INCREASING THE REFORESTATION DEPOSIT PAID BY LOGGING CONCESSIONAIRES TO INCLUDE MAINTENANCE COSTS AND FURTHER AMENDING DENR ADMINISTRATIVE ORDER 32, SERIES OF 1988

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

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

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

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

Annual Deposit = P10 ,000 x reforestation goal for current
year + P1,.500 x area of established one-year old plantation
+ P1 ,000 x area of established two-year old plantation

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

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

SECTION 5. Deficiencies in Area Reforested

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

summarily cancelled without detriment to the filing of charges for violation of existing forest and other laws, rules and regulations.

SECTION 6. Deficiencies in the Rate of Survival -

6.1. At the end of 3 years, survival must be at least 80%, based on approved spacing as indicated in the approved management plan; in which case the licensee shall be allowed to continue their logging operations without penalty.

6.2. A fine shall be imposed on those TLAs/ PTPAs whose plantation survival at the end of three (3) years, falls between 50-79%. This fine shall be based on the 3-year cost of reforestation per hectare as provided for in Section 3 hereof, and shall accrue to the Philippine Wood Products Association (PWPA) reforestation trust fund, to be used for additional reforestation activities to be undertaken by the PWPA. The fine shall be computed as follows:

Fine = (100% - percent survival) x prevailing three-year
cost of reforestation per hectare x area targetted for their respective year

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

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

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

3-YearSurety Bond = P12 ,500 x Total number of hectares targetted for development and maintenance

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

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

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

Adopted: 23 Jan. 1991

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