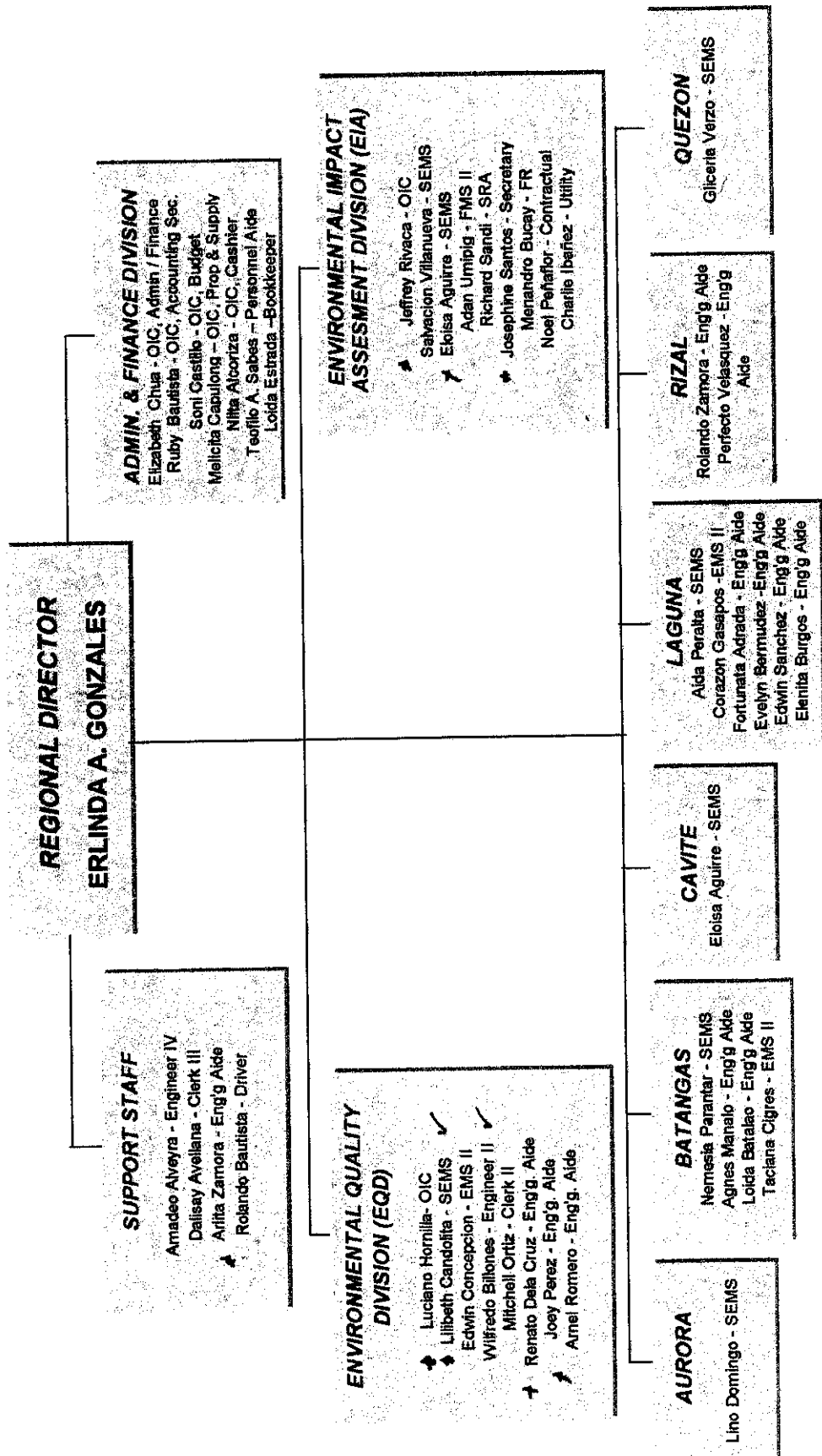




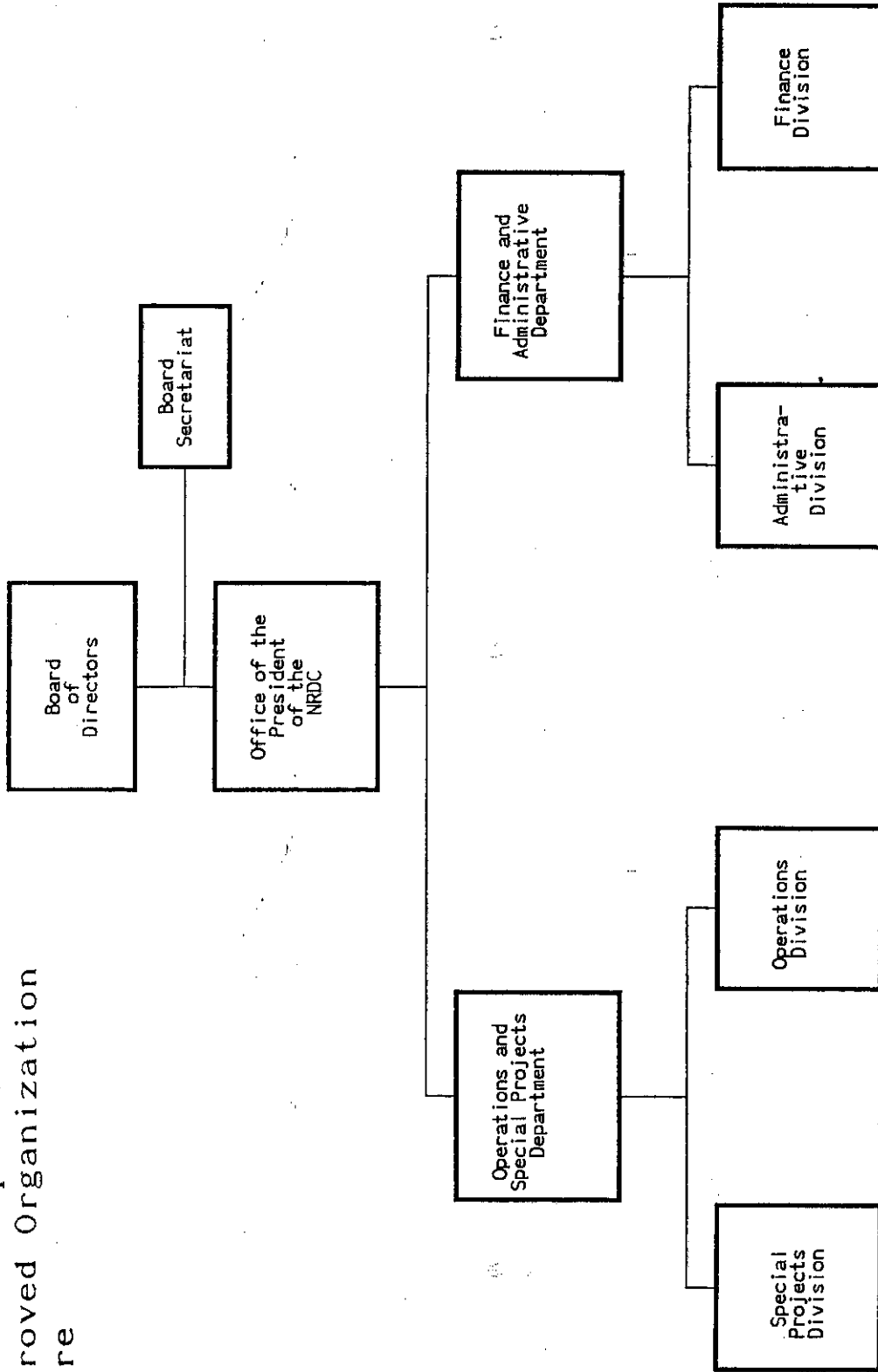
ENVIRONMENTAL MANAGEMENT BUREAU
Region IV-A

Organizational Chart



Annex A

Natural Resources
Development Corporation
DBM-Approved Organization
Structure
CY 1999



Approved by:

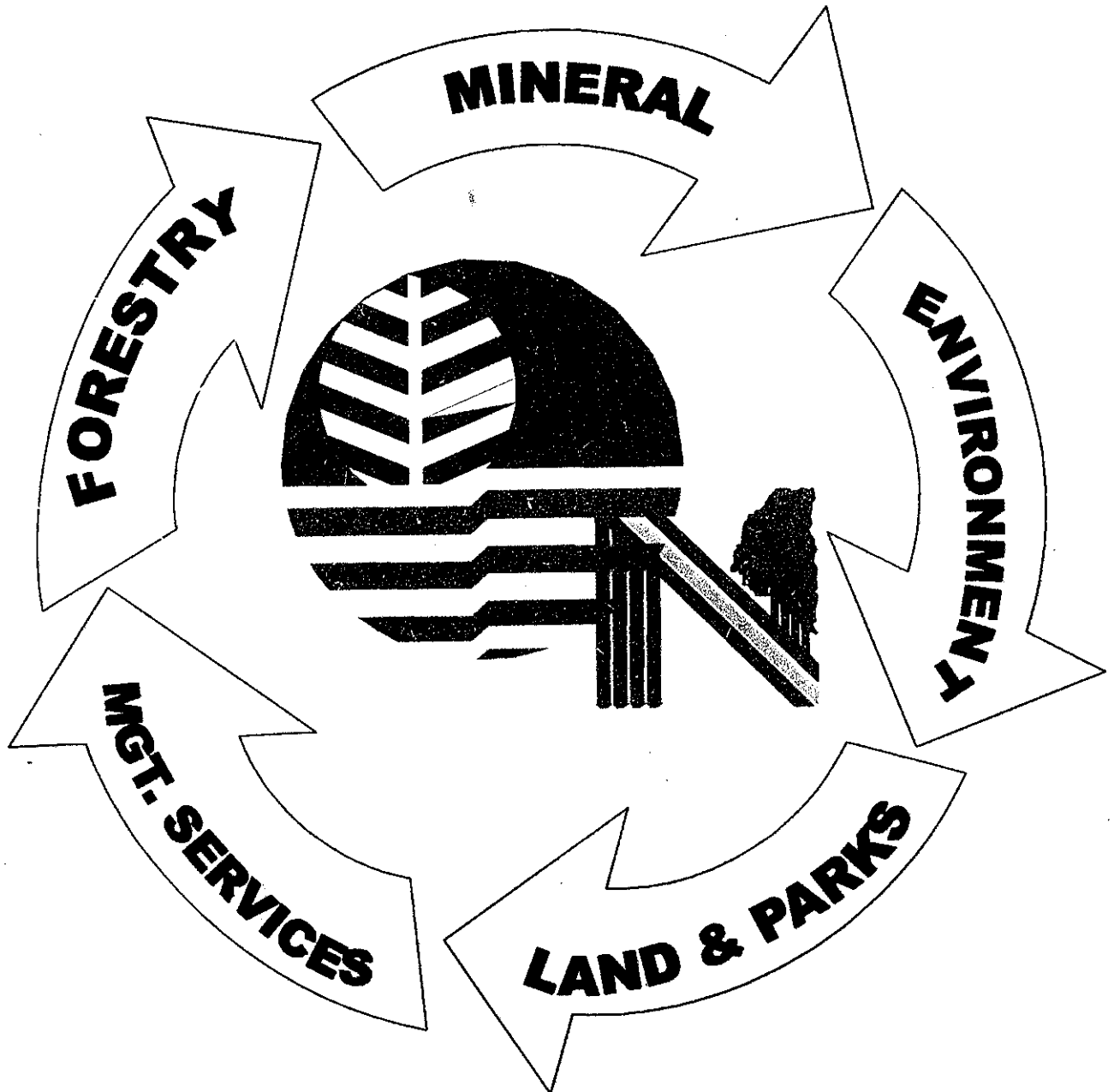
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Benjamin E. Diokno
Secretary

for



5 AREAS OF OPPORTUNITY



CORPORATE PROFILE

The Natural Resources Development Corporation (NRDC) was created by virtue of Executive Order No. 786 issued by the late President Ferdinand Marcos on March 19, 1982 as a response of the government towards the urgent need to accelerate the country's development vis-à-vis the conservation of natural resources and environment. EO 786 embodies the idea of sustainable development in which progress is coupled with environmental concerns.

As the corporate arm of DENR, NRDC could tap high-caliber personnel with specialized skills and varied capabilities within the department in order to provide quality service to its clientele. The corporation, by virtue of the composition of the Board of Directors, is associated with other government institutions like the Department of Trade and Industry, Department of Transportation and Communications, National Economic Development Authority, Development Bank of Philippines, Department of Interior and Local Government, and Department of Public Works and Highways.

NRDC's wide variety of corporate endeavors and concerns also cover Management Services, like the Environmental Impact Assessment fund management, parks and training center management; feasibility studies, such as financial and economic analysis, project proposals; detailed engineering; construction management; and institutional manpower development.

NRDC MANDATE AND POWERS

"NRDC shall, on its own or through its subsidiary/subsidiaries or in joint venture with the private sector, hasten development by promoting and/or undertaking the development and/or use of technologies/systems that complement the utilization of natural resources with its conservation and/or optimize its utilization." (Section 2, EO 786).

"It shall be responsible primarily for promoting natural resources development and conservation through:

✦ Direct involvement in pioneering but potentially viable production, use, marketing ventures or projects using new/innovative technologies, systems, and strategies such as but not limited to stumpage sales system, industrial forest plantations or logging operations, rattan tissue culture; provided, however, that activities which compete with the private sector shall be avoided except in specific cases where the revenues of NRDC are earmarked for a specific local developmental or social service.

✦ Financing natural resources development projects undertaken by the private sector such as establishing industrial tree plantations, agro-forestry, small-scale mining and retooling of the natural resource-based processing industries to improve their efficiency and competitiveness; to discharge these functions effectively, it is hereby authorized to generate funds through debt instruments from various sources, and innovative income-generating strategies.

NRDC shall promote the enhancement of forest renewal rate through intensified Industrial Tree Plantation promotion including the provision of incidental services such as extension of assistance on equity/capital, credit line/facilities, marketing and management." (Par. (b), Section 22, EO 192)

NRDC has the general powers provided in the corporation law and such other powers necessary to enable it to attain its objectives.

Under section 4 of its charter, NRDC is expressly provided with the following powers:

1. Acquire, hold and dispose such lands as may be necessary to carry out the purposes and objectives of the NRDC as approved by the Board of Directors;
2. Promulgate such rules and regulations necessary for the attainment of the objectives EO 786;
3. Enter into, make and execute contracts of any kind with any person, firm or corporation, with the Philippine Government or with any foreign government, subject to existing laws;
4. Form, establish, organize and operate such subsidiaries, divisions, functional units, offices and departments of the NRDC as it may deem necessary or useful;
5. Enter into any lawful agreement for profit sharing, joint ventures, union interests reciprocal concession or cooperation with any association, partnership, syndicate or entity located in or organized under the laws of any authority in any part of the world as may be necessary to carry out its operations;
6. Obtain funds to support or carry out its objectives and purposes and/or to invest funds or income derived from marketing, contributions, etc. in any authorized government depository banks;
7. Arrange for financing or credit, or any other kind of assistance for its own account, subsidiaries in any client from government or private sources in the Philippines or from international public or private financial institutions, as the Board may deem necessary;
8. Secure any or all its obligations or liability by any guarantee or counter-guarantee, pledge, mortgage, deed of trust or assignment of the NRDC property or by creating or suffering to exist, a charge, lien, or encumbrance, general or special, upon its assets as the Board may deem reasonable and proper;
9. Guarantee domestic or foreign loans and other forms of indebtedness both as to principal and interest or either, issued by its own subsidiaries and/or by any duly incorporated companies engaged in business of developing, producing and marketing natural resources-based products.
10. Accept and/or grant donations, in any form from/to any entity, private or government, domestic or foreign;
11. Acquire equipment and/or raw materials and supplies by outright purchase or lease or rent from, as well as contract services or the undertaking of development projects to any person or entity, domestic or foreign, private or government, with or without bidding, as the Board may deem reasonable and proper;
12. Exercise the power of eminent domain as may be necessary in carrying out the purposes of Executive Order 786.

NRDC BOARD OF DIRECTORS

The NRDC Board of Directors is comprised of the following:

Chairman	-	DENR Secretary
Members	-	DOTC Secretary
	-	DBP Chairman
	-	DTI Secretary
	-	DOF Secretary
	-	Economic Planning Secretary
	-	NRDC President

At present, the NRDC Board is represented as follows:

Chairman	-	HON. ANTONIO H. CERILLES (DENR Secretary)
Members	-	HON. JUAN JOSE RODOM T. RETIZA (DOF)
	-	HON. RAUL B. ANGELES (DTI)
	-	HON. GEORGE D. ESGUERRA (DOTC)
	-	HON. PANSER E. TUMANGAN (DBP)
	-	HON. RUPERTO P. ALONZO (NEDA)
	-	HON. EMMANUEL A. BAMBA (NRDC)

NRDC KEY OFFICIALS

VP for Marketing and OIC, NRDC In Concurrent Capacity	-	EMMANUEL A. BAMBA
Vice President for Finance & Administration	-	BENEVOLENTE R. COVAR

NEAR DEATH AND RESURRECTION

NRDC almost lost its opportunity to grow after its wavering situation from the past 15 years of existence. The past DENR management decided to downsize the corporation as early as December 1997 after it was found no longer viable. Actual winding up operation was implemented only in April 1998 after it received the P30.9M government subsidy in March of that year to pay for the unreleased salaries, retirement and separation pay, and other personal benefits of its employees. However, when President Joseph E. Estrada appointed **Secretary Antonio H. Cerilles** to take the reigns of DENR, the corporation gained a second lease on life.

In July 1998, **Secretary Antonio H. Cerilles** took over as the new Chairman of the NRDC Board of Directors with a cash status of only P2.6M (balance from the P30.9M subsidy), arrears in rentals and utilities amounting to P1.2M and other payables, and with a manpower complement of only 11 personnel. Through sheer determination and focused management, NRDC was able to accumulate a net income of P13.3M at the end of 1998. This was made possible through a memorandum issued by Secretary Cerilles which required DENR Regional Executive Directors (REDs) to donate all confiscated forest and mineral products without legal cases to NRDC for proper disposition.

CHRONOLOGY OF EVENTS IN THE HISTORY OF NRDC

- ✦ **March 16, 1982:** The late President Ferdinand E. Marcos signed Executive Order No. 786 creating the Natural Resources Development Corporation (NRDC).
- ✦ **June 10, 1987:** DENR was reorganized and NRDC was placed under the direct supervision of the DENR Secretary per Executive Order No. 192 signed by former President Corazon C. Aquino.
- ✦ **1982 to 1st Semester 1998:** NRDC had mainly relied and delimited its operations in the marketing of confiscated forest and mineral products, drilling operations and mining exploration.
- ✦ **CYs 1996 to 1997:** Financial difficulties beset the Corporation which eventually resulted to the passing of the NRDC Board Resolution Nos. 97-6-5 and 97-8-10 authorizing the management to streamline its organizational structure and reduce its workforce.
- ✦ **January 6, 1998:** Former President Fidel V. Ramos approved the reorganization of the NRDC from 143 plantilla positions to only 16.
- ✦ **July 1998:** Hon. DENR Secretary Antonio H. Cerilles took over as Chairman of the NRDC Board of Directors. Forthwith, he introduced innovative management concepts to save the corporation from dissolution.
- ✦ **January 11, 1999:** His Excellency President Joseph E. Estrada signed Proclamation No. 66 declaring the lahar-affected areas of Pampanga, Tarlac and Zambales as mineral reservation under the direct supervision of the DENR.
- ✦ **January 17, 1999:** Executive Order No. 200 was issued by His Excellency President Joseph E. Estrada authorizing the DENR to issue an onshore Special Minerals Extraction Permit (SMEP) in favor of NRDC and authorizing the latter to collect management, service, environmental user's and other fees from other onshore SME permittees and/or contractors/subcontractors.
- ✦ **February 1999:** NRDC commenced managing the critical aspects of extraction, transportation, and quarry site rehabilitation of the lahar-affected areas in Pampanga, Tarlac and Zambales in compliance with DENR Department Administrative Order No. 99-03 which was issued by Hon. Sec. Antonio Cerilles pursuant to Proclamation No. 66.
- ✦ **September 30, 1999:** His Excellency President Joseph E. Estrada signed Executive Order No. 153 authorizing NRDC to undertake quarrying operations in the burrow areas as sources of dredge fill materials for government reclamation projects, and to collect management, service, environmental user's and other fees from other offshore area-quarrying permittees and/or contractors/subcontractors.
- ✦ **CY 1999:** NRDC had finally recovered and transformed into a self-liquidating agency able to operate efficiently and profitably.
- ✦ **September 1999:** The Department of Budget and Management (DBM) approved the CY 1999 Plantilla of NRDC increasing its manpower complement from 16 to 79 which is composed of 38 permanent and 41 contractual positions.

✦ **July 1998 to Present:** Pursuant to enacted laws and a number of Memorandum of Agreement (MOA)/ Memorandum of Understanding (MOU) and other bilateral agreements entered into with the DENR and other government/private entities, NRDC started implementing various sustainable income-generating projects that complement the DENR's thrusts of conservation, sustainable development, optimal utilization of land and mineral resources, protection and enhancement of the environment and effective management and utilization of natural resources.

As the corporate arm of the DENR, NRDC shall implement sustainable income generating projects that shall complement the institutional thrusts of the DENR.

To concretize this, NRDC has developed a strategic approach that shall support the DENR's objectives of conservation, sustainable development, optimal utilization and effective management of land and mineral resources, and the protection and enhancement of the environment in order to raise much-needed revenues to finance its programs and projects. Thus, the corporation embarks on self-sustaining projects under its five (5) Areas of Opportunity: **forestry, minerals, environment, land and parks, and management services**, which are anchored on the following:

CORPORATE MISSION

NRDC shall spearhead the development and utilization of natural resources through the adoption of earth-friendly technologies in full support to the DENR's banner program of sustainable development.

CORPORATE VISION

To be an effective arm and partner of DENR by helping achieve a balance between development and protection of environment through sustainable and innovative programs and projects.

CORPORATE UNDERTAKINGS

✦ **FORESTRY**

1. Tree Planting Development and Utilization Project (TPDUP)

The Project is a combination of development and utilization efforts in cancelled TLA areas. It is the management of plantation timber resources using the concept of stumpage sale system and sustained yield production intended to meet the current and future demand for timber products.

2. Disposition of Confiscated Forest Products Project

This project involves the disposition of confiscated forest products such as illegally cuts logs/timber and trees damaged by natural calamities, without court cases which were donated by DENR to NRDC pursuant to the Memorandum of Secretary Antonio H. Cerilles dated August 18, 1998.

Proceeds shall continue to be used in strengthening the enforcement capability of the DENR, finance forest protection and development activities including projects intended to provide alternative livelihood to subsistent forest workers.

3. Rattan Plantation Project

The government through the DENR and the private sector, particularly the holders of rattan license, welcomed the provisions of DAO No. 04 Series of 1989 which requires collection of Rattan Special Deposits to be used solely for the purpose of rattan replanting and development.

With this, the NRDC had entered into a tripartite memorandum of agreement with the DENR Region IV and the Rattan License Holders of Region IV wherein NRDC is commissioned to undertake the establishment, maintenance and protection of rattan plantations pursuant to the purpose of the Rattan Special Deposits.

Subsequently, NRDC shall undertake the Rattan Plantation Development on a pilot basis in three (3) areas located in Luzon, Visayas and Mindanao. Each pilot area shall consist of a 50 hectare block that shall be identified and its boundaries delimited jointly on the ground by personnel of the Regional Environment and Natural Resources Office (RENRO) and the NRDC.

4. Watershed Users' Fees Fund Management Project

This project is basically the management of Watershed Management Trust Fund intended for the rehabilitation and improvement of watershed areas.

The project will ensure that the benefits from the watershed resources will immediately flow back to the concerned agencies and can be utilized to finance rehabilitation and developmental projects.

5. Production Forest Management Project thru the BFI (The Bukidnon Forest, Inc.)

The Bukidnon Forest, Inc (BFI) is a subsidiary corporation of NRDC. It has a 39,000-hectare production forest project located in Malaybalay, Bukidnon which is jointly funded by the governments of the Philippines and New Zealand. NRDC owns 99 % of the shares capital stock of the corporation.

During CY 1999, Environmental Impact Assessment (EIA) had been conducted for the 1,500 hectare of old and matured benguet pine, which had been identified for the five (5) year harvesting program.

Projected income that will be generated from the harvesting operation shall be used to finance the developmental activities of the plantation.

6. Let's Go Green Project

As mandated by AO 98-61, the project is primarily aimed to alleviate the present air pollution problems in densely populated areas.

As stipulated in the terms and conditions of the special cutting permit issued to the proponents, NRDC and the proponents shall enter into a contract of sapling replacement wherein the proponent shall pay an amount corresponding to the number of sapling replacement. In return, NRDC shall be the one to conduct the replacement planting and its maintenance for two (2) years in behalf of the proponents.

The project deals with organized and systematic program of planting trees along the roadside of major thoroughfares and idle public lands (such as critical watershed). Through this effort the project aims to enhance ecological balance.

7. Marketing of CBFM-Produced Charcoal Project

NRDC will facilitate the marketing of CBFMA charcoal produce where revenues generated would be equitably shared by individual/community and the government. Income derived by government would in turn be utilized to fund livelihood generation projects. The project aims to reduce pressure in cutting/using wood from the natural forest which is traditionally used for charcoal products in the uplands; provide additional source of income and livelihood opportunities to the upland farmers, and, enhance resource recovery from forest wastes.

8. Management of Cancelled TLAs' Project

NRDC will facilitate the milling/marketing of generated logs within the cancelled TLA areas. Revenues would be utilized for regeneration of tree species for reforestation.

MINERAL

1. Lahar Quarry Management Project

The project was implemented pursuant to Proclamation No. 66 dated January 11, 1999. Operations commenced in February 1999 which involved quarrying and desilting/declogging of the river channels and scraping of agricultural lands within the delineated quarry areas in the provinces of Pampanga, Tarlac and Zambales.

Service Fee in the amount of P300.00 per truckload of lahar materials (approx. 15 m³) is collected from permittees; P80.00 of which is LGU Shares distributed as follows: Barangay-40%, Municipality-30% and Provincial-30%. In 1999, NRDC generated a gross revenue of PhP 150,069,800.00. During CY 2000, gross revenue amounted to PhP 137,577,600.00. In the same period, total LGU shares distributed was PhP 47,339,108.94.

2. MIEP Dinagat Chromite Mining Project

This project involves the development of two (2) land parcels in the chromite-rich island of Dinagat, Surigao del Norte. Pursuant to its mandate, NRDC was given the responsibility to spearhead the total development of the area.

The corporations' revenues are being derived through the rental of mining equipments currently being utilized in the area.

3. Marketing of Confiscated Mineral Products Project

The program involves the marketing of confiscated non-traditional minerals i.e. marbles, stalactites, stalagmites and other industrial ceramic minerals.

Revenues generated from this project shall be utilized to monitor and enforce various mining laws.

4. Joint Venture with PEA for Quarrying of Materials for Reclamation Projects

The project is a joint venture with the PEA concerning the off-shore quarrying to supply dredgefill raw materials for the reclamation area in Manila Bay and other future project areas by PEA.

Revenues generated would be utilized to augment the DENRs' thrust towards the enhancement and monitoring of mineral reservations and rehabilitation of mined out areas. NRDC collects service fee at P5.00/cu.m. of materials quarried to be shared as follows: PEA, 40%, NRDC, 40% and LGU, 20%.

5. Diwalwal Small-Scale Gold Mining Project

The project involves the development, operation and management of the large-scale gold rush area at Barangay Diwalwal, Compostela Valley. When fully implemented, it will become one of the major source of revenue for NRDC and also for the national and local governments.

The role of NRDC is to rationalize mining operations, provide technical and financial supports through strict FMU processes in order to rationalize the 15 kilos average daily gold production.

6. San Roque Quarry Management Project

NRDC is the permittee of around 1,500 hectares burrow area in Itogon, Benguet. This project will be implemented in support of the construction of San Roque-Pangasinan Dam. NRDC will get 60% from the payment for its use of the area while LGU will get 40% as taxes and other fees/charges for its share.

✦ ENVIRONMENT

1. Biosolids/Desludging Project

This project aims to establish septage and sludge disposal facilities out of abandoned or mined out pits in every region in order to improve and rehabilitate disposal sites, thus, controlling the indiscriminate dumping of septage and sludge in prohibited places. Biosolids/Desludging Project provides safe and acceptable recycling of biosolids, improvement of disturbed and derelict land and improvement of poor quality soils.

2. EIA Review Fund Management Project

The project involves the management of EIA Review Trust Funds. The establishment of EIA Trust Fund is one of salient features in DENR DAO 96-37. It is a mechanism to ensure effective implementation of the EIS System.

✦ LAND AND PARKS

1. DENR Properties Rehabilitation and Development Project

This corporate endeavor takes focus on the rehabilitation of old and dilapidated DENR properties to maximize its value. Likewise, the project helps DENR implement its infrastructure projects.

2. Palawan Wildlife Rescue and Rehabilitation Center Park (PWRRC) Project

To ensure sustainability of the operation, NRDC will operate and manage the PWRRC business ventures on training, park users' fees and souvenir shop in accordance with government rules, policies and CITES rules and regulations.

FINANCIAL HIGHLIGHTS

ITEM	CY 1999	CY 2000
Assets:	99.4 M	95.3 M
Current	158.1 M	165.2 M
Investments	44.9 M	85.5 M
Fixed	8.3 M	23.5 M
Others	0.33 M	0.47 M
Contingent	311 M	370 M
TOTAL ASSETS		
Liabilities:	15.4 M	50.6 M
Current	20.6 M	31.2 M
Trust	1.5 M	1.6 M
Depository	23.6 M	23.6 M
Others	61.1 M	107.0 M
TOTAL LIABILITIES		
CAPITAL & SURPLUS	249.8 M	262.9 M

3. Operation and Management of DENR Ecological Parks Project

This project involves the co-management with the DENR of ecological parks, wildlife rescue and conservation centers to ensure protection and conservation of biological diversity, genetic resources and endangered flora.

The fund generated shall be used in the maintenance and sustainable development and operation of the parks.

✦ MANAGEMENT SERVICES

1. DENR Training Centers Management Project

The project involves the management and operation of DENR training centers to ensure its viability and sustainability. The project is envisioned to be self liquidating. Trainings and seminars of DENR are now conducted in the Environment and Natural Resources Academy in Carranglan, Nueva Ecija.

2. D' Lagoon Food Services Project

This project involves the operation and management of the D' Lagoon Restaurant at the Ninoy Aquino Parks and Wildlife Nature Center and the DENR Canteen at the DENR Central Office in order to provide catering and food services.

3. Bottled Water Centers Project

This project involves the establishment, operation and management of bottled water in order to provide additional funds for DENR projects on reforestation and monitoring of the environment.

Initially, a Water Station was constructed in January 2000 at the Ninoy Aquino Parks and Wildlife Nature Center, Quezon City. The bottled water is branded as NRDC Blue Mountain and is currently distributed to the different offices of the DENR.

4. Technical Resource Pool Project

This project involves the organization, management and deployment of pool of experts from different "fields of specialization" to provide technical expertise for DENR and other government/private projects.

The TRP is also a source of technical experts that can be engaged as Review Committee in the Environmental Review Process. NRDC gets a management fee in the operation of the TRP.

5. Crocodile Marketing Project

NRDC has been tapped by DENR through the Palawan Wildlife Rescue and Rehabilitation Center/Crocodile Farm Institute to assist in the development of the crocodile farming industry in the country. This involves the dispersal of hatchlings to accredited farmers who shall in turn conduct the proper disposition of the crocodile hatchlings which shall be made available to the cooperators who in turn shall manage the raising and development of the crocodiles.

NATURAL RESOURCES DEVELOPMENT CORPORATION

INCOME STATEMENT

For the Period January 1 - December 31, 2000
(in pesos)

INCOME FROM OPERATIONS

Lahar Revenues		137,577,600.00	
Less: Benevolence Fees	36,189,420.00		
Lahar Beneficiaries Fund	<u>11,149,688.94</u>		
		<u>47,339,108.94</u>	
Lahar Operating Income			90,238,491.06
Arayat Park Management Revenues		956,270.00	
Less: LGU Shares		<u>143,440.50</u>	
Forestry - Confiscated Forests Products			7,031,550.73
Management Services - EIARF			925,758.36
Training Facilities Mgt- Carranglan			8,289,363.70
Restaurant/Catering Services			6,507,805.85
NRDC Water Center			309,961.49
Crocodile Farm Project			<u>884,780.00</u>
Total Operating Income			<u>115,000,540.69</u>

OPERATING EXPENSES

Personal Services(Schedule 1)		4,820,357.77	
MOOE (Schedule 2)		<u>53,608,152.74</u>	
Total Operating Expenses			<u>58,428,510.51</u>

NET INCOME/(LOSS) FROM OPERATIONS

56,572,030.18

OTHER INCOME

Interest Income		1,436,260.72	
Service Facility Fee		240,000.00	
Miscellaneous Income		<u>32,735.77</u>	
Total Other Income			<u>1,708,996.49</u>

NET INCOME/(LOSS) FOR THE PERIOD

58,281,026.67

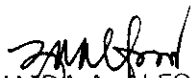
TAX DUE (32% of Php56,844,765.95)

18,190,325.10

NET INCOME AFTER TAX

40,090,701.57

Certified Correct:


ZENALDA A. ALFONSO
OIC, Accounting
3/21

Noted:


BENEVOLENTE R. COVAR
VP for Finance & Administration