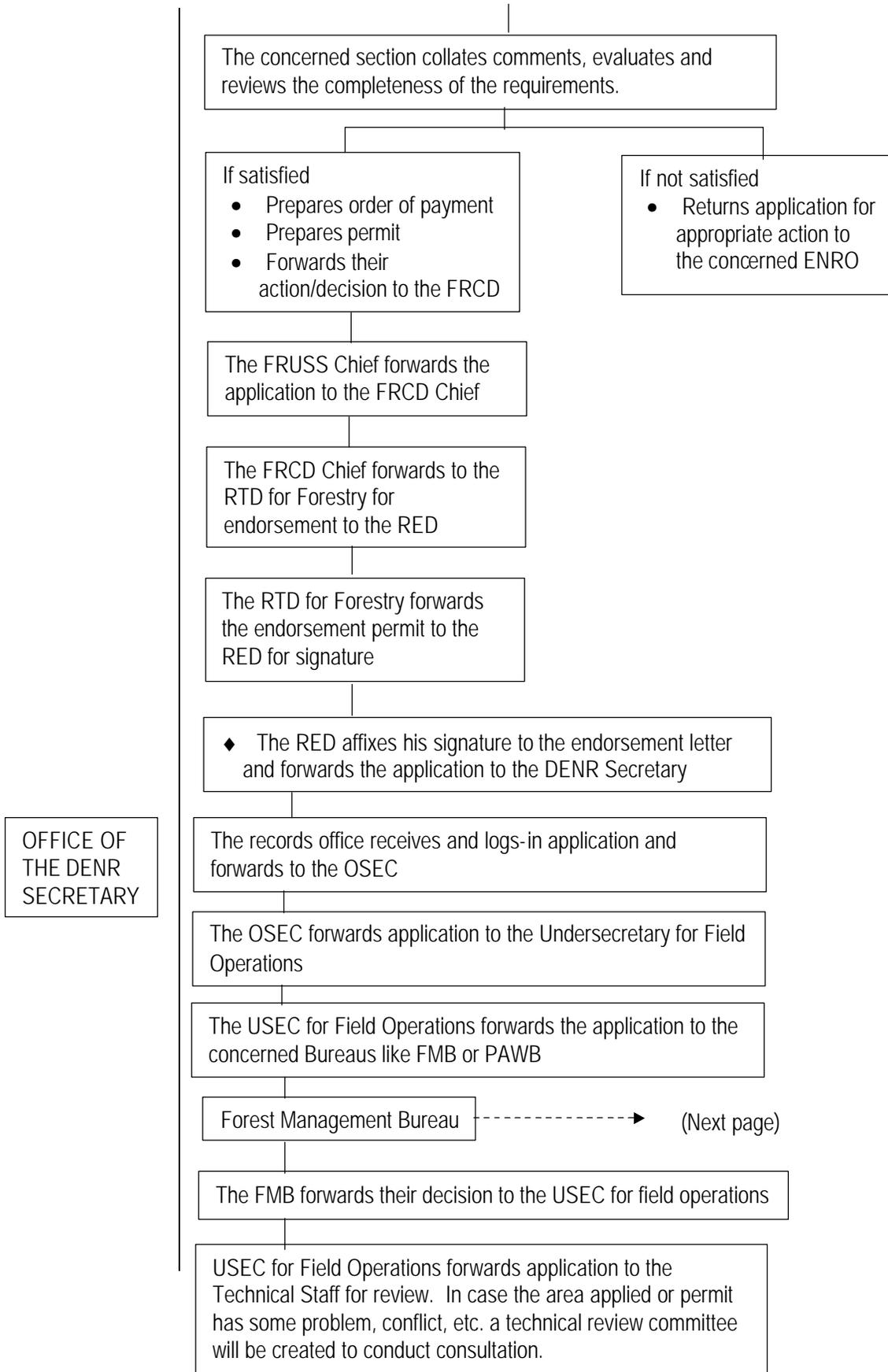
Policy	Year	Title	Highlights/Salient Provisions
			<p>Authority to establish new, acquire or to expand existing wood processing plants may be issued by the Minister upon the recommendation of the Director that the proposed project is in accordance with the wood rationalization program.</p> <p>Permit to operate wood processing plant is issued by the Minister after the evaluation of application. Any owner or operator of wood processing plant who is found to have violated any of the provisions of this order shall be penalized in accordance with existing applicable laws, rules and regulations.</p> <p>Section 6 – Application requirements</p>
DAO No. 38	1992	<p>Prescribing Conditions for the Operating of Sawmills and Mini-sawmills</p> <p><i>(Sec. Ricardo M. Umali)</i></p>	<p>Permit to operate shall be given to sawmills and mini-sawmills with assured sources of raw materials equivalent to 100% of its log requirement.</p> <p>Processing of raw materials other than sawmill wastes, tops and branches shall be considered on outright violation of this order.</p>
DAO 8	1994	<p>Additional Requirement in the Issuance of New Sawmill Permits and Certificates of Registration as Lumber Dealers, Including Renewals thereof</p> <p><i>(Sec. Angel C. Alcalá)</i></p>	<p>Additional Requirements:</p> <ul style="list-style-type: none"> • Log supply contract of the following <ul style="list-style-type: none"> ⊗ An existing TLA ⊗ IFMA ⊗ PLTP/SPLTP ⊗ Exporter of logs from a foreign country
DAO 41	2003	<p>Amending certain provisions of Ministry Administrative Order No. 50 dated November 19, 1986 (Integrated Regulation on the Establishment and Operations of Wood Processing Plants)</p> <p><i>Sec. Elísea G. Gozun</i></p>	<p>Sec. 2 – Definition of Wood Processing Plant</p> <p>Sec. 6 – Application requirement</p> <ul style="list-style-type: none"> • Duly accomplished application form with notation by authorized DENR collection officer on the official receipt number and date of payment • Certificates of Registration of Articles of incorporation, partnership or corporation • For individual persons, document reflecting proof of Filipino Citizenship such as Birth Certificate or Certificate of Naturalization

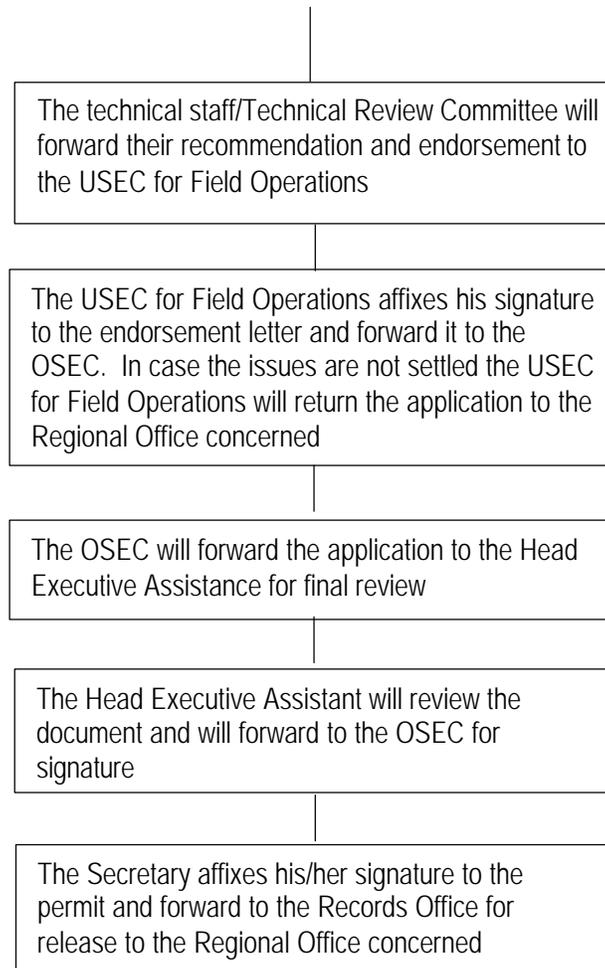
Policy	Year	Title	Highlights/Salient Provisions
			<ul style="list-style-type: none"> • ECC or CNC, as the case may be, issued by EMB pursuant to DAO 96-37 • Sworn state of application declaring the source of wood raw materials, supported by certified documents such as but not limited to supply contracts or other appropriate proof of availability and legitimacy of wood source • In case the WPPP is to be located in/or already located in public forest land, the application for special land use permit and processing plant permit will be processed simultaneously. The duration of SLUP shall be co-terminus with the duration of the processing permit. <p>Sec. 10 – Tenure</p> <ul style="list-style-type: none"> • Permit to establish and operate WPP shall be co-terminus with the forestry tenurial instrument issued such as CBFMA, IFMA, SIFMA and TLA if the applicant is also a holder of such forestry tenurial instrument, provided that the wood production from such forestry projects is the primary input in the processing plant and not holders of forestry tenurial instrument. • Duration of permit shall be three (3) years, renewable every three years. <p>Sec. 11 and 12 – The authority to establish and permit to operate shall be combined into a single permit to establish and operate WPP. This same permit shall be issued for authority to acquire new equipment and expand existing WPP.</p> <p>The permit and renewal to establish and operate WPP shall be approve by the Regional Executive Director.</p>

Figure 2. Flow Chart of Wood Processing Plant Permit Application (MAO 86-50)









2.3 Application Requirements

In MAO 50 – 86, a total of 11 requirements were needed for WPPP application but this was reduced to six (6) in DAO 2003-41. The six (6) application requirements are the following :

1. Duly accomplished application form with notation by authorized DENR collection officer on the Official Receipt number and date of payment of the application fee.
2. Certificate of Registration of Articles of Incorporation, Partnership or Cooperation, as the case may be.
3. For individual persons, document reflecting proof of Filipino citizenship such as Birth Certificate or Certificate of Naturalization
4. Environmental compliance Certificate or Certificate of Non-Coverage, as the case may be, issued by the Environmental Management Bureau pursuant to DAO 96-37

5. Sworn statement of the application declaring the source of wood raw materials, supported by certified document such as, but not limited to, supply contracts, or other appropriate proof of availability and legitimacy of wood source.
6. In case the Wood Processing Plant is to be located in/or already located in public forest land, the application for Special land use Permit and processing plant permit will be processed simultaneously. The duration of the Special Land Use Permit shall be co-terminus with the duration of the processing plant permit.

2.4 Fees and Charges

The fees and charges for WPP permit issuance is based on MAO 50, S-1986. Accordingly, the application fee is P500 per application and the annual permit fee is based on daily rated capacity of the WPP. For regular sawmill, mini-sawmill, re-sawmill such as those with daily rated capacity of 24 cu.m. the annual permit fee is P750.00; 24 cu.m. to 47 cu.m P900.00 and for ALR (annual log requirement) above 47m³, P1,000.00. For veneer and plywood plants and other wood-based panel plants, the annual permit fee is based on annual log requirement as shown below:

Annual Log requirement (cu.m.)		Annual Permit Fee (P)
Below 4,000 .	- P	1,400.00
4,000 – 7,999	-	1,800.00
8,000 – 11,999	-	2,000.00
12,000 – 15,999	-	2,800.00
16,000 – 19,999	-	3,400.00
20,000 – 29,999	-	3,950.00
30,000 – 39,999	-	4,500.00
40,000 – 49,999	-	5,650.00
50,000 – 99,999	-	7,000.00
100,000 and above	-	8,500.00

The annual permit fee for wood treating plants and other wood processing plants are P3,000.00 and P1,000.00, respectively. Aside from an application fee and annual permit fee, a performance bond of P600.00/cu.m. based on daily rated capacity but not less than P10,000.00 is also a requirement for all WPP permits issuance. The performance bond can be forfeited for any reasons like non-compliance or violation and can be refunded upon request of permittee if the permit is surrendered to the Secretary.

2.5 WPPP Monitoring

The CENRO concerned through his Forest Officers shall closely monitor and inspect the Registry Book and daily trimmer tally including other records of sales and disposal of lumber and other wood products of the wood processing plants. In this way, the permittee shall strictly maintain a Registry Book and file copies of purchase order showing log/lumber or other raw materials purchased in chronological order with the following information: species, volume, official receipts number in which the total charges and other fees were paid. A monthly production report of the WPP shall be submitted to the RED thru proper channels.

3.0. AN ANALYSIS OF EXISTING WPPP POLICIES

The implementation of the WPPP was and continues to be a focus of attention by the FMB-DENR and wood processing plants stakeholders. The issues involved in WPPP implementation range from the technical issues of wood processing plants establishments to the socio-politico-legal issues associated with permit issuance, tenure, monitoring and sources of raw materials. WPPP policies are considered by most permittees as extremely restrictive, confusing and without focus, bureaucratic and/or extremely regulatory.

3.1. Tenure Issues

The existing WPPP policies provide that the permit to establish and operate wood processing plants shall be co-terminus with the forestry tenurial instruments issued such as CBFMA, IFMA, SIFMA and TLA if the applicant is also the holder of such forestry tenurial instrument, provided that the wood production from such forestry projects is the primary input to the processing plant. For applicants who are not holders of forestry tenurial instrument, the permit issued shall have a duration of three (3) years, renewable every three years thereafter. WPP permittees do not question the duration of the first category of permit applicants. To them, the 25 years duration is enough security to their investment. However, in the case of applicants who are not holder of existing forestry tenurial instruments they find the three year period very short considering the high investment cost required. Accordingly, this is one of the dominant constraints to investment and the long term development programs by wood processing industry. The short duration of the permit greatly influences the efficiency of their operation and raises great concern on the stability and growth of their business. They consider this as a very risky venture and uncertain situation where the permit applicants are at the mercy of the DENR after three (3) years of operation.

Additionally, the 3 year period is considered very short in relation to the investment that they are providing. For a business to progress, they should have security of tenure that is commensurate to their investment. Considering that the equipment and maintenance cost are very expensive, it is necessary to provide enough time for the investor to recover the investment. Most of the interviewed wood processors suggested a longer period of time for the tenure, preferably, 10 years which will significantly reduce transaction costs associated with permit renewals and at the same time provide stability to their operation.

As a safeguard on the part of the government, the operation of the permittee may be suspended or cancelled if the firm violates certain provisions of his agreement. These means that the agreement should be clear on what would constitute violations, at the same time this will require a regular monitoring. A regular monitoring will be undertaken to assess compliance of the permit holder on the provisions of his agreement. The permittees are willing to be monitored regularly. But to promote transparency, accountability and stakeholders participation, it is suggested that the monitoring team be composed of multi-sectoral representatives. The report of monitoring team should indicate whether the permit holder violated the provision on his agreement for responsible processing of forest products. This would now, become the basis for suspension or cancellation of operation depending on the gravity of the violation.

3.2 Further Simplification of Requirements

DAO 2003-41 has significantly reduced the application requirements for permit to establish and operate wood processing plants. From 11 requirements under MAO 50-86 the new DAO has

reduced it to six (6) [Table 3]. The removal of location clearance, pollution clearance, business plan, feasibility study in the application requirements is particularly appreciated. However, most of the permittees interviewed complained of high transaction cost in securing Environmental Compliance Certificate (ECC) and Certificate of Non-Coverage (CNC). In fact, pollution clearance and location clearance are still part of the requirements for securing ECC. The issuance of ECC process is a very tedious process involving a lot of consultations. The applicant usually engages the services of a consultancy firm or an NGO to secure the ECC and in most cases the cost would range from P50,000.00 to P500,000.00 depending on the size and area of the plant. What is more painful is that once the ECC is issued the DENR requires new rounds of consultations with the different stakeholders in the processing of the permit. This is an added cost on the part of the permittees which together with the other costs associated with the follow-ups in various offices would constitute roughly from P80,000.00 to P150,000.00 up to the Regional level. The permittees are suggesting that since the ECC has undergone extensive public consultations, this should no longer be repeated in the processing of WPP permits. Additionally, while the law requires an ECC for industries such as wood processing plants, there is a need to simplify the requirements and procedures for the issuance of ECC.

Securing a Certificate of Non-Coverage (CNC) is another issue. Why is there a need to secure a CNC from the EMB? This also constitutes another layer of delay and costs on the part of WPPP applicants. This could be avoided by specifying clearly the types of plants that will no longer need an ECC so that they don't have to go to EMB and instead submit directly their application to the concerned CENRO. The CENRO concerned should have clear guidelines in determining WPPP applications that will not require an ECC. The EMB should now issue the list of industries or applications that need an ECC. Only those applications not in the list will require a CNC. This will promote transparency and reduce opportunities for corruption.

Table 3. Comparison of the application requirements of MAO 50-86 and DAO 2003-41.

MAO 50 – 86	DAO 2003-41
<ol style="list-style-type: none"> 1. Articles of Incorporation, Partnership or Association as the case may be, duly certified by the Securities and Exchange Commission; 2. Authorization issued by the Corporation, Partnership or Association in favor of the person signing the application; 3. Application fee; 4. Forestry bond; 5. Locational clearance from the Ministry of Human Settlements; 6. Pollution clearance from the National Pollution Control; 7. Initial Environmental Examination (for new application) 8. Evidence of ownership of machineries (for new application); 	<ul style="list-style-type: none"> • Duly accomplished form with notation by authorized DENR collection officer on the Official Receipt number and date of payment of the application fee; • Certificate of Registration of Articles of Incorporation, Partnership or Cooperation, as the case may be; • For individual persons, document reflecting proof of Filipino citizenship such as Birth Certificate or Certificate of Naturalization; • Environmental Compliance Certificate or Certificate of Non-Coverage, as the case may be, issued by the Environmental Management Bureau pursuant to DAO 96-37; • Sworn statement of the application declaring the source of wood raw

MAO 50 – 86	DAO 2003-41
9. Business Plan (for new application); 10. Project Feasibility Study (for new application); and 11. Authority to establish (for new application).	materials, supported by certified document such as, but not limited to, supply contracts, or other appropriate proof of availability and legitimacy of wood source; <ul style="list-style-type: none"> • In case the Wood Processing Plant is to be located in/or already located in public forest land, the application for Special Land Use Permit and processing plant permit will be processed simultaneously. The duration of the Special Land Use Permit shall be co-terminus with the duration of the processing plant permit.

3.3. Policy Instability

Wood processors also complain of unstable policies which have great implications in their operation. Application requirements vary from one region to another. While MAO 50 – 86 and DAO 2003-41, has specific provisions on the required documents for application of WPPP, some regional offices still ask for additional requirements such as pictures of the processing plants, inspection reports, etc. While this may be necessary and easy to comply with, they nevertheless cause delay in the processing of the permit. If these are clearly stated in the policy, the applicants would have easily complied without the need for going back to their offices.

The frequent suspension of utilization permits also has greatly affected the operations of wood processing plants. It creates an uncertain condition in the business sector because of the possibility that the wood processing plants could cease operation for would be lack of raw materials. As a result the business sector could not expand their operation and are hesitant to invest because they could not properly project their production.

3.4. Decentralizing WPPP Approval

Under MAO 50-86 the approval of new WPP permits is lodged in the Secretary of the DENR. Before a permit is issued under this scheme it would require steps (Fig. 2). According to the permittees, it would take about 6 months to 2 years before a permit is signed.

DAO 2003-41 has delegated the authority to issue permit to install/establish and operate WPP to the Regional Executive Directors (RED). Under this procedure, before a permit is issued it would require 24 steps. The permittees appreciated this move of the DENR because this significantly reduced the time period within which a permit is signed.

In both policies, an examination of the procedure in which WPP permit applications are processed would indicate that there are duplications in the role of the CENRO and PENRO in the processing of the application. Both review the application, conduct validation and field verification and endorse application to the RED.

The processing of permit applications could be significantly facilitated if applications will no be longer evaluated at the PENRO level (Fig. 3). This will also significantly reduce the transaction cost associated with following up the application. The PENRO may be furnished a copy of the application for their information. This way, the CENRO will be strictly accountable in the endorsement of the application to the RED and any misrepresentation in the validation/inspection report, the CENRO will be held liable.

A major role that the PENRO could play is in terms of monitoring the performance of WPPP holders. They should take the lead in organizing a multi-sectoral monitoring team on the performance of the permittees.

Recently, there is a move to revert back the authority to issue WPP permit to the Secretary of the DENR. While there may be strong reasons for these, it is highly recommended that the current policy delegating authority to the RED should be maintained. Doing otherwise will highlight the policy uncertainties as perceived in the wood industry not to mention the additional transaction costs involved in terms of following up the applications in Manila and in terms of the time delay in the issuance of the permit. The least that could be done is to conduct consultations with permit holders and interested investors in the wood industry in the fields

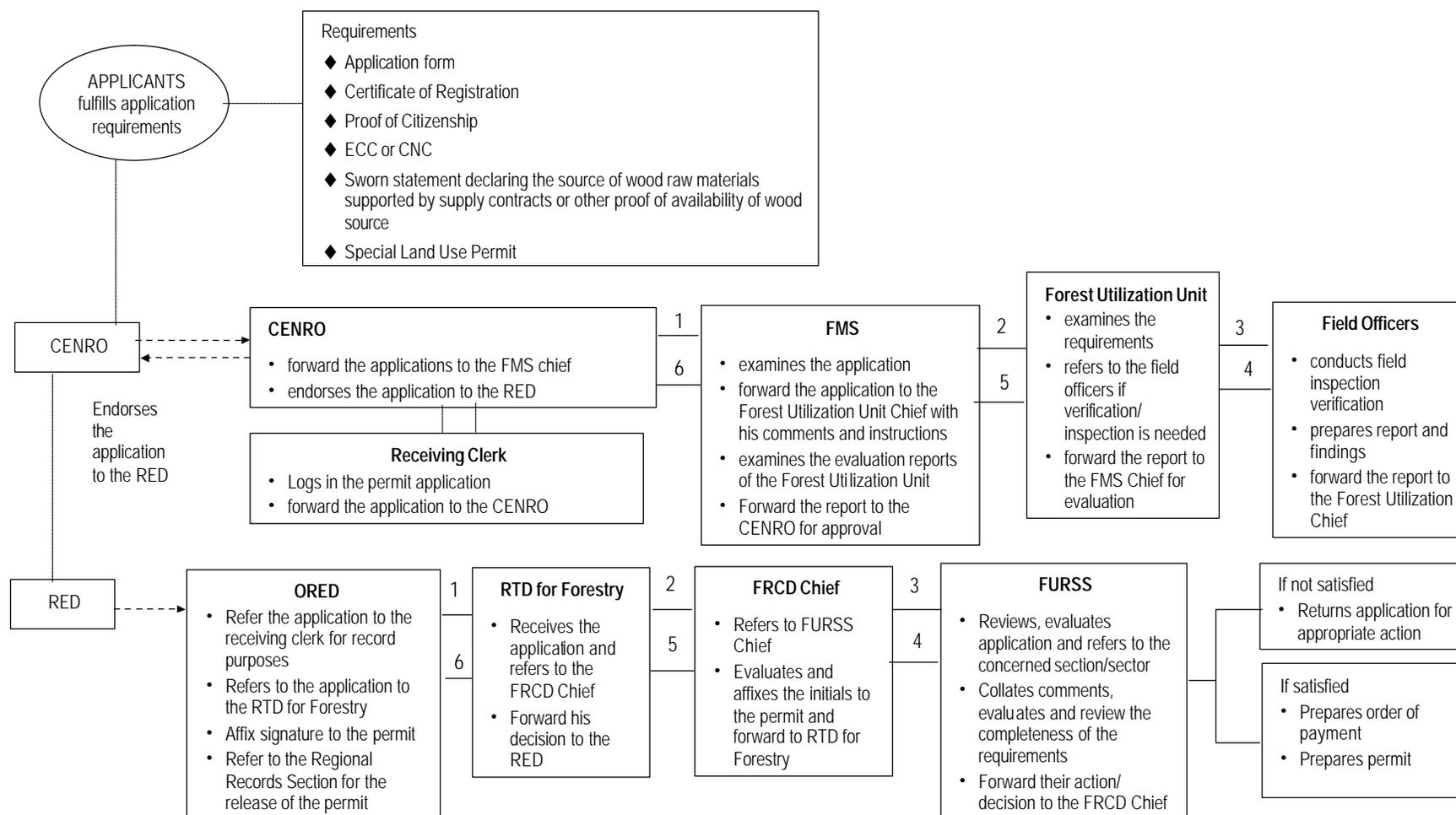


Figure 3. Proposed Flowchart of WPP Processing and approval

3.5. Lack of Participation and Transparency in WPPP Monitoring and Evaluation

Under current regulation, the monitoring and evaluation of WPPP is mainly undertaken by the CENRO through his Forest Officers. The involvement of other concerned sectors like LGUs, NGOs, POs and others is not mandated in existing DENR policies. There are regions that have initiated the multisectoral monitoring, unfortunately these depends on the initiative of field offices. This has to be formulated as a national policy to promote multisectoral participation and transparency in the implementation of conditions indicated in the permit. This way, WPP permittees will be more cautious with their operations since they are held accountable to the general public. At the same time, the business environment for the investors will be more conducive since this practice will promote predictability in their operation. Investors will be motivated to perform consistent with good practices and existing policies because they will be assured by performing well the multisectoral monitoring team will continue to recommend the continuance of the operation of their processing plants. They will no longer be concerned that any time their permit will be suspended or cancelled or their operations delayed because the decision will not come from a single agency but is a result of a multisectoral evaluation.

4.0 SUMMARY and RECOMMENDATIONS

In summary, the following specific recommendations are forwarded to resuscitate the ailing wood processing industry:

1. Provide longer period of tenure, preferably 10 years for applicants who are not holders of forestry tenurial instrument. DAO 2003-41, provides a permit duration of three (3) years only, renewable every three (3) years. The 10 year tenure will reduce transaction costs associated with permit renewals, and provide the investor enough time to recover their investment and stability to their operation.
2. Study the possibility of further simplifying the requirements and processes in the issuance of ECC. At the same time, public consultations should no longer be required in the processing of WPPP since this is already undertaken during the process of securing ECC. Environmental Management Bureau (EMB) should also issue a list of wood processing plants that will no longer need an ECC so that the process of securing a Certificate of Non-Coverage will no longer be required for those plants included in the list.
3. Standardization of the WPPP requirements and procedure at all regional levels.
4. Decentralization of WPPP approval to the Regional Executive Director.
5. Multisectoral monitoring and evaluation of WPPP implementation to promote participation and transparency.

**MNR ADMINISTRATIVE ORDER
NO. 50-86
November 11, 1986**

SUBJECT : **Integrated Regulations on the Establishment and Operations of Wood Processing Plants**

Pursuant to Republic Act No. 460 and the pertinent provisions of Presidential Decree No. 705, as amended, the following regulations governing the issuance of permits to establish and operate wood processing plants are hereby promulgated.

**CHAPTER I
BASIC POLICY AND DEFINITION OF TERMS**

SECTION 1. Basic Policy — It is the policy of the state to rationalize the wood industry by regulating, among others, the establishment, location and operation of wood processing plants in the country.

SECTION 2. Definition of Terms — For the purpose of this Order, the following terms shall mean:

- 2.1 Minister — shall refer to the Minister of Natural Resources appointed by the President;
- 2.2 Agency — refers to the Ministry of Natural Resources including the various Bureaus under it;
- 2.3 Wood Processing Plant — a mechanical device, machine, combination of machines or set-up used for the treatment of poles and piles or conversion of logs and other wood raw materials into lumber, veneer, plywood, wall board, blackboard, paperboard, pulp, paper, or other finished wood products;
- 2.4 Plywood Plant — a primary wood processing plant used to convert logs into panels made of alternating cross veneer layers, held together by an adhesive. Basic machineries include peeling/slicing machinery, dryers, cold/hot press, and finishing machines.
- 2.5 Veneer Plant — a primary wood processing plant used to convert logs into standard-size sheets either by peeling or slicing.
- 2.6 Blackboard/Fiberboard/Particleboard and other Wood Based Panel Plants — are processing plants producing panels of 4 ft. by 8 ft./5 by 10 ft./2 by 4 ft. sizes from wood in the form of low-quality logs, lumber strips, logging and processing wastes using natural or chemical binders, pressure and heat.
- 2.7 Sawmill — a wood processing plant used for the conversion of logs/timber into lumber, which includes band or circular resaws with carriage that are operated as independent units for resawing/ripping of lumber, slabs and other wood wastes into desired dimensions and forms and are not accessories to the head rig.
- 2.8 Resawmill — a sawmill, regardless of capacity, without a log carriage or rails used in ripping/resizing large pieces of rough lumber.
- 2.9 Wood Treating Plant — a mechanical or other set-up used to impregnate or coat wood with chemicals in pressure or immersion tanks to increase the service life of wood.
- 2.10 Annual Log Requirement — the volume of log input needed to sustain the operation of a sawmill at full or attainable capacity for a period of one year.
- 2.11 Attainable Capacity — the average volume of output that the mill can normally produce in one shift of 8 hours and estimated at 80% of the daily rate capacity, or as determined by the Agency.
- 2.12 Daily Rated Capacity — the maximum volume of output that a mill can produce in one shift of 8 hours based on the actual performance of the machinery/equipment, sometimes referred to as true rated capacity.

- 2.13 Daily Registered Capacity — the maximum volume of output that a mill can produce in one shift of 8 hours based on the machinery/equipment manufacturer's specifications.
- 2.14 Flitch — a portion of a log hewn or sawn on two or more sides with a thickness of over 15 centimeters (6 inches) and intended for remanufacture into lumber or veneer.
- 2.15 Log — a merchantable piece of wood having a minimum length of 1.5 meters and an average diameter of at least 15 centimeters.
- 2.16 Log Core — the central portion of a log left in the process of producing veneer sheets with the use of a rotary lathe.
- 2.17 Log End — a form of wood waste generated in the process of bucking logs into desired lengths.
- 2.18 Logging Waste — wood residues generated in the course of normal logging operations. This includes tree tops, branches, stumps, trimmings, and knocked down trees not within the definition of mercantile logs.
- 2.19 Log Carriage — a movable platform, manually or mechanically operated, on which a log or timber to be fed to the head rig/head saw or a pony rig is loaded and controlled.
- 2.20 Rough Lumber — the product of a log manufactured by sawing with a thickness of not more than 15 centimeters (6 inches) and has not been subjected to further pre-finishing operations.
- 2.21 Processing Waste — wood residues generated in the process of converting wood materials into goods for consumption or commerce.

This includes sawdust, slabs, edgings, log cores, trimmings, clippings, product rejects, shavings and sander dust.

- 2.22 Sawkerf — the width of wood removed by the sawteeth while sawing.
- 2.23 Sawmill, Mini — a stationary sawmill equipped with a log carriage or a portable mill equipped with rails where the head rig moves for sawing, with a daily rated capacity of less than 10,000 board feet.
- 2.24 Sawmill, Portable — a type of sawmill, regardless of capacity which can be dismantled, transported and reassembled with relative ease. This type of mill can either be circular or band.
- 2.25 Sawmill, Regular — a sawmill equipped with a log carriage or with rails on which the head rig runs with a daily rated capacity of at least 10,000 board feet.
- 2.26 Timber, Manufactured — all timber other than round and squared timber. It includes logs longitudinally sawn into pieces even if only to facilitate transporting and hauling. It also includes, besides all sawn products, all timber hewn or otherwise worked to approximate its finished form, such as house posts, ship keels, mine props, crossties, railroad sleepers, trolley poles, table tops, and other similar commodities.
- 2.27 Timber, Squared — timber squared with an axe or other similar mechanical or hand tools in the forest and which, from the size of the pieces and the character of the wood, is obviously unfit for use in that form.
- 2.28 Woodwastes — the collective term for logging and processing wastes.

CHAPTER II APPLICATION

- SECTION 3. Who May Apply — Owners and operators of existing wood processing plants, whether with back-up concessions or covered by a feasible tie-up scheme pursuant to Section 30 of PD 705, as amended, or citizens of the Philippines, or corporations or associations at least sixty percentum of the capital of which is owned by such citizens, or qualified Government Agencies and entities as determined by the Minister, may apply for and be granted a Wood Processing Plant Permit; Provided, that, owners of two or more wood processing plants which are independent operated in separate locations shall file individual applications for each wood processing plants.

- SECTION 4. Where to File the Application — All applications shall be filed with the Field Office of the BFD/MNR who has jurisdiction over the area where the wood processing plant is located.
- SECTION 5. When Application is Considered Filed — Application is considered filed on the date of receipt of the latest communication containing information necessary for action on the application.
- SECTION 6. Application Requirements — The following documents/supporting papers shall be submitted together with the duly accomplished application form in order that the application can be given due course:

6.1 Common

In case of private corporation, partnership or association, the following shall be submitted:

- 6.1.1 Articles of Incorporation, Partnership or Association as the case may be, duly certified by the Securities and Exchange Commission;
- 6.1.2 Authorization issued by the Corporation, Partnership or Association in favor of the person signing the application;
- 6.1.3 Application fee;
- 6.1.4 Forestry bond;
- 6.1.5 Locational clearance from the Ministry of Human Settlements;
- 6.1.6 Pollution clearance from the National Pollution Control Commission;
- 6.1.7 Initial Environmental Examination (for new application);
- 6.1.8 Evidence of ownership of machineries (for new application);
- 6.1.9 Business Plan (for new application);
- 6.1.10. Project Feasibility Study (for new application); and
- 6.1.11. Authority to establish (for new application).

Provided, that, in case of government-controlled corporation/agencies, authorization issued by the corporation/agency in favor of the person signing the application shall be submitted in addition to requirements 6.1.3, 6.1.4, 6.1.5, 6.1.6, 6.1.7, 6.1.9, and 6.1.12; Provided, further, that requirements 6.1.5, 6.1.6, 6.1.7 and 6.1.9 shall not be required for resaw and portable mills.

6.2 Specific

6.2.1 New Permits to Operate

6.2.1.1 For new application of regular sawmill.

6.2.1.1.1 An Equity Participation Agreement with an existing licensee or any feasible scheme(s) subject to the approval by the Minister, if applicant is not a timber licensee.

6.2.1.2 Mini-sawmill

If applicant is not a timber license/permit holder or has no approved feasible scheme, a supply contract within a tree plantation owner or timber licensee/permittee in the case of logging/processing wastes to be approved by the Minister or his authorized representative.

6.2.1.3 Resawmill

6.2.1.3.1 Lumber Supply Contract with a legitimate sawmill operator duly approved by the Minister or his authorized representative.

- 6.2.1.3.2 Copy of Certificate of Registration as Lumber Dealer.
- 6.2.1.4 Plywood/Veneer Plant
Copy of timber license if applicant is a timber concession holder or an approved EPA with an existing timber licensee or other schemes for existing plants. Henceforth, new application for plywood and veneer plants shall be limited to timber concession holders only.
- 6.2.1.5 Particle board, Fiberboard, Blackboard Plants and other Wood Based Panel Plants.
An approved feasible tie-up scheme with an existing timber licensee if applicant is not a timber licensee.
- 6.2.1.6 Pulp & Paper Mills
A copy of timber licenses or tree plantation permit if applicant is a timber licensee or an approved feasible tie-up scheme with existing timber license/and/or other sources.
- 6.2.1.7 Wood Treating Plant
Proof of supply of raw materials from existing legitimate timber concession.
- 6.2.2 Renewal
 - 6.2.2.1 For renewal of permit to operate a wood processing plant.

In lieu of an Equity Participation Agreement, where required, the applicant may submit a long term Marketing Agreement with undertaking or proof that 40% of its production is exported and/or a long term Timber Processing Agreement.

SECTION 7. False Statement — The making of false statement in the application or material omission or alteration of facts in said application shall be sufficient cause for the disapproval of such application. Any permit granted on the basis of an application found later to contain false statement or material omissions or alterations may be cancelled, without prejudice on the part of the Government to prosecute the guilty party under the Revised Penal Code.

CHAPTER III FEES AND BONDS

SECTION 8. Schedule of Fees and Bonds — The following fees and bonds shall be collected of each application:

- 8.1 Application Fee
 - 8.1.1 Regular and Mini-sawmill P250.00
 - 8.1.2 Resawmill 100.00
- 8.2 Annual Permit Fee — Annual permit fees shall be collected based on the following schedules:
 - 8.2.1 Regular, Mini-sawmill & Resawmill

Daily Rated Capacity	Annual Permit Fee
Below 10,000 bd. ft. (Below 24 cubic meters)	P750.00
10,000 - 19,999 bd. ft. (above 24 m ³ but not more than 47 m ³)	900.00
20,000 bd. ft. & above (above 48 cubic meters)	1,000.00
 - 8.2.2 Veneer/Plywood Plants

Annual Log Requirement	Annual
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(in cubic meters)	Permit Fee
Less than 4,000	P500.00
4,000 - 7,999	650.00
8,000 - 11,999	800.00
12,000 - 15,999	1,000.00
16,000 - 19,999	1,200.00
20,000 - 29,999	1,400.00
30,000 - 39,999	1,600.00
40,000 - 49,999	2,000.00
50,000 - 99,999	2,500.00
100,000 & above	3,000.00

8.2.3 Wood Based Panel Plants.

All Wood based panel plants operated independently from the primary wood Processing Plant shall pay an annual permit of P1,000.00

8.2.4 Wood Treating Plant

All wood treating plants operated as independent units shall pay an annual fee of P1,000.00

- 8.3 Bond — The cash bond required for Wood Processing Plant Permit shall be P212.00 per cubic meter or fraction thereof or P500.00 per thousand board feet or fraction thereof; based on registered capacity which in no case shall not be less than P5,000.00; Provided, that a surety bond executed by an accredited bonding establishment acceptable to the MNR may be posted to cover the required cash bond, the amount of which shall be increased by 25%.
- 8.4 Forfeiture of Bond — The bond filed pursuant to the provisions of this Order shall be forfeited for any of the following reasons:
- 8.4.1 Non-compliance with any of the terms and conditions embodied in the permit;
 - 8.4.2 For violation of pertinent forestry laws and regulations; and
 - 8.4.3 For misleading or fraudulent statement made in the application, or omission for pertinent facts from said application.
- 8.5 Refund of Cash Bond — Cash bond may be refunded upon request of permittee and the permit is surrendered to the Minister provided that no violation has been committed against the terms and conditions of the permit, against forest laws, and regulations, or if the permit has expired without any violation committed by the permittee.

CHAPTER IV ISSUANCE AND TENURE OF PERMITS

SECTION 9. Wood Processing Plants that may be issued Operating Permit.

1. Sawmill — Only a sawmill whose headsaw has a sawkerf not exceeding three (3) millimeters may be issued a permit to operate; Provided, that, this limitation shall not apply to sawmills established or proposed to be established in remote areas, or those needed to service the handicraft and small scale industries; Provided, further, that owners or operators thereof shall seek exemption from the Minister, Provided; finally, that remote areas shall be construed as localities where there are no regular sawmills within economic distance as determined by the Minister or his authorized representative.
2. Mini-Sawmill — Shall be issued upon submission of proofs of existence and availability of logging wastes and/or presence of a tree plantation within economic distance of mill site.

3. Resaw Permit — Shall be issued to holders of lumber dealers permit provided that said resaw is without carriage and shall be used solely in resawing heavy lumber or resizing lumber to further specifications/dimensions descrued in the market.
4. Plywood/Veneer Plants — Operating permits shall be limited to holders of timber concessions, provided that for plants already existing before the effectivity of this Order shall be given operating permits upon submission of proofs of sustained supply of raw materials.
5. Blackboard/Fiberboard/Particleboard and other Wood Based Panel Plants — Separate operating permits shall be issued to other wood based panel operated as independent units and are not part of an integrated plywood/veneer plant provided proof of a sustained supply of raw material is submitted.
6. Wood Treating Plants — Operating permits shall be issued upon submission of proofs of sustained supply of raw materials to warrant its operation.

SECTION 10. Tenure — Wood Processing Plant Permit issued to holders of existing timber license agreements, timber licenses, or permits in consonance with these regulations shall be co-terminus with their timber license agreements, timber licenses or permit. On the other hand, Wood Processing Plant Permits issued to non-timber license holders but with approved Equity Participation Agreement or any feasible scheme pursuant to Section 30, of PD 705, as amended, may be granted a permit not exceeding two (2) years. Permits that may be issued to operators other than the above shall have a duration of not more than one (1) year.

SECTION 11. Authority to Establish New, Acquire or to Expand Existing Wood Processing Plants. — Authority to establish new Wood Processing Plants may be issued by the Minister upon the recommendation of the Director after ascertaining that the proposed project is in accordance with the wood industry rationalization program; Provided, however, that the authority to acquire or to expand existing wood processing plants was issued by the Minister.

SECTION 12. Permit to Operate — A Wood Processing Plant Permit may be issued only after the application has been evaluated and the Minister is satisfied that the issuance of such permit will not be prejudicial to public interest.

CHAPTER V CONDITIONS OF PERMIT

SECTION 13. Common Provisions —

- 13.1 The permittee shall display on the premises of his mill in a prominent place exposed to public view his wood processing plant permit.
- 13.2 The permittee shall strive to maintain regular operation and to attain at least 80% of the mill's rated capacity.
- 13.3 Stoppage of operation lasting more than two days due to breakage or repair of any part of equipment and other causes like labor strikes, typhoon and similar calamities, shall be reported immediately to the Minister through proper channels.
- 13.4 The permittee shall maintain a Registry Book showing the log/lumber or other raw materials purchased in chronological order with the following information: a) species; b) volume of cubic meters; c) number of Official Receipt under which the forest charges and other fees were paid. The Registry Book and other records of sales and disposals of lumber and wood products shall at all times be made ready for inspection by forest officers.
- 13.5 A monthly production report shall be submitted to the Minister through proper channels.
- 13.6 The permittee shall issue commercial sales invoice for every sale of lumber/wood products made.
- 13.7 The permittee shall be held liable for the payment of forest charges and other required government charges including surcharges, due on any logs, manufactured or squared timber or lumber products processed in their mills without proper documentation based on existing forest laws and regulations or lumber manufactured in excess of the utilization of the mill without prejudice on the part of the government to impose additional penalties commensurate thereto.

- 13.8 No additional machinery/equipment to increase the plant capacity and/or recovery shall be installed unless priorly authorized by the Minister.
- 13.9 Mill wastes shall as much as possible be utilized or disposed of in accordance with National Pollution Control Commission rules and regulations.
- 13.10 The permittee shall adopt measures to safeguard the health of his employees and workers following national guidelines.

SECTION 14. Specific Provisions —

- 14.1 Sawmills — Sawmills with TLA, short term timber permit or approved feasible scheme.
 - 14.1.1. In the case of sawmill operators with TLA's, their permit shall be co-terminus with the TLA subject to the conditions that they pay regularly the annual permit fee and update the surety bond accordingly.
 - 14.1.2. In the case of sawmill with feasible scheme, the permittee shall comply with the conditions set in the approved Equity Participation Agreement scheme within the prescribed period otherwise the permit shall be rendered null and void.
- 14.2 Mini-sawmill without TLA, timber license/permit or feasible scheme.
 - 14.2.1. Shall be allowed to process logs coming from tree plantations and woodwastes only.
- 14.3 Resaw
 - 14.3.1. Only rough lumber and heavy slabs shall be allowed to be milled.
 - 14.3.2. The use of a log carriage, either mechanically or manually operated is strictly prohibited.
- 14.4 Plywood/Veneer Plants — Plywood/veneer plants with back-up timber concessions shall be issued permits co-terminus with their timber license provided that annual permit fees and bonds shall be updated annually provided that processing plants without timber concessions but were existing before the effectivity of this Order shall have operating permits co-terminus with the duration of their agreement with their respective supplier.
- 14.5 Blackboard/Fiberboard/Particleboard and other Wood Based Panel Plants — Wood based panel plants that are not part of an integrated primary wood processing plant and are operated independently shall be issued permits co-terminus with the duration and tenure of their supply from a legitimate timber licensee.
- 14.6 Wood Treating Plants — shall be issued permits co-terminus with the tenure/duration of their supply with a legitimate timber license holder. cdtai

CHAPTER VI
PENAL PROVISIONS

- SECTION 15. Penal Provisions — Any owner or operator of a Wood Processing Plant who is found to have violated any of the provisions of this Order or the terms and conditions of the permit, shall be penalized in accordance with existing applicable laws, rules and regulations.

CHAPTER VII
IMPLEMENTING CIRCULAR, REPEALING CLAUSE AND EFFECTIVITY

- SECTION 16. Issuance of Implementing Circulars and Instructions — The Director, Bureau of Forest Development is hereby authorized to issue circulars and instructions as may be necessary for the effective implementation of this Order.
- SECTION 17. Repealing Clause — All existing Orders, Circulars, Memoranda, Instructions or Provisions which are inconsistent herewith are hereby repealed or amended accordingly.
- SECTION 18. Effectivity — This Order shall take effect immediately.

ERNESTO M. MACEDA
Minister

RECOMMENDED BY:
CRISOSTOMO M. CORPIN
OIC, Administrator
WIDA

Attachment B

**DENR Administrative Order
No. 2003-41**

SUBJECT: Amending certain provisions of Ministry Administrative Order No. 50, dated November 19, 1986 (Integrated Regulation on the Establishment and Operations of Wood Processing Plants).

In order to rationalize the wood industry and promote its growth, certain provisions of Section 2, Chapter I, the entire provision of Section 6, Chapter II and certain provisions of Section 10, 11 and 12 of Chapter IV of MAO 50 are hereby amended as follows:

“Section 2. Definition of Terms

Wood processing Plant – a mechanical device, machine, combination of machines or set-up used for the treatment of wood poles and piles, or for the conversion of logs and other wood raw materials into lumber, veneer, plywood, wall board, block board wood-cement board, paper board, pulp, paper, wood chips, or for the processing of other finished wood products.”

“Section 6. Application requirements:

- 6.1 Duly accomplished application form with notation by authorized DENR collection officer on the Official Receipt number and date of payment of the application fee.
- 6.2 Certificate of Registration of Articles of Incorporation, Partnership or Cooperation, as the case may be.
- 6.3 For individual persons, document reflecting proof of Filipino citizenship such as Birth Certificate or Certificate of Naturalization.
- 6.4 Environmental Compliance Certificate or Certificate of Non-Coverage, as the case may be, issued by the Environmental Management Bureau pursuant to DAO 96-37.
- 6.5 Sworn statement of the applicant of declaring the source of wood raw materials, supported by certified documents such as, but not limited to, supply contract, or other appropriate proof of availability and legitimacy of wood source.
- 6.6 In case the Wood Processing Plant is to be located in/or already located in public forest land, the application for Special Land Use Permit and processing plant permit will be processed simultaneously. The duration of the Special Land Use Permit shall be co-terminus with the of the processing plant permit.”

“Section 10. Tenure

The Permit to Establish and Operate Wood Processing Plant referred to in section 11 and 12 below shall be co-terminus with the forestry tenurial instruments issued such as CBFMA, IFMA, SIFMA, and TLA if the applicant is also the holder of such forestry tenurial instrument, provided, that the wood production from such forestry projects is the primary input to the processing plant. For applicants who are not holders of forestry tenurial instrument, the permit issued shall have a duration of three (3) years, renewable every three years thereafter, provided that the annual permit fee shall be duly paid.”

"Section 11 and 12. Authority to Establish and Permit to Operate Wood processing Plant.

The Authority to Establish and the Permit to Operate shall be combined into a single **Permit to Establish and Operate Wood Processing Plant**. This same permit shall also be issued for authority to acquire new equipment and to expand existing wood processing plants.

The Permit to Establish and Operate Wood Processing Plant, including renewal to operate, shall be approved by the Regional Executive Director."

Repealing Clause. All other provision of MAO 50 series 1986 shall remain valid with full force and effect.

Effectivity. This Order shall take effect 15 days after publication in a newspaper of general circulation and upon acknowledgement of the UP Law Center.

(SGD) ELISEA G. GOZUN
Secretary

ANALYSIS OF WOOD RECOVERY PERMITTING SYSTEM

1.0. INTRODUCTION

It is the policy of the Philippine government to encourage maximum and wise utilization of forest resources. To minimize waste of forest resources brought about by typhoons, floods, and other natural calamities including those illegally cut, the gathering, transporting and disposing of the damaged wood materials have been encouraged through wood recovery. The DENR allows the orderly recovery and disposition of retrievable wood materials found within forestlands, alienable and disposable lands, private lands and along rivers, stream, oceans and other bodies of water. The retrievable wood materials include abandoned logs, drifted logs, sunken logs, uprooted and fire/typhoon-damaged trees, tree stumps, tops and branches. These retrievable wood materials may be utilized for the manufacture of lumber and other wood products.

The gathering/collection and utilization of the retrievable wood materials may be undertaken through the issuance of a Wood Recovery Permit (WRP). The WRP is a permit issued by the DENR through DAO 2000-78 (Annex A). The permit is issued for wood materials which are from naturally grown trees in forestlands, A and D and private lands and those of planted species found in forestland. These logs and wood materials should be free from adverse claim. No WRP shall be issued covering NIPAS areas.

On May 7, 2003 the DENR Secretary issued a memorandum indefinitely suspending the issuance of WRP at the national level. It has come to the attention of the DENR that abuses have been committed in the issuance of WRP. The WRP has been used as a convenient cover or front for illegal logging activities that contributed significantly to the further diminution of our existing forest cover (DENR Memorandum, 2003). WRPs were found to be issued at the same date and at the same place to as many as twenty individuals at 5 cubic meter per permit (Tumaliuan, 2002).

2.0. POLICIES RELATED TO WRP

Table 1 shows the evolution of policies related to WRP. Presidential Decree No. 705 stipulated that any person cutting, collecting or removing timber or other forest products from any forest lands, alienable and disposable lands or private lands without any authority under license agreement, lease, license or permit shall be guilty of qualified theft. This was further elaborated in the provisions of the 1983 Letter of Instruction (LOI) No. 1311 mandating the issuance of salvage permit for timber and other forest products to the Minister of Natural Resources. Priority given to local government units through their respective Sanggunians, to support their infrastructure project. Under BFD Administrative Order No. 2-84, the guidelines governing the issuance of tree recovery permits involving naturally grown trees were issued. This is pursuant to PD 705 and LOI 1311 and in compliance with instructions of the President of the Philippines. On November 27, 2000, DENR Administrative Order No. 2000-78 was issued. This policy governs the regulations in the recovery and disposition of abandoned logs, drifted logs, sunken logs, uprooted and fire/typhoon damaged trees, tree stumps, tops and branches. Through this policy, the DENR allowed the orderly recovery and disposition of retrievable wood materials found within forestlands, alienable and disposable lands, private lands and along rivers,

streams, oceans and other bodies of water. These retrievable wood materials may be utilized through the issuance of WRP.

Table 1. Wood Recovery Permit Policy Issuances

Policy	Year	Title	Highlights/Salient Provisions
P.D. 705 Sec. 68	1975	Cutting, gathering and/or collecting timber or other forest products without license	Any person who shall cut, gather, collect, or remove timber or other forest products from any forest lands or timber from alienable and disposable public lands, or private lands without any authority under license agreement, lease, license or permit: shall be guilty of qualified theft as defined and punished under Articles 309 and 310 of the Revised Penal Code:
Letter of Instruction No. 1311	1983	Giving to local government units in the issuance of Salvage Permits for Timber and Other Forest Products	In the issuance of salvage permit for timber and other forest products, the Minister of Natural Resources shall give priority to local government units through their respective Sanggunians, to support their infrastructure project and for KKK-supported or oriented projects.
BFD Administrative Order No. 2-84	1984	Guidelines governing the issuance of Tree Recovery Permits involving naturally grown trees	Pursuant to the pertinent provision of P.D. 705, as amended, and LOI No. 1311, and in compliance with the 06 April 1984, instructions of the President, guidelines governing the issuance of tree recovery permits over forest and private lands for the cutting, gathering, transporting and disposing naturally grown trees therefrom were promulgated.
DAO No. 2000-78	2000	Regulations in the recovery and disposition on abandoned logs, drifted logs, sunken logs, uprooted and fire/typhoon damaged trees, tree stumps and branches	Pursuant to P.D. 705, as amended, and Executive Order 192 dated June 10, 1987 and in order that abandoned logs, drifted logs, sunken logs, uprooted and fire typhoon damaged trees, trees stumps, tops and branches, hereinafter referred to as retrievable wood materials may be utilized for the manufacture of lumber and other finished wood products, regulations were promulgated.

3.0 PROCESSING AND APPROVAL OF PERMITS

3.1 *Qualified Applicants*

The applicants qualified for WRP as stated in DAO 2000-78 are: the Natural Resources Development Corporation (NRDC); the Local Government Units (LGUs); Filipino citizens of legal age; and partnerships, associations, cooperatives or corporations.

The order or priority in the issuance of WRP is shown in Table 2.

Table 2. Priority applicants for each type of retrievable wood materials.

Type of Retrievable Wood Materials	Priority Applicants
◆ Fire/typhoon damaged and uprooted trees, tree stumps, tops and branches in public lands	1. Holder of tenurial instruments 2. NRDC 3. LGU 4. Filipino Citizen/corporation
◆ Fire/typhoon damaged and uprooted trees, tree stumps, tops and branches in private lands	1. Lot/land Owner 2. NRDC 3. LGU
◆ Abandoned logs	1. NRDC 2. LGU 3. Filipino Citizen/corporation
◆ Sunken and Drifted logs	1. Finder of the retrievable wood 2. NRDC 3. LGU 4. Filipino Citizen/corporation

3.2. *Application Requirements*

Pursuant to DAO 2000-78 dated November 7, 2000 the requirements in the recovery and disposition of abandoned logs, drifted logs, sunken logs, uprooted and fire/typhoon damaged trees, tree stumps, tops and branches are the following:

1. Duly accomplished application form. The application form shall indicate therein the relevant information, such as type of retrievable wood materials, estimated number of trees/logs and volume, accessibility of the area where the wood materials are located duly supported with a sketch map, and pictorials to show proof thereof.
2. Receipt of payment of application fee in accordance with DAO No. 18, Series of 1993.
3. In case such wood materials are located within private lands, a waiver from the owner or claimant expressing his/her disinterest to recover subject logs and authorizing the applicant to recover and dispose the same shall be secured.
4. The CENR Office expense in the conduct of inventory of wood materials will be refunded by the party concerned subject to existing rules and regulations.

3.3. *Permit Processing*

Under DAO 2000 – 78 the processing and approval of the application for WRP on the volume scaled/inventoried shall be undertaken in accordance with the level of authority and tenure as prescribed in DAO 2000-78. Applications for WRP shall be filed with the CENR Office concerned. The CENRO concerned, upon learning of the existence of retrievable materials, shall conduct or cause the conduct of 100 % inventory of these wood materials. These wood materials will be chronologically numbered, photographed and indicated in a sketch map. The scaling of logs and felled trees, tree stumps, tops and branches including the determination of

defects shall be in accordance with the regulations on scaling prescribed under DAO 87-80 (Annex B).

From the CENRO, the application will be forwarded to the Provincial Environment and Natural Resources Office (PENRO), then to the Office of the Regional Executive Director (RED) and/or to the DENR Secretary, as the case may be. For each level, comments and recommendations are specified. WRP shall be issued by the following DENR officials with the corresponding timber volume and period of effectivity.

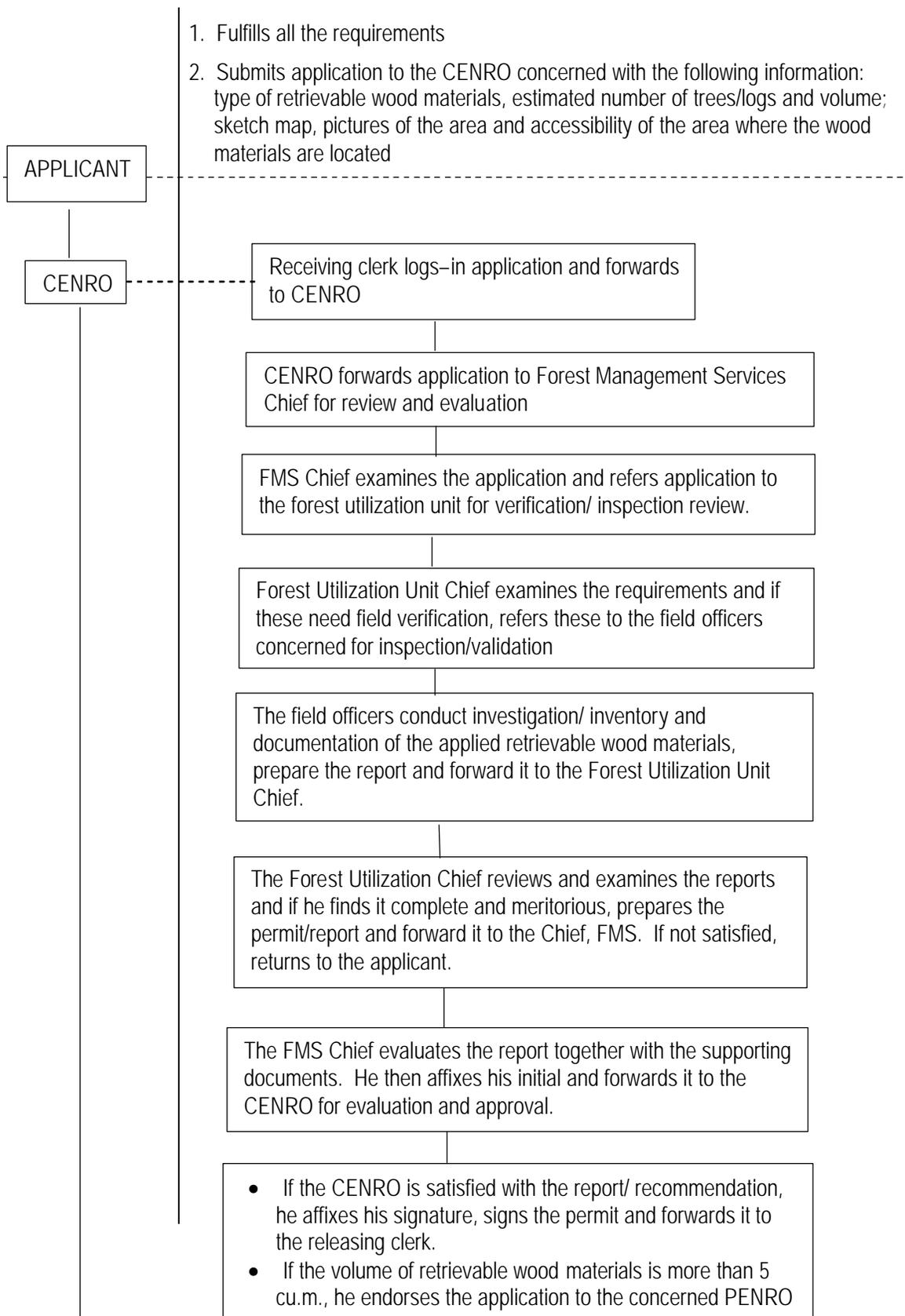
Authorized Official	Net Volume	Permit Effectivity
CENRO	5 cu.m. and less	One-month
PENRO	5 to 15 cu.m.	Two-months
RED	15 to 30 cu.m	Three months
Secretary	More than 30 cu.m.	Four months to one year

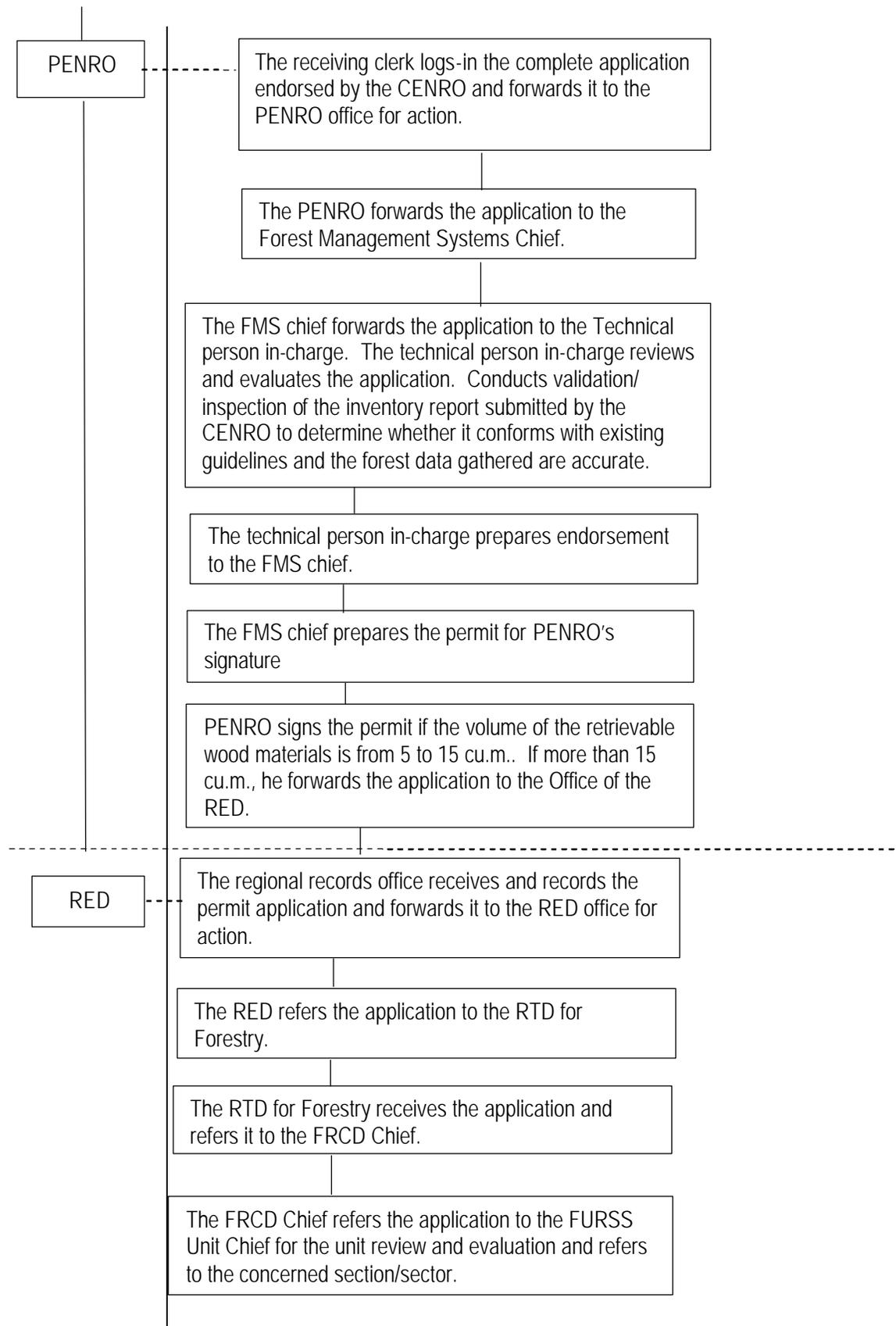
The current processing and approval of WRP is presented in Figure 1.

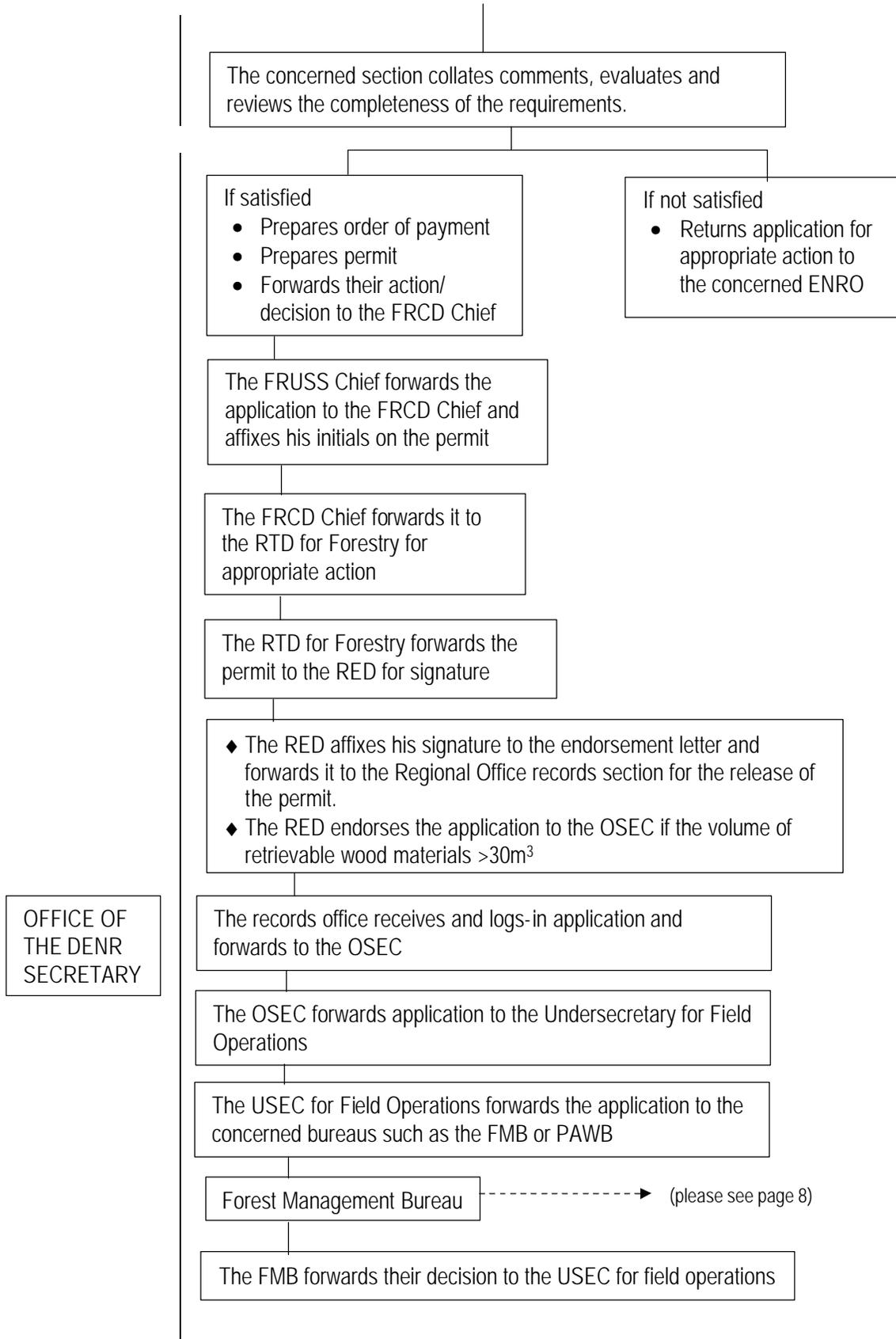
3.4. Fees and Forest Charges

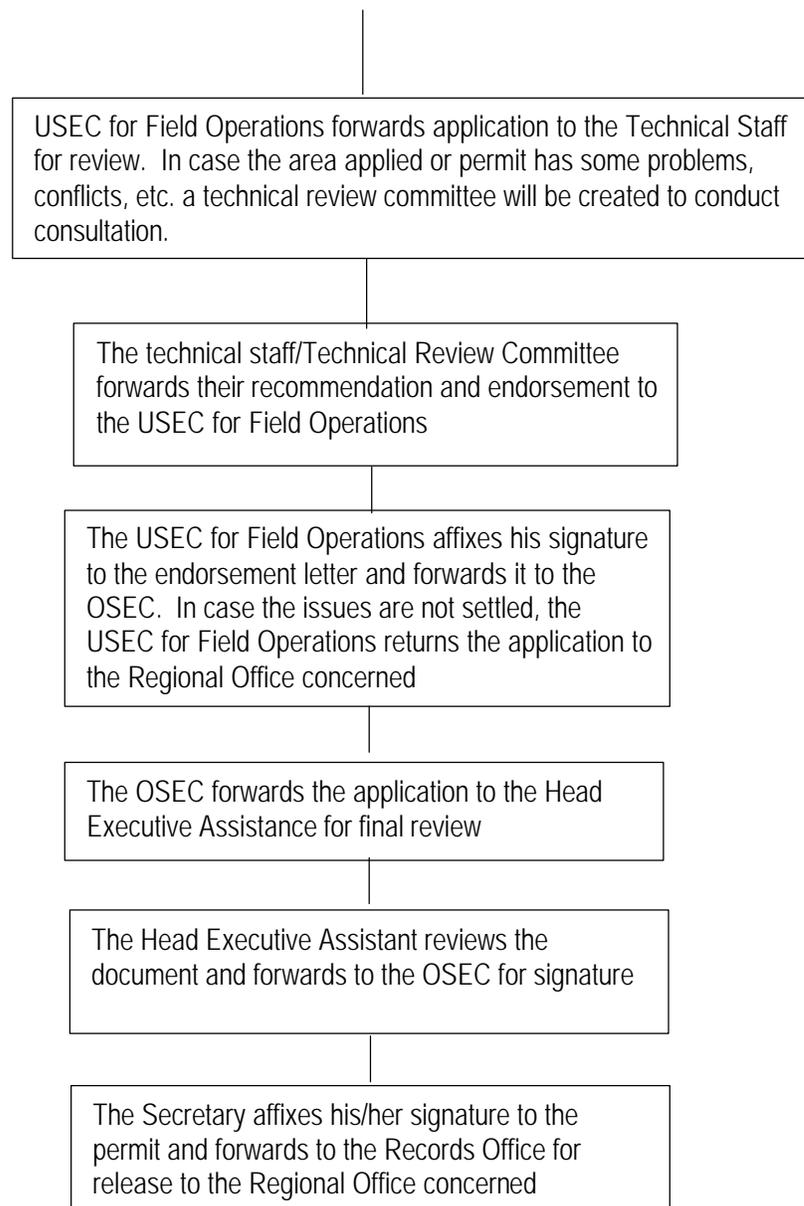
The fees and forest charges are based on existing rules and regulations provided for under DAO 18-1993 and RA 7161, respectively. The fees and forest charges of the retrievable wood materials from naturally grown trees shall be paid by the permittee/licensee to the CENRO concerned. After paying the prescribed forest charges, the necessary documents for the transport of the recovered wood materials shall be secured from the concerned CENRO.

Figure 1. Flow Chart of Wood Recovery Permit Application

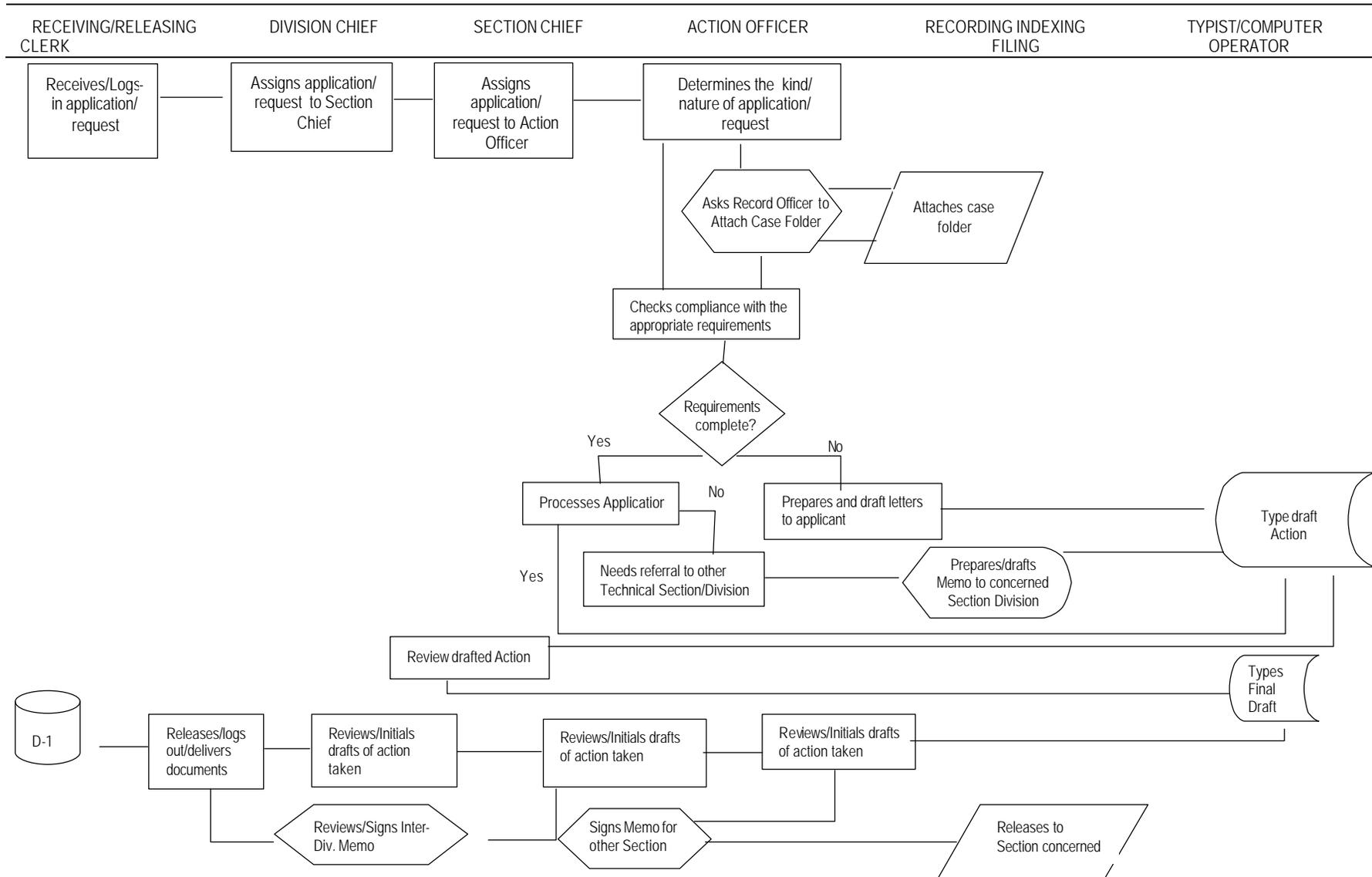








GENERAL FLOWCHART OF PERMIT PROCESSING, FMB



4.0. MONITORING AND EVALUATION SYSTEM

The recovery operations of the retrievable materials shall be closely monitored and supervised by the CENR officer concerned or through his/her duly authorized representative. The post recovery validation/inspection of the area shall be undertaken and shall involve the participation of representatives from the local government unit and the Multi-Sectoral Forest Protection Committee (MSFPC). The terminal report shall be submitted within fifteen (15) days after expiry of the wood recovery permit. The report shall contain the summary of forest products recovered/harvested and disposed, pertinent CTOs issued and official receipts of payments of forest charges, and compliance and/or violations to the terms and conditions to the permit with corresponding comments and recommendations.

5.0 ANALYSIS OF WRP POLICIES

The basic issue raised against the WRP is that it has become a vehicle for illegal cutting activities. Those interviewed alleged that this permitting system has been abused. Most of the WRP issuances are allegedly for the recovery of abandoned logs. According to them, those logs are perhaps deliberately felled and left in the area so that the perpetrator can request WRP after some time.

Since data on WRP issuances are not centralized, there was difficulty in gathering basic information for analysis of WRP issuances. However, the key informant interviews conducted in the different offices of the DENR provide insights on the nature of abuse of WRP policies. RED Tumaliuan of DENR Region 13 reported in his paper entitled "Issues and Concerns in the Issuance and Monitoring of Permits in Natural Forest: CARAGA Experience" that most of the WRPs in Region 13 were issued by the CENRO. Apparently, most of the request for WRPs are for volumes 5 cu.m. and below, where the CENRO is authorized to issue the permit under DAO 2000-78. These observations indicate that there is a deliberate attempt to limit the volume requested for WRP within the authority of the CENRO. This is understandable because based on the interviews among the permittees, it is easier to get the permit at the CENRO. This is very obvious since the CENRO is accessible and the period of processing is significantly shortened, not to mention the lesser cost involved in terms of follow-ups.

The question however is "why are there allegations of abuse in the issuance of WRPs?" As pointed out under a Memorandum of the DENR Secretary dated May 7, 2003, the issuance of WRP has effectively served as a convenient cover or front for illegal logging activities that contributed significantly to the further diminution of our existing forest cover. An analysis of the wood recovery permit system indicate that indeed, this policy is prone to abuse because of the lack of transparency and participation of local stakeholders in the issuance of permits, and consequently, the lack of accountability on the part of the issuing authority and the permittee. These elements of transparency, participation and accountability are necessary ingredients for good governance.

5.1. *Lack of Stakeholders Participation*

Under the existing policy on WRP, upon receipt of applications for WRP the CENR office concerned shall conduct a 100% inventory of wood materials for recovery. These wood materials will be chronologically numbered, photographed and indicated in a sketch map. The

scaling procedure is supposed to follow the regulations on scaling prescribed in DAO 87-80. Depending on the volume the application may be approved by the CENRO, the PENRO, the RED or the DENR Secretary. As the application goes to the approving authority, comments and recommendations are specified in each office where the application passes.

An examination of the WRP policy indicates that the entire process of issuing the permit from investigation, inventory and scaling the retrievable wood materials to the signing of the permit is mainly done by the DENR. The procedure is apparently very technical but it lacks the participation of other stakeholders in key stages of the processing system. For instance, the determination of the existence of retrievable wood materials and the inventory of the same should be done jointly with other sectors such as the LGUs, NGOs, media groups, Peoples Organizations, and other interested groups. This is crucial in determining whether indeed the materials applied for a permit are genuinely covered by the WRP policy including the volume and the kind of retrievable wood materials. By involving other sectors in the key stages of permit processing, it will minimize if not totally eliminate the practice of using WRP for logs that are actually illegally cut.

5.2. Lack of Transparency

The limited or lack of participation of other key stakeholders in the issuance of WRP implies that the other sectors in the locality have no way of knowing the permit applicants, the permits granted and whether the materials applied for permitting are genuinely retrievable wood materials. Clearly, there is no transparency in the way WRPs are issued. In fact, allegations of abuse in the issuance of WRPs are only reflective of the absence of transparency.

The lack of participation of other sectors in the determination of whether the materials applied for WRP are genuinely recoverable materials has greatly reinforced non-transparency in the issuance of the permit. While the current policy allows the involvement of representatives of local government units and multi-sectoral forest protection committee (MFPC) in the post recovery validation/inspection, this practice is rarely implemented, according to those interviewed key informants. This is to be expected. Since they are never involved in the processing of the permit, there is no way for them to demand for the monitoring and validation of the recovery operation because they do not know who were issued the permits in the first place. The end result is that post recovery validation and monitoring is never implemented.

5.3. Lack of Accountability

Because of the lack of participation in permit processing and the absence of transparency mechanism, the issuing DENR officials and the permittee are not held accountable to the general public. Since only the DENR officials are involved in the issuance and processing of permits, the permittees are accountable only to them. They do not consider the interest of the other sectors because these sectors are not involved in the processing of the permit, as well as in its monitoring. Likewise, the provisions of the permit, such as its allowable activities and limitations, are not known to the general public.

The absence of transparency mechanism has also resulted in the lack of check and balances on the part of the DENR. The current WRP policy has vested full control to the DENR officials in terms of determining whether recoverable wood materials exist, the volume of the recoverable wood materials, issuance and processing of permits, monitoring of recovery operations and even the issuance of other necessary permits such as permit to transport.

Because of this situation, the concerned DENR offices are held accountable only by their superiors. They are not concerned about the general public since, the latter does not have information on their decisions and actions.

6.0 RECOMMENDATIONS

To prevent the abuse of WRP as a cover up for illegal cutting activities, there is a need to integrate participation, transparency and accountability in the processing and issuance of permit, as well as in the monitoring and validation of recovery operations at the same time, the process may be simplified to promote responsible recovery by wood materials. The following specific recommendations are proposed:

- 1). The inspection, inventory and scaling of retrievable wood materials must be done by the Multi-Sectoral Forest Protection Committee, the LGUs, and other interested groups.
- 2). Posting of the inspection results and inventory in conspicuous public places such as the municipal hall, DENR offices, etc.
- 3). Permit application should be endorsed by the concerned barangay and municipal LGUs consistent with the DENR-DILG Joint Memorandum Circular 2003-01.
- 4). Mandatory monitoring and evaluation of the recovery operation by the MFPC.
- 5). Provide for stiff sanctions to the issuing officers for irregular issuance of WRPs. They should be held administratively liable without prejudice to the filing of criminal offense for perjury of public documents.
- 6). Provide for stiff sanctions to the issuing officers for irregular issuance of WRPs. They should be held administratively liable without prejudice to the filing of criminal offense for perjury of public documents.
- 7). Conduct study which shall determine the annual wood requirements of an average industry utilizing retrievable wood materials.
- 8). Discourage retrieval of illegally felled and abandoned logs.
- 9). Study how much wood is made available by typhoon, natural calamities, etc.
- 10). During the regional consultations it was also recommended that the provision on priority applicants for each type of retrievable wood materials as provided in DAO 2000-78 be deleted. Instead, the finders of the wood materials should be given priority except when the materials are found in private lands and forest lands covered with tenured instruments, in which case, the land owner of tenure holder shall have the priority.
- 11). Posting of approved WRP providing information on the names of the permittees, the allowable volume to be recovered, location of the retrievable wood materials and the date of expiration of said permit.

Considering these recommendations, the following procedure is suggested for the issuance of WRP.

- Step 1 Filing of application by finders/applicants of retrievable wood materials
- Step 2. Referral of the application to the concerned LGU for the latter's endorsement/comments.
- Step 3. Immediately after the LGU endorsement is received, an inventory of retrievable wood materials should be undertaken by the MFPC, together with the LGU representative and interested individual/groups.
- Step 4. CENRO to advertise availability of retrievable wood materials. The available wood materials will be published and posted in public places.
- Step 5. Processing and approval of WRP
- Step 6. Posting of approved WRP

In step 1, the proponent applies for a permit to the concerned CENRO using prescribed application forms indicating therein location, number of retrievable wood materials, sketch map, including pictures. A barangay clearance should also be attached.

The second step is to secure the endorsement of the municipal LGUs. The CENRO, upon receiving the application, shall refer the application to the municipal LGU for their review, comment and endorsement. The municipal LGU should submit their comment or endorsement within 15 days, consistent with the DENR-DILG Joint Memorandum Circular No. 2003-01, otherwise it will be assumed that they do not interpose objections to the application.

Once the LGU endorsement is received, the CENRO shall organize the MFPC field verification team, which will conduct field verification and inventory of the retrievable wood materials (Step 3). The scaling procedures shall be in accordance with the regulations prescribed under DAO 87-80. No WRP should be processed without the MFPC field verification/inspection and inventory report signed by at least two-thirds of the members of the said committee.

The MFPC verification/inspection team shall submit their report to the CENRO within 5 days upon completion of the inventory with a copy furnished to the municipal LGU. The result should be posted in conspicuous places to inform the public of the existence of retrievable wood materials. If there is anybody objecting the utilization of the same he/she should file his/her complaint to the concerned CENRO within 5 days. (Step 4).

In case there are no complaints received on the application, the CENRO will proceed with the processing and issuance of the WRP. However, because of improved transparency, accountability and public participation in the issuance of WRPs it is recommended that the level of CENRO approval should be increased from 5 cu.m. or less to 15 cu.m. or less. This was the clamor of the permittees and the DENR during regional consultations because 5 cu.m. limit is too small for community livelihood. The proposed levels of authority in the WRP approval is as follows:

AUTHORIZED OFFICIAL	NET VOLUME OF RETRIEVABLE WOOD MATERIALS	PERMIT EFFECTIVITY
CENRO	15 cu.m. or less	Two-months
PENRO	15 to 30 cu.m.	Three months
RENRO	30 cu.m. and more	Four months and above

Once the WRP is issued, it should be posted in the DENR offices and municipal hall.

It will be noted that in the proposal, the participants to the regional consultations recommended that the approval should no longer be elevated to the DENR Secretary because doing so is too costly on the part of permittees.

7.0. SUMMARY

Wood Recovery Permit is designed to encourage maximize and wise utilization of forest resources and to minimize waste brought about by typhoon, flood and other natural calamities including those illegally cut trees. As such, it should not provide an opportunity for abuse or be used as cover-up for illegal cutting activities. By its nature, it is not a forest development or rehabilitation activity, thus, it should be highly regulated. The process therefore must strictly follow procedures which promote transparency and participation in the issuance of WRPs that should lead to the accountability of the issuing officers and the permit holder.

DENR Administrative Order
No. 2000 – 78
November 07, 2000

SUBJECT : Regulations in the Recovery and Disposition of Abandoned Logs, Drifted Logs, Sunken Logs, Uprooted and Fire/Typhoon Damaged Trees, Tree Stumps, Tops and Branches.

Pursuant to P.D. 705, as amended and Executive Order 192 dated June 10, 1987 and in order that abandoned logs, drifted logs, sunken logs, uprooted and fire/typhoon damaged trees, tree stumps, tops and branches, hereinafter referred to as retrievable wood materials, may be utilized for the manufacture of lumber and other finished wood products, the following regulations are hereby promulgated for the information and guidance of all concerned:

SECTION 1. Government Policy - It is the policy of the government to encourage maximum and wise utilization of forest resources. Towards this end, the DENR shall allow the orderly recovery and disposition of retrievable wood materials found within forestlands, alienable or disposable lands, private lands and along rivers, stream, oceans and other bodies of water.

Sec. 2 Definition of Terms - For purpose of this Order, the terms listed hereunder are to be understood and interpreted as follows:

- 2.1 **Abandoned Logs** - logs left within forestlands, alienable and disposable lands and private lands, whose owners or claimants can not be identified.
- 2.2 **Drifted Logs** - logs that are washed out by floods and/or water currents.
- 2.3 **Fire Damaged Trees** - trees damaged by forest fires, that are either dead or living but with a nil chance of survival.
- 2.4 **Private lands** - land(s) covered by either administrative or juridical titles such as Free Patent, Homestead and Sales Patent, and Torrens Titles obtained under the Land Registration Act (Act No. 46, as amended), or under the Public Land Law (Commonwealth Act No. 141). Certificate of Land Ownership Award (CLOA) covering certified A and D lands issued to farmer-beneficiaries under the Comprehensive Agrarian Reform Program (CARP) or the Republic Act No. 6657 (R.A. 6657) shall be included in areas that can be applied for.
- 2.5 **Sunken Logs** - logs found at the bottom of a river/stream, sea cove and other bodies of water.
- 2.6 **Typhoon Damaged Trees** - trees whose tops, branches and trunks were blown away or destroyed by strong wind that are either dead or living but with nil chance of survival.
- 2.7 **Uprooted Trees** - trees that were blown down due to natural causes, the roots of which are exposed above the ground and have a nil chance of survival. 2.8 **Wood Recovery Permit** - a permit issued by the DENR to gather/retrieve and dispose abandoned logs, drifted logs, sunken logs, uprooted and fire/typhoon damaged trees, tree stumps, tops and branches.

Sec. 3 Scope and Coverage - The recovery and disposition of retrievable wood materials may be allowed subject to the following:

- 3.1 The retrievable wood materials are from naturally grown trees in forestlands, A and D, and private lands and those of planted species found within forestland; and
- 3.2 These logs and other wood materials are free from adverse claim.

Provided, that no Wood Recovery Permit shall be issued covering the NIPAS areas.
Sec. 4 Issuance of Wood Recovery Permit

4.1 **Qualified Applicants** - The following may apply for a wood recovery permit:

- 4.1.1 The Natural Resources Development Corporation (NRDC);
- 4.1.2 The Local Government Units (LGUs) having territorial jurisdiction over the retrievable wood materials;
- 4.1.3 Filipino citizens of legal age; and
- 4.1.4 Partnership, associations, cooperatives or corporations.

The order of priority in the issuance of permit is shown hereunder:

TYPE OF RETRIEVABLE WOOD MATERIALS	PRIORITY APPLICANTS
1. Fire/typhoon damaged and uprooted trees, tree stumps, tops and branches in public lands.	1. Holder of tenurial instruments 2. NRDC 3. LGU 4. Filipino citizen/corporation
2. Fire/typhoon, damage and uprooted trees, tree stumps, tops and branches in private lands.	1. Lot/land owner 2. NRDC 3. LGU
3. Abandoned logs	1. NRDC 2. LGU 3. Filipino citizen/corporation
4. Sunken and drifted logs	1. Finder of the retrievable wood materials 2. NRDC 3. LGU 4. Filipino citizen/corporation.

4.2 Procedures

4.2.1 **Filing and Evaluation of Application for Wood Recovery Permit** - Applications for wood recovery permit shall be filed with the Community Environment and Natural Resources (CENR) Office concerned. The wood recovery permit shall be issued by the following DENR officials with the corresponding timber volume and period of effectivity.

AUTHORIZED OFFICIAL	NET VOLUME (Cu. m.)	PERMIT EFFECTIVITY
CENRO	Five (5) and less	one month
PENRO	More than five (5) to fifteen (15)	two months
RED	More than fifteen(15) to thirty (30)	three months
SECRETARY	More than thirty (30)	four months to one year

The application shall be forwarded to the Provincial Environment and Natural Resources (PENR) Office, Office of the Regional Executive Director (RED) and/or the Secretary, as the case may be, with their comments and recommendations. Applications for the Secretary's approval shall be coursed through the Forest Management Bureau (FMB) Director for further evaluation. In case of LGU's, their applications shall be accompanied with the bill of materials and building plan of the structures to be built.

4.2.2 **Conduct of Timber Inventory** - The CENR Office concerned upon learning of the existence of retrievable wood materials shall conduct or cause the conduct of 100% inventory of these wood materials. They shall be chronologically numbered, photographed and indicated in a sketch map. The CENR Office shall also collect other relevant data such as log finder, lot owner and location, in the case of a private land where these wood materials are located, and accessibility of the area where these retrievable wood materials are found. The scaling of logs and felled trees, tree stumps, tops, and branches including the determination of natural defects shall be in accordance with the regulations on scaling prescribed under DAO 87-80. For typhoon and fire damaged standing trees that are to be recovered, the applicable volume equation/table for standing trees shall be used and a stand and stock table shall be prepared.

Provided, that, where the applicant is not the NRDC, the applicant shall cause the conduct of the inventory with the close supervision of a forester from the CENR Office concerned. **Provided, further**, on the basis of inventory report, NRDC may waive its right on the recoverable wood materials so that other interested and qualified applicants may be considered in undertaking the recovery operations.

4.2.3 **Inventory Expenses** - The CENR Office expenses in the conduct of inventory of wood materials to be recovered by NRDC shall be charged/refunded by NRDC which amount shall be taken from the gross sales of the retrieved wood materials, while those to be recovered by other persons and entities other than NRDC will be refunded by the party concerned subject to existing rules and regulations

Sec. 5 Terms and Conditions - The terms and conditions of a Wood Recovery Permit are as follows:

- 5.1 A wood recovery permit may be extended, if necessary, and/or may be terminated once the authorized timber volume is exhausted;
- 5.2 The wood recovery permit holders may be allowed to rehabilitate abandoned logging roads, but prohibited from constructing new roads within forestlands and cutting of standing trees;
- 5.3 The permittee shall only be allowed to gather/recover the inventoried and marked logs/timber trees by the CENR Office concerned;
- 5.4 The permittee shall secure the necessary transport and other related documents before the retrieved wood materials are sold to the buyers/users thereof and/or wood processing plants.

Sec. 6 Supervision of the Recovery Operation – The recovery operations of the retrievable wood materials shall be closely supervised by the CENR Officer concerned or through his/her duly authorized representative.

Sec. 7 Payment of Forest Charges - Pursuant to R.A. 7161 and existing forestry regulations, forest charges of the retrieved wood materials from naturally grown trees shall be paid by the permittee/licensee to the CENRO concerned; after which, the necessary documents for the transport of the recovered logs shall be issued by the said CENRO.

Sec. 8 Suspension and/or Cancellation of the Permit – Any violation or non-compliance with the terms and conditions of the Wood Recovery Permit and other pertinent forestry laws, rules and regulations shall be sufficient ground for the suspension and/or cancellation of the permit without prejudice to the filing of appropriate criminal and administrative charges.

Sec. 9 Profit Sharing - The share from the net revenue derived by NRDC from the logs/timber recovery operation shall be 50% for NRDC and 50% for DENR.

Sec. 10 *Separability Clause* If any clause, sentence, section or provision of these implementing rules and regulations is held or declared to be unconstitutional or invalid by a competent.187 court, the remaining parts of these implementing rules and regulations shall not be affected thereby.

Sec. 11 *Repealing Clause* - All order, rules and regulations inconsistent with this Order are hereby repealed or modified accordingly.

Sec. 12 *Effectivity* - This Order shall take effect immediately upon acknowledgement by the UP Law Center and fifteen (15) days after its publication in two (2) newspapers of general circulation.

(Sgd.) ANTONIO H. CERILLES

Secretary

Publication:

Malaya - December 16, 2000

Manila Standard - December 16, 2000

Attachment B

DENR Administrative Order
No. 80
December 28, 1987

SUBJECT : Regulations Governing the Measurement, Assessment and Payment of Forest Charges on Timber and Other Forest Products

Pursuant to the provisions of Executive Order No. 192 dated June 10, 1987, Presidential Decree No. 705, as amended, Batas Pambansa Bilang 83, and the second paragraph of Section 22 of Executive Order No. 273, dated July 25, 1987, the following rules and regulations governing the measurement, assessment and payment of forest charges on timber and other forest products are hereby promulgated for the guidance of all concerned.

Section 1. Definition of Terms. — For purposes of these regulations, the following definition of terms are hereby adopted:

- 1.1 **Chipwood** — wood materials used for conversion into chips for the manufacture of paper, chipboard, fibreboard, hardboard, and other wood-based fibre products.
- 1.2 **Destination** — the place where the forest products are discharged either for processing/manufacturing or for transshipment.
- 1.3 **Firewood/Fuelwood** — wood materials utilized for domestic, industrial or commercial energy generation
- 1.4 **Forest Products** — shall mean timber, pulpwood, firewood, bark, tree top, resin, gum, wood oil, honey, beeswax, nipa, rattan, or other forest growth such as grass, shrub and flowering plant, the associated water, fish, game, scenic, historical, recreational and geologic resources in forest lands.
- 1.5 **Log** — any section of the bole, or of a large branch of a felled tree after cross-cutting.
- 1.6 **Logging Wastes** — wood materials or residues generated during logging operation such as log trims, tree tops, branches, buttresses, culls, and the like. cdt
- 1.7 **Manufactured Timber** — pieces of sawn wood produced, from pipe round timber, the sawing of which was done without the benefit of scaling. This includes pieces of wood commonly known as flitches.
- 1.8 **Pulpwood** — any wood of whatever form or size commercially used for pulp-making.
- 1.9 **Reshipment** — the transport of forest products from point of origin to a specific destination as appearing in the Certificate of Origin.
- 1.10 **Squared Timber** — a large piece of wood produced from one round timber using any mechanical tools, the conversion of which was done without the benefit of scaling of the said round timber.
- 1.11 **Timber** — a piece of wood within an average diameter of at least 15 centimeters and a length of at least 1.5 meter, except all mangrove species which in all cases shall be considered as timber regardless of size.
- 1.12 **Transshipment** — the transport of forest products from point of origin passing through different loading points before reaching the final destination as appearing in the Certificate of Origin.

Section 2. Classification of Timber

- 2.1 **Timber** — is further sub-classified into four (4) categories in accordance with existing Forestry Administrative Order No. 32-1, as follows:

2.1.1 **First Group**

Akle	Gisok-gisok	Manggasinoro
Akleng-parang	Guijo	Maranggo
Afu	Igem	Margapali
Almaciga	Ipil	Matang-usa
Almon	Kaburo	Mayapis
Amugis	Kalamansanai	Molave
Apitong	Kalantas	Narek
Aranga	Kaliot	Narig
Bagtikan	Kamagong	Narra
Bakan	Kamuning	Nato
Balu	Kulilisiau	Palosapis
Banaba	Lanete	Pagatpat
Bansalagin	Lanutan	Pahunan
Banuyo	Liusin	Piagao
Batikuling	Lokinai	Pine, Benguet
Batitinan	Lumbayao	Red Lauan
Betis	Lumbayao-bato	Sangilo
Bitanghol	Magasusu	Saplungan
Bitao	Mahogany	Sudiang
Balong-eta	Makaasim	Supa
Cana-fistula	Malaanonang	Tabau
Dagang	Malabunga	Tabigui
Dangula or		
Sasalit	Malakadios	Tangile
Dao	Malakauayan	Tambulian
Dungon	Malugai	Teak
Dungon-late	Malaguijo	Tiaong
Duyok-duyok	Mangkono	Urung
Ebony	Manggachapui	White Lauan
Gisok		Yakal

2.1.2 **Second Group**

Agoho	Katmon	Marabitaog
Agoho del Norte	Katmon-kalabau	Oak
Alupag	Kayugalu	Pamitaogen
Alupag-Amo	Kubi	Phil. Chestnut
Bagras	Lamio	Pili
Batete	Lanipau	Raintree (Acacia)
Batino	Loktob	Taba
Bayok	Malabatino	Tamayuan
Binggas	Malabayabas	Tanglin
Dita	Malakatmon	Tiga
Kamatog	Manggis	Toog
Anubing	Mangkas	Tukang-kalau
	Mapilig	Yemane

2.1.3 **Third Group**

Amayan	Gugas	Miau
Anislag	Marang	Moluccan sau or
Antipolo	Kaatoan-bangkal	falcata
Api-api	Kalingag	Nangka
Bakauan	Kalumpit	Pototan
Balakat	Kansulud	Sakat

Balikkikan	Kato	Salakin
Balobo	Kayatau	Salingkugi
Bangkal	Kuling-manuk	Sandit
Balukanag	Lago	Santol
Bayanti	Lamog	Tanghas
Busaing	Langarai	Tangal
Bogo	Malakamias	Talisai
Bolon	Malapinggan	Talisai-gubat
Bulala	Malapapaya	Taluto
Bulog	Malasaging	Tinaang-lantai
Dalinsi	Malatumbaga	Tuai
Gisihan	Malamata	Unik

2.1.4 Fourth Group — the fourth group shall include all species not included in any of the other groups.

Section 3. Measurement.

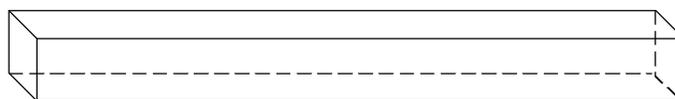
3.1 **Mode of Measurement** — All forest products shall be measured by scaling using the metric system and following the standard procedure of this Order.

3.1.1 **Round Timber** — The volume of all around timber including pulpwood and chipwood, shall be ascertained by multiplying the average cross section of both ends of the timber or the cross section thereof at half the length (midpoint), as the case may be, exclusive of the bark (underbark), by the length of the timber. For practical purposes, the average cross section of the timber shall be determined on the basis of the average diameters at both ends regardless of length. Diameter values shall be expressed in whole, odd or even centimeters; fractions over half centimeter shall be counted up and fractions less than half shall be ignored. Lengths shall be measured to the nearest whole decimeter value; over half decimeter shall be counted up while less than half shall be ignored.

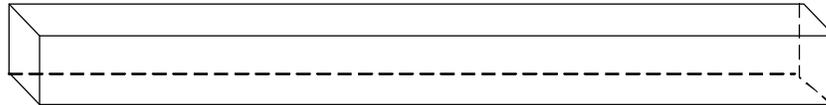
If a timber in the round, cut under license is measured and manifested by authorized forest officers, the Director of the Forest Management Bureau (FMB) shall make due allowance for rot and cavities, or other natural defects but from any decision of the FMB Director in this respect, an appeal shall lie to the Secretary of Environment and Natural Resources (DENR) whose decision shall be final. The manifest of timber cut by licensees operating sawmills and other wood processing plants in or near the forest, shall be attested to by authorized forest officers whenever practicable.



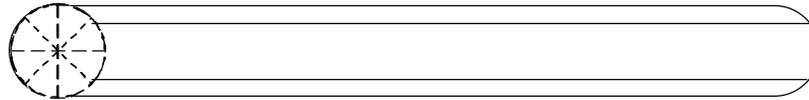
3.1.2 **Manufactured Timber** — The thickness and width of squared timber are measured in even or odd centimeters. The Length of manufactured timber is measured in the same manner as the length of round timber is measured. For purposes of computing the tax base upon which the forest charges are to be levied, the 100% loss in manufacturing should be added back to the volume.



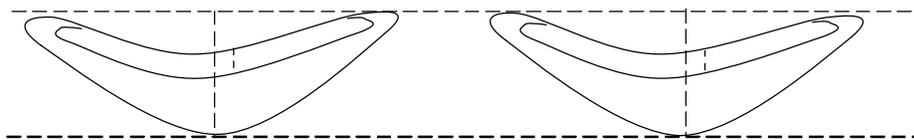
- 3.1.3 **Squared Timber** — The volume of squared timber shall be ascertained by multiplying the average of the cross section measured by the length. The volume so ascertained represents only 60% of the round timber. For purposes of computing the tax base upon which the forest charges is to be levied, the 40% loss in squaring should be added back to the volume of the squared timber as above determined; Provided, however, that if squared timber cut under license is measured and manifested by forest officers, the FMB Director shall make due allowance for rot and cavities or other natural defects, but from any decision of the FMB Director in this respect, an appeal shall lie to the DENR Secretary whose decision shall be final. The privilege of manifesting timber after squaring shall, however, be granted only to licensees who have squared their timber in the forest with the ax and intend to take it to the market in this form.



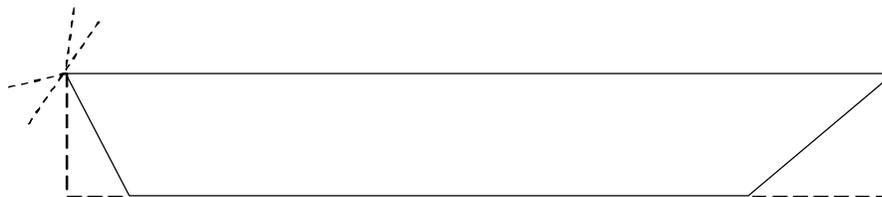
- 3.1.4 **Octagonal Timber** — In computing the volume of approximately octagonal timber (four sides being hewn and the other four unhewn), the average diameter connecting the two pairs of opposite unhewn sides of the small end shall be used.



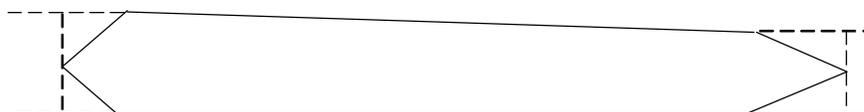
- 3.1.5 **Banca** — In measuring a banca for assessment, the diameter shall be determined by drawing a line from the highest point on the stem to the highest point on the bow and measuring from this line to the bottom of the banca provided that the diameter thus measured is not less than the beam of the banca, otherwise, the beam shall be taken as the diameter of the timber from which the banca was made.



- 3.1.6 **Pointed Timber** — In computing the volume of a piece of timber which comes to a point of nearly to a point at one end, the average diameter will be used instead of the diameter of the small end, if the diameter of the small end is less than, or equal to, one-half of the diameter of the large end.



- 3.1.7 **Nosed or Sniped Timber or Otherwise Irregular Cut** — Butt timber with deep undercuts shall be measured for length from point midway between the extreme end of the undercut and the saw cut line. In case of nosed or sniped timber the full length shall be taken.



3.1.8 **Firewood/Fuelwood** — The volume of firewood/fuelwood shall be ascertained by first measuring the stack volume (talaksan/stere) of the firewood/fuelwood billets, thence, convert the stack volume of one (1) cubic meter (1m x 1m x 1m) to its solid volume by multiplying stack volume by the factor 4/5 or 80% which shall be the basis for the forest charges. However, weight scaling may be authorized with the use of a certified weighbridge after a weight to volume factor has been established and validated and approved for use by the Secretary of Environment and Natural Resources upon recommendation of the Director of Forest Management Bureau. cd asia

3.1.9 In any commercial sale of timber in the local market, the timber shall be measured only in accordance with the provisions of this section. In cases where deductions are to be made from the total volume of the timber to provide for sapwood, rot, cavities or other natural defects, such deductions shall be limited only to the extent of actual defects of the timber and shall not include such parts thereof as may otherwise be found of commercial value. For purposes of these regulations, "other natural defects" shall be limited only to brash center and rot.

3.2 **Place of Measurement** — All forest products shall be measured by duly authorized Department personnel in the cutting area whenever feasible or other specific places designated by the Regional Executive Director concerned.

Section 4. **Forest Products Assessment.** — All timber and other forest products shall be assessed by DENR Scalers or duly authorized forest officers after the measurement thereof, and the same shall be manifested in an auxiliary invoice (DENR Form No. _____ for timber and DENR Form No. _____ for minor forest products) which shall be the basis for the collection of forest charges.

4.1 **Timber** — Before cut timber are manifested in the prescribed invoice, the same shall be marked in the following manner:

4.1.1 **Round Timber** — Soon after topping or bucking and before removal from the cutting area, the timber licensee concerned shall, under the supervision of the DENR forest officer either by painting/chiseling place at one end stamp prominently his duly registered private log marker including the following:

- a. Set-up number where the timber were cut;
- b. Tree number;
- c. Log number;

4.1.2 **Squared and Manufactured Timber** — The following markings shall be painted on one end:

- a. Registered Private Log marked;
- b. Set-up number;
- c. Serial number;

After the timber marking is done, the DENR Scaler or duly authorized forest officer shall scale the timber and stamp on each end his official marking hatchet. After which he shall prepare the auxiliary invoice and submit the same to the Community Environment and Natural Resources Officer (CENRO) concerned, together with the scale sheets and demand letter for approval.

These auxiliary invoices are accountable forms, printed in quintuplicate, serially numbered and bound in book form. The auxiliary invoices shall be distributed as follows:

Original	-	Region Executive Director
Duplicate	-	Permanent file of the licensee/permittee
Triplicate	-	Retained by the CENRO
Quintuplicate	-	For licensee/permittee to accompany/shipment
Quadruplicate	-	Forwarded to the PENRO

Section 5. Rates of Charges on Forest Products — There shall be collected charges on the following forest products:

- 5.1 **Timber** — On each cubic meter of timber cut in forest land in the Philippines, whether removed therefrom or not:
- 5.1.1 On timber in the first and second groups — Thirty pesos (P30.00);
- 5.1.2 On timber in the third and fourth groups— not including firewood - Fifteen Pesos (P15.00);
- 5.1.3 On branches and other recoverable wood wastes of timber such as timber ends, tops and stumps, regardless of group classification, when used as fuelwood or raw materials for the manufacture of finished wood products - Two Pesos (P2.00)
- 5.2 **Firewood** — On each cubic meter of firewood cut in forest land, except all mangrove species - Two pesos (P2.00)
- 5.3 **Minor Forest Products** — Tax base and rates of charges on forest products:

PRODUCTS	UNIT	ACTUAL MARKET VALUE	FOREST CHARGES
Anahaw leaves or palma grava leaves	100 leaves	P30.00	P3.00
Anahaw trunk			
Bamboo from public forest	100 pieces	300.00	30.00
Barks of cutch (dry)	100 pieces	50.00	5.00
Barks of cutch (green)	100 pieces	25.00	2.50
Beeswax 100 kilograms	360.00	36.00	
Beeswax, refined 100 kilograms	720.00	72.00	
Birds nest & staghorn ferns			
Boho or cana-boho (Spanish-Filipino) bolo, boho lumanpau, bokau, Tagalog, Bagakan, Bagakai (Visayan), Bulu, Bolo (Visayan) (Iloco) Gras (Bicol)	100 pieces	500.00	50.00
Buri (dried & rolled in bundles)	100 pieces	60.00	6.00
Buri (green leaves attached to the stem)	100 pieces	12.00	1.20
Buri fiber	1 piece	30.00	3.00
Cabo-negro	100 kilograms	30.00	3.00
Cunela or cinnamon bark	100 kilograms	100.00	10.00
Charcoal (carbon vegetal)	Cubic meter	100.00	10.00
Kamagsa	100 kilograms	36.00	3.60
Diliman, nito and other vines	100 kilograms	100.00	10.00
Dipterocarp resins (balao, etc.)	100 kilograms	100.00	10.00
Doluru	Cubic meter	120.00	12.00
Dyebark (nigue) 100 kilograms	120.00	12.00	
Dyebark (sibucan)	100 kilograms	12.00	1.20
Gogo bark	100 kilograms	120.00	12.00
Guta-percha	100 kilograms	420.00	42.00
Hingiw	100 kilograms	24.00	2.40

Honey syrup, unfined	Liter	50.00	5.00
Lumbang or Baguilumbang nuts (husked)	100 kilograms	60.00	6.00
Lumbang or Baguilumbang nuts (unhusked)	100 kilograms	30.00	3.00
Manila copal (Almaciga resin)	100 kilograms	250.00	25.00
Manila elimi (pili resin)	100 kilograms	120.00	12.00
Nipa leaves - 1,000 shingles or less than 1.5 meters in length)	400 kilograms	210.00	21.00
Nipa sap	1,000 liters	3.60	.36
Olco resin (balao)liter	3.00	.03	
Orchids (waling-waling, butterfly, etc.)	piece		3.00
Round table tops mftd. from buttresses of trees of first group:			
a. 50 cm. in diameter or less	1 table top	30.00	3.00
b. 100 cm. in diameter or less	1 table top	30.00	3.00
c. 150 cm. in diameter or less	1 table top	60.00	6.00
d. over 150 cm. in diameter	1 table top	90.00	9.00
Round table tops mftd. from buttresses of trees of the second group of lower:			
a. 50 cm. in diameter or less	1 table top	15.00	1.50
b. 100 cm. in diameter or less	1 table top	30.00	3.00
c. 150 cm. in diameter or less	1 table top	60.00	6.00
d. over 150 cm. in diameter	1 table top	90.00	9.00
Salago bark (clean)	100 kilograms	42.50	4.25
Split rattan	100 kilograms	500.00	50.00
Unsplit rattan (2 cm or less in diameter	1,000 linear meters	300.00	30.00
Unsplit rattan (over 2 cm in diameter)	1,000 linear meters	750.00	75.00
Tan bark (cascalotes) other than Tangal	100 kilograms	120.00	12.00
Tangal bark for tuba drink	100 kilograms	150.00	15.00
Tree ferns	Whole tree	15.00	1.50

The market value of the various forest products on which forest charges may thus be collected shall be determined annually by assessment of the FMB Director and to be approved by the DENR Secretary, the same to be published for the information of the public in the Official Gazette or in two daily newspapers of national circulation, and posted in a conspicuous place in the municipal building of a municipality concerned.

Section 6. Payment of Forest Charges. — The charges of forest products herein imposed shall be payable at the time of the removal from or utilization of the same within the concession area.

However, where the prepayment of forest charges at the point of origin would result in undue hardship to the concessionaire or licensee, forest products under auxiliary invoices may be removed from the cutting area without prepayment, conditioned upon filing of a forestry bond with the DENR in the form and amount and with such sureties as the DENR Secretary may require conditioned upon the payment of forest charges at the point of destination or at such time and place as the Secretary may direct. In such case, the forest charges shall be due and payable as follows:

- 6.1 When Timber or Other Forest Products are Intended for Export. — In no case shall customs collector allow a timber and/or forest products to be loaded without being shown a Certificate issued by the CENRO or the Regional Executive Director of the region where the cutting area of such timber is located or where the forest products were gathered and removed.

For this purpose, the shipper-concessionaire shall pay all charges due on such timber and/or forest products to be exported before loading on board a vessel. The CENRO or Regional Executive Director concerned shall issue the required Certificate only after ascertaining that the auxiliary invoices are properly prepared and that the forest charges due on such declaration were actually collected.

- 6.2 When Timber and Other Forest Products are to be Removed for Domestic Sales — The forest charges shall be due and payable within thirty (30) days from removal thereof at the cutting area, or where the forest products were gathered; Provided, that such date or removal shall in no case be beyond thirty (30) days when the products were cut, gathered and removed.

The amount of the surety bond which may be filed by a licensee pursuant to and under the conditions set forth in the next preceding sub-section, shall be equal to the estimated forest charges due within one calendar quarter based on the annual allowable cut granted in the license, and that all additional cuts granted shall be covered with additional bonds before cutting the same; Provided, that, the minimum amount of the surety bond shall not be less than TEN THOUSAND PESOS (P10,000.00). All shipments of forest products shipped under bond must be accompanied with an authentic copy of the letter of approval of the said bond by the DENR Secretary or his duly authorized representative. The mere filing of a forestry bond with the DENR without the corresponding approval thereof is deemed without bond.

Copies of the letter of approval of a forestry bond must be furnished to the CENRO at the point of origin, Provincial Environment and Natural Resources Officer (PENRO) and the corresponding Regional Executive Director who have jurisdiction of the municipality of origin.

Section 7. Penalties. — The licensee/concessionaire shall be liable to the following penalties for any violation hereof, without prejudice to the imposition of other penalties under existing laws:

- 7.1 For Illegal Cutting — When forest products are unlawfully cut or gathered without license/permit issued by the DENR Secretary the same shall be subject to confiscation including the tools/implements and conveyances used in the commission of the offense without prejudice to the filing of criminal complaint against the offender. In addition thereto a 300% surcharge shall be imposed thereof.
- 7.2 Forest Products Without Auxiliary Invoice — When forest products are lawfully cut under license/permit but transported without auxiliary invoice, there shall be added to the forest charges an amount equal to fifty per centum (50%) of the forest charges due.
- 7.3 Discharge of Forest Products Without Permit — When forest products are discharged from boat, truck or other means of transportation without the proper discharge permit issued by the CENRO or his duly authorized representative at point of discharge, there shall be added to the forest charges an amount equal to fifty per centum (50%) of the forest charges due.

- 7.4 For Late Payment of Forest Charges — In case the forest charges are not paid within the prescribed period not due to willful neglect, there shall be added thereat a surcharge of twenty five per centum (25%) of the tax due, the increment to be a part of the tax and the entire unpaid amount shall be subject to interest at the rate of twenty per centum (20%) per annum.

In all cases, the amount so added shall be collected in the same manner and as part of the forest charges, as the case may be.

- 7.5 Any person who fails or refuses to remit to the proper authorities said forest charges collectible pursuant to the provisions of this Order, or who delays, obstructs or prevents the same, or who orders, causes or effects the transfer or diversion of funds for purposes other than those specified in this Order, for each such offense shall, upon conviction, be punished by a fine of not exceeding ONE HUNDRED THOUSAND PESOS (P100,000.00) and/or imprisonment for a period of not exceeding six (6) years in the discretion of the court. If the offender is a government official or employee, he shall, in addition, be dismissed from the service with prejudice to reinstatement and with disqualification from holding any effective or appointive office.

If the offender is a corporation, partnership or association, the Officers and Directors thereof shall be liable.

Section 8. Transitory Provision. — All uncollected forest charges payable and due as of December 31, 1987 shall continue to be collected by the Bureau of Internal Revenue.

Section 9. Repealing Clause. — BIR Revenue Regulations No. 2-81 dated November 18, 1980 and all other orders, rules and regulations, circulars and memoranda which are inconsistent herewith are hereby repealed or amended accordingly.

Section 10. Date of Effectivity. — This Order shall take effect January 1, 1988.

FULGENCIO S. FACTORAN, JR.
Secretary

Recommending Approval:

CIRILO B. SERNA
Director

ANALYSIS OF PRIVATE LAND TIMBER PERMIT/ SPECIAL PRIVATE LAND TIMBER PERMIT

1.0 INTRODUCTION

Private Land Timber Permit (PLTP) is a permit issued to a landowner for the cutting, gathering and utilization of naturally-grown trees in private lands while Special Land Timber Permit (SPLTP) is issued to a land-owner for the cutting, gathering and utilization of premium hardwood species including Benguet Pine, both planted and naturally-grown trees. PLTP and SPLTP are issued by the DENR in recognition of private land owners right to cut, gather, transport, dispose and/or utilize naturally-grown trees or parts thereof or planted premium tree species inside titled private lands. Only the owner of a private land may qualify to apply for, and be granted, a PLTP/SPLTP.

Under DAO 87-78, DAO 46-92 and DAO 2000-21, naturally grown trees are any naturally occurring or growing trees with woody stem, regardless of size and economic utility or end-use, including the parts thereof such as stumps, tops and branches. The premium species include: Akle (*Albizia acle*), Banuyo (*Wallaceodendron celebicum*), Bolong-eta (*Diospyros pilosanthera*), Kalantas (*Toona calantas*), Lumbayao (*Heritiera javanica*), Sangilo (*Pistacia chinensis*), Tindalo (*Afzelia rhomboidea*), Almaciga (*Agathis philippinensis*), Batikuling (*Litsea leytensis*), Dao (*Dracontomelon dao*), Kamagong (*Diospyros discolor*), Manggis (*Koompassia excelsa*), Supa (*Sindora supa*), Apanit (*Mastixia philippinensis*), Betis (*Madhuca betis*), Ipil (*Instsia bijuga*), Lanete (*Wrightia pubescens spp. laniti*), Molave (*Vitex parviflora*), Teak (*Tectona grandis*), Narra (*Pterocarpus indicus, forma indicus*) and Ebony (*Diospyros ferrea*).

Naturally grown timber cut from private lands under PLTP/SPLTP shall be subject to the payment of forest charges pursuant to RA 7161. Applicant for PLTP/SPLTP shall submit application requirements of his/her intention(s) to cut and utilize the trees found therein. According to the interviewed permittees, there are too many documents, clearances and plans that are required by the DENR which gives them the impression that the Department is too restrictive when it comes to utilization of trees within private land. Others said that the PLTP and SPLTP become "front of illegal cutting of trees". In this regard, there is a need to evaluate and review the policies in the issuance of PLTPs.

2.0 POLICIES RELATED TO PLTP/SPLTP

The different policies related to PLTP/SPLTP are presented in Table 1. The rules and regulations governing the cutting and disposition of timber in private lands are derived from sections 39 and 68 of the Revised Forestry Code (Presidential Decree No. 705). The policy states that any person who shall cut, gather, collect or remove timber or any forest products from any forest land or timber from alienable and disposable public lands, or from private lands without any authority under a license agreement, lease, license or permit, shall be guilty of qualified theft. Following this policy, MNR Administrative Order No. 3 was issued in 1981 where regulations on the issuance of private land timber permit and private land planted tree permit were specified in Sections 2 and 10, respectively. Subsequently, BFD Circular No. 3 was issued in 1983 which provided the guidelines

on the inventory, cutting, transporting and disposition of naturally growing timber inside private lands. To facilitate the processing of applications and issuance of permits to cut trees planted and naturally growing inside private lands, BFD Circular no. 12 was also issued in 1984.

In 1990, DENR Administrative Order No. 26 was issued amending DAO No. 88-86 which covers the guidelines governing the issuance of PLTP. DAO 90-26, provided the prescribed rules on the deregulation of tree harvesting, transporting and sale of firewood, pulpwood or timber planted in private lands. Under this policy, a permit is no longer needed in cutting planted trees within private lands except those belonging to premium species. In 1991, the DENR Secretary issued a memorandum to all Regional Executive Directors (REDs) regarding additional provisions on the terms and conditions of PLTPs/SPLTPs. The interim rates of forest charges and authority in the issuance of PLTP are stipulated in DAOs 91-56 and 92-53, respectively.

The most recent policy on PLTP/SPLTP was issued in CY 2000 through DAO no. 2000-21 (Attachment A). This policy provides the revised guidelines in the issuance of PLTP/SPLTP. It states that no person, association or corporation shall cut, gather, transport, dispose and/or utilize naturally grown trees or parts thereof and planted premium tree species, inside titled private lands unless authorized to do so under a PLTP/SPLTP issued by the DENR Secretary or his/her duly representative.

Table 1. Policy issuances related to PLTP/SPLTP.

Policy	Year	Title	Highlights/Salient Provisions
PD 705	1975	Revising Presidential Decree No. 389 otherwise known as the Forestry Reform Code of the Philippines	
Section 39		Regulation of Timber Utilization in all other classes of Lands and of Wood Processing Plants	The utilization of timber in alienable and disposable lands, private lands, civil reservations, and all lands containing standing or felled timber, including those under the jurisdiction of other government agencies, and the establishment and operation of sawmills and other wood processing plants, shall be regulated in order to prevent them from being used as shelters for excessive and unauthorized harvests in forest lands, and shall not therefore be allowed except through a license agreement.
		Cutting, Gathering and/or Collecting Timber or Other Products Without License (Pres. Ferdinand E. Marcos)	Any person who shall cut, gather, collect or remove timber or forest products from any forest land, or timber from alienable and disposable public lands, or from private lands without any authority under a license agreement, lease, license or permit, shall be guilty of qualified theft as defined and punished under Articles 309 and 310 of the Revised Penal Code: Provided, that in the case of partnership, association or corporation, the officers who ordered the cutting, gathering or collecting shall be liable, and if such officers are aliens they shall, in addition to the penalty, be deported without further proceedings on the part of the Commission on Immigration and Deportation.
MNR Administrative Order No. 3	1981	Regulations governing the cutting, gathering, disposition and utilization of trees, timber and other wood products inside titled private lands (Minister Jose J. Leido , Jr)	Section 2 . Private Land Timber Permit No person shall cut, gather, transport, dispose, and utilize naturally growing trees or parts thereof inside titled private lands unless authorized to do so under a private land timber permit issued by the Minister of Natural Resources, upon the recommendation of the Director of Forest Development. Section 10. Private Land Planted Tree Permit The cutting, gathering, disposition and utilization of artificially grown or planted tree inside titled private lands shall be covered by a private land planted tree

Policy	Year	Title	Highlights/Salient Provisions
			<p>permit issued by the Director of Forest Development to ensure that the wood products so cut and gathered come from the private lands under permit and not from other sources.</p>
BFD Circular No. 3	1983	<p>Guidelines on the inventory, cutting, transporting and disposition of naturally growing timber inside private lands</p> <p>(Director Edmundo V. Cortes)</p>	<p>Pursuant to Section 19 of MNR Adm. Order No. 3 Series of 1981.</p> <p>Timber Inventory</p> <ul style="list-style-type: none"> • Only forest officers who are BSF degree holders and occupying at least forester's items or professional registered foresters contracted or employed by the applicant and accredited by the Director of Forest Development are qualified to undertake the required timber inventory at 100% intensity. • The inventory report duly subscribed and sworn to, shall be submitted to the District Forester concerned within ten (10) days from the date of completion of the field inventory work and shall be accompanied by: original tally sheet, stand stock table, sketch map, survey returns, duly attested photographs of the first and last trees showing the numbers marked thereon, and of the panoramic view of the forested portions inventories. <p>Cutting, transporting and disposition</p> <ul style="list-style-type: none"> • Clear-cutting shall be allowed only on areas below 18% slope except in Mindanao unless authorized by the President. Areas over 18% slope shall be selectively logged, or if public interest so requires, cutting shall not be allowed. • Before transporting the logs from the cutting area, the permittee shall be required to place his private log mark and designated in his permit on each end of the logs, including the tree number and log number.
BFD Circular No. 12	1984	<p>Additional guidelines governing the processing of applications for permits to cut trees inside private lands</p> <p>(Director Edmundo V. Cortes)</p>	<ul style="list-style-type: none"> • The processing of applications and issuance of permits to cut trees planted inside private lands shall be in accordance with the provisions of BFD Circular No. 8-81 and BFD Circular No. 8-1, Series of 1983. • The acceptance of applications to cut naturally growing trees inside private lands shall be processed in consonance with the provisions of MNR Administrative Order No. 3, Series of 1981, as implemented by BFD

Policy	Year	Title	Highlights/Salient Provisions	
			Circular No. 3 Series of 1983 provided that a detailed development plan is submitted and other requirements called for under existing regulations have been properly complied with.	
Memorandum from USEC for Field Operations	1988	Proposed Internal Guidelines as to Duration and/or Expiration of Private Land Timber Permit (PLTP) Director Victor O. Ramos	Proposed standardized duration and/or expiration	
			Volume (m)	Duration/Expiration
			1 - 30 cu.m.	35 days
			31 - 50 cu.m.	50 days
			51 - 70 cu.m.	60 days
			71 - 100 cu.m.	90 days
			101 - 200 cu.m.	120 days
			201 - 300 cu.m.	150 days
			301 - 500 cu.m.	6 months
			501 - 650 cu.m.	7 months
			651 - 750 cu.m.	8 months
			751 - 850 cu.m.	9 months
			851 - 950 cu.m.	10 months
			951 - 1000 cu.m.	11 months
			1001 - up cu.m.	1 year
DENR Administrative Order No. 121	1989	Lifting of the moratorium and prescribing additional guidelines governing the issuance of Private Land Timber Permits (Secretary Fulgencio S. Factoran)	<p>The PLTP shall be issued only to the landowners themselves, no middlemen/timber traders even with special powers of attorney from landowners maybe issued said permit.</p> <p>These guidelines shall not cover the cutting, transport and disposition of Almaciga as well as Narra and other premium hardwood species listed under DAO No. 78-1987.</p> <p>Authority to issue PLTP CENRO – up to 5 cu.m. per applicant per year PENRO – up to 15 cu.m. per applicant per year RED – up to 50 cu.m. per applicant per year USEC for Operations, up to 250 cu.m. per applicant per year USEC for Operations, up to 1,000 cu.m. per applicant per year SECRETARY – above 1,000 cu.m.</p>	

Policy	Year	Title	Highlights/Salient Provisions
			<p>A PLTP applicant with a proposed harvestable volume of more than 200 cu.m. shall submit the following additional requirements:</p> <ul style="list-style-type: none"> - Location and technical description of the land - A duly notarized sworn statement that the trees are subject of 100% inventory conducted in his private land - Timber harvesting schedule, transport and marketing plan - Initial Environmental Examination - Environmental fee – P30.00/ cu.m. –allowable cut – 15 cu.m. P130.00/cu.m. > 15 cu.m. (DAO No. 39-1988).
Memorandum Circular No. 22	1990	<p>Cutting, transport and disposition of premium species inside private lands</p> <p>(Secretary Fulgencio S. Factoran)</p>	<p>Section 3.4 of DAO 78-1987 which allows the cutting of premium species with authority from the Secretary is amended. Before issuing the permit to the landowners, there are conditions to be complied with like:</p> <ul style="list-style-type: none"> - Certification that the species is not rare and endangered in the locality; - P250 fee/cu.m. - Planting 5 forest trees or fruit trees for every tree cut; and - Having Special Private Land Timber Permit
DENR Administrative Order No. 86	1990	<p>Additional guidelines governing the issuance of Private Land Timber Permit as Provided by DENR Administrative Order No. 121, as amended.</p> <p>(Sec. Fulgencio S. Factoran)</p>	<p>Submission of a stream/riverbank reforestation plan duly budgeted and mapped shall be required prior to the approval of the Private Land Timber Permit.</p>
DENR Administrative Order No. 26	1990	<p>Amendment of DAO 88-86, Prescribing Rules on the Deregulation of Tree Harvesting, Transporting and Sale of Firewood, Pulpwood or Timber Planted in Private Lands</p> <p>(Sec. Fulgencion S. Factoran)</p>	<p>No permit is needed in cutting planted trees within private lands except those belonging to premium species under DAO No. 78 of 1987, provided that there is a certification from the CENRO that the forest products came from titled or tax declared A & D lands.</p>
DENR Administrative Order No. 79	1990	<p>Amendment toDAO 90-26, Amending Further DAO 88-86. Prescribing Rules</p>	<p>In consonance with MAO 4 of 1987 which lifted the restriction in the harvesting, transporting and sale of firewood, pulpwood or timber produced from Ipil-ipil</p>

Policy	Year	Title	Highlights/Salient Provisions
		on the Deregulation of Tree Harvesting, Transporting and Sale of Fuelwood, Pulpwood or Timber Planted in Private Lands (Sec. Fulgencio S. Factoran)	(<i>Leucaena spp.</i>) and <i>Falcatta (Albizza falcataria)</i> is amended to include all other tree species except Benguet pine. Benguet pines within private lands be covered by a Private Land Timber Permit (PLTP) in consonance with DAO 121 of 1989.
Memorandum to ALL RED From the Secretary	1991	Additional Provision on the terms and Conditions of PLTPs and SPLTPs (Sec. Fulgencio S. Factoran)	In order to monitor effectively the disposition of logs and/or lumber produced under Private Land Timber Permits and/or Special Private Land Timber Permits (PLTPs/SPLTPs), all such logs and/or lumber shall only be sold or transported within the province where the PLTP/SPLTP area is located. Violation of this provision by the holders of said permits may cause seizure/confiscation of their logs/lumber and cancellation of their permits.
DENR Administrative Order No. 56	1991	Interim Rates of Forest Charges Pursuant to RA 7161 (Sec. Fulgencio S. Factoran)	Listing of the forest charges' new rates of naturally growing timber and other forest products cut or gathered from forest lands, A & D lands, and private lands.
DENR Memorandum Circular No. 19	1992	Lifting the suspension on the issuance/processing of Private Land Timber Permit (PLTP) (Sec. Angel C Alcala).	Additional conditions: <ul style="list-style-type: none"> • The provision of DENR Adm. Order No. 121. Series of 1989 and DENR Memorandum No. 22 Series of 1990 shall be strictly followed and observed by all concerned. • Naturally grown timber cut from private lands under PLTP shall be subject to the payment of forest charges pursuant to Republic Act 7161 as implemented by DENR Adm. Order No. 56, Series of 1991. • Submit comprehensive plan if the area will be cleared for development; building plan including the bill of materials, if the timber will be used for housing purposes. • Timber inventory at 100% intensity shall be undertaken by a team headed by a Registered forester.
DENR Administrative Order No. 53	1992	Authority for the Issuance of PLTP	The authority to issue PLTP: authority PLTP up to 50 cu.m. per applicant per year is hereby vested on the Regional Executive Director. The authority of the PENRO to issue PLTP up to 15 cu.m., and of the CENRO up to 5 cu.m. per

Policy	Year	Title	Highlights/Salient Provisions
		(Secretary Angel C. Alcala)	applicant per year is hereby suspended. Their (PENRO's and CENRO's) authority to issue PLTP will be exercised by the RED.
DENR Memo Circular No.18	1992	Addendum to DENR Memorandum Circular 19-92 Lifting the suspension on the Issuance/Processing of Private Land timber Permit (PLTP) (Secretary Angel C. Alcala)	With LGUs participation, the additional requirements before issuance of PLTP are: <ul style="list-style-type: none"> • Certification from barangay captain that the area has natural growth trees; and • Clearance from the office of the Mayor interposing no objection in the cutting of trees.
Memorandum from the Secretary	1993	Directing the Office of the Regional Executive Director, DENR Region IV To allow the PENRO and the CENROs of the Province of Palawan to issue Private Land Timber Permits (PLTPs) to qualified applicants (Secretary Angel C. Alcala)	Allowing the PENRO and CENRO in the province of Palawan to issue PLTP subject to forestry rules and regulations. They should submit monthly report(s) and list(s) of issuances to the RED.
DENR Memo Circular No. 18	1993	Addendum to DENR Memorandum Circular 19-92 Lifting the Suspension on the Issuance/Processing of Private Land Timber Permit (PLTP) (Secretary Angel C. Alcala)	With LGUs participation, the additional requirements before issuance of PLTP are: <ul style="list-style-type: none"> • Certification from the barangay captain that the area has natural growth trees • Clearance from the office of the Mayor interposing no objection in the cutting of trees.
DENR Memorandum Circular No. 9	1994	Additional Requirements on the Processing/Issuance of Private Land Timber Permit (Secretary Angel C. Alcala)	No new Private Land/Special Private Land Timber Permit, including the renewal thereof shall be issued/granted unless endorsed by the Governor of the Province where the area is located. As part of the conditions stipulated in the PLTP, an authority secured from the Regional Executive Director concerned that the timber harvested shall be milled/processed by a nearby sawmill with a valid and subsisting permit.
DENR Memorandum No. 16	1994	Lifting the Prohibition on the Transport of Timber/Lumber Cut Within Private Land Timber Permit (PLTP/SPLTP) Areas Outside the Province of Origin	The prohibition on the transport of timber cut within Private Land Timber Permit/Special Private Land Timber Permit (PLTP/SPLTP) in areas outside the province of origin is lifted provided the following conditions are followed:

Policy	Year	Title	Highlights/Salient Provisions
		(Secretary Angel C. Alcala)	<ul style="list-style-type: none"> • The movement of timber/lumber shall be accompanied by the required transport documents together with a certification from the concerned Multi-Sectoral Forest Protection Committee that the forest products are cleared for transport or shipment. • In CENROs where there are existing Multi-Sectoral Forest Protection committee under the ENR-SECAL Program, the same may be used for this purpose. The monitoring work of the multi-sectoral committee shall be in addition to the regular work being done by DENR personnel. In CENROs where the Multi-Sectoral Forest Protection Committee have yet to be created the certification that the forest products are cleared for transport or shipment shall be incorporated in the certifications to be issued by the Barangay Captain and Mayor as per DENR Memorandum Order Circular No. 18 Series of 1993.
DENR Memorandum Order No. 25	1994	Suspension of Logging and Issuance of Private Land timber Permits in the Province of Saranggani (Acting Secretary Ben S. Malayang III)	<p>All logging operations including the movement of logs, and the issuance of new, or renewal of, Private Land Timber Permits in the Province of Saranggani are suspended.</p> <p>The RED shall prepare and submit to the Secretary within ten (10) days upon receipt hereof of a Plan of Implementation which shall include, among other things, the active participation of the local Multi-Sectoral Forest Protection Committee in the effective execution of the plan. He is likewise ordered to submit a bi-weekly status report on the implementation and compliance with this Order.</p>
DENR Memo Circular No. 10	1995	Additional Guidelines in the Issuance and Processing of PLTP/SPLTP	<p>The suspension on the issuance/processing of PLTP/SPLTP in areas/provinces where a logging ban/moratorium is in effect is lifted subject to the following conditions:</p> <ul style="list-style-type: none"> • Submission by applicant of clearance from the Barangay Captain and Municipal/City Mayor; • Timber produced from PLTP/SPLTP shall be used only for personal use, government infrastructure project or cottage industries in the province; • No logs/lumber shall be transported outside the province where the PLTP/SPLTP is located, unless authorized by the Secretary on a case-to-case basis;

Policy	Year	Title	Highlights/Salient Provisions
			<ul style="list-style-type: none"> • Monitoring in the cutting and transport of logs/lumber shall be done using procedures concurred in by the Provincial and Regional Multisectoral Forest Protection Committee; and • Forest charges shall be paid to transport the forest products. <p>The PLTP/SPLTP in areas covered by the logging ban/moratorium shall be issued only by the Secretary or his duly authorized representative as the case may be.</p>
DENR Memorandum Circular No. 15	1995	Inclusion of Areas Covered by Certificate of Land Ownership Award (CLOA) in the Issuance of Private Land Timber Permit (PLTP) (Sec. Angel C. Alcala)	Areas covered by Certificate of Land Ownership Award (CLOA) is included in the issuance of PLTP subject to the following additional conditions: <ul style="list-style-type: none"> • Compliance to DENR Adm. Order No. 121, Series of 1989, DENR Memorandum Order No. 22, Series of 1990, DENR Memorandum Circular No. 19, Series of 1992 and DENR Adm. Order No. 53, Series of 1992 • No issuance of PLTP in areas covered by CLOA • Applicants for PLTP in areas covered by CLOA must submit a permit/clearance from the local office (Municipal Agrarian Reform or MARO) of the Department of Agrarian Reform (DAR) of his/her intention(s) to cut and utilize the trees found therein; and • Regardless of the total harvestable volume and number, the area under this Order shall be subjected to an Initial Environmental Examination to determine the environmental impact of the cutting to be undertaken thereat. The same shall be verified by a Registered Forester of the CENRO Office concerned and who in turn shall submit comments and/or recommendations On the matter to the Regional Executive Director (RED) concerned, thru Channel under oath, within one week after verification has been made.
DENR Memorandum Order No. 98-16	1998	Interim Guidelines for the Issuance of Cutting Permits for Private Land Timber Permits (PLTP) and Special Private Land Timber Permits (SPLTP) (Sec. Antonio H. Cerilles)	All cutting permit applications under the PLTP and SPLTP shall be processed and approved at the DENR Central Office units subject to the volume limit as enumerated below: <ul style="list-style-type: none"> • Application for cutting permits covering up to 200 cu.m. per applicant per year shall be approved by the Undersecretary for Field Operations • Application for cutting permits covering more than 200 cu.m. per applicant per year shall be approved by the Secretary.

Policy	Year	Title	Highlights/Salient Provisions
DENR Administrative Order No. 21	2000	<p>Revised Guidelines in the Issuance of Private Land Timber Permit/Special Private Land timber Permits/(PLTP/SPLTP)</p> <p>(Sec. Antonio H. Cerilles)</p>	<p>No person, association or corporation shall cut, gather, transport, dispose and/or utilize naturally grown trees or parts thereof of planted premium tree species, inside title private lands unless authorized to do so under a PLTP/SPLTP issued by the Secretary of DENR or his/her authorized representative.</p> <p>The applicants who wish to cut, gather and harvest naturally grown trees or parts thereof within titled private lands are required to submit to the concerned DENR Office an Initial Environmental Examination (IEE) which shall be made as basis for the issuance of an ECC.</p> <p>A 100% inventory shall be undertaken by a Registered Forester(s) over the area where the trees/forest resources are located.</p> <p>The CENRO and LGU representative concerned shall validate the submitted inventory report and submit their finding and recommendations to the issuing authorities through channels.</p> <p>All cutting permit applications under SPLTP shall be issued by the RED for avoume not exceeing ten (10) cu.m., and by the DENR Secretary, for A volume in excess of ten (10) cu.m. In the case of PLTP, approval of A volume not exceeding fifty (50) cu.m. shall be vested on the Regional Executive Directors while A volume more than (50) cu.m. shall be approved by the DENR Secretary..</p> <p>DENR officials found issuing defective certificate of origin and other transport documents required in this Order shall be subject to suspension without prejudice to the imposition of other penalties as may be warranted by extent Civil Service rules and regulations.</p>

Qualified Applicants

Any person, association or corporation who is an owner(s) of a private land may qualify to apply for, and be granted, a PLTP/SPLTP. Private lands as defined in DAO 2000-21 are lands covered by either administrative or judicial titles such as free patent, homestead and sales patent and torrens titles obtained under the Land Registration Act No. 496 or under the Public Land Law (Commonwealth Act No. 141), Certificate of Land Ownership Award (CLOA) covering certified A and D lands issued to farmer-beneficiaries under the Comprehensive Agrarian Reform Program (CARP) or Republic Act No. 6657. Realty tax declaration shall not be accepted as proof of ownership for PLTP/SPLTP applications.

Application Requirements

Under DAO 2000-21, the following requirements shall be submitted by a PLTP/SPLTP applicant:

1. Letter of application
2. Authenticated copy of land title/CLOA with approved sketch map of the area applied for;
3. Development Plan, if application covers ten (10) hectares or larger with at least 50% of the area covered with forest trees;
4. Endorsement from any of the following LGU officials; a) Barangay Chairman, b) Municipal/City Mayor, or c) Provincial Governor;
5. Endorsement by local agrarian reform officer for areas covered by CLOA;
6. Inventory fee based on existing regulations.
7. Environmental Impact Assessment/Initial Environmental Examination (EIA/IEE) as basis for the issuance of Environmental Compliance Certificate (ECC)
8. A 100% timber inventory undertaken by a Registered Forester(s) over the area where the trees/forest resources are located. The said inventory shall be in accordance with the following guidelines:
 - 8.1 Prepare map of the subject area at appropriate scale where relevant information shall be indicated e.g. soil cover, river/stream, slope class, etc.
 - 8.2 Before the inventory is done, at least one corner of the titled lot shall be tied up to the nearest forest zone corner and/or BLLM which shall be indicated on the map;
 - 8.3 The forester(s) shall measure the diameter at breast height (dbh) and/or above buttress (dab) and merchantable height/length of the trees in the lot to the nearest centimeter and meter, respectively;
 - 8.4 All the tallied trees shall be numbered consecutively and charted on the map stated in item 8.1 hereof. Moreover, the FIRST and LAST trees tallied shall be photograph as well as the panoramic view of the subject titled lot;

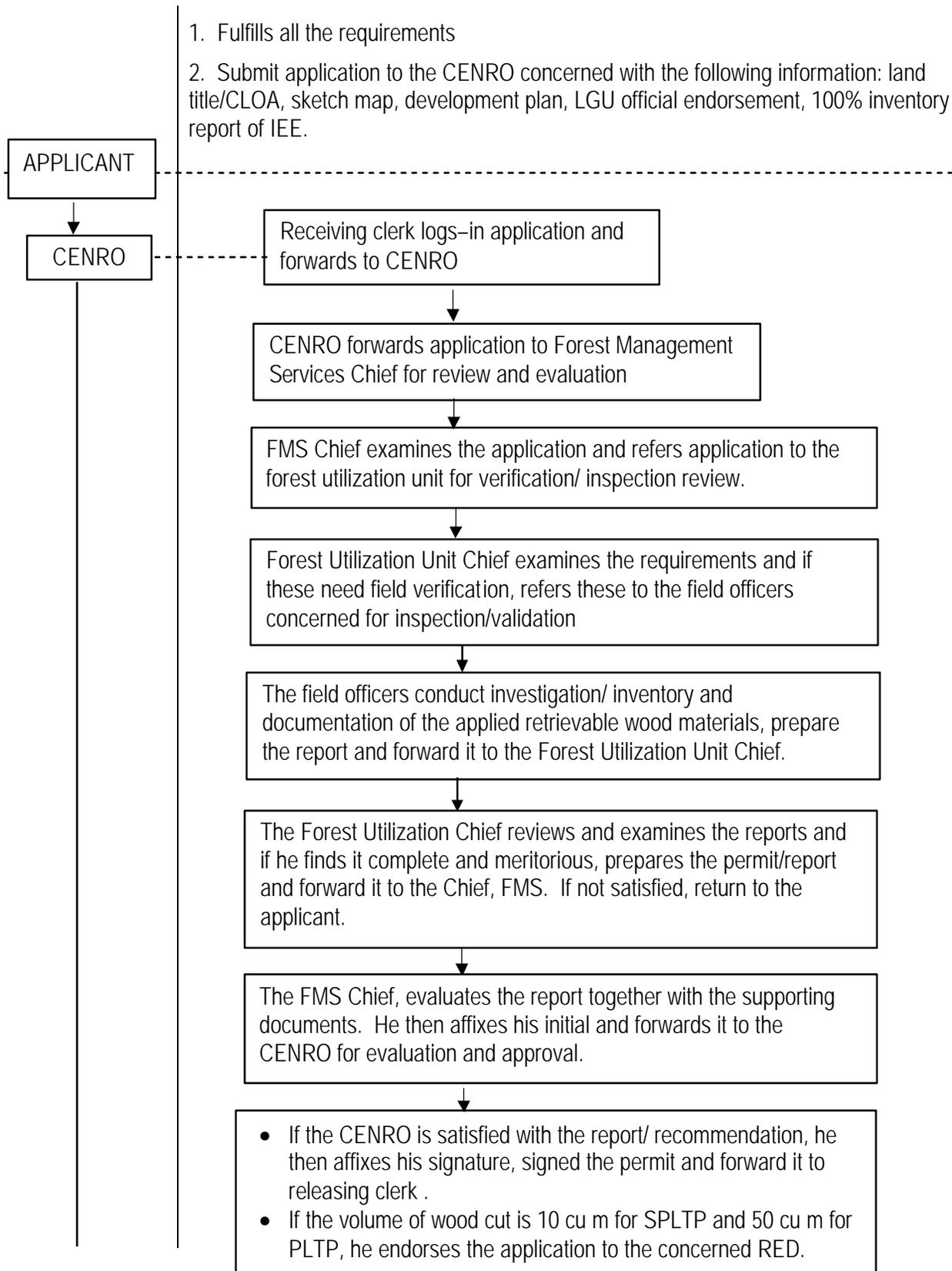
- 8.5 The volume of each tallied trees shall be computed based on the equation for standing trees applicable for the locality. The stand and stock table shall be prepared by species and species group (i.e. premium species, common hardwoods, construction and furniture woods, light hardwoods, and lesser used/lesser known species (LUS/LKS); and
- 8.6 The timber inventory report must be subscribed and sworn to by all the forest officers who conducted the same. All documents required hereto shall be attached to the report (e.g. original tally sheets, photographs, tree charting, etc.).

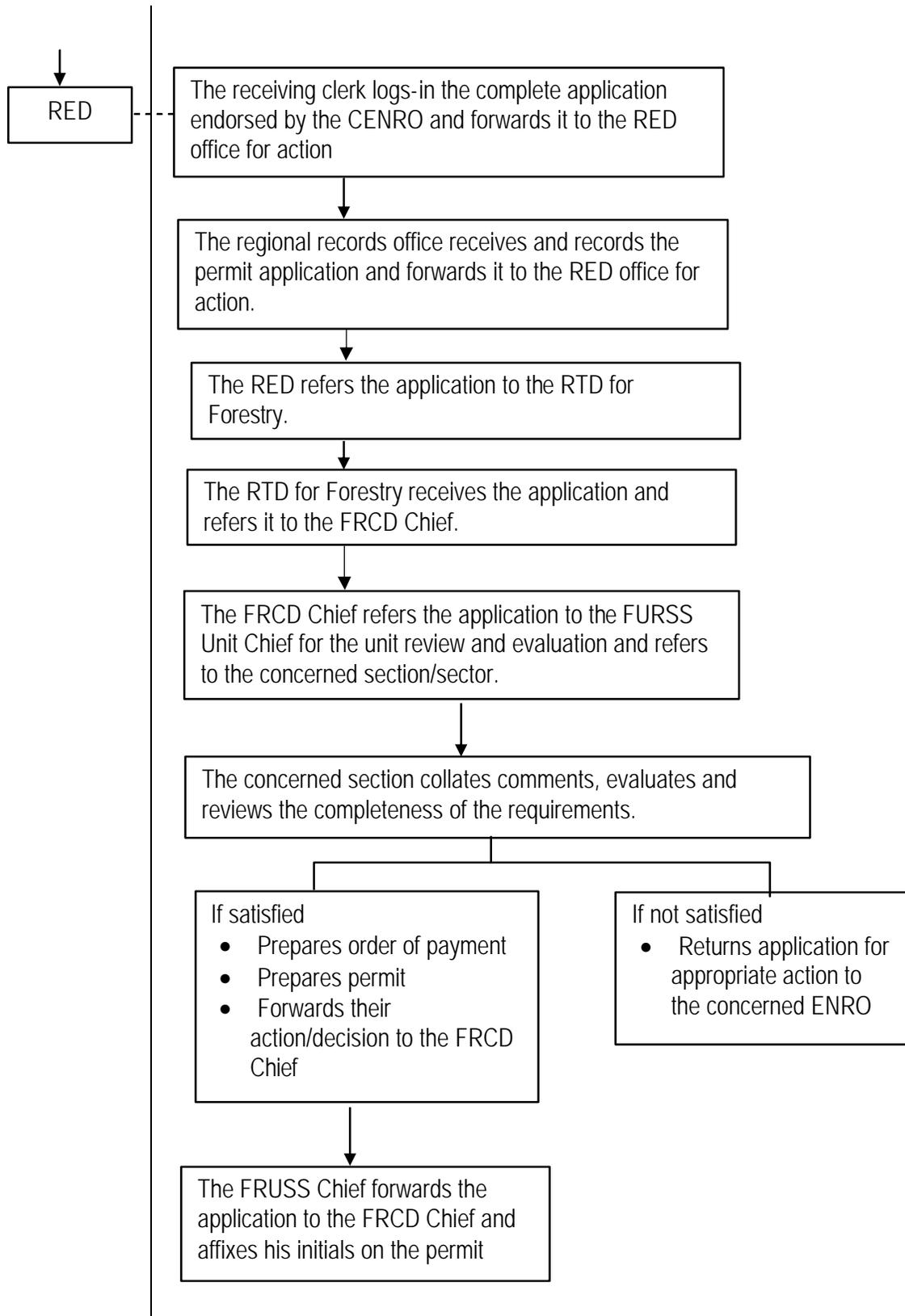
Processing and Approval

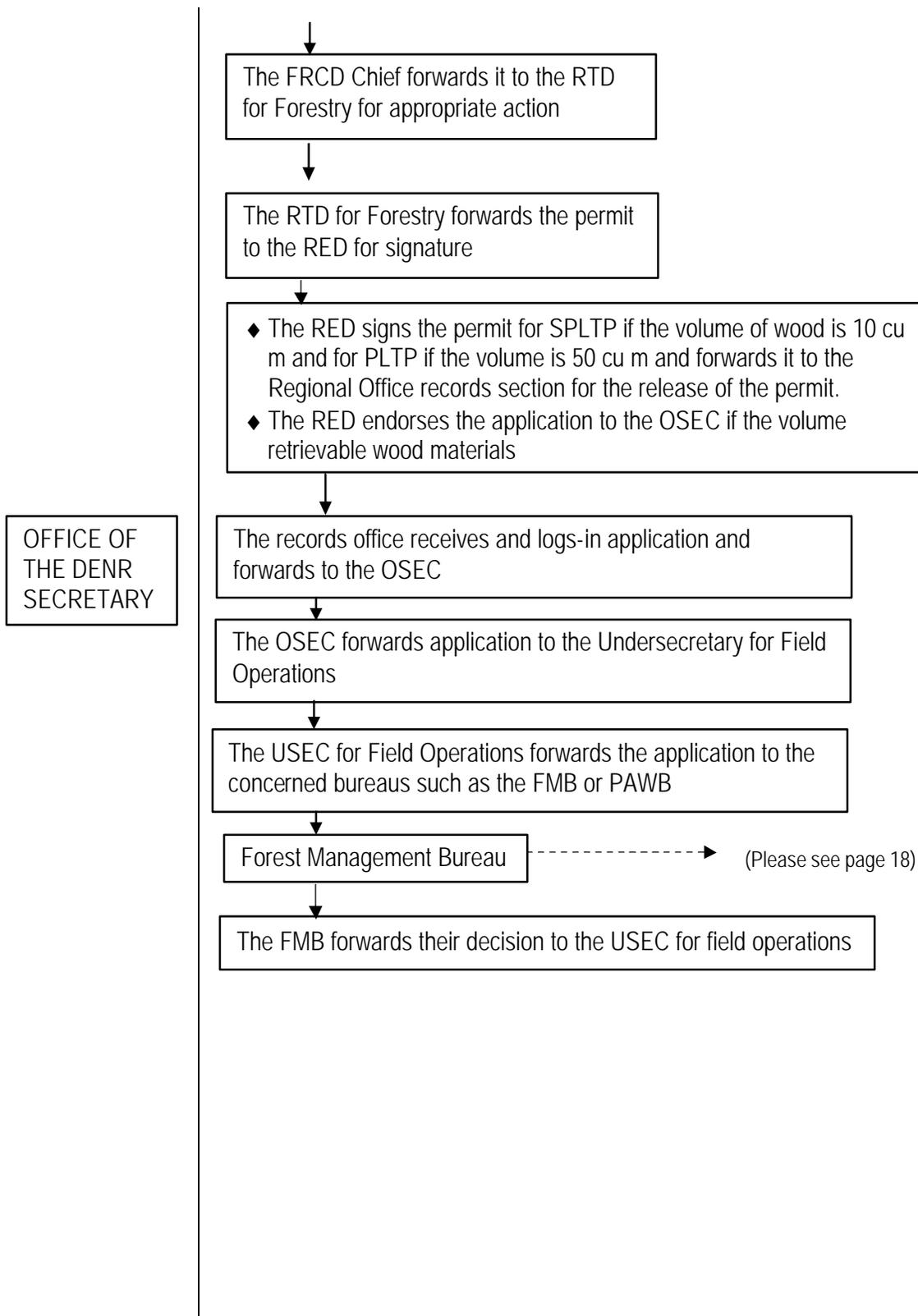
Applications for PLTP/SPLTP shall be submitted to the concerned CENRO. The CENRO and LGU representative concerned shall validate the submitted inventory report and submit their findings and recommendations to the issuing authorities through channels. The CENRO shall verify the status of the A and D or forest land applied for PLTP/SPLTP prior to the conduct of timber inventory.

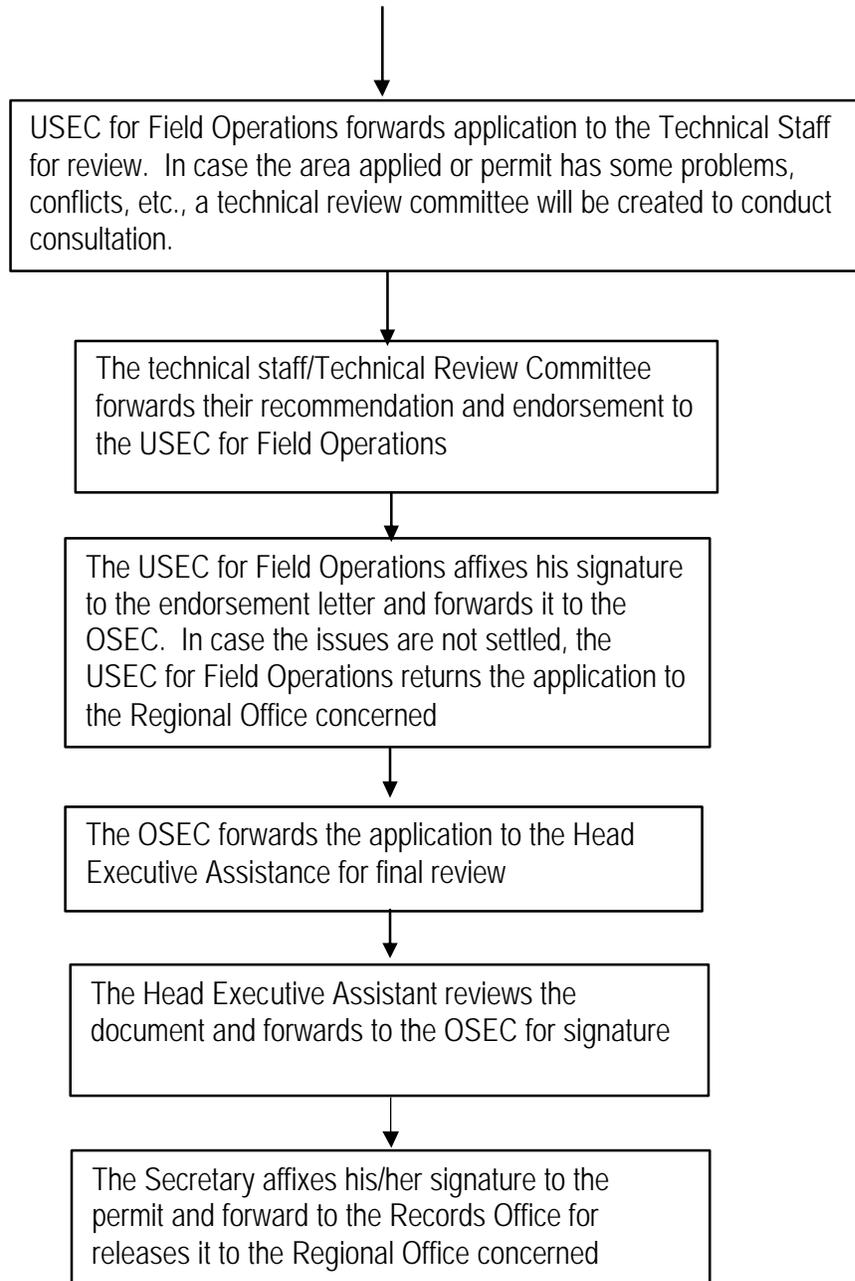
All cutting permit applications under SPLTP shall be issued by the RED for volume not exceeding (10) cubic meters and the DENR Secretary for volume in excess of ten (10) cubic meters. In the case of PLTP, approval of volume not exceeding fifty (50) cubic meters shall be vested on the RED, while volume more than fifty (50) cubic meters shall be approved by the DENR Secretary. Figure 1, shows the existing levels of approval of PLTP/SPLTP.

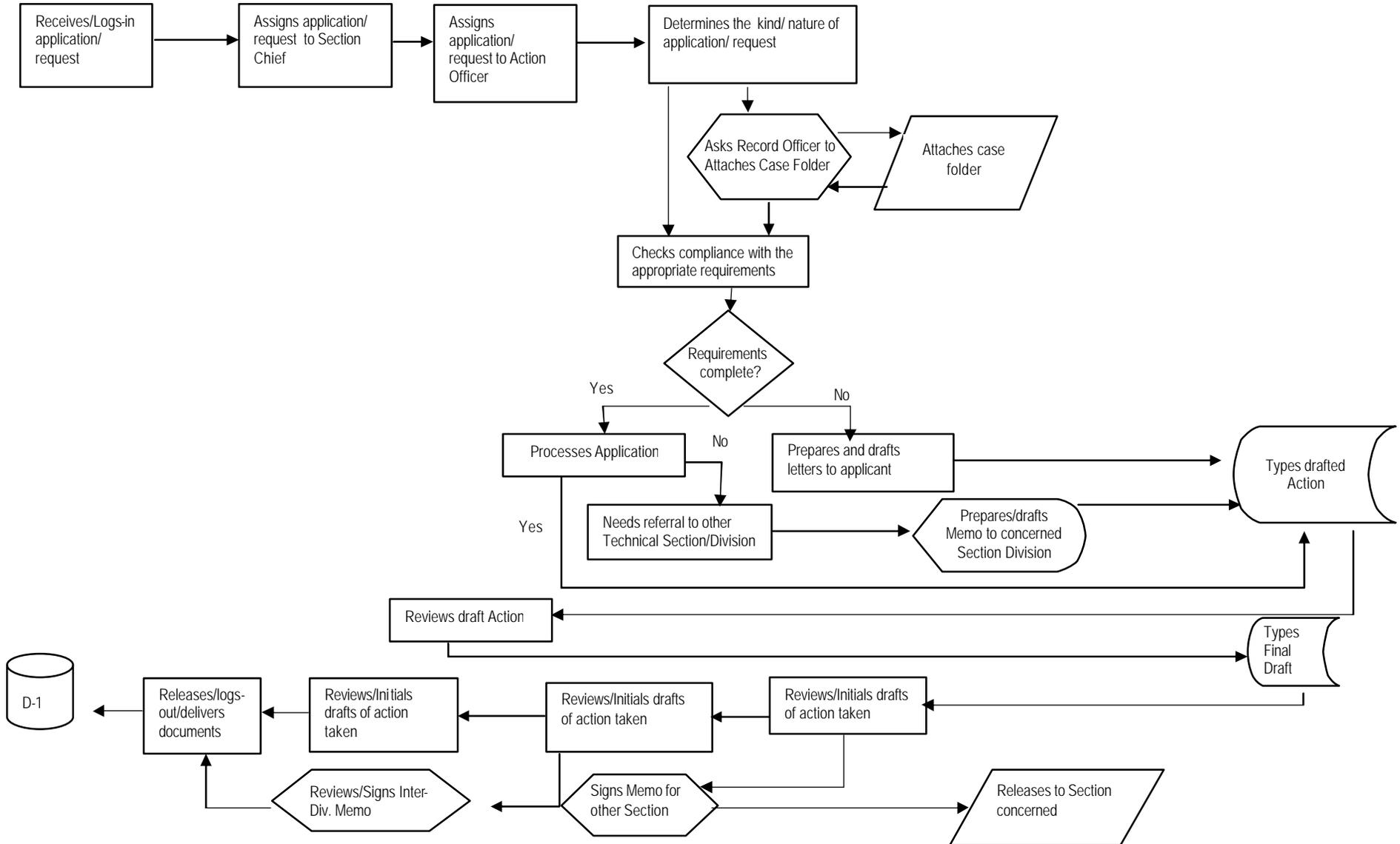
Figure 1. Flow Chart of PLTP/SPLTP Application











PLTP - Private Land Timber Permit
 WPPP - Wood Processing Plant Permit AS

Figure . General Flowchart of Permit Processing, FMB.

Tenure

The tenure of PLTP/SPLTP is dependent upon the allowable cut granted but does not exceed one year at any one time. Extension is allowed for similar period. Also, only one (1) permit shall be issued over the titled property within a period of one (1) year. Table 2 presents the PLTP/SPLTP duration/tenure base on volume granted.

Table 2. Duration of PLTP/SPLTP based on volume granted.

Volume	Duration/Tenure
1-50 cu.m	50 days
51-70cu.m	60 days
101-200cu.m	120 days
201-300cu.m	150 days
301-500cu.m	6 months
501-650cu.m	7 months
651-750cu.m.	8 months
751-850 cu.m.	9 months
851-950 cu.m.	10 months
951-1000cu.m.	11 months
1001-up cu.m.	1 year

Monitoring

Monitoring in the cutting and transport of forest products from PLTP/SPLTP areas shall be conducted by the CENRO concerned and a representative from the Multi-Sectoral Forest Protection Committee and/or the Local Government Unit (LGU) concerned. The CENRO and LGU representatives concerned shall conduct post-harvest inventory of stumps after the expiration of the permit and a report submitted to the RED concerned. A copy of the same report is furnished to the Forest Management Bureau (FMB).

3.0 ANALYSIS OF THE PLTP/SPLTP POLICIES

The issues raised against PLTP/SPLTP are the following: 1) too many requirements in the application; 2) the length of time of processing and approval of the permit is too long, and 3) serves as fronts/cover for illegal cutting activities. The permittees interviewed asked why the DENR regulates the cutting of their trees in their private lands when in fact, it is titled and they have the right to do anything inside their property. At the same time, there are allegations that the PLTP and SPLTP have been abused and used as cover-up for illegal cutting activities. Existing monitoring and verification reports indicate that some permittees cut more than their allowable volume, and they cut outside their private land. These illegal practices are facilitated by deliberately over-estimating the volume of timber in the inventory report or by reporting the existence of naturally grown trees in private lands when in fact there are no more trees growing in the said property. According to them, this can be easily done through the connivance between the DENR staff and the private land owner which sometimes include LGU officials. This public perception cannot be

avoided because the process by which the PLTP and SPLTP permits are issued lacks the transparency, participation and accountability elements. Under existing policies, the verification of the private land, the inventory of trees within said land, and the processing and approval of permit is monopolized by the DENR with limited participation from the LGU and registered Forester(s).

Limited Sectoral Participation

The processing of PLTP/SPLTP permits starts with the applicant filing the application request or application form at the CENRO, followed by the verification of the titled property, inventory of the standing trees and finally, the processing and issuance of the permit. The field verification of the titled property and inventory are very crucial because they establish the existence of the private property and whether indeed, there are still naturally growing trees within said property which warrant the issuance of PLTP/SPTLP permits. Under existing guidelines, the determination of this situation is mainly undertaken by the DENR. DAO 2000-21 allows limited participation of professional Forester(s) and the LGUs by requiring a 100% inventory to be undertaken by a registered Forester on the area applied for which the CENRO and LGU representative concerned validate. The sectoral representation however, is not sufficient to prevent connivance. More sectors should be involved in the process of validating the inventory reports conducted by a professional Forester, which forms part of the application. With only the CENRO and LGU representatives validating the inventory, the applicant could still easily make illegal deals to get the permit. Worst, the verification of the boundaries of the private lands is only determined by the CENRO concerned.

Because of limited participatory mechanism in the verification of the titled property and the inventory of standing trees, the verification reports are usually questioned and are prone to public suspicion. Thus, it has been reported that some areas applied for PLTP/SPLTP are in fact devoid of standing trees. There are also allegations that timber inventory reports are highly bloated and the cutting of trees is undertaken outside the private property and, in most cases, in adjacent forest lands.

Transparency Issue/s

With very limited sectoral participation in the field verification, transparency to information is also sacrificed. The general public has no way of getting information whether the subject private property genuinely exists and whether the inventory of standing trees is correct. At the same time, the existing DENR guidelines do not have mechanisms where the public would know who are given the permit – what volume they are allowed to cut and when the permit would expire. This is very important because only if there is transparency in information and in decision-making would the public be motivated to be vigilant in monitoring the activities of the permit holder. If the permit holder, the DENR, Foresters, LGU and everybody are aware and have access to information and to decisions made, the applicants will become more cautious in providing data in their application form as well in preparing their validation reports. This situation will minimize, if not totally eliminate, connivance among the applicant, the professional Foresters, the LGU and the DENR in the provision of false information and reports including the granting of permits to unqualified applicants. Thus, transparency would ensure responsible application, responsible reports and responsible issuance of permits.

Accountability Issue

Multi-sectoral participation and transparency in information and decision-making should lead to accountable permit holders and DENR officials. However, since the current guidelines only allow very limited sectoral participation since there are no mechanism to promote transparency in the issuance of the permit, the permit applicants are not held responsible to the general public. At the same time, since the DENR officials and applicants are aware that there are no mechanisms whereby the public has access to their decision and their actions, they become irresponsible in providing information in their applications, in preparing validation reports and in the issuance of permits. The over-all result is that the applicants become accountable only to the issuing authority and its staff and do not care about public accountability. This bridge corruption. DAO 2000-21 provides for MFPC participation in the monitoring of the permittees operation, but this is rarely done since the permit has already been issued and the MFPC is not aware of the permit being issued. Thus, it cannot assert its role because it can only be mobilized if the CENRO organizes the monitoring team.

4.0 RECOMMENDATIONS

The issues raised during field interviews with key informants are the following: 1) too many requirements, 2) the length of time of processing and approval of the permit is too long and 3) it serves as front of illegal cutting activities.

The clamor specifically among the permit holders is that the requirements for getting the permit should be lessened and the procedure simplified. However, the researchers believe that the main issue that should be resolved is how to prevent the PLTP/SPLTP from being used as cover-up in illegal cutting activities. The purpose of the policy is to promote responsible utilization of naturally grown trees in private lands in recognition of their rights over the said property.

But the State also has the obligation to ensure that in allowing private individuals to utilize naturally grown trees in private lands, this is not abused and used as cover-up for illegal cutting activities. The permit issued being extraction-oriented must be highly regulated to discourage it from being abused.

To prevent the PLTP/SPLTP from being used as cover-up in illegal cutting activities, the permit applicant and the issuing official of the DENR must be conscious that their actions and decisions are easily known to the general public and therefore they should be accountable to them.

The following recommendations therefore are proposed so that sectoral participation, transparency and accountability are integrated in the guidelines for the processing and issuance of PLTP/SPLTP permits.

1. The verification/inspection of the private land boundaries and the naturally grown trees in the said property must be done by the Multi-Sectoral Forest Protection Committee including other interested individuals/groups and LGUs.
2. Posting of the verification/inspection results in conspicuous public places such as the municipal hall, DENR offices, etc.

3. Permit application should be endorsed by the concerned barangay and municipal LGUs with DENR-DILG Joint Memorandum Circular 2003-01.
4. Mandatory monitoring and evaluation by the MFPC
5. Provide stiff sanctions to the issuing officers for irregular issuance of PLTP/SPLTP. They should be held administratively liable without prejudice to the filing of criminal offense for perjury of public documents
6. Posting of approved PLTP/SPLTP in DENR offices.

Considering these recommendations, the following procedure is suggested for the issuance of PLTP/SPLTP

- Step 1. Filing of application by interested private land owners with all required documents.
- Step 2. Referral of the application to the concerned barangay/municipal LGU for the latter's endorsement/comments
- Step 3. Immediately after the LGU endorsement is received, the verification of the titled property and inventory should be undertaken by the standing timber team, CENRO, together with the MFPC team and including LGU representative.
- Step 4. Posting of the result of the verification team
- Step 5. Processing and issuance of Wood Recover Permit. Following the prescribed levels of approval in DAO 2000-21.
- Step 6. Posting of approved PLTP/SPLTP permits and monitoring of their operations by the MFPC

The first step is for the private land owner to apply for a permit to the concerned CENRO using the prescribed application forms together with the inventory report conducted by a registered Forester and other documents as stated in DAO 2000-21. A barangay clearance should also be attached to the application.

The second step is to secure the endorsement of the municipal LGUs. The CENRO, upon receiving the application for PLTP/SPLTP shall refer the application to the municipal LGU for their review, comments and endorsement. The municipal LGU shall submit their comments or endorsement within 15 days, consistent with DENR-DILG Joint Memorandum Circular No. 2003-01, otherwise, it will be assumed that they do not interpose objections to the application.

Once the LGUs endorsement is received, the CENRO shall organize the MFPC field verification team who shall conduct the verification/inspection of private land boundaries and standing trees in the said property. No PLTP/SPLTP shall be processed without the MFPC field verification/inspection report signed by at least two-thirds of the members of the said committee.

The MFPC verification/inspection team shall submit their report to the CENRO within 5 days upon completion of the investigation with copy furnished to the municipal LGU. The result shall be posted in conspicuous places to inform the general public of the PLTP/SPLTP application. In case there is anybody objecting the PLTP/SPLTP application, should file their complaint to the concerned CENRO within 5 days.

In case there are no complaints received on the application, the CENRO will proceed with the processing and issuance of the PLTP/SPLTP following the prescribed levels of approval.

Once the PLTP and SPLTP are issued, the approved PLTP/SPLTP should be posted in DENR offices and municipal hall.

DENR Administrative Order
No. 2000- 21
February 28, 2000

SUBJECT : Revised Guidelines In The Issuance Of Private Land Timber Permit/Special Private Land Timber Permit (PLTP/SPLTP).

Pursuant to P.D. 705 as amended, E.O. 192 and in consonance with the policy of the State towards the sustainable development of natural resources as well as the recognition of the rights of private landowners, and consistent with the agricultural development program of the government and in order to supplement the source of log requirement of the wood industry, revised guidelines in the issuance of Private Land Timber Permit are hereby promulgated for the information and guidance of all concerned.

SECTION 1. Definitions - For the purpose of this Order, the terms enumerated hereunder shall be defined as follows:

- a) **Private Land Timber Permit (PLTP)** - a permit issued to a landowner for the cutting, gathering and utilization of naturally-grown trees in private lands.
- b) **Special Private Land Timber Permit (SPLTP)** - a permit issued to a landowner specifically for the cutting, gathering and utilization of premium hardwood species including Benguet pine, both planted and naturally -grown trees.
- c) **Private Lands** - land(s) covered by either administrative or juridical Titles such as Free Patent, Homestead and Sales Patent, and Torrens Titles obtained under the Land Registration Act (Act No. 496, as amended), or under the Public Land Law (Commonwealth Act No. 141), Certificate of Land Ownership Award (CLOA) covering certified A and D lands issued to farmer-beneficiaries under the Comprehensive Agrarian Reform Program (CARP) or the Republic Act No. 6657 (R.A. 6657) shall be included in areas that can be applied for PLTP/SPLTP. Realty tax declaration, by itself, shall not be acceptable as proof of ownership, for purposes of PLTP/SPLTP applications.
- d) **Naturally grown tree** - any naturally occurring or growing tree with woody stem, regardless of size and economic utility or end-use, including the parts thereof such as stumps, tops and branches.
- e) **Forest Charge** - a levy being imposed by the government on each cubic meter of timber cut, the amount of which is specified in the implementing rules and regulations of R.A. 7161.
- f) **Premium hardwood species** - tree species listed as such under pertinent rules and regulations.
- g) **Planted tree** - any artificially grown/planted tree with a woody stem, regardless of age, size and economic utility or end-use.

SEC. 2 Private Land Timber Permit/Special Private Land Timber Permit (PLTP/SPLTP) - No person, association or corporation shall cut, gather, transport, dispose and/or utilize naturally grown trees or parts thereof or planted premium tree species, inside titled private lands unless authorized to do so under a PLTP/SPLTP issued by the Secretary, DENR or his/her authorized representative.

SEC. 3. Persons qualified for a permit - Only the owner of a private land defined under this Order may qualify to apply for and be granted a PLTP/SPLTP.

SEC. 4. Application requirement - The following requirements shall be submitted by applicants for PLTP/SPLTP:

- 4.1 Letter of Application;
- 4.2 Authenticated copy of land title/C LOA with approved sketch map of the area applied for;
- 4.3 Development Plan, if Application covers ten (10) hectares or larger with at least 50% of the area covered with forest trees;
- 4.4 Endorsement from any of the following LGU officials; a) Barangay Chairman, b) Municipal/City Mayor, or c) Provincial, Governor;
- 4.5 Endorsement by local agrarian reform officer for areas covered by CLOA; and
- 4.6 Inventory fee based on existing regulations.

SEC. 5 Environmental Impact Assessment (EIA) – The applicants to cut, gather and harvest naturally grown trees or parts thereof within titled private lands are required to submit to the concerned DENR Office an Initial Environmental Examination (IEE) which shall be made as basis for the issuance of an ECC.

SEC. 6. Timber Inventory - In addition to the application requirements stipulated in Sec. 4 hereof, a 100% inventory shall be undertaken by Registered Forester(s) over the area where the trees/forest resources are located. The said inventory shall be in accordance with the following guidelines:

- 6.1 Prepare a map of the subject area at appropriate scale where relevant information shall be indicated e.g. soil cover, river/stream, slope class, etc.;
- 6.2 Before the inventory is done, at least one corner of the titled lot shall be tied up to the nearest forest zone corner and/or BLLM which shall be indicated on the map;
- 6.3 The forester(s) shall measure the diameter at breast height (dbh) and/or above buttressed (dab) and merchantable height/length of the trees in the lot to the nearest centimeter and meter, respectively;
- 6.4 All the tallied trees shall be numbered consecutively and charted on the map stated in item 6.1 hereof. Moreover, the FIRST and LAST trees tallied shall be photographed as well as the panoramic view of the subject titled lot;
- 6.5 The volume of each tallied trees shall be computed based from the equation for standing trees applicable for the locality. The stand and stock tables shall be prepared by species and species group (i.e. premium species, common hardwoods, construction and furniture woods, light hardwoods, and lesser used/lesser known species (LUS/LKS); and
- 6.6 The timber inventory report must be subscribed and sworn to by all the forest officers who conducted the same, All documents required hereto shall be attached to the report (e.g. original tally sheets, photographs, tree charting, etc.).

The CENRO and LGU representative concerned shall validate the submitted inventory report and submit their findings and recommendations to the issuing authorities through channels. Likewise, the CENRO shall verify the status of the land (A and D or forest land) applied for PLTP/SPLTP prior to the conduct of timber inventory.

SEC. 7 Issuing Authority All cutting permit applications under SPLTP shall be issued by the RED for volume not exceeding ten (10) cubic meters and Secretary, DENR for volume in excess of ten (10) cubic meters. In the case of PLTP, approval of volume not exceeding fifty (50) cubic meters shall be vested on the Regional Executive Directors while volume more than fifty (50) cubic meters shall be approved by the Secretary, DENR.

SEC. 8 Tenure The tenure of the PLTP/SPLTP shall be dependent upon the allowable cut granted following the schedule provided below but shall not exceed one (1) year at any one time. Provided that only one (1) permit shall be issued over the titled property within a period of one (1) year. Provided, further, that extension of the permit may be allowed for a similar period.

VOLUME			DURATION/TENURE
1	-	50 cu.m.	50 days
51	-	70 cu.m.	60 days
71	-	100 cu.m.	90 days
101	-	200 cu.m.	120 days
201	-	300 cu.m.	150 days
301	-	500 cu.m.	6 months
501	-	650 cu.m.	7 months
651	-	750 cu.m.	8 months
751	-	850 cu.m.	9 months
851	-	950 cu.m.	10 months
951	-	1000 cu.m.	11 months
1001	-	up cu.m.	1 year

SEC. 9 Payment of Forest Charges All naturally grown trees cut inside private lands shall be subject to payment of forest charges pursuant to R.A. 7161 and its implementing rules and regulations.

SEC. 10 Disposition - In order to augment the raw material requirements of wood-based industries in the province or region, the RED concerned in coordination with the local officer of the Department of Trade and Industry (DTI) may recommend to the Secretary, DENR, to retain a portion up to 50 percent (50%) of the volume allowed to be cut by the PLTP/SPLTP permittee.

SEC. 11. Transport Requirements - The transport of wood materials shall be accompanied by the following:

- 11.1 For logs/lumber, original copies of:
 - 11.1.1 Certificate of Origin
 - 11.1.2 Tally Sheets
 - 11.1.3 Auxiliary Invoice
 - 11.1.4 Official Receipt of Payment of Forest Charges
- 11.2 For finished products, original copy of Delivery receipt/sales invoice accompanied by tally sheets.

SEC. 12. Prohibitions - The cutting and/or transport of naturally grown trees under PLTP/SPLTP shall be subject to the following limitations:

- 12.1 No cutting of trees within 20 meters on both sides of the road unless such trees have been determined to pose danger to life and property.
- 12.2 No cutting of trees on a strip 20 meters wide on both sides of creeks or rivers bordering or traversing private land, for stream bank protection. Provided that in case said 20-meter strip is bereft of trees, the same shall be reforested by the permittee.
- 12.3 In areas covered by the logging ban/moratorium, no round log or lumber shall be transported outside the province where the PLTP/SPLTP is located unless authorized by the Secretary, DENR.
- 12.4 Selective cutting shall be undertaken in areas 18% in slope or greater.

SEC. 13 Monitoring - The cutting and transport of timber products from PLTP/SPLTP shall be subject to the following conditions:

- 13.1 Monitoring in the cutting and transport of forest products from PLTP/SPLTP areas shall be conducted by CENRO concerned and a representative of the Multi-Sectoral Forest Protection Committee and/or Local Government Unit concerned.
- 13.2 The CENRO and LGU representatives concerned shall conduct post harvest inventory of stumps after the expiration of the permit and a report submitted to the RED concerned, copy furnished FMB.

SEC. 14. Penal Provisions Any log/lumber or finished wood products covered by these regulations which are transported without the prescribed documents shall be considered illegal and, therefore, subject to confiscation in favor of the government and shall be disposed in accordance with laws, rules and regulations governing the matter.

DENR Officials found issuing defective certificate of origin and other transport documents required in this Order shall be subject to suspension without prejudice to the imposition of other penalties as may be warranted by extant Civil Service laws, rules and regulations.

SEC. 15. Repealing Clause - All orders, circulars and/or instructions inconsistent herewith are hereby repeated and/or modified accordingly.

SEC. 16. Effectivity - This Order shall take effect immediately upon the acknowledgement by the UP Law Center and fifteen (15) days after publication in at least two (2) newspapers of general circulation.

(Sgd.) ANTONIO H. CERILLES

Secretary

Published at:

MANILA STANDARD March 22, 2000

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INTEGRATED ANNUAL/FIVE-YEAR OPERATIONS PLAN

1.0 OVERVIEW

The Operations Plan (OP) is a short-term plan showing the programs and activities of the Timber License Agreement (TLA) or Integrated Forest Management Agreement (IFMA) holder for an annual or five-year period. The major programs and activities that should be included in the OP are the logging, cut disposition, planting, silvicultural treatment, protection, community services, and forest research programs. The plan should contain the approaches or strategies on how to implement the said programs to achieve the desired long-term and immediate goals or objectives.

The Operations Plan has to be approved by DENR before any cutting, utilization, planting or other operations can be implemented by the TLA or IFMA holder. However, approval of the OP is contingent on the approval by the DENR of the long-term Forest or Timber Management Plan for TLAs or the Comprehensive Development and Management Plan (CDMP) for IFMA holders. Issuance by DENR of the corresponding Environmental Clearance Certificate (ECC) is also a requirement prior to approval of the OP.

2.0 POLICY BASIS FOR SUBMISSION AND APPROVAL OF THE OPERATIONS PLAN

The Operations Plan is anchored on the basic policy for the licensing system on the utilization, exploitation, occupation or possession of forestlands and/or forest resources as provided for in PD 705. In BFD Circular 48-83, Series of 1983, holders of commercial timber license, lease or permit were required to submit General (long term) Plan for Timber Stand Improvement and Annual TSI Operations Plan. In 1985, WIDA Circular 01-85 was issued to provide guidelines for the required Integrated Annual Operations Plan for timber license holders. This was amended by DAO 79-87 whereby submission of IAOP was assigned to the RED in lieu of the DENR reorganization and absorption of WIDA functions by DENR. DAO 17-92 required holders of TLA and other agreements to submit aerial photographs of the area covered by the license, lease, or agreement in 1992 and every five years thereafter.

DENR Memorandum Circular 04-96 issued further instructions for the IAOP that integrated all the requirements including the aerial photo coverage of the area, the medium term forest management plan or CDMP, corresponding ECC, and payment of financial obligations by the TLA/IFMA holder. Another Memorandum was later issued in January 15, 2001 by then Secretary Cerilles adopting the 5-year OP in lieu of the IAOP.

3.0 Existing TLA and IFMA Holders

Forestry statistics (PFS 2001) show 18 existing TLAs with an area of 813,949 ha and an annual allowable cut of 92,122 cu m (Table 1). No new TLAs are being issued and all those existing will be expiring in the coming years. However, TLAs with satisfactory performance are allowed to convert to IFMA before the date of expiry according to the guidelines in DAO 99-53 as amended by DAO 2003-21.

The Forest Land Use Division of DENR-FMB reports some 200 IFMA holders have been issued as of 2002 with an aggregate area of 807,532 ha.

The OP is required from TLA, IFMA and other development programs and it has to be approved by DENR before the holders can implement any of the development and utilization activities indicated in the plan.

Table 1. Existing TLA and IFMA holders by region: 2001 and 2002 (area in hectares, AAC in cu m)

REGION	TLA *			IFMA **	
	No.	Area	AAC	No.	Area
CAR	1	74,500	-	1	13,658
1				9	9,054
2	3	85,466	16,284	17	35,400
3				24	110,896
4	2	72,800	-	10	56,560
6				6	8,684
7				7	4,912
8				7	4,099
9	2	67,705	8,765	31	74,196
10				5	42,102
11				31	79,130
12	1	60,420	-	24	38,527
13	7	410,143	67,073	28	330,313
ARMM	2	42,915	-		
Total	18	813,949	92,122	200	807,532

* Source: 2001 Philippine Forestry Statistics, DENR-FMB

** Source: Forest Land Use Division, DENR-FMB (as of 2002)

4.0 ANALYSIS OF OP REGULATORY PROCEDURES

The main objective of the policy on Approved Operations Plan is sustainable forest management by regulating the commercial extraction and utilization of timber and other forest products in areas covered by TLA, TPSA, IFMA and similar instruments. This objective is in line with basic policies of the State regarding a balanced and healthy environment and social equity in the access to natural resources and to income from the extraction and utilization of natural resources including the country's forestlands and forest resources.

The OP contains a more detailed discussion of the programs indicated in the approved long-term forest or timber management plans for TLAs and TPSAs or the comprehensive development and management plans for IFMAs. The OP includes the technical, financial and management approaches or strategies on how to achieve the long-term goals and immediate objectives of the instrument holder. The required OP has to be submitted to the RED and approved by the DENR Secretary before the conduct of logging and other forestry operations within the areas covered by such instruments. The OP could cover annual or five-year plan of activities depending on the approval of the long-term plan and issuance of ECC by the DENR.

The major issues and concerns on the OP regulations are operational in nature, particularly on the requirements, processing and approval of the OP, and on the monitoring of activities of the holder.

a. Identification and approval of sites

The holder identifies the various blocks for logging, planting and maintenance, forest protection and other activities for each year. These are indicated in the operations map for validation and approval by the DENR.

b. Qualification requirements of applicants / OP preparers

Only holders of commercial timber licenses such as TLA, TPSA, IFMA, and similar instruments issued by the DENR Secretary or his authorized representative(s) are required to submit the OP. DENR Memorandum Circular No. 96-04 requires that the OP has to be prepared by registered professional forester(s) employed or hired by the license holder, in conformity with Republic Act No. 6239 and Presidential Decree No. 331. Preparation of the OP may be done in collaboration with foresters in the concerned CENRO.

Hence, the foresters who prepare the OP are accountable for any lapses that may be found in the submitted OP.

c. Application requirements

DENR Memorandum Order No. 96-10 lists the following requirements before the OP can be approved:

1. A complete aerial photo-coverage of the area under license has been submitted to the Secretary pursuant to DAO No. 92-17 (conduct and submission of Aerial Photography by holders of Timber License Agreements and the different programs and projects of the (DENR) and its implementing guidelines);
2. As an incentive for TLA/IFMA holders who have matured plantation tree species which they intend to harvest, a separate IAOP covering the same shall be submitted, processed, and approved even without the required aerial photograph, PROVIDED, however, that no naturally grown tree shall be included in preparation of said plan.
3. Whenever applicable, the required Medium Term Forest Management Plan or a Comprehensive Forest Management and Development Plan has been submitted;

4. The area programmed for logging operations (APLO) is inside residual forest under the Block I category;
5. A timber inventory of at least 20% intensity covering the area(s) programmed for logging has been undertaken jointly by the licensee and the CENRO personnel and the corresponding report, under oath, has been submitted;
6. The licensee has no pending forestry accounts;
7. The reforestation and timber stand improvement obligations of the licensee for the preceding year(s) have been satisfactorily complied with;
8. License holders have fully filed checklist EIA and has received, after due review, an Environmental Compliance Certificate for its operations; and
9. Additional Considerations – For ease of supervision, administration and monitoring, the following additional features and/or practices be observed.
 - Operations maps drawn to a convenient scale shall be gridded using the UTM system;
 - Corners of the areas planned for operations (logging, reforestation, TSI) shall be located on the ground using accurate surveying instruments, preferably GPS instrument; and
 - A one-meter strip along the perimeter of the planned cutting coupes shall be established and all trees 15 cm dbh and larger within the said strip shall be marked with three (3) bands using visible enamel paint.

Respondents of the key informant interviews have no problem with the above requirements except for the submission of complete aerial photograph of the area not only once but every after five years reckoned from 1992 or when the agreement was first issued (DAO 99-53). Holders with large contiguous areas (more than 10,000 ha) may be able to secure the said aerial photos but it is too expensive and difficult to obtain by holders with smaller areas and not contiguous with other holders.

Since the major objective of the required aerial photos is to determine the extent and area of the vegetative cover, the DENR could instead provide this through the NAMRIA as a technical service to DENR clientele. DENR can explore other ways of determining forest cover on a regular basis and scrap the requirement of aerial photos from instrument holders.

d. Processing and approval of OP

The existing procedure is for the holder to submit the OP to the RED through the CENRO for review and evaluation before it is forwarded to the PENRO again for review and evaluation. The RED also reviews and evaluates the OP before it is forwarded to the OSEC where it is forwarded to FMB for further review and evaluation. The OSEC then issues instructions to the concerned RED based on the FMB Director's recommendations.

Existing policies require the OP to be submitted at least three months before the cutting year or before the cutting operation starts. It is assumed that processing and approval of the OP should not take more than three months in time for the holder to start logging operations. However, according to the key informants, it took them almost 8 months to 1 year to get the final approval of their OP.

So, to reduce the processing time, a simplified procedure is hereby recommended as summarized in Table 2 and shown in Figure 1.

The proposed simplified procedure is for the OP to be submitted to the RENRO. The RED forwards a copy of the operations map with stand and stock table to the FMB for checking and verification of data. The RED convenes the Regional Technical Review Committee with representatives of the licensee, CENRO, PENRO, Multi-sectoral Forest Protection Committee, concerned LGUs, NGOs, and other sectors. Based on the RTRC recommendations, the RED returns the OP to the Holder to incorporate the corrections/modifications or the RED forwards the OP to the OSEC. The OSEC forwards the OP to the FMB for evaluation and the FMB Director returns the OP to the OSEC with corresponding recommendations. The OSEC then issues instructions to the concerned RED and the RED amends, denies or approves and releases the OP and furnishes copies to the concerned offices.

Table 2. Existing and proposed simplified procedures/steps for OP processing and approval

Responsible Office	Existing Procedures / Steps	Simplified Procedures / Steps
1. Applicant	<ul style="list-style-type: none"> • Prepares the plan and fulfills all the requirements for IAOP application • Submits to the CENRO seven copies of the OP at least 3 months before the start of logging operation 	<ul style="list-style-type: none"> • Prepares the plan and fulfills all the requirements for OP application • Submits to the RED seven copies of the OP at least 3 months before the start of logging operation, • Submits a copy of the OP along with the IEE checklist to the Regional EMB office • Whenever necessary, revises the Plan to incorporate the corrections/modifications recommended by the RED through the RTRC
2. CENRO level	<ul style="list-style-type: none"> • Forwards to FMB Director a copy of the TLA map showing the vegetative cover or the areas programmed for forestry operations together with certified copy of timber stand & stock table for checking/verification based on aerial photographs • Reviews the Plan, together with representatives of the licensee & other concerned parties (LGUs, NGOs, Multi-Sectoral Forest Protection Committee) • Forwards the Plan to the PENRO after making the necessary corrections/modifications 	<ul style="list-style-type: none"> • Whenever instructed by the RED, validates the data & information presented in the Plan & forwards the findings to the RED • Attends the RTRC deliberations on the Plan

Responsible Office	Existing Procedures / Steps	Simplified Procedures / Steps
3. PENRO level	<ul style="list-style-type: none"> • Causes the review & evaluation of the Plan together with representatives of the licensee & other concerned parties • When necessary, validates the data & information presented in the Plan • Forwards the Plan to the RED, together with his comments & recommendations 	<ul style="list-style-type: none"> • Whenever instructed by the RED, validates the data & information presented in the Plan & forwards the findings to the RED • Attends the RTRC deliberations on the Plan
4. RENRO level	<ul style="list-style-type: none"> • Convenes the Regional Technical Review Committee, together with representatives from the licensee & other concerned parties, to review and evaluate the Plan; • The RTRC, based on the review and evaluation, shall prepare the final plan after incorporating the corrections/modifications, if any, and forward the same to the FMB; • The RED, taking into consideration the observation and/or instruction of the SENR, shall amend, deny, approve and release the IAOP furnishing a copy thereof to the Director, FMB and the SENR for information and reference. 	<ul style="list-style-type: none"> • Forwards to the FMB Director a copy of the OP map showing the vegetative cover of the area programmed for forestry operations • Whenever necessary, instructs the concerned PENRO & CENRO personnel to validate the data and information presented in the Plan • Convenes the Regional Technical Review Committee to review and evaluate the Plan, together with representatives of the licensee & other concerned parties (LGUs, NGOs, Multi-Sectoral Forest Protection Committee), CENRO, PENRO, RENRO & EMB representatives • Based on the RTRC review & evaluation of the Plan, the RED asks the Holder to incorporate the corrections/modifications, if any, then forwards the Plan to the OSEC • The RED, based on the observations and/or instructions of the SENR, shall amend, deny, approve and release the OP furnishing a copy thereof to the FMB Director & the SENR for information and reference
5. EMB	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Reviews & evaluates the OP & IEE checklist • Attends RTRC deliberations on the OP & IEE • Forwards recommendations for ECC approval to SENR

Responsible Office	Existing Procedures / Steps	Simplified Procedures / Steps
6. FMB	<ul style="list-style-type: none"> • Causes the verification of the status & forest condition of the area programmed for operations using the aerial photographs covering the subject area • Checks & evaluates the timber inventory, & reconcile with the IAOP endorsement of the Regional Office, & summarize the same for the SENR 	<ul style="list-style-type: none"> • Records and files the submitted map and timber inventory report by the CENRO • Checks and evaluates the timber inventory, and reconciles with the OP endorsement of the Regional Office and summarizes the same for SENR & forwards to the OSEC
7. OSEC	<ul style="list-style-type: none"> • Upon receipt of the evaluation & action papers from the FMB Director, issues instructions to the FMB Director & concerned RED 	<ul style="list-style-type: none"> • Upon receipt of the evaluation & action papers from the FMB Director, SENR issues instructions to the FMB Director & concerned RED; approves the ECC

e. Responsibilities of OP holders

The OP holders shall be allowed to conduct cutting, gathering and utilization activities within the area covered by the Plan. The OP holders are required to observe and adhere to the prescribed reporting forms and guidelines set by the DENR.

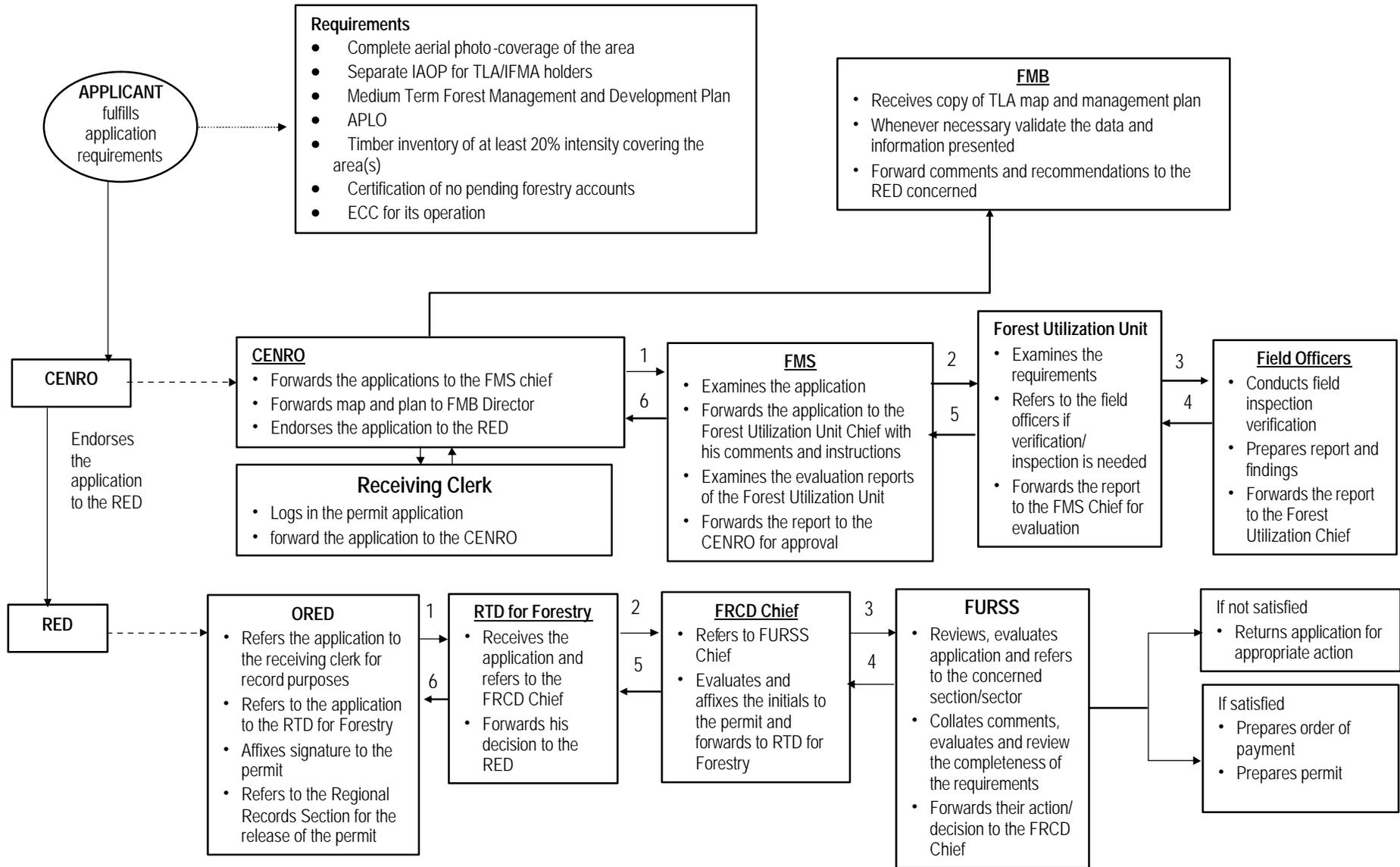
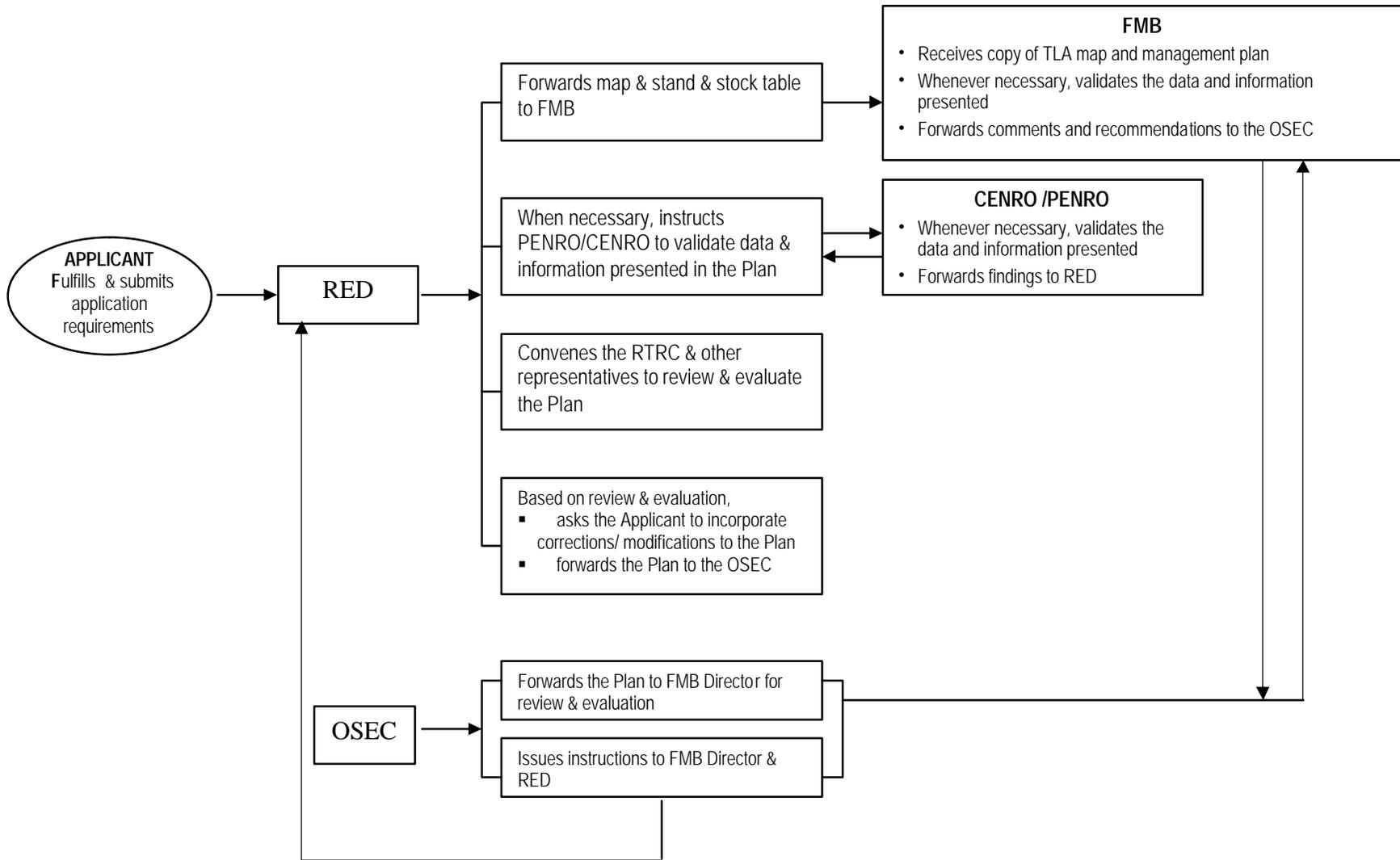


Figure 1. Simplified flow chart for OP processing and approval



References

- BFD Circular 48-83. Guidelines for the preparation of the general (long term) plan for timber stand improvement (TSI) for the period 1984-1993, the annual TSI operations plan and of the standard reporting forms for working units.
- DAO 79-87. Amendment of certain provisions of WIDA Circular No. 1-96, Series of 1985, Re: Prescribing guidelines in the preparation, submission and approval of Integrated Annual Operations Plan for timber license holders.
- DAO 80-87. Regulations governing the measurement, assessment and payment of forest charges on timber and other forest products.
- DAO 17-92. Conduct and submission of aerial photography by holders of Timber License Agreements and the different programs and projects of the DENR.
- DAO 28-93. Conduct of residual forest inventory in areas logged by active TLA holders within their operable second growth forests.
- DAO 97-18. Supplementing guidelines for Environmental Impact Assessment of forestry projects.
- DENR Memorandum dated January 15, 2003. Adopting the regular five-year Operations Plan in lieu of the Integrated Annual Operations Plan for TLA or IFMA holders with approved long-term forest or timber management plan and/or comprehensive forest management and development plan.
- DENR Memo Circular 04-96. Additional instructions in the preparation, submission, review and approval of Integrated Annual Operations Plan.
- DENR Memo Order 96-10. Processing or 1996 IAOPs.
- DENR Memo Order No. 96-16. Validity period of approved IAOP for CV 1996.
- Philippine Forestry Statistics. 2001. Forest Management Bureau, Department of Environment and Natural Resources, Quezon City, Philippines.
- Presidential Decree No. 705. Revised Forestry Code of the Philippines
- WIDA Circular 01-85. Prescribing guidelines in the preparation, submission and approval of Integrated Annual Operations Plan for timber license holders.

Analysis of Rattan Cutting Contract Policy

RATTAN RESOURCES

1.0 INTRODUCTION

Next to timber, rattans are considered important forest products because of its significant contribution not only to the Philippines' foreign exchange earnings but also to employment generation in areas where rattan industries are located. As of 1985, foreign exchange earnings generated by rattan industries amounted to US\$ 45.9 million accounting for 52.6% of total furniture exports. In terms of employment, around 15,000 people were employed by rattan industries in the 1990's (PCARRD, 1991).

Aside from such contribution, rattan has important uses among other sectors of society. For hunters and gatherers, rattan is used for binding and thatching small temporary shelters in the forest. Among local communities, rattan is a source of food as most rattan fruits are edible. Also, they use rattan as raw material for fish traps, hammocks or sleeping mats, carpet beaters, hats, walking sticks, buggy whips, twines, etc. Moreover, they use rattan to cure some common diseases.

Rattans comprise around half of the entire palm flora of the Philippines. It has four genera: (a) *Calamus*, (b) *Daemonorops*, (c) *Korthalsia*; and (d) *Plectocomia*. Among the four genera mentioned, *Calamus* comprises the largest and is the most widely distributed. It can be found from northern Luzon to Sulu archipelago (PCARRD, 1991).

In terms of diversity, there are about 141 species of rattan present in the Philippines. Of these total number of known species, over 70% are endemic in the Philippines (Malabrigo, 2001).

In consideration of the importance of rattan resources, several policies have been formulated by the government through the Department of Environment and Natural Resources.

2.0 EVOLUTION OF POLICIES ON RATTAN RESOURCES

The first policy on rattan resources was issued on January 21, 1985 through the BFD Administrative Order No. 2-85. Following this policy is the issuance of the DENR Memorandum Order No. 5 in 1987 where interim guidelines on the processing of applications for rattan cutting permits were discussed. In 1988, another administrative order was issued by the DENR to supersede BFD Administrative Order No. 2-85. Titled "Revised Regulations Governing Rattan Resources", the new administrative order contains policies that address the issues on maximum areas for a rattan cutting license, duration of permit, forest lands available for rattan plantation development, etc.

Four years later, two administrative orders were again issued. DAO 61, S 1989 provides both the DENR and the permittees, the guidelines in the determination of the floor price for rattan. DENR Administrative Order No 4, S 1989 on the other hand contains the revised regulation on rattan resources. This directive supersedes the BFD Administrative Order No. 2-85.

In 1989, DAO 41 was issued to provide special provisions for the processing of rattan applications within areas reserved/occupied by cultural communities. In 1993, DAO 18 was put out to give the revised schedule of forestry administrative fees. This policy amended MAO No.5, Series of 1980, BFD AO No.2, Series of 1985, MAO No. 50, Series of 1986, FAO No. 1, Series of 1984, DAO No. 4, Series of 1989, and all other related orders, issuances and other rules and regulations which are inconsistent with this new policy. The most recent policy on rattan resources was issued in 2001 through the DENR Memorandum Circular No. 2001-08. This policy tackles the process to renew expired rattan cutting contracts.

3.0 ANALYSIS OF CURRENT POLICY

DENR Administrative Order No. 04-89 dated June 10, 1989 entitled "Revised Regulations Governing Rattan Resources" contains the current policies on rattan production and utilization. Formulation of these policies is based on the following objectives of the government on rattan resources: (a) To ensure the sustainable productivity, expanding availability, and access to, the rattan resource for the continuing support to dependent industries and the generation of employment opportunities and revenues; (b) To provide a system of rational harvesting, and gainful and efficient utilization of the resources; and (c) To rationalize the industries which are dependent upon rattan as their primary raw material.

The following analysis of the current policies is based on the issues of equal access to resources, simplification of requirements, equity, decentralization, and accountability.

3.1. Equal Access to Resources

The current policy contains some provisions that allow equal access to rattan resources. For instance in the disposition of rattan production areas where public bidding is required, specific areas will be allocated for bidding between and among big entrepreneurs and separate areas for bidding between and among the small entrepreneurs. Around 55% of the rattan production area of any region shall be allocated to the small entrepreneurs with a paid up capitalization of P250,000 or less. The remaining 45% of the regions rattan production area will be allocated to big entrepreneurs with a paid up capitalization exceeding P250,000. Also, DAO 4-89 provides special privilege to members of indigenous communities through giving them the highest priority if in case the former licensee is not included among prospective bidders.

3.2. Simplification of Requirements

In DAO 4-89, an applicant needs to submit a lot of documents before he/she qualifies to become a rattan permittee. Applicants of the rattan permit over and over again raised this sentiment during conduct of interviews and consultation meetings. After examination of the list of requirements and consideration of issues raised, a simplified list was attained (Table 3.2a)

Table 3.2a. Simplified requirements to prequalify in securing rattan cutting permit.

Type of Applicant	Requirements
1. Individuals or cooperatives	<p>Common:</p> <ul style="list-style-type: none"> ▪ Proof of available capital and credit lines ▪ Supply contract/marketing agreement/rattan purchase order with/from existing rattan furniture or rattan craft manufacturers ▪ Certification from concerned official (e.g. Provincial Governor or Mayor or Chieftain). that applicant(s) is(are) bonafide resident(s) of the area where rattan resources are located <p>Specific:</p> <ul style="list-style-type: none"> ▪ If Cooperatives of rattan gatherers: <ul style="list-style-type: none"> (a) Certificate of registration issued by the Bureau of Cooperatives Development; and (b) Audited financial statements for immediate past 3 years. ▪ If individual or associations of members of indigenous cultural communities/tribal group, certification from the pertinent government office concerned with affairs of Muslims or cultural communities that is a duly recognized association ▪ If individual or associations of rebel returnees or war veterans or veterans of military campaigns, certification from the Department of National Defense that the applicant is truly a rebel returnee, war veteran or veteran of military campaigns.
2. Individual or associations of BKKK-accredited rattan gatherer or NACIDA registered users	<p>Common:</p> <ul style="list-style-type: none"> ▪ Proof of available capital and credit lines ▪ Supply contract/marketing agreement/rattan purchase order with/from existing rattan furniture or rattan craft manufacturers <p>Specific:</p> <ul style="list-style-type: none"> ▪ If an individual BKKK accredited or NACIDA registered rattan user, certificate of accreditation by local BKKK

	<p>Action officer or certified copy of NACIDA registration.</p> <ul style="list-style-type: none"> ▪ If associations of BKKK accredited rattan gatherers/users or NACIDA-registered rattan users: <ul style="list-style-type: none"> (a) Articles of association duly accredited by the BKKK Action Officer concerned; and (b) Articles of incorporation duly registered with the NACIDA
<p>3. Owners/operators of rattan processing plant or Holders of timber license agreements or Partnerships/corporations</p>	<p>Common:</p> <ul style="list-style-type: none"> ▪ If a corporate body; (a) certified photocopy of certificate of registration issued by SEC; (b) certified photocopy of Articles of Incorporation and By-Laws; (c) description and background of current stockholders, directors, and officers, including their nationalities, biodata and related experiences ▪ Audited financial statements for the immediate past three years ▪ Statement of undertaking to employ, wherever applicable, members of cultural communities and local residents in its operations. <p>Specific:</p> <ul style="list-style-type: none"> ▪ If owners/operators of rattan processing plant, proof of paid-up capital or owner's equity of not less than P250,000 ▪ If TLA holder, (a) Certified copy of the TLA; and (b) Supply contract/marketing agreement/rattan purchase order with existing rattan furniture manufacturers ▪ If partnerships/corporations, (a) Proof of available capital and credit lines and (b) Supply contract/marketing agreement/rattan purchase order with/from existing rattan furniture or rattan craft manufacturers

As shown in Table 3.2a, the number of types of applicants was reduced from nine to three. In DAO 4-89 however, the applicants are grouped into: (1) owners/operators of rattan processing plant; (2) individual local rattan gatherer; (3) cooperatives of rattan gatherers; (4) individual BKKK-accredited rattan gatherer or NACIDA registered rattan user; (5) associations of BKKK-accredited rattan gatherer/users, NACIDA-registered rattan users; (6) individual or associations of members of indigenous cultural communities/tribal group; (7) individual or associations of rebel returnees or war veterans or veterans of military campaigns; (8) holders of timber license agreements; and (9) partnerships/corporations.

In Table 3.2a, the three types of applicants include: (1) individuals or cooperatives; (2) individual or associations of BKKK-accredited rattan gatherer or NACIDA registered users; and (3) owners/operators of rattan processing plant or Holders of timber license

agreements or Partnerships/corporations. The clustering of the types of applicants was done because some of the requirements are common to some types of applicants.

Moreover, some of the requirements stipulated in DAO 4-89 were deleted. For instance, for all types of applicants, requirement sworn statement authorizing representative(s) of DENR to verify submitted information was deleted because even without this sworn statement, the DENR would still and have the right to verify if the documents submitted are true.

For owners/operators of rattan processing plants, requirements list and quantity of rattan product lines, past export revenues from processed rattan products were deleted. Past export revenues are already reflected in the audited financial statements of the company while list and quantity of product lines is an unnecessary document.

For cooperatives of rattan gatherers, requirement certificate of training issued by BCOD was deleted while For individual and associations of BKKK-accredited rattan gatherer or NACIDA registered rattan user, requirement list and quantity of product line was deleted.

For holders of timber license agreement (TLA), the requirement certification from the wood industry association recognized by the DENR that such holders are of good standing was deleted because the requirement certified copy of TLA is enough proof that the applicant is performing well.

In securing rattan processing permit, application requirements stated in the current policy to secure permit for establishment of processing plant are retained. However, for permit seeking to expand a processing plant, requirements such as certificate of registration and clearance from CENRO/PENRO that plant is not pollutive are deleted. This is primarily because such requirements were already submitted when owners applied for permit to establish new plant (Table 3.2b).

Table 3.2b. Application requirements in securing rattan processing plant permit.

Type of Permit	Simplified
1. Permit to establish new processing plant	<ul style="list-style-type: none"> ▪ Duly accomplished application form ▪ Certificate of registration issued to the applicant to engage in business in the Philippines ▪ Complete feasibility study ▪ A rattan pole supply contract with a rattan cutting licensee(s) ▪ Clearance from CENRO/PENRO that the plant will not be pollutive and will not cause any damage to the environment ▪ Clearance from Housing and Land Use Regulatory Board
2. Permit to expand	<ul style="list-style-type: none"> ▪ Duly accomplished application form ▪ Proof of the existence and ownership of a rattan processing plant ▪ Business plan indicating, among others, management and work

Type of Permit	Simplified
	force, plant lay-out, machinery and procedures of processing product lines, markets and marketing channels, and audited financial statement for the immediate past three years.

To secure for permit to establish and develop rattan plantation, the requirements certification from the CENRO of the availability of the area for rattan plantation establishment and development and proof of financial capability to engage in rattan plantation were deleted. This was done because as proposed earlier the DENR will already make available areas suitable for lease (Table 3.2c).

The requirement proof of financial capability was also deleted from the list of common requirements if applicants are holders of rattan processing plant license, rattan cutting permit, TLA, and tree plantation lease because they already submitted this proof when they secured the current permit they are holding (Table 3.2c).

Table 3.2c. Simplified application requirements for rattan plantation establishment and development.

Requirements	Simplified
Application requirements	Duly accomplished application form
<ul style="list-style-type: none"> ▪ Common 	<ul style="list-style-type: none"> ▪ Rattan plantation development and management plan prepared by registered forester ▪ If a corporate body, partnership, or association, (a) certified photocopy of the Articles of Incorporation, partnership or Association, and By-laws as the case may be; (b) Certified photocopy of Registration with SEC; (c) description and background of current stockholders, directors and officers, including their nationalities, biodata and relevant experiences
Specific <ul style="list-style-type: none"> a.) For holders of a rattan processing plant license b.) For holders of a rattan cutting permit c.) For holders of a license agreement or timber license 	<ul style="list-style-type: none"> ▪ Copy of existing rattan processing plant license ▪ Copy of existing and valid rattan cutting license ▪ Copy of existing and valid timber license agreement or other forms of timber license ▪ Project feasibility study ▪ Copy of existing and valid forest tree plantation lease agreement ▪ Project feasibility study

Requirements	Simplified
d.) For holders of a tree plantation lease	<ul style="list-style-type: none"> ▪ Certification from the Mayor/provincial Governor that the applicant is a bonafide resident of the municipality/province where the area applied for is located
e) For individual persons	<ul style="list-style-type: none"> ▪ Proof of financial capability to the extent of at least ten thousand pesos (P10000) per hectare.

3.3 Equity

The current policy promotes more equitable distribution of the area of rattan resources compared with the previous policies on rattan. As indicated in Section 25 of DAO 4-89, the maximum area for individuals is 5,000 ha while for corporations, partnerships, associations, or cooperatives, the maximum area is 30,000. ha.

3.4 Decentralization

The licensing of rattan production areas must be decentralized. At the current policy, documents must pass through the CENRO, PENRO, RED, before it reaches the office of the DENR Secretary where the permit for the plantation is issued. Under each level, there are sections that documents must go through before an endorsement from the head is achieved. This results to too lengthy processing time and encourages practice of graft and corruption. Experiences noted during field interview that applicants usually give some money to the DENR personnel to reduce the number of processing days. To facilitate the processing of rattan plantation lease, levels where documents must passed through prior to the issuance of the permit must be reduced.

Figure 3.1.1 shows the simplified procedure for the rattan cutting permit. It should be noted that from the CENRO, the documents are immediately forwarded to the RED. The reason for by passing the PENRO level is that at this level, only endorsement is being done. The people who are more familiar with the area being applied for lease are those at the CENRO level. Furthermore, it is proposed that the RED issues the permit rather than the Secretary of the DENR. It is too impractical for people especially from the far flung areas to do follow-up in Manila.

3.5 Accountability

3.5.1 DENR

It is proposed that the DENR through the CENROs should identify lands of public domain where rattan resources are present with the use of satellite imageries, aerial photographs, and forest resources maps. These available areas must be demarcated/delimited on a map to determine the location and extent of available

area for rattan harvesting. The information must be posted at the office of the CENRO for the reference of interested parties.

Monitoring and evaluation of the instrument shall be undertaken by the staff of the CENRO to ensure that permittees do not violate existing rules and regulations. Also, it will serve as check and balance to quarterly and annual reports submitted by permittees. Monitoring and evaluation report shall be submitted to the office of the Undersecretary for Operations and the Office of the Secretary.

The DENR shall provide technical assistance to permittees such as proper techniques in harvesting rattan. Likewise, a standard format for quarterly and annual reports must be provided by the DENR to all licensees.

3.5.2 Permittee

The current policy indicates that licensee can harvest rattan with a length of 25 lineal meters or longer. Recent forest inventory reports reveal that average length per pole varies from 5 to 9 lineal meters only. Thus, if such policy is implemented strictly, a tremendous decrease in rattan harvest will result.

4.0 RECOMMENDATION

In addition to the issues raised in Section 3 of this paper, the following are some recommended measures to improve the current policies on rattan resources:

1. Allow establishment of rattan plantations in second growth forests scheduled for relogging within 20 years or less. Initial rotation for large diameter rattans is 10 years and subsequent cutting can be made every 4 to 5 years after the first cutting, thus there is enough time to grow rattan and make the area productive.
2. Rattan special deposit which is intended to be used for the replanting of areas with rattan should not be placed in the National Treasury Fund. Experiences in the past indicate that it is very difficult to withdraw the money once it is placed in the National Treasury. Thus, a separate fund that is managed by the DENR must be created for this purpose.
3. The rattan special deposit of P0.50 for every lineal meter of rattan for rattan with diameter of ≥ 2 cm and P0.20 for every lineal meter of rattan with diameter < 2 cm must be based on actual volume harvested. Section 52 of the DAO 4-89 indicate that the special deposit shall be based on the annual allowable cut.
4. The DENR should develop and implement an effective monitoring system. While this may mean additional duties and financial resources in the part of the DENR, this recommendation is necessary to be undertaken to ensure that the country's rattan resources be sustainably managed.

5. Cutting of rattan must be based on maturity and not on the length of the pole. As mentioned earlier in the discussion, the recent inventory reports indicate that rattan resources in the country are less than 25 lineal meters.
6. Area that contains more than 500 growing rattan seedlings should not be excluded in potential areas for rattan plantation lease. This would mean excluding productive areas for rattan plantation development.
7. The DENR should help the permittee to establish links with government organizations that can help the processing plant owner to improve the quality of products produced and in the marketing of the products produced.