

## MEMORANDUM ORDER NO. 96 – 27

SUBJECT: **GUIDELINES AND RULES AND REGULATIONS GOVERNING THE CUTTING, TRANSPORTING AND UTILIZATION OF RATTAN AND DEVELOPMENT OF RATTAN PLANTATIONS WITHIN THE RESERVATIONS COVERED BY EOS 224 AND 25**

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Pursuant to Executive Order Nos. 224 and 258, dated July 16, 1987 and July 10, 1995, respectively, “ VESTING ON THE NATIONAL POWER CORPORATION THE COMPLETE JURISDICTION, CONTROL AND REGULATION OVER WATERSHED AREAS AND RESERVATIONS SURROUNDING ITS POWER GENERATING PLANTS AND PROPERTIES OF SAID CORPORATION ” and Ministry Order No. 83-01-13, dated November 22, 1982, the following guidelines, terms and conditions are hereby issued for the information and guidance of all concerned:

### SECTION 1.0 DEFINITION OF TERMS

The following terms/phrases are hereby defined for the information and guidance of all concerned. Other terms and phrases used in this order have been defined in Ministry Circular No. 84-02-18.

- 1.0 EXPERIMENTAL FOREST – refers to a tract of forest land established purposely for experiment, research or study on forest and forest resources as well as their influences on man and the environment, and vice-versa.
- 1.1 FOREST LAND – refers to the public forest, or permanent forest inside the watershed reservations.
- 1.2 NATIONAL PARK – refers to a forest land reservation essentially of primitive or wilderness character, has been withdrawn from settlement or occupancy and set aside as such, exclusively to preserve the scenery, the national historic objects and the wild animals or plants therein, and to provide enjoyment of these features in such manner as will leave them unimpaired for future generations.
- 1.3 RATTAN – refers to a group of cane-like climbing palm species such a palasan (Calamus maximus, Blanco), limuran (C. ornatus Blanco), balanag ( C. Symphisipus), and Daemonorops, belonging to the family Palmae generally found in moist tropical rain forest.
- 1.4 RATTAN INDUSTRY – refers to the small , medium or large scale productive activity, involving cutting, gathering, transporting, trading, processing or manufacturing of rattan into furniture, basket, etc.

- 1.5 RATTAN PROCESSING PLANT – is any mechanical set-up device, machine or combination of machines used for the purpose of converting raw, unworked rattan materials with other materials wholly or in combination with other materials into semi-finished rattan generic products.
- 1.6 RAW/UNWORKED RATTAN – refers to a piece of rattan pole that has not undergone preliminary processing but cannot be directly assembled into furniture piece.
- 1.7 SEMI-WORKED – means a piece of rattan pole that has undergone preliminary processing but cannot be directly assembled into furniture piece.
- 1.8 WILDERNESS AREA – refers to the part of public domain which has been reserved as such by the President, by virtue of Letter of Instruction No. 917, as amended, to preserve its natural conditions, maintains its hydrologic quality and restrict public use in the interest of national welfare and security.

## SECTION 2.0 SCOPE

Authority to develop and manage rattan plantations and to cut, transport and utilize rattan poles may be issued within the watershed areas/ reservation covered by Executive Order No. 224, as amended.

## SECTION 3.0 CUTTING, GATHERING AND TRANSPORTING RATTAN

### 3.1 Issuing Authority

The President of the National Power Corporation may issue an authority to cut/ gather rattan poles upon the recommendation of the manager, Watershed Management Department on the availability of rattan poles.

### 3.2 Qualified Applicants

- 3.2.1 Holder of rattan plantation lease agreement / authority
- 3.2.2 Duly organized cooperative of rattan gatherers.
- 3.2.3 Owners/Operators of a duly licensed rattan processing/manufacturing plant.
- 3.2.4 Government agencies and corporations.
- 3.2.5 Association of members of cultural minority groups/tribal councils.
- 3.2.6 Corporations without processing plants provided the said corporation have:
  - 3.2.6.1 Commitments to establish within one year a rattan processing plant: and
  - 3.2.6.1 The plant shall primarily process rattan poles into finish products geared for the export market.

### 3.3 REQUIREMENTS

- 3.3.1. Duly accomplished application form.
- 3.3.2. Location map of the area where rattan poles are to be harvested with complete technical description.
- 3.3.3. Copy of the incomer tax return of the applicant during the proceeding year and/or proof of financial capability.
- 3.3.4. Copy of rattan plantation development authority, if any.
- 3.3.5. Written consent from the lessee, in case applicant is an authorized representative.
- 3.3.6. Certificate of security and exchange Commission registration and/or articles of Association duly registered with NACIDA or KKK, in case applicant is a duly organized cooperative of rattan gatherers.
- 3.3.7. Current purchase order form or existing supply contracts with rattan furniture of rattan craft manufacturers.
- 3.3.8. Certificate from the municipal mayor that the applicant is a bonafide residence of the municipality.
- 3.3.9. Certification from the Tribal Council Chieftain and attested by the Municipal Mayor concerned that the members of this association are bonafide resident of the locality, in case applicant is an association of members of cultural minority groups / tribal councils.
- 3.3.10. Certification from the office of Muslim Affairs Cultural Communities that the cultural minority group/tribal council is a duly recognized association, if applicant is an association of cultural minority group/tribal council.
- 3.3.11. Articles of Incorporation/Partnership duly registered with the Securities and Exchange Commission, in case applicant is an association or corporation.
- 3.3.12. Statement of undertaking to employ wherever applicable, occupants within the areas.
- 3.3.13. Inspection/inventory report jointly undertaken by the applicant and WMD or its authorized representative.
- 3.3.14. Application and Inspection fees of P50.00 for every 1,000 linear meter or a fraction thereof.
- 3.3.15. License fee of ten percent (10%) of the value in terms of average forest charges of the forest product granted annually in the license, expressed in the formula as follows

$$L=10\% (\text{SYC} \times \text{FC})$$

Where: L=yearly license fee

SYC=sustained yield crops

FC=average forest charges per unit measure

### 3.4 PROCEDURE

- 3.4.1. After all requirements have been submitted to the National Power Corporation; the WMD Staff shall evaluate the merit of the application and make necessary recommendations.

- 3.4.2. The manager of The WMD makes final decision on the application.
- 3.4.3. The lessee gathers/harvests the forest products and submit inventory of all harvested products to WMD or its authorized representative.
- 3.4.4. The lessee pays the required forest charges to BIR Collecting Agent.
- 3.4.5. The auxiliary invoice should be submitted to WMD or its authorized representative.
- 3.4.6. WMD or its authorized representative issues Authority to Transport and Certificate of Origin.

### 3.5. AVAILABLE AREAS

- 3.5.1 Areas covered by rattan plantation development authority/lease agreement.
- 3.5.2 Any public forest land except in experimental forest, national parks, wilderness areas and such areas as may herein after be closed to rattan cutting and gathering.

### 3.6 VOLUME, AREA, TENURE

- 3.6.1 The number, quantity of rattan poles to be gathered / harvested shall depend on the sustain yield cut and subject to the approval of the manager of Watershed Management Department.
- 3.6.2 The authority to harvest rattan shall have a duration of two(2) years from the date of issuance, renewable thereafter for a minimum duration of three (3) years or until the authorized volume has been exhausted, which ever comes first. Provided that, the authority may be determined before its expiration if the area is needed for national interest.
- 3.6.3 The size of forest land that may be allowed for cutting and gathering rattan shall be as follows:
  - 3.6.3.1 For individual-not more than 500 hectares
  - 3.6.3.2 For cooperative or association-not more than 2,000 hectares
  - 3.6.3.3 For cooperation- not more than 5,000 hectares

### 3.7 FOREST CHARGES

Forest charges shall be collected in accordance with the provision of BIR Revenue Regulations No. 2-81.

- 3.7.1 For split rattan – P50.00 per 100 kilograms or a fraction thereof
- 3.7.2 For unsplit rattan of 2 cm. less in diameter – P30.00 per 1,000 lineal meter.
- 3.7.3 For unsplit rattan of over 2 cm. in diameter – P75.00 per 1,000 lineal meter

### 3.8 CONSERVATION AND PROTECTION MEASURES

- 3.8.1 The amount/quantity of rattan poles to be cut / gathered and transported shall not be more than the annual requirement of the manufacturing plant that is authorized to be supplied with rattan poles. In case the lessee is

cooperative, allowable cut for rattan poles shall not be in excess of the plant requirement or of its supply contracts.

3.8.2 The sustained yield cut may be granted under a rattan gathering permit shall be in accordance with following formula:

$$\text{SYC} = \frac{A \times A_v}{r} \times f$$

where: SYC – sustained yield cut, on annual basis in lineal meters  
A – area in hectare  
A<sub>v</sub> – average stand per hectare  
r – rotation period  
f – recovery factor of 85%

3. 8.2.1 Computation for determining the amount for license fee shall be as

follows:

$$L = 10\% (\text{SYC}) \text{ FC}$$

where:

L – yearly license fee  
SYC – sustained yield cut  
FC – average forest charges per unit measure

3.8.3 No rattan poles less than 4 meters long shall be cut and left abandoned in the cutting area or in the collection point with the application of or treatment with effective chemical preservatives.

3.8.4 No rattan poles shall be transported, sold or received or manufactured without a certificate of origin, authority to transport and the necessary auxiliary invoices issued by the WMD or its authorized representatives and BIR Collecting Agent, respectively.

3.8.5 No rattan poles in raw/unworked or semi-worked form shall be exported.

3.8.6 Only rattan canes with a length of 25 lineal meters and longer shall be harvested.

3.8.7 Cutting, harvesting and gathering of rattan poles shall be confined within the leased area.

- 3.8.8 No subsequent cutting of rattan shall be allowed in logged over or second growth forests which have been the subject of an initial cutting of rattan, until after the eight year.
- 3.8.9 The permit tee assumes responsibility for any or all acts of his agents and employees.
- 3.8.10 The permit tee shall plant at least ten (10) rattan seedlings/wildlings for every one thousand ( 1,000 ) lineal meter of rattan poles cut within the area covered by his permit.
- 3.8.11 The permittee shall delineate/demarcate the area with permanent markers such as survey monuments which shall be installed on corners or prominent points along the boundary.
- 3.8.12 No cutting of timber, unnecessary under brushing, forest floor clearing and burning or gathering of any other forest products or undertaking of any activity not consistent with the purpose of the granted authority shall be allowed.
- 3.8.13 The permittee shall protect the area from destructive land uses/activities such as illegal occupancy, uncontrolled burning, illegal forest product harvesting and other activities causing detrimental impact on the soil, water and other watershed resources.
- 3.8.14 A monthly cutting report and replanting accomplishment shall be submitted by the permittee to NPC-WMD Field Office Staff for monitoring and evaluation purposes.

## SECTION 4.0

### 4.1 ISSUING AUTHORITY

The Manager, NPC-WMD may issue an authority for the development and management of rattan plantations upon recommendations of the Chief Watershed Officer and Head Office Staff.

### 4.2 QUALIFIED APPLICANTS

- 4.2.1 Holders of rattan cutting plant.
- 4.2.2 Holders of lease agreement and other licenses, provided that the area applied for is within their leased area.
- 4.2.3 A resident of the community residing near, adjacent to or surrounding the area desired to be developed into rattan plantation.
- 4.2.4 An individual of at least 21 years, Filipino citizen, with no pending administrative criminal charge and must be technically capable to develop and manage a rattan plantation.
- 4.2.5 Group or association organized under the laws of the Philippines duly registered with Securities and Exchange Commission and with approved constitution and by-laws with at least sixty percent (60%) of the capital stock, owned and controlled by citizen of the Philippines.

### 4.3 REQUIREMENTS

- 4.3.1 Duly accomplished application form.
- 4.3.2 Location map of the area applied for with complete technical description.
- 4.3.3 Clearance from NPC that the site applied for with complete technical description.
- 4.3.4 Inspection report jointly undertaken by the applicant and WMD or its authorized representatives.
- 4.3.5 Income tax return of the applicant for the preceding year.
- 4.3.6 Feasibility study of the project.
- 4.3.7 Proof of financial capability to engage in such rattan plantation of at least P1000.00 per hectare.
- 4.3.8 Detailed management plan.
- 4.3.9 Application fee of P20.00 per application.
- 4.3.10 Inspection fee of P15.00 per hectare or a fraction thereof.
- 4.3.11 Proof/Certification that the applicant is technically capable to manage rattan plantations.
- 4.3.12 Bond deposit of twice the rental.
- 4.3.13 SEC registration, in case application is an association or corporation.

### 4.4 PROCEDURE

- 4.4.1 After submission of all the requirements to the NPC-WMD Field Office Staff, Head Office Staff, the merits of the application shall be evaluated and necessary recommendation shall be made.
- 4.4.2 The Manager, NPC-WMD makes final decision on the application.

### 4.5 AVAILABLE AREAS

- 4.5.1 Brush lands, or tract of forest lands generally covered with brush, which are not subject to reforestation scheduled within the next ten years.
- 4.5.2 Recently logged over forest.
- 4.5.3 Second growth forest not scheduled for re-logging within the next ten years.

### 4.6 AREA AND TENURE

- 4.6.1 The size of an area which may be subject to rattan plantation development shall be as follows:
  - 4.6.1.1 For individual – not more than 100 has.
  - 4.6.1.2 For holder of rattan cutting permit – not more than 1,000 has.

4.6.2 Tenure for rattan plantation development permit shall be twenty five (25) years, renewable for another twenty five (25) years. Provided that, authority/permit may be terminated before its expiration if public interest so requires.

#### 4.7 FOREST CHARGES

4.7.1 Rates and manner of assessment of forest charges shall be governed by Revenue Regulation No. 2-81 dated 18 November 1980 and/any new related regulations as may be promulgated by law.

4.7.2 The forest charges payable by a lessee on the rattan grown and cut or gathered from a rattan plantation shall only be for twenty five percent (25%) of the regular forest charges, as prescribed under PD 1559.

#### 4.8 RENTAL

The annual rental shall be as follows upon commencement of the permit to be paid to the Head of WMD every 2<sup>nd</sup> day of January.

4.8.1 For 1 hectare or less – P25.00

4.8.2 For 1 hectare but less than 4 hectares – P50.00

4.8.3 For over 5 hectares – P75.00/ha.

#### 4.9 SURCHARGES

Failure to pay the annual rental on or before the due date without justifiable cause shall be subject to the following surcharges:

4.9.1 Rental paid within January 3 to March 31 – 10% surcharges;

4.9.2 Rental paid within April to June 30 – 20% surcharges;

4.9.3 Rental paid July 1 to September 31 – 30% surcharges; and

4.9.4 Rental paid within October 1 to December 31 – 50% surcharges.

#### 4.10 CONSERVATION AND PROTECTION MEASURES

4.10.1 The area shall be developed based on a development/management plan approved by NPC-WMD.

4.10.2 The lessee shall delineate/demarcate the area with permanent markers such as survey monuments which shall be installed on corners or prominent points along the boundary.

4.10.3 No cutting of timber, unnecessary under brushing, forest floor clearing and burning or gathering of any other forest products or undertaking of any activity not consistent with the purpose of the granted authority shall be allowed.



- 4.10.4 The lessee shall protect the area from destructive land uses/activities such as illegal occupancy, uncontrolled burning, illegal forest harvesting, etc., causing detrimental impact on soil, water and watershed resources.
- 4.10.5 Accepted silvicultural practices should be closely followed such as:
- 4.10.5.1 Utilization of mature and vigorous wildlings of rattan for planting or re- stocking of the area.
  - 4.10.5.2 Minimum stocking of an initial planting space of one seedling per ten square meters area, or one thousand uniformly spaced seedling per hectare; and
  - 4.10.5.3 Fertilization should be practiced to hasten the growth of rattan plants.
- 4.10.6 The following utilization practices should be strictly followed:
- 4.10.6.1 Cutting only mature canes, those that had reached their rotation cycle or market size;
  - 4.10.6.2 Cutting into proper length and avoiding injury to the rind to avoid wastage;
  - 4.10.6.3 Immediate disposition of cut canes from the cutting areas; and
  - 4.10.6.4 Drying, treating and preparing the canes at the stocking yard prior to transportation or processing, in case intended for prolonged storage or stocking in the cutting area.
- 4.10.7 The lessee shall perform other necessary conservation and protection measures that NPC-WMD may require.

## SECTION 5.0

- 5.1 A rattan cutting/gathering permit may be renewed upon an application duly filed and the necessary requirements complied with and upon proof that there are still sufficient rattan available for harvesting to warrant a viable operation.
- 5.2 A permit to develop a rattan plantation may be renewed upon filing an application sixty days before its expiration and completion of necessary requirements.

## SECTION 6.0 CRIMINAL OFFENSES AND PENALTIES

- 6.1 Illegal cutting, harvesting, gathering or transporting of rattan shall be punished in accordance with the provisions of Ministry Order No. 83-01-13 and other appropriate laws. Confiscated or seized rattan poles shall immediately disposed of through public bidding following existing laws/guidelines.

6.2 Leases, licenses and/or permits issued under this order/regulation may be canceled, revoked and/or suspended for violation of terms and conditions of the leases, licenses and permits and other applicable laws, rules and regulations.

This ORDER takes effect this \_\_\_\_\_ day of \_\_\_\_\_,  
19\_\_\_\_\_.

**(SGD) GUIDO ALFREDO A. DELGADO**

President