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**DETERMINATION OF DEVELOPMENT  
FEES FOR TELECOM/BROADCAST  
COMPANIES OPERATING ON  
MT. KITANGLAD RANGE NATURAL PARK<sup>1</sup>**



**Department of Environment  
and Natural Resources**

*Philippine Economic – Environmental  
and Natural Resources Accounting System*



***Environmental and Natural Resources  
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FEES FOR TELECOM/BROADCAST  
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MT. KITANGLAD RANGE NATURAL PARK<sup>1</sup>**

ENRAP IV TECHNICAL PAPER

by

ENRAP-PAWB-PPSO Team<sup>2</sup>

September 1999

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## Executive Summary

Mt. Kitanglad Range Natural Park (MKRNP) is located in the province of Bukidnon, North-Central Mindanao. It has a total area of 30,642 hectares, with the highest peak measuring 2,938 meters above sea level. The second highest peak covers an area of 60 hectares and is designated as a special land use zone. It is currently used by nine telecommunication and broadcast companies for locating their facilities that serve North and Central Mindanao.

The study estimated appropriate development fees for the use of the MKRNP summit. The high elevation provides a cost-effective location for telecom and broadcast towers. The NIPAS Act served as the primary legal framework for the imposition of the fees. However, it does not contain specific guidelines in estimating fees. In this connection, ENRAP and PAWB drafted guidelines in estimating fees for the use of resources within protected areas. This study serves as a test case on the use of these guidelines. An alternative basis used was the Commonwealth Act 141 of 1936, or the Land Code, which contains specific provisions in determining rentals of government land leased to private entities.

The draft guidelines are premised on the economic framework of willingness to pay (WTP) for the use of non-market goods and services. In the case of land, WTP is determined by the excess profit companies enjoy from the use of the resource in question. For MKRNP, excess profit is attributable to its location and altitude. The PAMB may opt not to collect total excess profit as development fees, albeit its being a surplus. The portion of the surplus going to the developers serves as an incentive for technological and other innovations.

The ENRAP-PAWB-PPSO team conducted a survey of the companies owning facilities on top of MKRNP. It further reviewed the various Memoranda of Agreement (MOA) between each of the companies and the PAMB/DENR. The terms and conditions of the MOAs, including all taxes and other fees paid by the firms served as the benchmark for comparing the development fees based on excess profit and on CA 141 provisions.

Results show that based on the MOA terms and conditions, companies are paying annually an average of PhP 6,872 to the PAMB, 60% of which represent reforestation commitments and cash contributions. Using CA 141 as the basis for rental fees, companies should be paying the PAMB an average amount of PhP 30,239 per firm per year. Finally, excess profit estimates reveal an average amount of PhP 903,556 to PhP 1,036,124 being enjoyed by each firm per year. A fee of 10% of excess profit can amount to an average of PhP 90,356 per firm per year.

The study therefore recommends that the PAMB charge development fees against telecom and broadcast companies using either CA 141 or average estimated excess profit as basis. Based on the results, the PAMB is foregoing a considerable amount of potential rental income by as much as PhP 23,367 to PhP 83,483 per firm per year, on the average. Extending this to the duration of the MOAs, it is foregoing PhP 116,836 to PhP 417,417 per firm, or a total of PhP 701,014 to PhP 2,504,503 for all firms.

## 1. Introduction

Mt. Kitanglad Range Natural Park (MKRNP) is located in the North-Central portion of the province of Bukidnon in the island of Mindanao. It covers eight municipalities in Bukidnon, namely: Talakag, Baungon, Libona, Manolo Fortich, Sumilao, Malaybalay, Lantapan, and Impasug-ong. These municipalities are composed of 28 *barangays* with a population of approximately 42,755.<sup>2</sup> Access to the area is through Cagayan de Oro City. *Figure 1* shows a map of the protected area.

MKRNP has a total area of 30,642 hectares of which 25,259 hectares (63 percent) are covered by lower montane forest and, 6,631 hectares (17 percent) are covered by lowland evergreen forest. Mossy forest is found in 5 percent of the area, while grassland and other vegetation types cover the remaining open areas. The highest peak measures 2,938 meters above sea level, and is proclaimed as the second highest peak in the country next to Mt. Apo in Davao. MKRNP serves as the headwater catchment area of several major river systems draining North and Central Mindanao. Based on Host Non-Government Organization (HGNO) reports, 80 percent of the population are indigenous, while 20 percent are migrants. The main livelihood activity is farming, supplemented by river fishing, hunting, and gathering of minor forest products.

MKRNP has several designated land uses. The peak of Mt. Kitanglad, covering 60 hectares, is designated as a special land use zone. Due to its high altitude and strategic location, this area provides a unique site for broadcast and telecommunication facilities that could serve Northern and Central Mindanao. *Figure 2* shows the location of the towers within the MKRNP summit. There are currently nine private, government, and government-owned companies that use this area for beaming radio, television, and other communication signals to their respective service areas. However, only seven companies earn revenues from their facilities. Some of these telecommunication companies have signed Memoranda of Agreement (MOA) with the Protected Area Management Board of MKRNP. The MOAs specified the terms and conditions governing the operation of the telecommunication facilities within the summit. It also provides for compensation in cash and in kind to be paid to the PAMB.

## 2. Objectives of the Study

This study aims to estimate appropriate development fees for telecommunication facilities that use the summit of MKRNP. This study was primarily motivated by the reported minimal fees paid by telecommunication firms to the PAMB and local government units despite the unique location offered by the MKRNP. The high elevation of the MKRNP summit provides a cost-effective location for telecommunication and broadcast towers that could serve North and Central Mindanao. This study constitutes one of the pilot-testing activities for the Fee System Guidelines drafted by the ENRAP-PAWB-PPSO team (*Appendix A*).

## 3. Framework

### 3.1 Legal Framework

In 1992, the Philippine Congress enacted Republic Act No. 7586 establishing the National Integrated Protected Areas System (NIPAS) for the Philippines. The NIPAS law mandates the creation of a system of protected areas to conserve biodiversity. It also provides for the establishment of an Integrated Protected Area Fund (IPAF) for purposes of financing the projects of the system. All

funds generated from the protected areas shall accrue to the IPAF. Seventy-five percent of IPAF accrues to a sub-fund while the remaining 25 percent is accumulated in the central fund. The former is for the exclusive use of the protected area generating the revenues.

The NIPAS law and its Implementing Rules and Regulations outline the process in the formulation of economic instruments in protected areas to generate revenues for the IPAF. The Secretary of the DENR is empowered to "... fix and prescribe reasonable NIPAS fees to be collected from government agencies or any person, firm or corporation deriving benefits from the protected areas." Further, he is also empowered to "accept in the name of the Philippine Government and in behalf of NIPAS funds, gifts or bequests of money for immediate disbursement or other property in the interest of the NIPAS, its activities, or its services".

The NIPAS law, however, does not provide detailed guidelines in determining rentals for the use of government land, including protected areas. On the other hand, Commonwealth Act 141 of 1936, more popularly known as the Land Code, contains specific provisions in determining rentals of government land leased to private entities directly benefiting from the activity. Chapter IX, Section 64 states that:

"The leases executed under this chapter by the Secretary of Agriculture and Natural Resources shall, among other conditions, contain the following:

- a) The rental shall not be less than three per centum of the appraised or reappraised value of the lands plus one per centum of the appraised or reappraised value of improvements.
- b) The land rented and the improvements thereon shall be reappraised every ten years of the term if the lease is in excess of that period."

Hence, it is very clear that the PAMB, which acts in behalf of the DENR in protected areas, can legally charge a rental fee for the use of government land. The rental fee should not be less than three percent of the reappraised value of the land plus one percent of the value of improvements. Such improvements are defined in Section 64 (d) of the same Code, which states that "the lessee shall construct permanent improvements appropriate for the purpose for which the lease is granted...." Hence, the value of any development made on the land, which directly contributes to the operations of the company, can be used as basis for the rental fee.

### *3.2 Proposed Fee System Guidelines*

To implement the provisions of the NIPAS law, guidelines for setting fees in protected areas were drafted. The types of use of protected areas and its resources were identified. More importantly, it developed a typology of fees that may be charged for the different types of use. The development fee is applicable to the operations of telecommunication companies in MKRNP. The development of land and space includes, among others, shops for rental or recreational equipment such as boats, fishpens and fishcages, tapping of geothermal energy, impounding of water for electric power generation and for any other purpose, construction of lodging facilities for tourism, and construction of highways and relay stations. Commercial development activities are categorized in terms of

capital investment of each development project in accordance with the Department of Trade and Industry (DTI) guidelines.

Based on the above, it is proposed that a fee should be assessed as outlined by the following guidelines and principles:

- a) Development fees shall cover the use of land or other resources or the privilege of undertaking small-scale, medium-scale and other bigger scale development in protected areas for whatever purpose. The fee is for a specified period of time and for a specific nature of development. The privilege is granted to a person or entity.
- b) Any development of land and other resources in a protected area shall not alter the landscape and shall not significantly disrupt normal ecological functions and processes.
- c) The PAMB shall, to the extent feasible, enter into co-production, joint venture or production-sharing agreements with interested parties in the commercial extraction and/or development of resources in protected areas.
- d) The government share in these agreements shall be a reasonable proportion of the excess profits derived from the commercial extraction of these resources.
- e) All types of development are required to undergo an EIA as prescribed by PD 1586 and other pertinent laws and regulations.

The guidelines are anchored on the principle of sustainable use of resources within protected areas. Sustainable use is defined as the rate of extraction that is lower than either the rate of regeneration or the rate that shall not endanger life forms inside the protected area. Hence, in implementing a development fee, it is implicit that the use in question is within the carrying capacity of the area, as determined earlier by the proper authorities. The fee thus precludes any environmental damages that should be included in its estimation.

### *3.3 Economic Framework: Willingness-to-Pay for Development Privileges*

The draft Fee System Guidelines for protected areas recommend willingness-to-pay (WTP) as the basis of all fees for resource users. For recreational users their WTP is primarily determined by the recreational benefits derived from visits to the protected area. The WTP is estimated through contingent valuation or travel cost surveys. In the case of the development of land and space such as for telecommunication facilities, the WTP may be determined by the net benefits derived by the companies from their operations. An indicator of the net benefits is the excess profit. In the case of MKRNP, excess profit (also called rent) realized by the firms is attributable to its location and altitude. Initial investigations show that the summit of MKRNP has no match in these respects. Such information may either be based on surveys of telecommunication firms or from a hypothetical firm that is operating at an efficient level.

Hartwick and Olewiler (1998) provide a good definition of economic/ resource rent or excess profit. "Rent is a surplus - the difference between the price of the good produced using a natural resource and the unit costs of turning that natural resource into the good. The unit costs include the value of labor, capital, materials, and energy inputs used to convert the natural resource into a product. What remains after these factor inputs are netted out is the value of the natural resource itself - the land, water... fish, minerals, forests, and environmental resources such as air and water."

The above definition of excess profit is estimated from production costs and earnings using the following formula:

$$EP = GR - CP \quad (1)$$

$$CP = W + RM + TrC + \sum K_i (\delta_i + r) + r*WC \quad (2)$$

where: EP = economic rent  
GR = gross revenues  
CP = costs of production  
W = wages  
RM = raw materials  
TrC = transport costs  
K<sub>i</sub> = fixed capital investments  
δ<sub>i</sub> = depreciation rate of K<sub>i</sub>  
r = discount rate  
WC = working capital

The depreciation rate is specific to each type of investment and depends on the economic life of that particular fixed investment being measured. On the other hand, the discount rate can be represented by the official social discount rate used in government project evaluation procedures. At present, this rate is 12 percent to 15 percent. Finally, working capital refers to the variable expenses borne by the producer, i.e., wages, raw material expenditures, and operating and maintenance expenses. Of relevance to the telecommunication facilities, however, are primarily fixed capital investments and maintenance costs associated with the facilities. Working capital are associated with the overall operations of the firms and not specific to the facilities at MKRNP.

It is recommended in the draft guidelines that the PAMB allot some portion of the Surplus to the developers as an incentive for technological and other innovations. Hence, they should not collect the entire excess profit, although it is by nature, a surplus.

### 3.4 Survey Approaches and Methods

The team composed of ENRAP, PAWB and PPSO representatives first made a presentation of the study proposal to the PAMB of Mt. Kitanglad on May, 1998. The companies covered by the study were interviewed on-site as well as in their Manila offices. A matrix was provided for them to fill out. This included questions on the acquisition and maintenance costs of their MKRNP facilities, communication traffic handled by the facilities, and other parameters for computing excess profit.

The Memorandum of Agreement (MOA) between each company and the PAMB/DENR were also gathered. The terms and conditions in the MOA and other taxes, charges and fees already paid by the firms to LGUs and other government entities serve as the benchmark for comparing the appropriate fees based on the excess profit and on the provisions of Commonwealth Act (CA) 141.

The on-site interview was conducted in May 1998. At that time, most companies declined to provide the data requested for in the survey; instead, they referred the team to their respective Manila offices. It took the team almost a year to get the companies to supply

the needed data on revenues and costs. An endorsement letter from PASU Mirasol was requested sometime in February, 1999 to facilitate the survey. Still, not all companies complied. Only one company provided the team with the complete set of data requirements. With respect to data on the cost of the facility, five companies complied while one company could not provide such data because their facility was under construction at that time. Only one company gave figures on revenues generated by the facility. Two scenarios were used for the other firms. First, the revenue share of the company with complete information was applied to the nationwide revenues of all other firms. The second scenario used the estimates of their revenue shares gathered by phone interviews from their key personnel at their Manila offices.

#### 4. Study Results

##### 4.1 Valuation of the Terms and Conditions of the Memoranda of Agreement

Five of the seven privately owned companies have existing MOA with the PAMB, while one has an agreement with the Central Office of DENR. *Appendix B* contains the typical MOA entered into by the PAMB of MKRNP with the private firms. *Table 1* summarizes the terms and conditions specified in the various MOA between DENR and the firms. Five out of six of these MOAs required reforestation of denuded areas within MKRNP with endemic tree species. However, only four have complied so far. Nevertheless, the valuation exercise was conducted for all five companies, on the assumption that all of them will comply with the MOA provisions eventually. In lieu of reforestation, one company paid for the rehabilitation of the visitors' quarters at MKRNP.

As shown in *Table 1*, the terms and conditions of the MOA vary across companies. One MOA stipulated the establishment of a communication network to assist PAMB's administration and management functions. On the other hand, three conditions, i.e., reforestation, initiation of a community-based project, and assignment of company employees to serve as forest protection volunteers, were found to be common to five MOAs. Only the payment of administrative fees and hiring of indigenous peoples (IPs) for construction of telecommunication towers were included in all six MOAs.

The valuation of the terms and conditions of the MOA focused on aspects where data are available. Required information for valuation includes degree of compliance and cost parameters. The costs of hiring IPs in the construction of the facilities are not included in the valuation as these are normal building costs. Labor costs form part of the acquisition costs of the facilities.

The cost of reforestation was based on the ceiling - - PhP18,145 per hectare, prescribed by the Forest Management Bureau (FMB). Also included were the monitoring costs in maintaining the reforestation project. It is assumed that one person monitors the project once a month and spends 40 percent of the time at the site (as verified by the FMB). This amount was no longer pro-rated according to the size of the reforestation project because monitoring time may not differ significantly for projects one hectare or smaller.

As mentioned earlier, there is one MOA that does not require reforestation, rather, the company was asked to contribute in cash for the rehabilitation of the visitors' quarters on the summit. The annual value of this commitment was computed based on the estimated 25-year economic life of the visitors' quarters, rather than the duration of the MOA. It may be unrealistic to assume that every

renewal of the MOA would require the same commitment as this would be vastly different from the usual payments made by the other companies.

Five companies were also required to pay an administrative fee of PhP5,000 each, while one paid an amount of PhP1,205 to the Community Environment and Natural Resource Office (CENRO). These amounts were included in imputing value to the provisions of the MOA.

Finally, four companies made a one-time payment of PhP60,000 to the Municipality of Impasug-ong as business fees. This amount was pro-rated on the basis of the average 25-year economic life of their towers on Mt. Kitanglad. *Table 2* contains the results of the valuation of the provisions of the MOA. The average total contribution is PhP109,621 per company for the duration of the MOA, while the average annual value of the MOA and LGU payments is PhP6,872. Reforestation commitments and cash contributions account for 60 percent of the average total contribution of each firm.

#### *4.2 CA 141 as Basis for Rental Fees*

As mentioned earlier, an alternative basis in charging rental fees would be Commonwealth Act 141. *Table 3* shows the average annual rental fee that can be charged against the telecommunication facilities located on Mt. Kitanglad using the provisions of CA 141. The 3 percent reappraised value of the land was not computed, given the lack of basis for valuation. Hence, rental fees were computed only on the basis of the value of land improvements. Nevertheless, the results warrant further discussion. On the average, the government can charge a maximum of PhP30,239 as rental fees per firm per year for the use of the summit. As mentioned in the earlier discussion, this amount is much higher than what the companies are actually paying the PAMB per their respective MOA.

#### *4.3 Estimates of Excess Profits*

The third part of the study deals with the estimation of excess profit generated by the seven companies. The draft fee system guidelines provide for the computation of excess profit. However, to be able to come up with accurate measurements of excess profit, the relevant revenues and costs used in computing for such should be directly attributable to the facilities within MKRNP.

Except for one company, revenues from the operations of their Mt. Kitanglad facilities could not be determined. The available data are usually financial statements published in annual reports of companies. Other data that could indicate the contribution of the MKRNP facilities such as client coverage and communication traffic were not available.

To derive the parameters to compute for revenues, costs, and gross profits, the data from company A is used. The share of income from its MKRNP facility compared to its nationwide income was computed. This figure was then used for the other companies as well in estimating the profits directly attributable to MKRNP. This represented the first scenario. A second revenue allocation procedure (scenario 2) makes use of rough estimates made by technical personnel of the companies' Manila offices. Interviews were done by telephone, and the interviewees based their responses on their knowledge of the companies' operations nationwide.

In computing for excess profit, a margin for profit and risk (MPR) equivalent to 30 percent of the companies' production costs was allocated. The maximum MPR provided for in the draft guidelines was used to arrive at conservative estimates of excess profit. Production costs were

represented by the cost of the tower alone. Working capital was not included as these are incurred by the companies' operations and not specifically by the facilities at the MKRNP summit.

*Table 4* shows the estimates of excess profit. On the average, companies earn PhP1,832,375 from the operations of their Mt. Kitanglad facility, under Scenario 1. Using the second set of assumptions, annual MKRNP incomes are even bigger at an average of PhP1,942,849 per firm. After deducting their respective MPRs, companies on the average enjoy an excess profit of PhP903,556 a year under Scenario 1, and PhP1,036,124 under Scenario 2.

The attribution of net income to MKRNP facilities was done conservatively relative to the advantages offered by its strategic location and altitude. As mentioned earlier, MKRNP has no close substitute for locating these towers as gateways to Mindanao, making them very vital links in the nationwide operations of these firms.

The results in *Table 4* further show that although the average excess profit was substantial, almost half of the firms had negative excess profits for the fiscal year 1997. In particular, Companies B, C and G had negative excess profits. For Company B, nationwide costs had already exceeded nationwide revenues, hence net income was already negative to start with. This is because the company had just started to expand its operations in Mindanao. A large part of its costs were start-up expenses, and should be annualized to reflect the appropriate costs for the analysis. Revenues are expected to increase enormously once their operations normalize. For Company C, its public statement showed a huge amount attributed to fixed charges. This may have been due to an expansion of the company during the year in question. Hence, excess profit for these companies may have been underestimated.

## 5. Recommendations

The draft fee system guidelines recommend WTP as the basis for determining development fees in the use of resources within protected areas. WTP, in this case, is indicated by the excess profit of the telecommunication companies. The negative excess profits should not deter the PAMB from charging development fees given the very conservative estimates of net income and the normal expansion outcomes that businesses usually undergo.

The study therefore recommends that the PAMB charge development fees against the telecommunication companies using either CA 141 or the average estimated excess profit as basis. Using CA 141, the PAMB can charge at least PhP30,239 per firm per year. In using the guidelines, it can charge even higher at an average of PhP90,356 per year per firm, if a 10 percent of the estimated average excess profit is applied.

Indeed, the PAMB foregoes considerable potential rental income with the provisions of the MOA signed with the telecommunication companies. On a yearly basis, the PAMB is foregoing revenues by as much as PhP23,367 to PhP83,483 per firm on the average (*Table 5*). Extending this to the duration of the MOA, the PAMB is foregoing revenues by as much as PhP116,836 to PhP417,417 per firm. For all firms that have existing MOA with the PAMB, the foregone rental revenues reach PhP701,014 to PhP2,504,503. Needless to say, the potential revenues that can be generated by charging development fees can be substantial enough to allow for better management and maintenance of the MKRNP.

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**Table 1**  
**Summary of Contributions of Telecom Companies**  
**as Specified in their Memoranda of Agreement (MOAs) with the PAMB**

Nature of Contribution	Percent of Total Firms Required	Compliance
1. Reforestation and maintenance	83%	80%
2. Designation of assigned telecom employees as forest protection volunteers	83%	100%
3. Provide garbage receptacles, sanitary facilities at the summit	67%	100%
4. Payment of administrative fees	100%	100%
5. Assistance to PAMB in the establishment of communication network for better park administration and management	17%	0%
6. Initiate a community-based project	83%	0%
7. Assist in the construction of steel stairs towards the summit	33%	100%
8. Employment of IPs in the construction of telecom towers, etc.	100%	100%
9. Support rehabilitation of visitors' quarters w/ specified amount	17%	100%

Note: Except for items 1, 4 and 9, the other contributions were not monetized because of lack of information and/or compliance. Where companies complied, the parameters needed for valuation are not available.

For item 8, the cost of this is embedded in the acquisition costs of the towers.

Source: Department of Environment and Natural Resources Regional Office X

**Table 2**  
**Value of Contribution of Telecom Companies**  
**Based on MOA Terms and Conditions and Direct Payments to LGUs**  
**(amount in PhP)**

Firm/ Company	Duration of MOA (yrs.)	Area (has.)	Reforestation Commitments			Sub-Total	Administrative Fees	Lump-sum Payment to LGUs 3/	Total Contribution 4/	Annualized Value 5/
			Imputed Costs of Reforestation (PhP) 1/	Cash Contribution	Imputed Maintenance Costs (PhP) 2/					
A	25	0.02	363	-	17,880	18,243	1,205	n/a	19,448	778
B	5	1	18,145	-	3,576	21,721	5,000	60,000	86,721	7,744
C	5	1	18,145	-	3,576	21,721	5,000	60,000	86,721	7,744
D	5	0.25	4,536	-	3,576	8,112	5,000	n/a	13,112	2,622
E	5	n/a	-	300,000	-	300,000	5,000	60,000	365,000	14,600
F	5	1	18,145	-	3,576	21,721	5,000	60,000	86,721	7,744
G	n/a	n/a	-	-	-	-	-	n/a	-	-
<b>Average</b>	<b>8.3</b>	<b>0.65</b>	<b>11,867</b>	<b>300,000</b>	<b>6,437</b>	<b>65,253</b>	<b>4,368</b>	<b>60,000</b>	<b>109,621</b>	<b>6,872</b>

Notes:

<sup>1</sup> Reforestation costs were computed based on the PhP 18,145 government ceiling for reforestation costs.

<sup>2</sup> Estimated at 12 man-days per year to maintain/ protect one hectare of reforested land, multiplied by PhP 149 per man-day and duration of MOA

<sup>3</sup> One-time payment to LGU.

<sup>4</sup> Value of reforestation commitment plus administrative fees and one-time payment to LGU.

<sup>5</sup> Total contribution divided by duration of MOA for reforestation costs and administrative fees, and by average lifespan of towers for cash contribution and payment to LGU.

**Table 3**  
**Computation of Rental Fees for Telecom Facilities**  
**Operating on Mt. Kitanglad**  
**Based on Commonwealth Act 141**

Firm/ Company	Reappraised Value of Land	Value of Improvements 1/ (PhP)	Rental Fee 2/ (PhP)
A	n/d	1,675,000	16,750
B	n/d	2,459,800	24,598
C	n/d	10,290,758	102,908
D	n/d	125,000	1,250
E	n/d	n/d	n/d
F	n/d	3,223,014	32,230
G	n/d	370,000	3,700
<b>Average</b>	-	<b>3,023,929</b>	<b>30,239</b>

n/d = no data available

<sup>1</sup> Value of improvements = investment cost of telecom facilities at MKRNP

<sup>2</sup> Equal to 1% value of improvements

**Table 4**  
**Estimates of Excess Profit of Telecom Companies Operating on MKRNP**  
**Fiscal Year 1997**  
**(Amount in PhP)**

Firm/ Company	Nationwide Revenues	Nationwide Costs	Nationwide Income	Share of MKRNP to Net Income		Margin for Profit and Risk <sup>3/</sup>	Excess Profit	
				Scenario 1 <sup>1/</sup>	Scenario 2 <sup>2/</sup>		Scenario 1	Scenario 2
A	5,644,862,000	4,393,195,000	1,251,667,000	8,886,836	8,886,836	502,500	8,384,336	8,384,336
B	767,875	1,105,255	(337,380)	(2,395)	(13,495)	737,940	(740,335)	(751,435)
C	1,264,292,157	1,258,975,339	5,316,819	37,749	265,841	3,087,227	(3,049,478)	(2,821,386)
D	421,409,195	411,364,031	10,045,164	71,321	502,258	37,500	33,821	464,758
E	2,235,428,039	1,953,695,076	281,732,963	2,000,304	2,000,304	-	-	-
F	n/d	n/d	-	-	-	966,904	-	-
G	3,594,541	3,533,148	61,393	436	15,348	111,000	(110,564)	(95,652)
<b>Average</b>	<b>1,595,058,968</b>	<b>1,336,977,975</b>	<b>258,080,993</b>	<b>1,832,375</b>	<b>1,942,849</b>	<b>907,179</b>	<b>903,556</b>	<b>1,036,124</b>

n/d = no data available

<sup>1/</sup> For Scenario 1, Company A's share is applied to all other firms

<sup>2/</sup> Scenario 2:

Company A's & E's shares = 71%

Company B's share = 4%

Company C's & D's shares = 5%

Company G's share = 25%

<sup>3/</sup> Margin for Profit and Risk is set at 30% of the cost of facility at MKRNP as listed in Table 3.

**Table 5**  
**Comparison of the Value of MOA Contributions**  
**and Alternative Rental Estimates**

Description	Average Amount
A. Value of MOA Contribution (PhP/year per firm)	6.872
B. Alternative Rental Estimates	
1. Commonwealth Act 141 (PhP/year per firm)	30.239
2. Excess Profit (10% of lower estimate) (PhP/year per firm)	90.356
C. Rental Foregone Per Year 1/	
1. Based on CA 141 (PhP/year per firm)	23.367
2. Based on Excess Profit (PhP/year per firm)	83.483
D. Rental Foregone for Duration of MOA 2/	
1. Based on CA 141 (PhP per firm)	116.836
2. Based on Excess Profit (PhP per firm)	417.417
E. Rental Foregone for all Firms for Duration of MOA 3/	
1. Based on CA 141 (PhP)	701.014
2. Based on Excess Profit (PhP)	2,504.503

1/ Amounts in B less amount in A

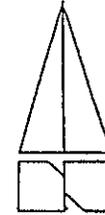
2/ Amounts in C multiplied by average duration of MOA, i.e., 5 yrs.

3/ Amounts in D multiplied by 6 firms (6 out of 7 firms have MOAs with DENR)

**FIGURE 1**

**Mt. Kitanglad Range Natural Park  
Political Boundary**

taken from the  
**Mt. Kitanglad Range Natural Park  
Initial Protected Area Plan**  
prepared by the DENR Region X Office



MT. KITANGLAD RANGE  
NATURAL PARK

POLITICAL BOUNDARY

AREA = 30,642 Hectares  
SCALE 1:250,000

LEGEND :

Mun. of Lantapan . . . . .	
Mun. of Malaybalay . . . . .	
Mun. of Impasug-ong . . . . .	
Mun. of Sumitao . . . . .	
Mun. of Maholo Fortich . . . . .	
Mun. of Libona . . . . .	
Mun. of Baugon . . . . .	
Mun. of Talakag . . . . .	
Park Boundary . . . . .	
Municipal Boundary . . . . .	
Buffer Zone . . . . .	

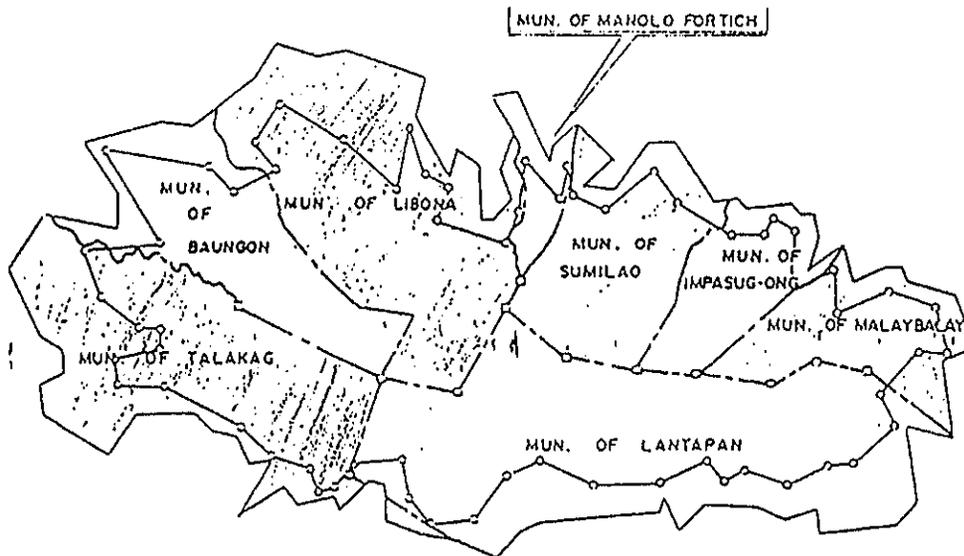


FIGURE 1

**FIGURE 2**

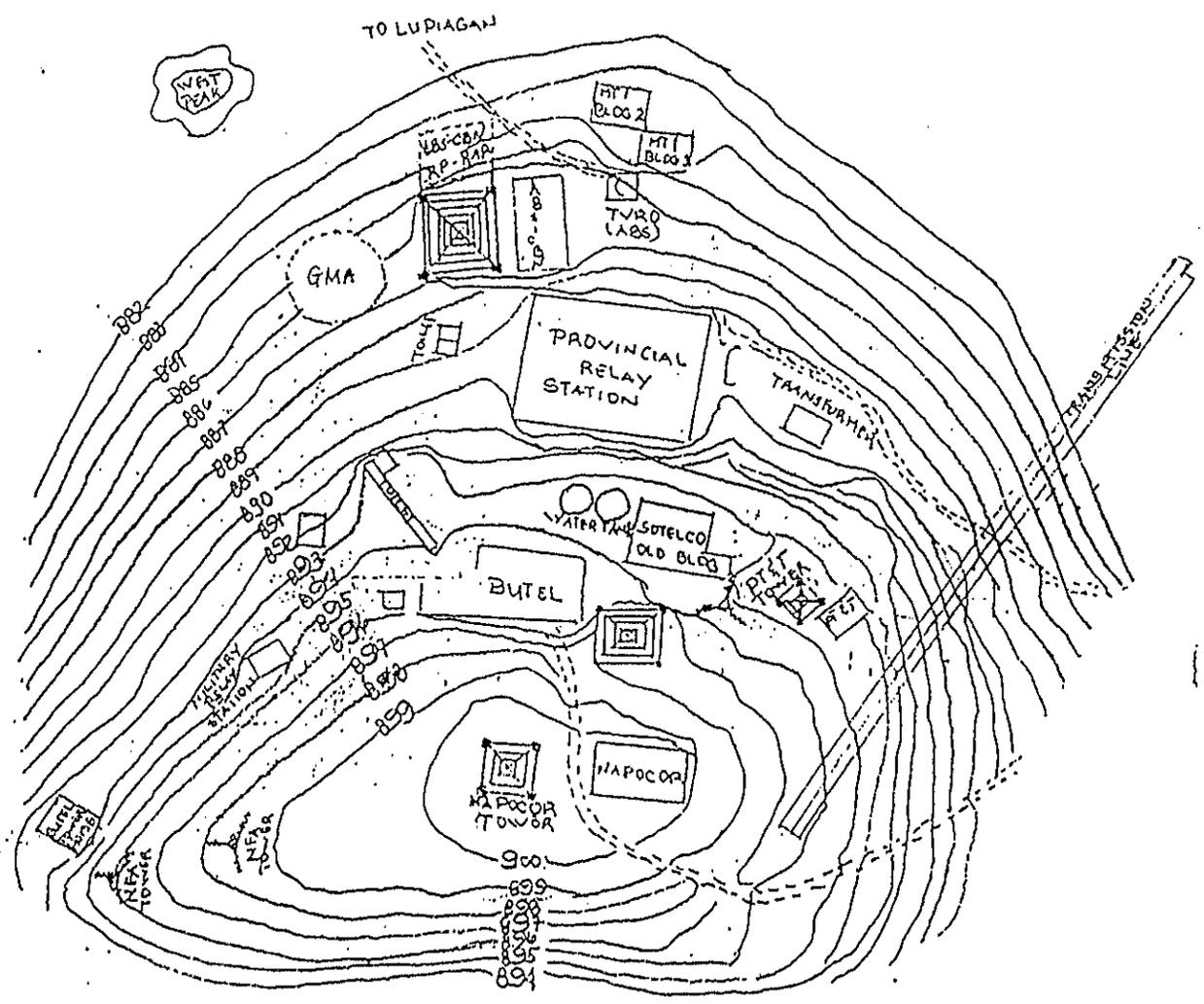
**Existing Structures at the Summit of  
Mt. Kitanglad Range Natural Park**

**Department of Environment and Natural Resources  
Office X-4**

**Prepared by  
GMA Network Incorporated  
GMA Complex  
EDSA corner Timog Avenue, Diliman, Quezon City**

**April 2, 1997**

15a



## References

Commonwealth Act No. 141, as Amended, 1975. "*An Act to Amend and Compile the Laws Relative to Lands of the Public Domain*". Chapter IX. Section 64 (a) and (d).

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GMA Network, Inc. 1997. *Existing Structures at the Summit of Mt. Kitanglad Range Natural Park*. GMA Network, Inc., Diliman. Quezon City.

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Nordic Agency for Development and Ecology (NORDECO) and Department of Environment and Natural Resources (DENR) 1998. *Technical Report. Integrating Conservation and Development in Protected Area Management in Mount Kitanglad Range Natural Park, The Philippines*. NORDECO, Copenhagen, and DENR, Manila.

Republic Act No. 7586. "*National Integrated Protected Areas System Act of 1992*". Section 10 (f).

Hartwick, J. M. and N. D. Olewiler. 1998. *The Economics of Natural Resource Use*. Second Edition. Reading, Massachusetts: Addison-Wesley

**End Notes**

1. Most information was taken from Mt. Kitanglad Range Natural Park Initial Protected Area Plan prepared by the Department of Environment and Natural Resources (DENR) Region X Office, except where otherwise indicated.
2. Nordic Agency for Development and Ecology. Integrating Conservation and Development in Protected Area Management, Mount Kitanglad Range Natural Park, Quezon City. 1998
2. Ibid.
3. Ibid.

**DENR ADMINISTRATIVE ORDER**

No. 99 - \_\_\_\_

**SUBJECT : Guidelines and Principles in Determining Fees for Access to and Sustainable Use of Resources in Protected Areas.**

Pursuant to the provisions of Republic Act 7586 otherwise known as the National Integrated Protected Areas System (NIPAS) Act of 1992 and its Implementing Rules and Regulations, and in order to provide guidelines and principles in accessing and sustainably using resources in protected areas, this Order is hereby issued for the guidance of all concerned.

**SECTION 1  
TITLE**

This Order shall be known as "*Guidelines and Principles in Determining Fees for Access to and Sustainable Use of Resources in Protected Areas*".

**SECTION 2  
OVERRIDING PRINCIPLES IN THE UTILIZATION  
OF RESOURCES IN PROTECTED AREAS**

- 2.1 Sustainability is the overriding consideration in determining all types and rates of use of all resources in protected areas. Sustainable use shall be operationalized as follows:
  - 2.1.1 For the extraction of renewable resources such as forest flora and fauna and other forest products, surface and ground water, fisheries, geothermal energy and similar resources, sustainable use shall be the rate of extraction that is lower than either the rate of regeneration or the rate that shall endanger life forms inside the protected area. The rate of use shall be within the carrying capacity of the protected area and its immediate surroundings when taken individually or collectively or in relation to other uses of the area and that any form of use shall maintain the socio-economic and cultural aspect of the area.
  - 2.1.2 Any development of land and other resources in a protected area shall not alter the landscape and shall not significantly disrupt normal ecological functions and processes.
  - 2.1.3 The recreational use of resources for tourism, for filming or photography, shall preserve the natural landscape and not put significant stress on living resources by considering the carrying capacity of the area.
  - 2.1.4 In the process of resource utilization, the introduction of substances or chemicals harmful to the environment shall not be allowed.

- 2.2 Subsistence use of resources by IPs and tenured migrants shall be exempt from the payment of user fees.
- 2.3 Pending the issuance of certification by the National Commission on Indigenous People (NCIP) in accordance with the Indigenous Peoples Rights Act (IPRA), IPs in protected areas shall be given preferential access to and be levied lower fees for the commercial extraction of allowable resources in protected areas.
- 2.4 Prior to the full implementation/operation of the IPRA Law, free and informed prior consent from indigenous people shall be sought in the gathering of biological and other resources within protected areas.
- 2.5 The collection and research of biological and genetic resources in protected areas for scientific and/or related purposes shall be governed by the provisions of Executive Order No. 247 (Prescribing Guidelines and Establishing a Regulatory Framework of Biological and Genetic Resources, their By-Products and Derivatives) and its implementing rules and regulations, if applicable.

### SECTION 3 OBJECTIVES

It shall be the objective of this Order to set forth the procedure which DENR through the Protected Areas and Wildlife Bureau (PAWB) and the Protected Area Management Boards (PAMBs) shall follow in determining fees for access to and sustainable use of resources located in protected areas for subsistence, recreational, extractive, commercial, and all other purposes.

### SECTION 4 SCOPE

This Order shall cover identified major uses of all resources and facilities in areas comprising the National Integrated Protected Areas system (NIPAS).

### SECTION 5 DEFINITION OF TERMS

- 5.1 *Carrying capacity* - refers to the ability of the natural or environmental resource to absorb stress without experiencing unacceptable instability and degradation.
- 5.2 *Commercial Use* - is the use of resources in excess of subsistence use.
- 5.3 *Cottage-Scale Development* - any development that requires an investment of PhP 150,000 to 1.5 million.
- 5.4 *Development of Land and Other Resources* - involves all forms of improvement or enhancement of land and other resources within a protected area for any purpose.

- 5.5 *Extractive Use* - is the use of resources involving gathering, tapping, diverting, or any form of removal of resources within the designated multiple use zone, sustainable use zone and buffer zone.
- 5.6 *Final Consumption* - refers to use of resources where the resource is no longer used as input to production of other goods or services.
- 5.7 *Fishing* - is the taking of fishery species from their wild state or habitat, with or without the use of fishing vessels.
- 5.8 *Indigenous Cultural Communities/Indigenous People (ICCs/IPs)* - refer to a group of people or homogenous societies identified by self-ascription and ascription by others, who have continuously lived as organized community on communally bounded and defined territory, and who have, under claims of ownership since time immemorial, occupied, possessed and utilized such territories, sharing common bonds of language, customs, traditions and other distinctive cultural traits, or who have, through resistance to political, social and cultural inroads of colonization, non-indigenous religions and cultures, become historically differentiated from the majority of Filipinos. ICCs/IPs shall likewise include peoples who are regarded as indigenous on account of their descent from the populations which inhabited the country, at the time of conquest or colonization, or at the time of inroads of non-indigenous religions and cultures, or the establishment of present state boundaries, who retain some or all of their own social, economic, cultural and political institutions, but who may have been displaced from their traditional domains or who may have resettled outside their ancestral domains (Section 3(h), RA 8371).
- 5.9 *Medium-Scale Development* - any development that requires an investment of above PhP 1.5 million to 60 million.
- 5.10 *Marketed Resources* - are resources which use entails voluntary exchange involving monetary transaction or non-monetary transaction as in the case of barter.
- 5.11 *Micro-Scale Development* - any development that requires an investment of PhP 150,000 and below.
- 5.12 *Non-marketed Resources* - are resources which use does not entail market transaction.
- 5.13 *Recreational Use* - is the use of resources for the primary purpose of personal enjoyment but which does not entail any form of extraction, except, for example, in recreational or sports fishing where a regulated number of fish may be taken.
- 5.14 *Resources* - refer to all living and non-living, renewable or non-renewable, including but not limited to terrestrial, aquatic or both, surface or subsoil resources found within protected areas.
- 5.15 *Small-Scale Development* - any development that requires an investment of above PhP 1.5 million to 15 million.
- 5.16 *Subsistence Use* - is the use of resources to satisfy the minimum basic requirements of households of indigenous cultural communities and tenured migrants including but not limited to food, dwelling, clothing, medical assistance and recreation.

- 5.17 *Sustainable Use* - is the use of components of biological diversity in a way and at a rate that does not lead to the decline in the species used, thus, maintaining its potential to meet the needs and aspirations of the present and future Filipino generations.
- 5.18 *Tenured Migrant* - or communities within protected areas are those who have actually and continuously occupied area five (5) years before the designation of such as protected area in accordance with the NIPAS Act and are solely dependent on the resource for subsistence ( Sec. 4(1). RA 7586).

## SECTION 6 TYPES OF USES

The following are the types of uses of resources in protected areas on which fees shall be assessed or may be applied.

- 6.1 Subsistence use shall include but not limited to hunting of wildlife for household consumption, gathering of forest products for house construction, agriculture or fish culture to raise crops or fish for household consumption. Subsistence use shall be for the benefit of indigenous cultural communities and tenured migrants only.
- 6.2 Recreational use shall include but not limited to land, water-based activities such as snorkeling, SCUBA diving, swimming, boating, mountain climbing, trekking, picnicking, and bird watching, filming and photography; and all other similar activities as may be determined and allowed by the Protected Area Management Board (PAMB).
- 6.3 Extractive use shall include but not limited to: a) extraction or diversion of water for irrigation or domestic uses; b) collection or gathering of forest products such as vines, rattan, bamboo, resin, ornamental plants, bird's nest, guano, honey; c) collection of wildlife such as monkeys, wild pigs, butterfly.; d) extraction of flora and fauna and its by-products, parts and derivatives, including, but not limited to leaves, blood and samples; e) fishing either in small or commercial scale.
- 6.4 Commercial use shall refer to the development of land and other resources such as construction of kiosks for vending food and souvenir items; construction of tourist and lodging facilities; shops for rental of recreational equipment such as boats, and such other activities as may be allowed by the Management Plan and in accordance with Department of Trade and Industry (DTI) guidelines.

Further, it shall also include existing activities relating to the use of geothermal energy, water resources for electric power generation, use of fishpens and fishcages, use of highways, relay stations and similar communication or transportation structure.

## SECTION 7 TYPES OF FEES

- 7.1 *Protected Area Entrance Fee* - is a fee paid to enter a protected area.
- 7.2 *Facilities User Fee* - is a fee paid for the privilege of using man-made facilities inside a protected area.
- 7.3 *Resource User Fee* - is a fee paid for the sustainable commercial use of a specified quantity of resources within protected area over a specified period of time.
- 7.4 *Concession Fee* - is a fee paid for the use of land or other resources for the privilege of undertaking micro and cottage-scale development for a specified period of time and for a specified nature of development.
- 7.5 *Development Fee* - is a fee paid for the use of land or other resources for the privilege of undertaking small, medium and other bigger scale development in protected areas to the extent as may be allowed by PAMB and in accordance with the Management Plan for a specified period of time and for a specific nature of development.
- 7.6 *Royalty* may be defined as a fee paid based on the gross output value or gross sales from products out of resources derived from a protected area.

## SECTION 8 SPECIFIC GUIDELINES AND PRINCIPLES IN DETERMINING FEES

One or more guidelines and/or principles may be employed in determining fees based on the following: a) capability to approximate closely the correct fee; b) availability of data as basis for computations; and c) costs to be incurred in estimating the fee.

### 8.1 Protected Area Entrance Fees and User Fees

#### *Specific Principles*

- 8.1.1 *Cost-recovery principle* - For Protected Area Entrance Fees, collected revenues shall cover, as much as possible, a reasonable proportion of all costs incurred in protecting, maintaining and enhancing the natural attractions of the protected area. For Facilities User Fees, collected revenues shall cover, as much as possible, a reasonable proportion of all costs incurred in providing and maintaining the man-made facilities in the protected area.
- 8.1.2 *Willingness-to-pay principle* - For Protected Area Entrance Fees, these shall be based on the willingness-to-pay estimates of the visitors based on appropriate surveys.

### *Guidelines*

- 8.1.3 Protected Area Entrance Fees shall cover access to the protected area. If applicable, an additional Facilities User Fee shall cover access to and the use of man-made facilities in the protected area.
  - 8.1.4 For Protected Area Entrance Fees, the willingness-to-pay principle shall be the primary basis for computing fees. However, if information is not available, the cost-recovery principle shall be the basis of computation.
  - 8.1.5 For Facilities User Fees on man-made facilities managed by private entities, rates shall be determined by the private entity but shall be comparable to fees charged for the use of similar facilities in a comparable location. All Facilities User Fees shall be determined in consultation with the PAMB.
  - 8.1.6 For Facilities User Fees on man-made facilities managed by the government, these shall be determined using the cost-recovery principle and shall be comparable to the fees for the use of privately managed facilities with similar characteristics.
  - 8.1.7 A three-tiered system of Protected Area Entrance Fees shall be developed: lower rates for Filipino students and senior citizens; normal rates for other Filipino visitors; lower rates for minors; higher rates for all foreign visitors.
- 8.2 Resource User Fees, Development Fees and Concession Charges

### *Guidelines and Principles*

- 8.2.1 The PAMB shall, to the extent feasible, enter into co-production, joint venture or production-sharing agreements with interested parties in the commercial extraction and/or development of resources in protected areas.
- 8.2.2 The government share of the protected area through the Integrated Protected Areas Fund (IPAF) in these agreements shall be a reasonable proportion of the excess profits derived from the commercial extraction of resources.
- 8.2.3 All types of development are required to undergo EIA System as prescribed under PD 1586 and other pertinent laws and regulations.

### 8.3 Royalty

#### *Guideline and Principle*

For any use of resources that result in the sale of goods or services where the value of total sales can be easily monitored, the resource fee may be based on royalty.

## SECTION 9 OTHER PROVISIONS

- 9.1 The computation of the excess profits shall be guided by the formula specified in *Annex A*. The corresponding government share from the excess profit shall be determined consistent with the appropriate instrument agreed upon by the contracting parties.
- 9.2 The rate of subsistence use shall be specified for each resource and where possible, for each household of indigenous people and tenured migrants. Such rate shall not exceed the rural annual capita threshold income by region as may be determined by the National Economic and Development Authority (NEDA).
- 9.3 The classification of development projects in protected areas in terms of investments shall be regularly updated in accordance with DTI guidelines.
- 9.4 The guidelines and principles enumerated herein shall be elaborated and operationalized in a handbook that shall be developed after pilot-testing in a sufficient number of protected areas.

## SECTION 10 RESPONSIBILITIES OF PAWB AND PAMB

- 10.1 PAWB shall:
  - 10.1.1 Take the lead in pilot-testing these guidelines and principles in key resources and uses in collaboration with the PAMBs and DENR Field Offices;
  - 10.1.2 Develop a manual to be used by PAMBs in the implementation of the guidelines and principles after pilot testing in a sufficient number of areas;
  - 10.1.3 Assist the PAMBs to operationalize the manual; and
  - 10.1.4 Assist in providing experts required by the PAMBs in the implementation of the guidelines and principles.
- 10.2 PAMB shall:
  - 10.2.1 Collaborate with PAWB in the pilot testing of the guidelines and principles;
  - 10.2.2 Be guided by the manual developed by PAWB in implementing the guidelines and principles;
  - 10.2.3 Approve all types of uses of resources in a protected area through a Memorandum of Agreement with the concerned entity;
  - 10.2.4 Conduct public consultations/dialogues with interested parties on proposed fees;
  - 10.2.5 Formulate and pass all resolutions required to enable and facilitate the collection of fees; and

10.2.6 Determine through consultations with indigenous people the traditional uses of resources within protected areas.

This Order shall take effect fifteen (15) days after publication and revokes, supersedes, and amends any order and/or instructions inconsistent herewith.

**ANTONIO H. CERILLES**  
Secretary

*version as of February 2, 1999*

## TECHNICAL ANNEX

### A. Computation of Excess Profit

The excess profit per year that arises from a natural resource-based activity shall be computed using the following formula.

$$\begin{aligned} \text{Excess Profit} &= \text{gross sales (GS) of natural resource-based product or service} \\ &\quad \text{Less cost of production} \\ &\quad \text{Less margin for profit} \\ &\quad \text{Less margin for risk} \end{aligned}$$

where:  $GS = (\text{quantity of product or service}) \times (\text{farm-gate price})$

Cost of Production includes:

payment for wages;

material cost, e.g., gasoline;

rentals for equipment, buildings, etc.;

depreciation; and

payments for taxes normally paid by any business enterprise  
(e.g., income taxes, permit fees, etc.)

Margin for Profit = normal return to entrepreneurial capita,  
usually determined through prevailing conditions  
in the financial market

Margin for Risk = a premium to cover losses from natural calamities  
and other causes

The margin for profit and risk shall be set at a maximum of 30 percent of the total cost of production.

Information to be used in computing for excess profits shall be based on a hypothetical company operating at an efficient level. Such information may be supplemented with data on the cost of the next-best-alternative. The cost of the next-best-alternative is the cost of providing equivalent goods and/ or services for the same market without using the resources of or derived from the protected area.

### B. Computation of Willingness-to-Pay

The willingness-to-pay for a natural resource good or service shall be computed from appropriate surveys employing accepted economic tools such as travel cost method or the contingent valuation method. These surveys shall arrive at an estimate of the willingness-to-pay for a natural resource good or service taking into account factors such as income, occupation, and nationality, among others.

Memorandum of Agreement

between

the Department of Environment and Natural Resources  
through the CPPAP, Mt. Kitanglad Range Natural Park Protected Area Management Board  
(PAMB)

and

Philippine Telephone & Telegraph Corporation

Jan. 14, 1996

SECRET

**BEST AVAILABLE COPY**

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This agreement is made and executed at Malaybalay, Bukidnon, Philippines by and between:

The Department of Environment and Natural Resources through the CDFPAP, Mt. Kitanglad Range National Park, Protected Area Management Board (PAMB) with principal office at Malaybalay, Bukidnon, represented herein by VICENTE S. PARAGAS, III Regional Executive Director, Region 10 and concurrent PAMB Chair, hereinafter called the First Party:

--and--

Top FT & T, a telegraph and telephone corporation duly organized and existing under the laws of the Republic of the Philippines, with principal place of business at the Spirit of Communication Center, C. Palanca Jr. Street, Legaspi, Villava, Masbate City, represented herein by *ALBERTO JR. ...* hereinafter referred to as the Second Party: *-VP. TSD*

WITNESSETH

WHEREAS, the First Party is mandated by law to decide matters relating to planning, peripheral or resource protection and general administration of the area in accordance with the General Management Planning Strategy (GMPS):

WHEREAS, the Department of Environment and Natural Resources Administrative Order No. 98-10 delegates the authority to enter into an agreement with other government agencies, NGOs and private institutions to the Protected Area Management Board (PAMB) from the DENR Secretary:

WHEREAS, the FT & T, through their authorized representative intends to apply for a Special Land Use Permit (SLOP) for its established relay station and two (2) units living quarters which are both existing at the Mt. Kitanglad Summit:

WHEREAS, the site survey conducted by the Protected Area Staff sometime on March 1995, disclosed that the operation will utilize only existing structures and does not require additional land utilization outside of their occupied area:

NOW THEREFORE, in view of the foregoing premises, the parties hereto have mutually agreed on by these presents they do hereby agree as follows:

A. That the First Party shall:

1. Authorize the Second Party the continuous use of the aforesaid parcel of land for continuous operation of its existing relay station and living quarters at the Mt. Kitanglad summit.
2. Provide the Second Party updates of the DENR issuances and EAMP acted policies involving their operations:

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3 Not be held liable for any loss/damage on the personal properties/belongings or injury or death to personnel assigned by the Second Party.

4 That the Second Party shall:

1 Reforest and maintain one (1) hectare degraded forest land within the Mt. Kitanglad, which area to be determined by the PAMB through the Protected Area Superintendent (PASu) to commence at least three (3) months from the effectivity of this Agreement, provided that, the work plan should first be approved by the PAMB.

2 Abide with the policies, rules and regulations set forth by the Committee on Resources Management and Infrastructure contained in Committee Report No. RM-01 and adopted under PAMS EXHIBIT Resolution No. 000-series of 1998. Copy of which is hereto attached as Annex 1 and form an integral part of this Agreement;

3 Require its employees detailed at Mt. Kitanglad to submit for deputization as Forest Protection Volunteers to assist in the enforcement of park rules and regulations;

4 Provide adequate sanitary facilities at least five (5) garbage receptacles, to be used by the personnel manning the station and park visitors authorized by the PAMB, adequate drainage system and help maintain sanitation of the Kitanglad Summit;

5 Inhibit any expansion outside the occupied area and size of the existing structures covered under this agreement without prior clearance from the PAMB.

6 Pay the corresponding administrative fees set by the PAMB and the notarial fee for this agreement;

7 Assist PAMB and its representative establish a communication network for a better park administration and management;

8 Initiate community-based project agreeable to the community as part of a corporate social responsibility.

9 Provide support to the PAMB and its representative to conduct inspection in pursuance to this agreement.

10 Assist in the construction of stairs made up of stool leading towards the summit along with the other users atop the summit.

11 Cease the construction of drainage system, pathway, stairs and garbage pit immediately after its assigned area as detailed in the Mt. Kitanglad Summit Development Plan.

12 Permanent and active participation to the program and activity of the Mt. Kitanglad Summit Stakeholders Organization.

#### FINAL CLAUSE:

Any abrogation and violation of the terms and conditions set forth in this memorandum of agreement shall be a valid ground for the cancellation of the agreement upon prior notice to parties concerned within the period of thirty (30) days from the discovery of the said violation and the filing of appropriate

Original charges in court in violation of P.A. 7586 and  
other applicable laws.

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EFFECTIVITY:

This agreement shall take effect upon signing of both parties and shall remain valid and enforceable for a period of five (5) years renewable for another five (5) years at the option of either of the parties.

IN WITNESS WHEREOF, the parties herein have hereunto set their hands this \_\_\_\_\_ day of \_\_\_\_\_ 1996 at Palaybalay, Bukidnon, Philippines.

Protected Area Management Board, Mt. Sibonga Range National Park PT & T

By:

By:

VICENTE S. PARAGAS  
LENR, PAMP Chair

A. P. ERMITA JR.  
V.P. TSD

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES  
Cagayan de Oro City

Before me, this \_\_\_\_\_ day of \_\_\_\_\_ 1996, personally appeared A. P. ERMITA, JR. with Residence Certificate No. 61904196 issued on 3/20/97 at M.D. City in his capacity as \_\_\_\_\_ and VICENTE S. PARAGAS with Residence Certificate No. 9854483 issued on February 8, 1996 at Cagayan de Oro City, known to me and to be the same person in his own free will and voluntary act and deed, as well as that of the principal represented.

I further certify that the foregoing instrument relates to a Memorandum of Agreement of a Special Land Use at Mt. Sibonga Range National Park, Bukidnon, Philippines that it consists of \_\_\_\_\_ pages, including this page on which the acknowledgment is written; that each and every page and copies thereof have been signed by the parties and their instrumental witnesses and sealed by me with my notarial seal.

WITNESS my hand and seal this 17th day of January 1996 at Cagayan de Oro City, Philippines.

Doc. No. 906  
Page No. 10  
Book No. 97  
Series of 1997

MATED G. BELEGANCIA  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2000  
PTR NO. 9525883 1/4/99  
TIN: 750-138-844-279

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