

**DENR Memorandum Circular
No. 11
Oct. 11, 1988**

**SUBJECT : IMPLEMENTING RULES AND
REGULATIONS OF REFORESTATION
CONTRACTS.**

Pursuant to DENR Administrative Order No. 39, series of 1988 and in order to immediately operationalize and implement the contract forestation/reforestation program of the government, and insure the effective conduct of bidding, award and execution of reforestation contracts, the following guidelines are hereby adopted for the guidance of all concerned:

POLICY, OBJECTIVES, AND DEFINITION OF TERMS

SEC. 1. Basic Policy. Consistent with national objectives pertinent to forest development, conservation, and equitable distribution of the benefits derived from forest resources, it is the policy of the government to create incentives that will encourage the participation of non-government organizations, local government units and the private sectors, including forest occupants and rural communities, in forest resources development management and protection, and the enforcement of laws, rules and regulations pertinent to the conservation of forest resources for present and future generations.

SEC. 2. Objectives of the Program. The objectives of this program are:

- a) To use reforestation as a tool for addressing rural equity and development issues;
- b) To create new jobs and expand the opportunities for profitable self-employment;
- c) To forest the growth of a dynamic private sector reforestation industry;
- d) To encourage local government units, non-government

organizations and to participate in contract reforestation;

- e) To attain a condition of ecological stability, and optimum/sustainable productivity of forest resources; and
- f) To install an efficient system for broad-based private sector participation in the management of bids, awards, monitoring, evaluation, certification and payment for contract reforestation work.

SEC. 3. Definition of Terms. Amplifying further the provisions of Sec. 4, DENR Administrative Order No. 39, series of 1988, the following words as used in this order are hereby defined:

- a) DEPARTMENT or DENR - refers to the Department of Environment and Natural Resources.
- b) SECRETARY - refers to the Secretary of the DENR.
- c) UNDERSECRETARY - refers to the Undersecretary for Field Operations of the DENR.
- d) DIRECTOR - refers to the Director of the Forest Management Bureau.
- e) PROGRAM - refers to the contract reforestation program of the Government.
- f) REGIONAL/PROVINCIAL AND WATERSHED MANAGEMENT/REFORESTATION PLAN - refers to the detailed development plan for an area programmed for contract reforestation.
- g) DEVELOPMENT PLAN - refers to the plan which describes a site programmed for Contract Reforestation development; such plan to include targets, quantities and quality of work to be performed, schedules and cost estimates.
- h) PRE-QUALIFICATION - is the process whereby an

individual, entity or organization, after having submitted evidence of adequate capability to implement a reforestation contract, is registered with the DENR as a prospective bidder.

- i) **CONTRACT** - means an Agreement between the Government represented by the DENR, and an entity or individual, whereby by the latter agrees to implement and activity or a series of activities required to reforest a denuded portion of the public domain the former (DENR) agrees to pay for the activity or activities duly-accomplished, pursuant to the items and conditions of the Agreement.
- j) **CORPORATE REFORESTATION CONTRACT** - refers to a **CONTRACT** between the government represent by DENR and private corporations, non-government organizations, local government units and other formal/legally-constituted entities for purposes of profit or other legitimate objectives of the entity concerned.
- k) **FAMILY APPROACH REFORESTATION CONTRACT** - refers to a **CONTRACT** entered into by and between the government represented by the DENR and the head of a family.
- l) **COMMUNITY REFORESTATION CONTRACT** - refers to a **Contract** between the government represented by the DENR and a duly recognized entity such as an association, cooperative, foundation, civic or religious organization acting for and in behalf of residents of a community located in or adjacent to a reforestation site, whereby the residents in the contract under supervision of the entity, which would in turn be directly responsible to the DENR for performance under the **CONTRACT**.
- m) **CASH CROPS** - refers to annual or semi-annual plants, usually intercropped with tree species which when harvested can be sold or utilized. Illegal plants such as

marijuana and the like are not considered as cash crops.

- n) RED - refers to the Regional Executive Director of the DENR Regional Office.
- o) PENRO - refers to the Provincial Environment and Natural Resources Officer.
- p) CENRO - refers to the Community Environment and Natural Resources Officer.

ARTICLE II

SITE IDENTIFICATION, DELINEATION AND PREPARATION OF REGIONAL/PROVINCIAL REFORESTATION PLAN.

SEC. 4. Identification of Project Sites. Consistent with the total framework of the National Forestation Program, the Secretary or his duly-authorized representative shall identify the specific denuded/logged-over areas in regions, provinces and/or watersheds which need reforestation following the criteria for selecting areas for contract reforestation found in Annex J.

SEC. 5. Delineation and Approval of Project Sites Five Hundred Hectares (500) or Less Size. The Regional Executive Directors shall within three (3) months from the promulgation of this Order, identify, delineate and approve for implementation the specific sites for development under this Program. Provided, that priority shall be given to the following locations:

- a. Lands that are accessible by motorized transport (e.g. jeep motorcycle) or not more than two hours hiking distance (est. 8 km) from a road or trail accessible by motorized transport;
- b. Lands that are visible from roads traversed by public transport vehicles;

- c. Totally or partially denuded lands where there is an obvious need for reforestation;
- d. At least sixty percent (60%) of the land area is suitable for the establishment of production forest, or
- e. The proposed site is a catchment area providing water for irrigation, household consumption or hydro-power generation.

SEC.6. Central Office Approval of Sites More Than Five Hundred Hectares (500 ha). For sites exceeding five hundred hectares (500 ha) the RED shall submit all documents describing the proposed sites to the Secretary or his duly authorized representative, for information and approval. These documents shall include the following:

- a. Location Map
- b. Updated project site map indicating:
 1. Boundaries and technical descriptions determined by surveying methods which have the precision adequate to protect against boundary conflicts (e.g. compass quality azimuth and distances with stand is or plane-table precision);
 2. Existing vegetable cover;
 3. Areas already forested, areas for development into production forests, areas for development as protection forests, and areas under permanent occupation or cultivation;
 4. Rivers, streams, lakes, existing, roads, trails, buildings, settlements and other major physical features;
 5. Contour lines at twenty meter (20 m) contour intervals; and

6. Identification of areas with forest occupants indicating their approximate number (i. e. population) and the number of hectares occupied.

Pursuant to DAO-30, the RED shall not be required to secure the Secretary's approval for sites with area of five hundred hectares (500 ha) or less.

SEC. 7. Regional/Provincial and Watershed Management/Reforestation Plan. Upon approval of the project sites, the RED in consultation with concerned local officials and/or instrumentalities shall prepare Regional/Provincial and Watershed Management/Reforestation Plans, which shall contain among others, the following:

- a. Proposed alignments or locations of roads, trails, bridges, buildings and structures to be constructed;
- b. Location of proposed right-of-way that would link the project sites with the nearest municipal, provincial or national all-weather roads;
- c. Location of areas proposed for development as production forests and as protection forests;
- d. Locations of settlements or upland communities;
- e. Proposed locations of water impounding dams or reservoirs;
- f. Watershed boundaries of major rivers as defined by the National Irrigation Administration (NIA);
- g. Suitable species based on soil analysis, indicator plants other reliable parameters and the need to optimize species diversification in reforestation projects and avoid extensive monocultures.
- h. Strategic locations of fire lanes, and other fire control

structures, and

- i. Locations of forest nurseries.

SEC. 8. Adherence to Regional/Provincial and Watershed Management/Reforestation Plan. All development activities to be undertaken in the project sites shall as much as practicable conform with the Regional/Provincial and Watershed Management/Reforestation Plans: Provided that deviations thereof shall be allowed subject to approval by the Secretary or his duly authorized representative upon recommendation of the RED.

ARTICLE III

TYPE OF REFORESTATION CONTRACTS, PROCEDURES AND MODE OF IMPLEMENTATION

SEC. 9. Types of Contract Reforestation. Pursuant to Sec. 3 hereof, there are three (3) distinct types of contract reforestation under this program, namely:

- a. Family Approach Contract Reforestation
- b. Community Contract Reforestation
- c. Corporate Contract Reforestation

SEC. 9-A. Contract Award Procedures. Family Approach and Community Contracts may be awarded through negotiated bidding procedures, subject however to the rules, regulations and financial ceilings pertinent to negotiated contracts that been, or may subsequently be, prescribed by the duly authorized government offices/agencies. However, Family Approach and Community Contracts involving an expenditure that exceeds the authorized financial ceiling for negotiated contracts shall be awarded through competitive bidding procedures described in Chapter III of this Order, unless exempted by duly-authorized offices of governments pursuant to existing rules and regulations.

SEC. 9-B. Activities Specific Contracts/Sub-Contracts. To

enhance participation by all sectors of the population and enlist their specific areas of expertise, any of these three types of contracts may at the discretion of the approving authority or official concerned, be broken down into activity specific contracts or sub-contracts including but not limited to (i) seedling production, (ii) site delineation and parcellary surveys, (iii) site preparation (iv) enhancement of natural regeneration, (v) cover crop establishment, (vi) construction of roads, trails and other infrastructure, (vii) implementation of soil and water conservation measures, (viii) agroforestry, (ix) preparation of site-specific development plans including design and financial feasibility studies and (x) monitoring and evaluation of performance preferably by non-government organizations.

SEC. 9-C. Determination of Costs. In arriving at the costs for inclusion in contract documents, whether implemented by the Family Approach, Community or Corporate mode, or by activity specific or sub-contracting arrangements in accordance with these modes, costs shall be determined in accordance with the Guide for Cost Estimates in Annex K of his duly authorized representative, or as adjusted from time-to-time reflecting changes brought about by inflation and other price escalation/de-escalation factors.

CHAPTER I

FAMILY APPROACH CONTRACTS REFORESTATION

SEC. 10. Areas for Family Approach Reforestation Projects (FAR). Family Approach Reforestation may be implemented in public forest lands identified and/or delineated pursuant to Sec. 5 of this Order: Provided, that areas near rural communities and population centers shall be preferred.

SEC. 11. Size of Contracts Area. For an individual family head, size of the area to be developed shall not be less than one (1) hectare nor more than five (5) hectares; Provided, however, that the forgoing limitations shall not preclude the awarding of subsequent contracts for reforestation of additional lands after the initial areas shall have been fully and properly reforestation.

SEC. 12. Prospective Contractors. Any head of family described hereunder may be selected to implement a Family Approach Reforestation Contract:

- a. Married/Widow/Widower with dependent children
- b. Unmarried man or woman who is head of the family

SEC. 13. Project Organizational Group. Personnel administering FAR projects on behalf of the DENR shall come from the PENRO or CENRO where the project site is located. Project Leaders and Special Disbursing Officers (SDO's) may be designated by the RED or his duly authorized representative, either or both of whom may serve on a part-time or full-time basis and be responsible for one or more contracts. SDOs should be the holders of a regular appointment under the PENRO or CENRO. Additional personnel may be assigned depending on the size and the other requirements of the projects.

SEC.14. Recruitment and Selection of Participants. Participants in family approach reforestation shall be recruited and selected by the recognized natural leaders of each area targeted for development. To bring this about, the RED, shall instruct the PENRO and CENRO, to follow the process set forth hereunder:

- a. In consultation with reliable local informants (e.g. local government officials local school principal/head teachers; parish priest or minister, tribal chief or datu) and knowledgeable DENR personnel (e.g. social forestry officer assigned to the area), identify the recognized natural leaders in each area and submit a report to the RED listing the individuals so identified;
- b. Though background information investigations or other feasible methods appraise the credibility, character and other personal attributes of the leaders listed per "a" (above) and submit this information in a report for review and concurrence by the RED;

- c. Secure the RED's concurrence with the list of identified leaders and, having done so, meet with the leaders to explain the terms and conditions of family approach reforestation;
- d. Based on the amount of funds available for the purpose, inform the leaders how many hectares are targeted for family approach reforestation in their area;
- e. Organize the leaders to screen and select participants to implement family approach reforestation in their respective areas; and inform the leaders that DENR will entrust them with this responsibility;
- f. Inform the leaders that participants must be selected with due consideration of the following minimum criteria; (i) a Filipino citizen; (ii) of legal age or head of a family; (iii) physically fit to do reforestation work; (iv) of good moral character; (v) resident of the area;
- g. Advise the leaders that future expansion of family approach reforestation in their areas, and the additional job opportunities implicit therein, will be contingent on satisfactory performance of the participants they select; provided however that in cases of unsatisfactory performance identified by duly-authorized DENR personnel, DENR shall entrust the leaders with responsibility for implementing appropriate remedial measures including the selection of a suitable replacement to take over development of the area previously allocated to a participant whose performance was unsatisfactory; and
- h. Assist the leaders formalize participation of the families/individuals they select pursuant to the process described above, by accomplishing the various official forms required by existing rules and regulations.
- i. In situations where the RED, PENRO and CENRO unanimously agree that it is impossible to identify natural leaders who are competent to conduct an objective, fair and

reliable selection of family approach participants, the activities described in paragraphs "c" to "h" above may be implemented by the PENRO or CENRO; provided however, that the concerned Assistant Secretary for Field Operations is duly informed of the situation and authorizes the PENRO or CENRO, through the RED, to conduct the selection process.

SEC. 15. Preparation of Development Plans. After completing the activities described in Sec. 14 (above) the PENRO, drawing on the services of the CENRO and the Project Leader, shall prepare and submit to the RED appropriate plans and recommendations to implement a FAR project (or projects) in the target areas concerned. It shall not be necessary to complete coverage of all the targeted areas within a PENRO's jurisdiction before recommending the launching of a FAR project. Each project shall be recommended for launching as soon as the activities described above have been complete. Among others, the plan shall include the items enumerated hereafter in Sec. 19 to Sec. 27 of this Order.

SEC. 16. Preparation and Processing of FAR Contracts. The RED or his duly-authorized representative shall, within fifteen (15) working days after receipt of the PENRO's recommendation, approve, modify or disapprove the same and send a written advice accordingly to the PENRO and the applicants. For each approved project, the RED shall order the preparation of a CONTRACT based on the PENRO's recommendation and furnish one (1) copy each of the approved contract to the RED, PENRO, participant, Undersecretary and the Director. Among others, contracts shall include provisions for transfer of responsibility for implementation in the event of death or disability. Where appropriate, contracts may also provide for combination of DENR- implemented activities in a project (e.g. DENR provided seedlings, Contractors plant, maintain and protect).

In case of disapproval, the RED or his authorized representative shall inform the PENRO and the applicants of the reasons thereof.

SEC. 17. Duration of Family Approach Contracts. FAR Contracts shall have a duration of three (3) years subject to extension when warranted because of climatic conditions (like drought, typhoons), security problems or similar unforeseen circumstances which interrupt the anticipated schedule of activities. Thereafter, any and all rights to improvements made by the contractors shall automatically belong to the government except as provided in Sec. 27 hereof ("Incentives, Benefits, and Privileges"). However, in situations where Family Approach Reforestation is included as a component of the Integrated Social Forestry Program (ISFP) or the Comprehensive Agrarian Reform Program (CARP), the duration, tenure security provisions and privileges thereof shall prevail.

SEC. 18. Organization of Participants. To facilitate management, coordination and control, FAR participants implementing reforestation adjacent or near one another shall be encouraged to group themselves into formal or informal organizations and to elect a set of official who shall oversee the operation of the project; or appoint one or more authorized persons to represent their group in dealing(s) with the DENR Office concerned.

SEC. 19. Seminars and Trainings. Prior to the implementation of a FAR project, the PENRO or CENRO concerned shall conduct a seminar for the participants, explaining all aspects of the project and the procedures to be applied. All participating families shall be required to attend the seminar and subsequent trainings conducted on-site by the PENRO or CENRO, in order to equip them with the necessary technical know-how in raising seedlings, site preparation, protection of plantations and related activities.

SEC. 20. Nursery Establishment. With the assistance of DENR field technical personnel, the participating families shall choose a common nursery site which shall be centrally located in the project site, and having all the required elements such as water supply, accessibility, gentle slope, exposure to sunlight, etc.

SEC. 21. Choice of Species and Sources of Seeds The

species to be planted shall depend on the site conditions and the purposes of the plantation, (i.e. whether for production forest, protection forest or agro-forestry).

The Project Leader (Sec. 13) shall request the FAR participants and local leaders concerned (Sec. 14) to recommend the species they believe are suitable and desirable to plant and to suggest of seeds and other planting materials, After due consideration of these recommendations, the Project Leader in consultation with reforestation and social forestry specialists in the CENRO shall have the final responsibility for the choice of species and sources taking into account site suitability, and related technical criteria, optimal species diversification and avoidance of extensive monocultures, financial viability criteria and marketing potentials e.g. accessibility to processing centers/prospects for added-value via processing). However, in the process of finalizing species/seed choice strive for consensus with the local leaders and participants to help ensure that species planted are perceived by the residents of the area to be useful and desirable with marketing and processing potentials.

SEC. 22. Plantation Operations.

- a. Assignment of Parcels/lots. The CENRO shall predetermine the area of the project site (i.e. no. of hectares) by referring to available maps and double - checking this data through actual survey and delineation of the boundaries of each participants. The area shall be subdivided into, parcels, each parcel containing an approximate area of not more than five (5) hectares per participants depending on the condition and area of the site. The distribution of parcels shall done by drawing lots of any other feasible arrangement installed by the local leaders referred to in Sec. 14. The CENRO shall mark project and parcel boundaries by installing monuments, placement of durable hardwood posts or planning tree, palm or other species which clearly demarcate the boundaries.
- b. Site Preparation. The participating families shall

constructs trails leading to and traversing the project site, for proper supervision and management. Trail construction costs may be included as an allowable expense under the contract. Various site preparation treatments may be applied, depending on site characteristics, technical feasibility and preferences of the participants such as: (i) complete brushing; (ii) complete brushing followed by plowing; (iii) strip brushing; (iv) strip plowing; (v) combinations of the foregoing. At a minimum, however, Strip brushing of at least one (1) meter width following the orientation of the contour shall be prescribed depending on the recommended spacing for the particular species. Planting holes shall be prepared before the start of the rainy seasons and shall be fifty percent (50%) larger in size than the planting pots to be used.

- c. Assisted natural regeneration. Wherever feasible, FAR Contracts may incorporate appropriate methods, techniques and procedures to enhance/assist natural regeneration of existing pioneer species.

SEC. 23. Planting Activities. Planting of seedlings shall begin after of the start rainy seasons. The procedures to be followed shall be in accordance with standard prescribed by DENR

SEC. 24. Plantation Maintenance.

- a. Applications of Fertilizer(s) - To enhance the growth of seedlings, fertilizer(s) shall be applied once during planting and at least once thereafter, preferably during the first rainy seasons of the plantation establishment. Whenever feasible organic fertilizers shall be used instead of inorganic (i.e. chemical fertilizer).
- b. Weeding - Weeding (ring or strip) shall be conducted at least once during the first year and three (3) times

during the first year and two (2) times a year during the second and third years of plantation establishment. More frequent weeding shall be prescribed if necessary;

- c. Cultivation - This shall be done by breaking the soil in a radius of approximately thirty (30) centimeters around the planted seedlings, coinciding with the ring weeding cycles cited above;
- d. Replanting - Dead or substandard seedling shall be replaced within two (2) months after initial planting or at the start of rainy season in the succeeding year.

SEC. 25. PROTECTION.

- a. Greenbreaks - Greenbreaks measuring ten to fifteen meters (10-15 m) wide shall be established using fire resistant species with economic value such as bananas or tree species with good cropping ability;
- b. Patrol and Fire Prevention - Participants shall patrol the area to prevent the occurrence of fire;
- c. Protection Against Pests and Diseases - Participants shall from time to time conduct ocular survey of their plantation and report immediately to the DENR any symptom or occurrence of pests or diseases, or if necessary request technical assistance;
- d. Protection from illegal occupants - The participants shall protect the project area from illegal occupation.
- e. Negligence and/or unsatisfactory implementation of protection measures shall be grounds for the imposition of sanctions and penalties as provided in Article III of this Order.

SEC. 26. Funding Requirements.

- a. Sources of Funds - In general, funds for FAR

Projects shall come from DENR appropriations. However, other sources may also be used (e.g. Grants). Allotments from DENR appropriations shall be based on the actual needs of the project. Funds management systems shall be consistent with duly-prescribed procedures.

- b. Disbursement of Funds - To ensure prompt payment for labor and other services provided by the participants, Special Disbursing Officers (SDOs) may be appointed and made responsible for the financial aspects of implementation pursuant to existing rules and procedures. SDOs shall be bonded in amounts adequate to allow withdrawal of cash advances sufficient to make timely payments to FAR participants. In carrying with these functions, SDOs shall also be responsible for timely submission of liquidation reports and requests for cash advance reimbursements with sufficient lead time for processing the same to ensure DENR compliance with the payment targets and schedules prescribed in contracts.
- c. Schedule of payment - The project leader, in consultation with the CENRO and PENRO, shall prepare the schedule of payment for each project, and submit the same to the RED for approval and for inclusion in the contract. It shall be the objectives to make payments at least once each month during the first year of contract implementation since most families who cannot afford long delays between payments. From the second year onward, payments may be made at longer intervals already be deriving some income from intercrops

SEC. 27. Incentives, Benefits and Privileges. Family Participants shall be entitled to the following:

- a. Families may avail of free technical assistance, educational materials and training in reforestation, agroforestry and related farming technologies, all of

which shall be provided by the DENR through the PENRO/CENRO;

- b. Throughout the duration of the contract, participants shall be allowed to raise cash crops in between rows of planted trees and maintain other livelihood projects not detrimental to the established plantation;
- c. The CENRO may allow participants to cut, collect and utilize thinnings and/or pruned branches provided these treatments are limited to situations where the canopies of adjacent trees are crowded and inhibiting development of the faster growing trees (in the case of thinning) or when there is a need to improve form (in the case of pruning). In no case however shall thinning or pruning unduly reduce the canopy to such an extent that grass or other non-woody species would become the dominant vegetative cover. The CENRO concerned shall provide advice and assistance on this matter, consistent with sound silvicultural practices. The CENRO shall further be responsible for monitoring thinning/pruning activities to prevent abuse of this privilege and for enforcing rules/regulations prescribed by the RED for the purpose.
- d. Each FAR contract and budget shall include provisions for paying a bonus to participants who successfully fire or other serious destruction to their assigned areas and who attain survival rate of not less than eighty percent (80%) of the number of trees prescribed in their contracts. The total amounts paid as bonus shall not exceed twenty percent (20%) of the total value of the contract. Bonuses for preventing fire or other serious destruction shall be paid annually on month after the end of the dry seasons. Bonuses of attaining a survival the rate of not less than eighty percent (80%) shall be paid upon conclusion of the contract.
- e. Participants who successfully comply with the terms

and conditions of their contracts, may, at the conclusion thereof, be granted Woodlot Lease Agreements provided the operations under such grants would conform with the principle of sustained-yield management, provided further that areas of lands developed as production forest are available and, provided finally, that such grants are consistent with the existing rules and regulations governing such agreement as currently be tested and developed in DENR Region VII, and amendments and modifications thereto which the DENR may promulgate from time to time.

SEC. 28. Monitoring and Evaluation. Monthly monitoring and evaluation shall be conducted by the project leader, CENRO, duly-authorized representative or an independent entity contracted for the purposes, to ascertain that the desired targets are accomplished on time without undue waste of effort and resources. In all cases, the Monitoring and Evaluation System (MES) prepared by the National Forestation Program Working Groups shall be applied. However, the RED may at his discretion, prescribe additional, criteria over and above those included in the MES.

SEC. 29. Turn-over of the Contract Reforestation Areas of the DENR. Upon conclusion of the duration of the contract, the RED shall cause an inspection of the project concerned and assess the contractor's performance. Provided performance is consistent with the terms and conditions of the contract, the RED shall certify accordingly and shall formally accept the project for and in behalf of the DENR, free the contractor from further responsibility for all subsequent plantation activities (i.e. protection, maintenance, etc.)

CHAPTER II COMMUNITY CONTRACT REFORESTATION

SEC. 30. Areas for Community Contract Reforestation Projects (CCR). Community Reforestation may be implemented on areas identified under Section 10 of this Order.

SEC. 31. Size of Contract Area. The size of the area to be developed under community reforestation shall be more than five (5) hectares but not more than one hundred (100) hectares; Provided, however, that the foregoing limitations shall not preclude the awarding of subsequent contracts for the reforestation of additional lands after the initial areas shall have been fully and properly reforested or developed.

SEC. 32. Prospective Contractors. Any of the following may apply for a Community Reforestation Contract:

- a. Duly recognized association or cooperative of project participants, preferably composed of families and individuals residing in the project area;
- b. Other civic or religious organization, preferably one which is already well-established, locally managed and actively operating within the project area;
- c. The appropriate local government unit having jurisdiction in the project area which has, preferably, demonstrated substantial appreciation for environment concerns, curbing illegal logging, reforestation and other related activities.
- d. Tribal communities that are indigenous to and reside within the project area.
- e. A non-government organization (NGO) preferably a non-profit group, duly registered with the Securities and Exchange Commission that has secured written authorization from all the proposed participants to represent them as their linkage with the DENR.

SEC.33. Project Organizational Group. Personnel administering CCR contracts on behalf of the DENR shall come from the PENRO or CENRO where the project site is located. At a minimum, each project shall have a Project Leader and a Special Disbursing Officer (SDO) may be designated by the RED or his duly authorized representative, either or both of

whom may serve on a part-time or full-time basis to administer one or more projects. The Project Leader and the SDO should be holders of regular appointments. Additional personnel may be assigned depending on the size and other requirements of the project.

SEC. 34. Preparation and Processing of Community Reforestation Contracts. Any of the prospective contractors identified in Section 32 may propose a CCR project to the PENRO through the CENRO. Furthermore, the PENRO or CENRO initiate a CCR project and enlist any of the parties listed in Sec.32 as implementors. In either case, the PENRO concerned shall submit an appropriate development plan and recommendations to the RED. The RED or his representative shall, within fifteen (15) working days after the PENRO's recommendation, approve, modify or disapprove the same and send a written advice accordingly to the PENRO and the applicants. For each approved community reforestation project, the RED shall order the preparation of a contract based on the PENRO's recommendation and furnish one (1) copy each of the approved the contract to the RED, PENRO community/organization representative, Undersecretary and Director.

In case of disapproval, the RED or his duly-authorized representative shall inform the PENRO and the prospective contractor of the reasons thereof.

SEC. 35. Community Assessment. Prior to execution of the project, the concerned PENRO or CENRO shall undertake community assessment (social, economic, political and biophysical characteristics) in the project site to gather baseline information as basis for the preparation of a detailed design.

SEC. 36. Duration of Community Reforestation Contracts. Community contracts shall have a duration of three (3) years subject to additional time period for organization which in no case should exceed two (2) years and extension when warranted because of climatic conditions (like drought, typhoons), security problems or similar unforeseen circumstances which interrupt the anticipated schedule of activities. Thereafter, any

and all rights to improvements made by the contractor shall automatically belong in Sec. 27 hereof ("Incentives, Benefits, and Privileges").

SEC. 37. Organization of Participants. For better management, coordination and control, participants (except those who are already organized) shall be encouraged to group themselves into a formal or informal organization and to elect a set of officers who shall oversee the operation of the project or appoint one or more representative to present their group in dealing with DENR office concerned; Provided, that in case of tribal communities (ethnolinguistic groups) existing local leadership will be further enhanced/recognized based on existing local customs, traditions and beliefs.

SEC. 38. Seminars and Trainings. Prior to the implementation of the project, the PENRO or CENRO shall conduct a seminar for the community participants, explaining all aspects of the project and the procedures to be applied. All participants shall be required to attend the seminar, and subsequent training conducted on-site by the PENRO or CENRO, in order to equip them with the necessary technical know-how in raising seedlings, site preparation, planting techniques, maintenance, protection of plantations and related activities.

SEC. 39. Preparation of Development Plan. The prospective participants shall be encouraged to participate actively in the preparation of the development plan. Technical personnel from the PENRO and CENRO concerned shall be made available to assist specifically on the technical aspects of the plan that the project shall be developed through cooperation efforts of all the participants or by any arrangement cognizant of the existing customs and traditions of the communities, group or associations. Among others, the development plan shall include those items enumerated under Section 40 up to Section 46 of this Order.

SEC. 40. Nursery Establishment. With the assistance of PENRO and CENRO technical personnel, the community participants shall choose a common nursery site which shall be

centrally located in the project site, and having all the required elements such as water supply, accessibility, gentle slope, exposure to sunlight, etc.

SEC. 41. Choice of Species and Source of Seeds. The species to be planted shall depend on the site conditions and the purpose of the plantation, (i.e., whether for production or protection). Procedures applied and responsibility for choosing species/source of seeds shall be consistent with the provisions of Sec. 21 herein, but replacing the words "FAR participants" and "local leaders" in Sec. 21 with "community-based contract reforestation awardee" for purpose of this Section (Sec. 41).

SEC. 42. Plantation Operations Planting Maintenance and Protection. The CENRO shall predetermine the area of the project site (i.e. area in hectares) by referring to available maps and cross-checking the data through actual survey and delineation of boundaries on the ground using methods consistent with the provisions of Section 6, paragraph "b" sub-paragraph 1 on page 4 of this Order. As much as practicable, natural features should be used to mark boundaries. All other activities shall be conducted pursuant to the provisions of Sec. 22, 23, 24 and 25 herein.

SEC. 43. Funding Requirements

- a. Sources of Funds - In general, funds for Community Contract Reforestation shall come from DENR appropriations. However, other sources may also be used (e.g. Grants). Allotment from DENR appropriations shall be based on the actual needs of the project. Funds management systems shall be consistent with duly prescribed procedures;
- b. Disbursement of Funds - To ensure prompt payment for labor and other services, SDOs shall be bonded in amounts adequate to allow withdrawal of cash advances sufficient to make timely payments to community participants.

SEC. 44. Mode of Payment. The community contract

participants shall be paid in accordance with their accomplishment after each major activity has been completed or as stipulated in the contract of works. As a general practice, the participants shall be paid at least ten installments based on the schedule of activities as dictated by the prevailing site and climatic conditions. In general, payments would be consistent with the pattern, schedule and approximate percentage ranges of total costs of the contract as indicated hereunder:

- a. First Payment - (10-15%) This shall be made after acquisition of planting materials, preparation of potbeds, potting soil and sowing beds, successful germination and potting/planting of seedlings, and construction of trails.
- b. Second Payment - (3-5%) This covers the care and maintenance of seedlings in the nursery and would normally be paid before the start of planting season.
- c. Third Payment - (20-30%) This covers the activities for plantation establishment including trail construction, strip brushing, hole digging, plowing, planting and application of fertilizer.
- d. Fourth Payment - (5-10%) This covers ring weeding and cultivation. This payment shall be based on the inventory of surviving seedlings two (2) months after planting and the amount of trail maintenance that was implemented.
- e. Fifth Payment - (3-5%) This covers the second ring weeding cycle, replanting and protection of the plantation during the first rainy season.
- f. Sixth Payment -(3-5%) This covers the third ring weeding cycle, cultivation, cost of fertilizer and labor for application and protection of the plantation up to the start of the first dry season and trail maintenance.
- g. Seventh Payment - (3-5%) This is given after further

maintenance and protection of the plantation and after inventory of surviving seedlings.

- h. Eight Payment - (2-3%) This is given after the fourth ring weeding cycle, cultivation and application of fertilizer and maintenance and protection of the plantation (2 months after the start of the rainy season of the second year).
- i. Ninth Payment - (1-2%) This is given after the fifth ring weeding cycle and if plantation is properly maintained and protection.
- j. Tenth Payment - (10-20%) This is the last payment given to the community contract participants and shall be governed in Sec. 27-d herein.

SEC. 45. Incentive Benefits and Privileges. All of the incentives, benefits and privileges provided in Sec. 27 for Family Approach Reforestation shall also apply to CCR.

SEC. 46. Monitoring and Evaluation. Monitoring and evaluation shall be conducted pursuant to the provisions of Sec. 28.

SEC. 47. Turn-over of Community Contract Reforestation Areas to the DENR. Upon conclusion of the duration of a contract, the RED shall cause an inspection of the project concerned and assess the contractor's performance. Provided, performance is consistent with the terms and conditions of the contract, the RED shall certify accordingly and shall formally accept the project for and in behalf of the DENR, free the contractor from further responsibility for all subsequent plantation activities (i.e. protection, maintenance, etc.).

CHAPTER III

CORPORATE CONTRACT REFORESTATION

SEC. 48. Land Available for Corporate Contract

Reforestation. Corporate Contract Reforestation shall be implemented areas identified and/or delineated for development under the National Forestation Program in accordance with Sec. 4 and Sec. 5 of this Order:

SEC. 49. Development Project Plan. The RED shall cause the preparation of a development project plan for each of the areas approved for development under this program. Plan work may be carried out by DENR personnel or as an activity specific contract pursuant to Sec. 9 of this Order at the discretion of the RED.

The development project plan shall conform with the Regional/Provincial and Watersheds Management/Reforestation Plan, and shall include the following:

- a. Proposed road and trail indication;
- b. Proposed culvert and bridge designs;
- c. Right-of-way documents/agreements for construction and/or upgrading of an access road linking the project site with the nearest municipal, provincial or national all-weather road;
- d. Proposed location of access road not to exceed two (2) meters traveled way (i.e. single lane) with provision for turnouts to allow passage by one vehicle at a time;
- e. Soil analysis of areas targeted for reforestation, (if available);
- f. Plan of nursery, related structure and water system;
- g. Program of work and cost estimates for construction of roads, trails, bridge, culverts, diversion ditches and/or canals, buildings and structures;
- h. Computation of construction quantities to a plus or minus fifteen (15%) percent degree of accuracy;

- i. List of unit cost based on current prices verified by pro-forma quotations from a least three (3) probable suppliers;
- j. Materials and supplies should be in accordance with standards and specifications set by the DENR Secretary;
- k. Construction plans at appropriate scales and in sufficient detail to guide project implementors and performance evaluators;
- l. Preliminary Approved Agency Estimates (AAE) for submission to appropriate authorities;
- m. Planting and maintenance schedules that are consistent with location-specific climatic variables;
- n. Comprehensive list of species suitable for the site, recommended quantities to plant for each species and proposed planting density hectare;
- o. A plantation/forest protection plan;
- p. Recommended measures to generate community support and participation in the project;
- q. Policies for recruitment of laborers, giving priority to local residents;
- r. An incentive plan designed to enhance performance of laborers and supervisors;
- s. A description of problems or constraints that could affect implementation (e.g. peace and order situation); and
- t. Draft of a Contract Reforestation Package.

SEC. 50. Central Office Reforestation Bids and Awards Committee (CO/RBAC). Pursuant to Article III, Sec. 8 of

DENR Administrative Order No. 39, the Central Office RBAC shall be responsible for the pre-qualification of applicants and awarding of contracts for areas more than five hundred (500) hectares. The Committee is composed of the following:

- a. Chairman - FMB Director
- b. Vice Chairman - Chief, Planning Services, DENR
- c. Member - (1) Legal Officer

(2) Technical Personnel designated by the Undersecretary for Field Operations

(1) Chief, Reforestation Division, FMB

(1) Chief, Social Forestry Division, FMB

(1) Chief, Financial Service, DENR

(1) COA Representative (Witness)

(1) FASPO Representative

(1) Society of Filipino Forester Inc. as NGO Representative

SEC. 51. Regional Office Reforestation Bids and Awards Committee (RO/RBAC). As provided in DENR Administrative Order No. 39, series of 1988, the Regional Reforestation Bids and Awards Committee shall be responsible for the pre-qualification of applicants and awarding of contracts for areas with five hundred (500) hectares or less. The Committee is composed of the following:

- a. Chairman- Regional Executive Director
- b. Vice Chairman -Regional Technical Director for Forestry
- c. Member - (1)Chief, Legal Officer
(1) Chief, Forest Resources Dev. Div. (FMS)
(1) Chief, Planning and Management Division

- (1) COA Representative (Witness)
- (1) Representative, Environment & Protected Areas Sector
- (1) Representative, Eco-system Research Sector

The foregoing paragraph notwithstanding, the Chairman may call upon any member of the regional staff to assist the committee.

SEC. 52. Reporting and Documents Safekeeping. The Central and Regional RBAC Chairman shall create Secretariats from their respective staff to handle and/or prepare all necessary documentation relating to the contracting process. Likewise, it shall be the responsibility of the RBAC Chairman to take appropriate measures to safeguard all said documents for referral purposes.

SEC. 53. Selection of Contractors. Except as otherwise allowed, corporate reforestation contract shall be awarded through competitive bidding. Before the bidding stage, all applicants should undergo pre-qualification. The major criteria shall be the technical, financial and administrative capabilities of the prospective bidders.

SEC. 54. Invitation to Pre-Qualifiers. The RBAC's shall give ample publicity and advertisement to a schedule bidding for corporate contract reforestation, and invite prospective bidders to submit pre-qualification documents, to enable them to qualify as bidders.

For this purposes, the Invitation to Pre-qualify to Bid shall be advertised once in two (2) newspapers of national circulation and one (1) local newspaper to pre-qualify contractors for contracts above five hundred (500) hectares.

Provided, however, that to pre-qualify contractors for areas five hundred (500) hectares and below the Regional RBAC Chairman may forego advertising in a newspaper of national circulation and in lieu thereof advertise in two (2) consecutive issues of a local newspaper in general circulation in the Region concerned,

furnishing a copy thereof to the Central Office RBAC; Provided, finally: that the last date of publication should be not more than fifteen (15) days before the scheduled date of submission of the pre-qualification requirements.

All applicants for Pre-qualification shall submit the following documents:

- a. Articles of Incorporation, Constitution and By-Laws;
- b. Certification of Registration with the Securities and Exchange Commission (SEC), the Bureau of Cooperative Development (BOCD), the Department of Science and Technology (DOST), the Department of Educational, Culture and Sports (DECS), the Department of Social Welfare and Development (DSWD) or other agencies of government authorized to register or accredit non-government organizations/entities, as the case may be;
- c. Financial Statement(s) audited by an independent CPA which compare the last three (3) years. In the case of organization which have been in existence for less than three (3) years, the applicants shall submit an audited financial statement covering the entire period of operation;
- d. Certification of the Company's paid-up capitalization;
- e. Certification from banks or other financial institution regarding guarantees, credit lines, loans and other financial accommodations which may be available for the proposed reforestation contract;
- f. Corporate profile statement indicating experience in reforestation and related project or, in the case of newly-organized entities, a description of the experience and qualification of key personnel who will be responsible for project implementation;
- g. Organizational chart and a complete qualification and

experience data sheet of the key personnel;

- h. Conditional employment contract to employ a duly qualified Operations Manager who has previously managed or supervised reforestation/plantation development projects;
- i. Technical and Management proposals to insure the effective implementation of proposed reforestation projects;
- j. List of tools and equipment owned or leased by the applicant, and available for use in contract reforestation;
- k. Presentation of Authorization for a Department Representative to verify the submitted information.

SEC. 55. Appreciation of Pre-Qualification Documents.

The RBAC shall study and review the pre-qualification documents, and determine the degree of compliance by the applicant with all legal, technical, financial and other requirements. The RBAC shall complete this work not later than fifteen (15) calendar days after submission of an applicant for pre-qualification has been duly-received.

SEC. 56. Marking of Pre-qualification Documents.

After completing study and reviews as provided in Sec. 55 (above), the RBAC shall, within not more than five (5) additional calendar days, mark all pre-qualification documents either as "Pre-Qualified" or "Pre-Disqualified" and countersign the same. Duly processed applications to implement contracts over 500 hectares shall be forwarded to the Secretary for review and approval.

SEC. 57. Notice to Pre-Qualifiers.

Within five (5) days from the approval of Pre-Qualification documents, the RBAC Chairman shall inform all Pre-Qualifiers accordingly. They shall then be registered by the RBAC in the pool of pre-qualified bidders.

SEC. 58. Notice to Pre-Disqualifiers.

Pre-disqualified applicants shall likewise be informed by the RBAC starting

therein the grounds for their disqualification . Those pre-disqualified are given five (5) days upon receipt of notice of disqualification within which to appeal for reconsideration.

SEC. 59. Invitation to Submit Bids. Notice shall be given to prequalified contractors that the DENR is accepting bids to undertaken contract reforestation on a specified project site. Such notice shall explain the terms and conditions for bidding, targets, area, essential features of a bid and other pertinent information based on the items prescribed for development project plan in Sec. 49 of this Order. Such notice further explain that assessment of financial capability of contractors shall be conducted pursuant to the provisions of PD 1594 (Rules and Regulation Governing Government Infrastructure Projects).

Such notice shall be advertised by publication in two (2) newspaper of general circulation not less than two (2) times over a period of not less than two (2) weeks; in newspaper of national circulation for projects over 500 hectares and in regional newspaper for areas 500 hectares and below in which case a copy of the regional advertisement shall be furnished to the Central Office RBAC.

Bid notices shall likewise be posted in a prominent place in the national, regional, provincial and community offices, of the DENR.

Similarly, the notice shall be sent by mail to all pre-qualified bidders. Upon written request all of the information indicated in Sec. 49, paragraphs a, b, c, d, e, f, g, j, and k shall be furnished to a prospective, pre-qualified bidder.

SEC. 61. Grounds for Disqualification. The following situations shall be grounds for disqualification of prospective bidders:

- a. Failure to meet the required legal, technical and financial requirements as borne out by the documents submitted;
- b. The prospective bidder is under suspension, or

blacklisted due to violation of the terms and conditions of a previous reforestation contract;

- c. In the case of joint ventures, where any of the members is presently suspended or blacklisted for violation as herein above provided; and
- d. In case of corporations, suspension or blacklisting of its stockholder(s), director(s), or officer(s).

SEC. 62. Responsibility of the Bidders. The following are the responsibilities of the bidders:

- a. Accomplish the necessary forms and all other requirements specified under this Order.
- b. Carefully examine all pertinent documents received from the DENR;
- c. Determine, verify and satisfy themselves by whatever means they consider necessary or desirable, in regard to all matters pertaining to an invitation to submit a bid, including the location and nature of the work, climatic conditions, terrain, transportation and communications facilities, the accuracy of data provided by the DENR in the Regional/Provincial and Watershed Management/Reforestation Plan or the Development Project Plan, peace and order conditions and all other factors which may affect project implementation. Submission of a bid shall be interpreted by the DENR to mean that the bidder/submittor fully understands all the pertinent documents and data furnished by the Department, and further, that the bidder/submittor has inspected, verified or used other means to satisfy his information requirements prior to submission of the bids;
- d. Assume responsibility for interpretations of all data, specifications, standards and information provided by the DENR and assume full responsibility thereof;

- e. By virtue of submitting a bid proposal, certify to familiarity with and understanding of all laws, ordinances, decrees, rules and regulations of the Philippines which may apply or affect dealings, agreements contracts or transactions with the DENR.

Sec. 63. Contents of a Bid. All bids shall be responsible to the scope of work described in a Bid Notice and shall include the following:

- a. Development work plan and schedule for implementation of the activities defined in the invitation for bids;
- b. Identification of the key personnel responsible for managing project implementation;
- c. Description of previous experience by the bidder and key personnel in reforestation work and related tasks defined in the invitation to bid;
- d. An estimated budget and cash flow broken down into monthly requirements. For this purpose, bidders shall use the DENR publication entitled "Project Budget Preparation Manual" until such time that it is reviewed or revised by the Bids and Awards Committee;
- e. Bid bond equivalent to two-and-one half percent (2 1/2%) of the bid price, from a reputable bonding company;
- f. Proposed site development map indicating the proposed planting compartments, species and number of trees to be planted in each compartment, seedling production and planting schedules, for road/trail/infrastructure activities, and schedules for plantation and infrastructure maintenance;

- g. Proposed responses to the issues/problems/concerns listed in Sec. 49, paragraphs "o" to "s" herein.

SEC. 64. Form of Bidding. All bids shall be submitted to the CO/RBAC (R/RBAC) in sealed envelope with the name of the bidder and the project site typed or printed in capital letters and signed by the bidder.

SEC. 65. Period for Submission of Bids. All bids shall be submitted at the time, date and place specified in the invitation for Bidders which shall be not more than forty-five (45) calendar days after final publication as provided after the scheduled time for submission shall not be accepted.

SEC. 66. Receiving of Bids. The following shall be observed in the reception of bids:

- a. All bids which are consistent with the requirements set forth in this Order, and received by the CO/RBAC (or R/RBAC) Chairman on the designated time, date and place shall be eligible for consideration.
- b. Bids shall be properly identified, initialed by the RBAC and recorded in the appropriate record book by the Secretariat of the Committee.
- c. A bid which is not accompanied by the required bid bond shall be rejected outright;
- d. Prior to opening of bids, the AAE shall be announced.
- e. Bids shall be opened at the place, date and time specified in the advertisement (Sec. 59) by the RBAC. The bidder their duly authorized representatives shall have the option to attend the opening of bids. All bids received and read must be initialed by all members of the RBAC and the Auditor's representatives;

f. After all bids have been received and opened, the corresponding abstract of bids shall be prepared by the RBAC secretariat and completed within not more than one (1) working day after bids are opened per paragraph, "d" above. The abstract of bids shall be signed by all members of the RBAC, attaching thereto all bids with their corresponding Bid Bond and the minutes or proceeding of the bidding. The abstract of bids shall contain the following:

1. Name and location of the Contract Reforestation project;
2. Time, date and place of bidding;
3. Name of bidders and their corresponding bids arranged from the lowest to highest in terms of cost, and the amount of bid guaranty, and the name of the issuing banks.
4. On the time and date for opening of bids there shall be at least two (2) competing bidders. In case there is only one bidder, the bid shall be returned unopened and the project shall be advertised anew for bidding. Should after rebidding, there would still be only one bidder, the project may be undertaken by administration or through negotiated contract giving preference to the lone bidder.

SEC. 67. Evaluation of Bids. The RBAC shall complete its appreciation and evaluation of bids not later than ten (10) working days after the bids are opened per Sec. 66 paragraph "d" hereof, determine the ranking of each bidder and inform all the bidders accordingly. Appreciation and evaluation shall be conducted in accordance with the following:

- a. Bids shall be evaluated on the basis of both cost criteria and technical criteria;
- b. The evaluation will compare costs for each major

activity. In general, the bid having the lowest aggregate cost will be ranked highest in preference. However, if estimated costs for one or more major activities are unreasonably low, such that quality of the eventual output may be doubtful, ranking may be adjusted accordingly. The evaluation will likewise examine the technical merits of a bid including:

1. qualifications of the proposed management teams;
 2. previous experience of the contractor and key staff in reforestation work;
 3. feasibility, appropriateness and innovativeness of the proposed development plan;
 4. financial capability;
 5. experience in related forestry operations; and
 6. responsiveness to the terms, conditions and other features of the invitation to bid per Sec. 59 of this Order.
- c. Since each reforestation area will have unique/since-specific features, the importance of each separate activity will vary in relation to overall impact on performance. Therefore, the weights or scores allotted to each activity within the scope of work for each project shall be determined in advance on a site-to-site basis by the CO/RBAC or R/RBAC concerned and shall be specified in the Invitation to Bidders;
- d. During the score of evaluation, any discovery of misrepresentation in prequalification statements or proposals, or any significant change in the situation of a contractor may be cause for downgrading of ranking or outright disqualification; and

- e. The Bid Bond of all losing bidders shall be returned within five (5) working days after completion of evaluation; however, the Performance Bond of the winning bidder shall remain in the possession of the DENR.

SEC. 68. Negotiation of Terms and Conditions. The top ranked bidder, as determined pursuant to Sec. 67 of this Order, shall be invited to meet with the RBAC within not more than five (5) calendar days after appreciation and evaluation has been completed, in order to negotiate and finalize terms and conditions for a contract. Negotiation shall deal with issues in the invitation to bid that (in the opinion of the RBAC) have not been adequately addressed or whose proposed plans can be improved. In no case however, shall negotiation materially revise the original provisions of the invitation to bid, or reduce or increase costs by more than three percent (3%) of the bid price previously submitted and considered during appreciation/evaluation of bids. The primary objective of negotiation will be ensure consensus between DENR (as represented by the RBAC) and the top-ranked bidder, on overall terms and conditions for implementation of the contract. Negotiation shall be conducted and completed within five (5) working days after it is initiated.

SEC. 69. Notice of Award. For purposes of this Order, notice of award shall mean formal notification to the winning bidder that its proposal has been determined to be the most meritorious and that the DENR is prepared to enter into a contract for project implementation.

Such Notice of Award shall be issued within five (5) calendar days after negotiation (Sec. 68) has been completed and shall be deemed complete upon signature by the duly authorized DENR representative and the duly authorized representative of the bidder, indicating the latter's conformity with the terms and conditions of the notice.

SEC. 70 Preparation of Contract. Upon completion of the issuance of Notice of Award, the RBAC shall, within five (5) working days thereafter, prepare a contract for signature by the DENR Secretary, or his authorized representative as the case

may be, and the winning bidder.

SEC. 71. Contents of a Contract. Reforestation contracts shall contain the terms and conditions for implementation, and payments, plus the following annexes:

- a. Copy of pre-qualification notice of approval;
- b. Copy of the Invitation to Bidders;
- c. Copy of the awardee's bid prepared pursuant to Sec. 63 of this Order;
- d. Letter, board resolution or other appropriate document granting authority to the bidder's representative to sign the contract;
- e. Copy of the Notice of Award signed by the duly authorized representative of the DENR and the bidder, the latter indicating conformity thereto;
- f. Performance Bond; and
- g. Other applicable supporting documents.

SEC. 72. Contracting Procedures. The prepared contract shall be processed as follows:

- a. The contract shall be submitted by the RBAC concerned for review, approval or modification by the Secretary, or the Secretary, or the Secretary's duly-authorized representatives; provided however that the RED shall exercise these function up to the financial ceiling of authority granted to RED's by existing rules and regulations; provided further that the RED shall advise the Secretary in writing as to the action/decisions the RED has taken, with copies furnished to the Undersecretary, the FMB Director and the appropriate Assistant Secretary for Field Operations;

- b. After review, approval or modification by the DENR officials identification above, the contract shall be presented to the winning bidder who shall be given five (5) days within which to either indicate conformity by signing the contract or to request modification thereto, in which case the contract shall returned for further review per Paragraph (a) above;
- c. After final completion of the review/approval/modification process described above, and signature by the winning bidder, the contract shall be returned to the Secretary, RED or their duly authorized representatives for signature.

SEC. 73. Provision for Contingency. In the event of refusal or failure of the winning bidder to either sign the contract or request modification thereto within the stipulated time (i.e. 10 working days) the bidder shall be deemed to have defaulted on its agreement to the terms of the notice of Award.

In case of default for the reasons stated above, the bidder's Bid Bond shall be forfeited in favor of the Government. The DENR shall collect the forfeited amount on behalf of the Government.

In such case, the DENR shall apply Sec. 68 to 71 in favor of the second-ranked bidder. If the second-ranked bidder choose not to accept the Notice of Award or defaults, Sec. 68 to 71 shall then apply to the third-ranked bidder.

However, if both the second or third ranking bidders refuse or fail to exercise their option to be awarded and to sign a contract, the project shall be advertised anew for bidding; Provided, however, that should either the second or third ranking bidder choose to exercise their options, the procedures set forth in Sec. 68 to 71 of this Order shall apply.

SEC. 74. Notice to Proceed. The Secretary, RED or their duly-authorized representative shall issue a Notice to Proceed in favor of the contractor within five (5) working days after signing formalities have been completed, the contract has been notarized,

approved by the Commission on Audit (COA) and availability of funds certified by the appropriate DENR Officer.

SEC. 75. Monitoring and Evaluation of Performance. Contractor performance shall be inspected and verified by the Regional Office concerned and a representative of a Non-Government Organization, based on the targets, terms and conditions of the contract. The non-government organization may be contracted for this purpose and paid for its services pursuant to Sec. 9 of this Order. The Central Office shall, at its discretion, conduct periodic spot checking of monitoring work. Monitoring shall be conducted in accordance with the Monitoring and Evaluation System formulated by the National Forestation Program Working Group.

SEC. 76. Submission of Inspection Reports. The monitors referred to above (Sec. 75) shall submit their reports in the form of Sworn Statements, to the PENRO within ten (10) calendar days after the inspection has been complete.

SEC. 77. Endorsement of Inspection Report. Within five (5) working days from receipt of the report, the PENRO shall endorse the same to the Regional Executive Director, recommending either payment, in full or in part, or non-payment, based on the data provided in the report. The PENRO shall furnish a copy of the endorsement/recommendation to the contractor.

SEC. 78. Evaluation of the Inspection Report. The RED shall complete evaluation of the inspection report as well as the endorsement/recommendations of the PENRO within seven (7) days from receipt thereof.

SEC. 79. Processing for Payment. Within fifteen (15) days from receipt of the inspection report and endorsement/recommendation of the PENRO, the Regional Executive Director shall process for payment the amounts due to a contractor, and inform the contractor accordingly.

In cases where payments are to be approved in the DENR Central Office, the Regional Executive Director shall forward the

documents described in Secs. 75 to 78 above to the Central Office within five (5) days after completion of evaluation and appraisal, including in such submission a recommendation for either payment (in full or in part) or non-payment.

SEC. 80. Central Office Effects Payment. Within fifteen (15) working days after receipt of communication from the RED per Sections 78 and 79 hereof, the CO/RBAC shall process for payment and release the amounts due to a contractor and inform the contractor accordingly.

SEC. 81. Right to Appeal by Contractor. In the event of an adverse or negative determination and recommendation of the PENRO, the Regional Executive Director, or the CO/RBAC for either partial or non-payment, the Contractors may appeal such determination within ten (10) working days after receipt thereof. Such appeal shall be in writing and duly sworn to by the Contractor Appeals filed after the stipulated ten (10) working days shall no longer be given due course.

ARTICLE III

PENALTIES, GROUNDS FOR CANCELLATION, AND ADMINISTRATIVE SANCTIONS

SEC. 82. Grounds for Cancellation. The Undersecretary, upon the recommendation of the RED after proper investigation may cancel/rescind Corporate Reforestation Contracts, and the RED upon recommendation of the PENRO or CENRO may cancel/rescind Family Approach and Community Reforestation Contracts, for any of the following reasons:

- a. If the contract was obtained through fraud, misrepresentation or omission of material facts at the time of application;
- b. Abandonment of the areas, or failure to start operational activities within one (1) month from the award/issuance of the contract;

- c. Voluntary surrender of contract by contractor for cause; and
- d. Violation of any of the terms and conditions of the contract.

SEC. 83. Penalties. In the case of Corporate Contract Reforestation evidence of misrepresentation of facts by the Contractor during the prequalification or bidding, and violation of contract terms and conditions shall be sufficient grounds for the following sanctions.

- a. Cancellation of Pre-qualification;
- b. Suspension of the privilege to pre-qualify, and/or bid for Contract Reforestation projects for one (1) year for the first offense, disqualification for two (2) years for the second offense, and perpetual disqualification for the third offense;
- c. Forfeiture of 100% of performance Bond;
- d. Prosecution in court for civil or criminal offenses where conditions or circumstances warrant.

In the case of Family Approach and Community Contract Reforestation, evidence of misrepresentation of facts during recruitment/selection/processing per Sections 14,32 and 34 of this Order, and/or violation of contract terms and conditions, shall be sufficient grounds for the following sanctions:

- a. Suspension or cancellation of contracts;
- b. Replacement of a family approach contractor with a new FAR contractor selection by the committee of local leaders identified in Section 14 of this Order.
- c. Suspension of the privilege to implement new Family Approach or Community Contract Reforestation projects for period of not less than two (2) years; and

- d. Prosecution in court for civil or criminal offenses where conditions or circumstances warrant.

SEC. 84. Administrative Sanctions for DENR Employees.

DENR employees may be subject to administrative sanction, including reprimand, demotion, suspension or termination from the service, and to civil and criminal prosecution, subject to the Civil Service Law and other applicable laws, rules and regulations, for any of the following acts:

- a. Solicitation of money, gifts or favors from applicants for pre-qualification, bidders, contractors or co-employees responsible for any phase of Contract Reforestation implementation;
- b. Falsification of inspection reports, evaluation, appraisals and other data relevant to monitoring, evaluation, certification of performance and recommendations for payment or non-payment;
- c. Obstruction or failure to carry out the provisions of this Order, leading to undue delay in pre-qualification, bidding, award, finalization of contracts, monitoring, evaluation, appraisal, certification of performance, submission of recommendations for payment, or implementation of the contract.

SEC. 85. Supplemental Rules and Regulations.

- a. The Undersecretary upon recommendation of the RED shall formulate such supplemental rules and regulations as may be necessary to effectively carry out the objectives of this Order. Additionally, the RED, may promulgate supplemental rules, procedures and regulations which apply to his/her Region. However, such rules and regulations shall be in accordance with this Order, and duly approved by the DENR Secretary.
- b. In carrying out the provisions of this Order, the DENR officers and personnel concerned shall use

the standard forms attached hereto as annexes; provided however, that the RED may design and use alternative forms subject to approval of the same by the Undersecretary.

SEC. 86. Repealing Clause. The provisions of any Administrative Orders, memoranda, circulars and related DENR documents which are inconsistent with this Order are hereby repealed or amended accordingly.

SEC. 87. Effectivity. This Order shall take effect immediately.

(Sgd.) FULGENCIO S. FACTORAN, JR
Secretary

RECOMMENDING APPROVAL :

(Sgd.) CIRILO B. SERNA
Director
Forest Management Bureau