

THIRTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

SENATE
OFFICE OF THE SECRETARY

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SENATE

S. No. 218

RECEIVED BY: *[Signature]*

Introduced by Senator Osmeña III

EXPLANATORY NOTE

The tragedy of the commons is an allegory which demonstrates the free rider problem related to public goods. In the case of forest lands and forest resources, the failure to guard the common property from wholesale destruction by timber companies led to the denudation of our forests and the consequent natural calamities that followed.

The total log ban that was advocated as a response to the problem of denuded forests is a pendulum swing to the opposite extreme. A total log ban is clearly not an optimum nor an effective response because it does not provide sufficient incentives that are consistent with the preservation of forest resources.

This bill proposes a system of private land forestry, defining special agricultural lands and permanent agro-forestry zones, and vesting in private individuals the property rights to such lands. Private individuals exercising limited property rights over these lands under the supervision of Local Government Units (LGUs) will constitute the more effective enforcers of practices that will contribute towards the renewal and preservation of our forest lands and resources.

In view of the foregoing, passage of this bill is earnestly requested.

[Signature]
SERGIO OSMEÑA III
Senator

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AN ACT
INSTITUTIONALIZING PRIVATE LAND FORESTRY TO ENHANCE
REFORESTATION AND ENVIRONMENTAL PROTECTION AND
PROVIDING INCENTIVES THEREOF, AND FOR OTHER
PURPOSES

Be it enacted by the Senate and the House of representatives of the Republic of the Philippines in Congress assembled:

1 **SECTION 1. Short Title.** – This Act shall be known as the “Private Land
2 **Forestry and Incentive Act of 2004.**”

3 **SECTION 2. Declaration of Policy.** – It is declared policy of the State to
4 protect and advance the right of the people to a balanced and healthful ecology
5 through forest conservation and reforestation. The State also recognizes the
6 indispensable role of the private sector in reforestation.

7 **SECTION 3. Coverage.** – This Act shall cover social forestry areas,
8 alienable/disposable land, and privately owned lands engaged in agro-forestry
9 activities.

10 **SECTION 4. Special Agricultural Lands and Permanent Agro-**
11 **Forestry Zones.** – All land areas covered by the integrated social forestry
12 program of the Department of Environment and Natural Resources (DENR)
13 pursuant to Letter of Instruction No. 1260 and such other areas as may be
14 determined by the DENR are hereby classified as special agricultural lands,

1 declared as "Permanent Agro-Forestry Zones" and shall be available for land
2 ownership or title by qualified beneficiaries. As special agricultural lands such
3 areas shall continue to be farmed with at least twenty percent (20%) of the land
4 planted to the trees or reforestation species and with environmental protection
5 measures.

6 **SECTION 5. *Who may apply?*** – (1) All individuals qualified to be
7 beneficiaries of the integrated social forestry program of the DENR as provided in
8 Administrative Order No. 4 dated February 27, 1991 are hereby declared
9 qualified to apply for the titling of a forestland of not exceeding seven (7)
10 hectares of Permanent Agro-Forestry Zone.

11 (2) All individual forestland occupants awarded with certificates of
12 stewardship contracts under the integrated social forestry program of DENR as
13 of the effectivity of this Act are hereby qualified to apply for the corresponding
14 land titles.

15 It is hereby provided that the qualifications to be beneficiaries of the
16 integrated social forestry program of government are as follows: Must be of legal
17 age; Must be a citizen of the Philippines; Must be actual tillers or cultivators of
18 the land to be allocated; and Must be living within the project area or adjacent
19 barangay/sitio.

20 **SECTION 6. *Conditions for the Grant.*** – The grant of certificates of land
21 ownership or titles to qualified beneficiaries under this Act shall be subject to the
22 following conditions:

23 (a) At least twenty percent (20%) of the social forestry area
24 awarded to the occupant shall be devoted to tree farming of
25 suitable species to contribute to the reforestation efforts of the
26 government;

27 (b) Trees and other vegetation along the banks of rivers and
28 streams, bordering or passing through the allocated areas, shall
29 be protected and preserved; Provided, that if the channel is at

1 least five (5) meters wide, the protected strip, perpendicular to
2 the edge of the normal high waterline, shall be twenty (20)
3 meters. In case of rivers or waterways less than five meters in
4 width, the strip shall be ten meters on each side.

5 (c) The allocated land shall be developed, consistent with scientific
6 and environmental protection practices, into productive farms
7 which are economically viable and enable the occupant and his
8 family to be self-reliant; and

9 (d) Regardless of transfer of ownership, the area shall not be
10 converted to uses other than agro-forestry except as determined
11 by scientific/technical studies and expressly allowed by law.

12 **SECTION 7. *Jurisdiction over Agro-Forestry Zones.*** – Consistent with
13 Section 17 of Republic Act No. 7160 or the Local Government Code, the local
14 governments shall have primary jurisdiction over agro-forestry zones for
15 purposes of the implementation and enforcement of the provisions of this Act.

16 **SECTION 8. *Transferability of Ownership.*** – Social forestry areas
17 acquired by beneficiaries under this Act may not be sold, transferred or conveyed
18 except through hereditary succession or to other qualified beneficiaries for a
19 period of five (5) years from date of issuance of the original certificate of land
20 ownership or title.

21 **SECTION 9. *Private Forestry Areas.*** – The following shall be considered
22 as private forestry areas: (a) agricultural or alienable/disposable lands at least
23 twenty percent (20%) of which area is devoted to tree farming of reforestation
24 species; (b) private lands converted to farms at least twenty percent (20%) of
25 which area is planted to reforestation species; and (c) social forestry or agro-
26 forestry zone areas covered by this Act.

27 **SECTION 10. *Incentives.*** – The following incentives are given to owners
28 and cultivators/developers of private forestry areas:

- 1 a) Exemption from payment of all taxes and agricultural/forest
2 charges including tariffs or import duties on agricultural/forestry
3 equipment, machinery and farm processing and other inputs,
4 except net income tax;
- 5 b) Permission to sell, trade, dispose or export agro-forestry
6 produce even in raw form;
- 7 c) Permission to sell or dispose of the land area and assets thereof
8 in secondary markets subject to the restriction in Section 8 of
9 this Act;
- 10 d) Government guarantee of up to ninety percent (90%) of the
11 amount loaned from local or foreign sources for private forestry
12 operations; *Provided, however,* that the property and assets
13 therein are mortgaged to the government as collateral;
- 14 e) Preferential technical and administrative assistance from
15 government agencies.

16 **SECTION 11. *Disposal of Foreclosed Private Forestry Areas.*** – All
17 private forestry areas or lands foreclosed or acquired by the government through
18 default of loans or violation of law shall, within one (1) year after their titles are
19 transferred in favor of the government, to be disposed to qualified persons or
20 entities.

21 **SECTION 12. *Economies of Scale.*** – Individual owners of private
22 forestry areas may form federations for purposes of economies of scale of
23 operations; *Provided, however,* that individual land ownership or title is
24 preserved, and that 20% of the total land area, thus pooled, is devoted to tree
25 farming of reforestation species and the remaining areas subjected to adequate
26 environmental protection.

27 **SECTION 13. *Penal Provisions.*** – Social forestry areas which have not
28 adequately accomplished agro-forestry activities after five (5) years of ownership
29 shall be forfeited in favor of the government. Other violations of forestry, land

1 and environment and other laws shall be punished accordingly with respect to
2 such codes or laws.

3 **SECTION 14. *Implementing Guidelines.*** – The Department of Interior
4 and Local Government (DILG), in consultation with the Department of
5 Environment and Natural Resources, Agriculture and Agrarian Reform, the Land
6 Bank and other agencies concerned shall formulate the necessary implementing
7 rules and regulations within ninety (90) days after effectivity of this Act; Provided,
8 that such regulations include the creation of inter-agency Oversight Committee at
9 the appropriate field levels.

10 **SECTION 15. *Separability Clause.*** – If any section or provision of this
11 Act shall be declared unconstitutional or invalid, the other sections or provisions
12 not affected thereby shall remain in full force and effect.

13 **SECTION 16. *Repealing Clause.*** – All laws, decrees, orders, rules and
14 regulations and other issuances inconsistent with the provisions of this Act are
15 deemed modified, revoked or repealed accordingly.

16 **SECTION 17. *Effectivity.*** – This Act shall take effect fifteen (15) days
17 after its publication in two (2) leading newspapers of national circulation.

18 Approved,