

**[ EXECUTIVE ORDER NO. 662, March 12, 1981 ]**

**CREATING THE NATIONAL DENDRO DEVELOPMENT CORPORATION, PRESCRIBING ITS POWERS AND FUNCTIONS, AND APPROPRIATING FUNDS THEREFOR**

WHEREAS, indigenous and renewable energy sources are now necessary to provide adequate, reliable, cheap sources of energy for economic development;

WHEREAS, tree farms and dendro thermal power plants can now serve as a substantive fuel source for electric power, for industry, and ultimately for transportation;

WHEREAS, the farming of trees for energy purposes on land denuded of forest can likewise also achieve major ecological benefits, can expand the arable area of the country, allow landless farmers to have their farms, create new, income, thereby significantly alleviate the problems of the rural landless poor;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and direct the following:

1. There is hereby created a National Dendro Development Corporation (NDDC) to plan and implement a national dendro development program to attain national objectives in energy production, reforestation and rural employment.

2. The purpose of the Corporation shall be as follows:

a. establishment of fast growing tree farms utilizing for the purpose, lands currently unused or severely underutilized,

b. development of transportation systems to move the tree products to processing plants and consumers,

c. development of processing plants and industries to convert the tree products to fuels and other products desired by the consumers,

d. development and implementation of a marketing system to stabilize supply and prices and to interface between consumers and tree producers and processors,

e. research and development on process to convert tree products into forms most suitable for use by consumers and on the agronomic aspects of improved tree farming techniques and improved tree varieties.

3. The Corporation shall have the following powers and functions:

a. To prepare, plan and implement a national dendro development program to carry out the above purposes.

b. To promote, encourage and assist public services and private entities and government agencies and corporations having related functions and purposes, in planning, developing, coordinating, establishing, operating, maintaining, repairing, and renovating facilities and systems for production, and for such purpose to furnish, to the extent possible and without charge therefore, technical and professional assistance and guidance, information, data and the results of any investigation, study, or report conducted or made by it.

c. To invest and/or grant loans to public service and private entities for tree farms, the construction or acquisition, operation and maintenance of tree processing, marketing and transportation equipment plant, facilities and related properties, equipment machinery, fixtures and materials for the purpose of production and processing of trees into more readily marketed products to include conversion to coal, electricity, methanol and associated by-product chemicals, and thereafter to make loans for the restoration, improvement or enlargement of such facilities; Provided, That the entity applying for a loan, must support the objectives of this Order.

d. To approve or disapprove any loan and advances of loans from other lenders to entities which at time are borrowers from the Corporation.

e. To organize wholly or partly owned companies and subsidiaries for the purposes of:

i) operating a tree product transportation system of operating a tree processing plant, and other related activities.

ii) manufacturing equipment and materials to supply any of the organizations involved in the production, processing and transport of the products under this Order.

iii) providing marketing and market stabilization services for the entities engaged in production under this Order. The subsidiary so established may be authorized to purchase and store tree products as required to assure stable and attractive prices for both producer and consumer.

f. To acquire, by purchase or otherwise, real and physical properties, together with all appurtenant rights, easements, licenses and privileges, upon its determination that such acquisition is necessary to accomplish the purposes of this Order and, if such properties be in areas designated as reserved for fast growing tree production and said properties of at the same time of acquisition not producing a product valued at least 50% of that found on lands already under the fast growing tree program: Provided, That the power herein granted shall be exercised by the Corporation solely as agent for and on behalf of one or more public service entities which shall timely receive, own and utilize or replace such properties for the purpose of growing fast growing trees, which entity or entities shall then be, or in connection with the acquisition shall become, borrowers from the Corporation and provided, further, that the costs of such acquisition including the cost of any eminent domain proceedings, shall be borne either directly or by reimbursement to the Corporation,

whichever the Corporation shall elect, by the public service entity or entities on whose behalf the acquisition is undertaken; and otherwise to acquire, improve, hold, transfer, sell, lease, rent, mortgage, encumber and otherwise dispose of property incident to, or necessary, convenient or proper to carry out the purposes of which the Corporation is created.

g. To borrow funds from any source, private or government, foreign or domestic, and, to issue bonds or other evidences of indebtedness therefor and to secure the lenders thereof by pledging, sharing or subordinating one or more of its own loan securities.

h. To so cooperate, coordinate and exchange such information, studies and reports with, and to seek such cooperation and coordination from other departments, agencies and instrumentalities of the National Government, as will most effectively conduce to the achievement of the purposes of the Corporation.

i. To report at least annually to the Prime Minister and the National Assembly, on the status of the Dendro Development Program of the Philippines, including a comprehensive reporting of loans made, loan funds advanced, loans secured from other sources and the advances thereof, the names and locations of the borrowers, the number of hectares planted, amount of wood produced, number of processing plants established and the value of product as well as the energy produced in oil equivalent and other activities programmed for the ensuing year, and all such other information and data as will accurately reveal the progress being made toward the achievement of the purposes of this Order; and to publish such report for dissemination to and use by other interested departments, agencies and instrumentalities of the National Government and by borrowers under this Order.

j. To have a continuous succession under its corporate name until otherwise provided by law; prescribe and thereafter to amend and repeal its laws not inconsistent with this Order; adopt and use a seal and alter it as its pleasure; sue and be sued in any court, Provided, That NDDC shall, unless it consents otherwise, be immune to suits for acts ex delicti; and make contract of every name and nature and to execute all instrument necessary or convenient for the carrying on of its business.

k. To exercise such powers and do such things as may be necessary to carry out the business and purposes for which the Corporation was established, or which from time to time may be declared by the Board of Directors to be necessary, useful, incidental or auxiliary to accomplish such purposes; and generally, to exercise all the powers of a corporation under the Corporation Law insofar as they are not inconsistent with the provision of this Order.

4. The Corporation shall be governed by a Board of Directors consisting of:

a. Minister of Human Settlements, as Chairman

b. The General Manager of the Corporation, as Vice Chairman

c. Minister of Industry

d. Minister of Natural Resources

- e. Governor of the Central Bank
- f. President of the National Development Company
- g. General Manager of the Human Settlements Development Corporation
- h. Administrator of the Farm Systems Development Corporation
- i. Administrator of the National Electrification Administration.

5. The Board shall, have the following specific powers and duties:

- a. to implement the provisions and purposes of this order;
- b. to formulate and adopt policies and plans and to promulgate rules and regulations, for the management, operation and conduct of the Corporation;
- c. to adopt and, as may be necessary from time to time, to amend annual budgets for the Corporation's borrowing and lending programs and for its administration;
- d. to fix the compensation of the General Manager and to the Deputy General Manager, subject to the approval of the President of the Philippines; and,
- e. to establish policies and guidelines for employment on the basis of merit, technical competence and moral character, and upon the recommendation of the General Manager to organize or reorganize the Corporation's staffing structure, to fix the salaries of personnel and to define their powers and duties.

6. The management of the Corporation shall be vested in the General Manager, who shall be appointed by the President of the Philippines and shall not be removed except for cause.

The General Manager shall have the following powers and duties:

- a. to execute and administer policies, plans and programs, and the rules and regulations, approved or promulgated by the Board of Directors;
- b. to submit for the consideration of the Board of Directors such policies, plans and programs as he deems necessary to carry out the provisions and purposes of this Order;
- c. to direct and supervise the operation and internal administration of the Corporation and, for this purpose, to delegate same of any of this powers and duties to subordinate officials of the Corporation;
- d. subject to the guidelines and policies established by the Board of Directors, to appoint and fix the number and compensation of subordinate officials and employees of the Corporation: Provided, however, The provisions of the Civil Service Law and the Wage and Position Classification Law shall not apply to the appointment and compensation of any such subordinate official or employee;