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First Regular Session

Senate
Office of the Secretary

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SENATE

Senate Bill No. 1644

RECEIVED BY *ji*

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

This measure is a consolidated/substituted bill drafted by the Committees on Environment and Natural Resources, Finance, Local Government and Ways and Means during the 14th Congress.

Every year, the country experiences natural and man-made calamities. We have seen the lost of lives and severe damage to properties due to these calamities. To lessen the impact, the government should undertake immediate and appropriate plan of action.

This bill seeks to implement a Sustainable Forest Management Program that will ensure the protection, conservation, management and development of forestlands and their resources. Said program shall be undertaken by the concerned national agencies and the local government units to ensure an affective and efficient strategy on forest management.

Additionally, the bill shall establish a Sustainable Forestry Development Fund which will be administered by the Department of Environment and Natural Resources to be used for forest protection, reforestation and forest development and management, including the rehabilitation and preservation of watershed areas, Community Based Forest Management program, information and educational campaigns as well as scholarship programs and policy research.

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


JINGGOY EJERCITO ESTRADA
Senator

13 SEP 11 P2:45

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Senate Bill No. 1644

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AN ACT
PROVIDING FOR SUSTAINABLE FOREST MANAGEMENT

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

CHAPTER I
BASIC FORESTRY POLICIES

SECTION 1. Short Title. - This Act shall be known as the "**Sustainable Forest Management Act of 2013**".

SEC. 2. Basic Policies. - In conformity with the provisions of the Constitution to promote the general welfare and social justice in all phases of national development, to protect and advance the right of the Filipino people to a balanced and healthful ecology in accord with the rhythm and harmony of nature, and to conserve and develop the patrimony of the nation, the State hereby adopts the following policies relative to the conservation and management of forestlands and their resources:

- a) The specific limits of forestlands after these have been fixed and demarcated shall not be altered except through an act of Congress;
- b) The use of forest resources shall bear a social function, responsibility and accountability to promote the common good; and
- c) Integrated and sustainable, focusing on the resource and the people who manage, conserve and benefit from it, shall be the guiding principle in the management, protection, conservation and development of forest resources.

In carrying out the above policies, the following strategies shall be pursued:

- 1. Watershed as the Basic Forestland Management Unit. - Forestlands shall be conserved, developed and managed utilizing watershed as the basic management unit and under the concepts of sustainable and multiple-use management, including the conservation of biodiversity;
- 2. Multi-sectoral Participation. - The participation of all sectors of society in sustainable forestland conservation, management and development

shall be promoted. Equitable sharing of the benefits derived from forestlands shall be ensured at all times;

3. Community-based Forest Management (CBFM) as a Principal Strategy. – Vesting access rights and responsibilities to dependent families, local communities and indigenous peoples to undertake the management and development of appropriate forestland resources on a sustainable basis shall be the principal strategy;
4. Protection of Forestlands and Natural Resources as Priority Concern. – The protection of forestlands, especially protected areas and the natural resources in these areas, shall be given priority concern in order to ensure environmental stability, enhance biological diversity, increase productivity and provide economic benefits;
5. Reforestation as a Priority Measure. - Economic and ecological reforestation shall be given priority emphasis in order to rehabilitate and restore the usefulness or productivity of open and/or denuded and degraded forestlands as well as increase the income of communities concerned;
6. Security of Tenure of Stakeholders. - In pursuance of the principles of sustainable and multi-use forest management and equitable access to forest resources, a secured tenure shall be guaranteed to stakeholders concerned; and
7. Professionalism in the Forest Service. - A dynamic, professional and people-oriented forest service shall be established and fully supported by the government.

SEC. 3. Definition of Terms. - As used in this Act, the term:

- (a) "Aforestation" shall refer to the planting of trees or the artificial establishment of a forest in areas that were not previously forested.
- (b) "Agro-forestry" shall refer to a strategy for the sustainable management of lands which increases their overall productivity by properly combining agricultural crops and/or livestock with forest crops simultaneously or sequentially through the application of management practices which are compatible with the local climate, topography, slope, soil, as well as the cultural patterns or customary laws of the local population.
- (c) "Agricultural lands" shall refer to lands of the public domain which have been delimited, classified and declared as such, and are available for disposition under the provisions of Commonwealth Act No. 141, as amended, otherwise known as the Public Land Act.
- (d) "Ancestral domains" shall refer to all areas generally belonging to indigenous cultural communities (ICCs) or indigenous peoples (IPs) as defined in Republic Act No. 8371 or the Indigenous Peoples Rights Act (IPRA) of 1997.
- (e) "Ancestral lands" shall refer to lands occupied, possessed and utilized by members of the ICCs/IPs as defined in the IPRA.

- (f) "Biological diversity or biodiversity" shall refer to the variability among living organisms including, *inter alia*, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part. This includes diversity within and between species and ecosystems.
- (g) "Buffer zones" shall refer to identified areas outside the boundaries of and immediately adjacent to protected areas pursuant to Section 8 of Republic Act No. 7586 or the National Integrated Protected Areas System Act of 1992 (NIP AS Act) that need special development control in order to avoid or minimize harm to the protected area.
- (h) "By-product" shall refer to any part taken from wildlife species such as hides, antlers, feathers, fur, internal organs, roots, trunks, branches, leaves, stems, flowers and the like.
- (i) "Commercial logging" shall refer to the cutting or felling of trees for the purpose of disposing of the cut or felled logs for economic gains beyond survival and livelihood means.
- (j) "Communal forest" shall refer to a tract of forestland set aside and established for and under the protection, administration and management of a city, municipality or *barangay* as a source of wood material for fuel, shelter and manufactured products; as a source of water for the community; and area for ecotourism and/or environmental protection or socioeconomic projects of local government units consistent with sustainable development.
- (k) "Community-based Forest Management Strategy" shall refer to all organized efforts of government to work with forest-dependent families and communities inside and adjacent to public forestlands with the intent to empower them and entrust to them the protection, rehabilitation, management, conservation and utilization of forestlands and their natural resources.
- (l) "Conservation" shall refer to planned protection and management of forests and their resources so as to prevent waste and ensure future use.
- (m) "Conveyance" shall refer to any vehicle, vessel, device or animal used in gathering or transporting forest products.
- (n) "Co-production agreement" shall refer to an agreement entered into by and between a qualified person and the government for the former to develop, utilize and manage, consistent with the principles of sustainable development, a private land or portion of a forestland wherein both parties agree to provide inputs and share the products or their equivalent cash value.
- (o) "Critical watershed" shall refer to a drainage area of a river system supporting existing and proposed hydroelectric power, irrigation works or existing water facilities needing immediate protection and rehabilitation to minimize erosion and improve water yield.
- (p) "Department" shall refer to the Department of Environment and Natural Resources (DENR).
- (q) "Denuded forestlands" shall refer to former forested lands but are now devoid of trees due to human activities.

- (r) "Degraded forests" shall refer to all forestlands containing less than five (5) square meters in basal area per hectare of commercial tree species with diameters at breast height or diameter above buttress of less than sixty-five (65) centimetres.
- (s) "Environmentally critical project" shall refer to a project or program that has high potential for significant negative environmental impact.
- (t) Environmental Compliance Certificate (ECC)" shall refer to the document issued is by the Department certifying that a proposed project or undertaking will not cause a significant negative impact on the environment; that the proponent has complied with all the requirements of the Environmental Impact Assessment (EIA) System in accordance with Presidential Decree No. 1151 or the Philippine Environmental Policy and Presidential Decree 19 No. 1586, establishing an Environmental Impact Statement System; and that the proponent is committed to implement its approved Environment Management Plan found in the Environmental Impact Statement (EIS) or mitigation measures identified in the Initial Environmental Examination (IEE).
- (u) "Environmental Impact Assessment" shall refer to the process of predicting the likely environmental consequences of implementing a project or undertaking and designing the appropriate preventive, mitigating or enhancement measures.
- (v) "Environmental, Impact Statement System" shall refer to the organization, administration and procedures that have been institutionalized pursuant to Presidential Decree No. 1586 for purposes of assessing the significance of the effects of any project or undertaking on the quality of the physical, biological and socioeconomic environment and designing the appropriate mitigating and enhancement measures.
- (w) "Forest" shall refer to land with tree crown cover or equivalent stocking level of more than ten percent (10%) and an area of more than half a hectare. The trees should be able to reach a minimum height of five (5) meters at maturity *in situ*. It may consist either of closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground 01' open forest formation with a continuous vegetation cover in which tree crown cover exceeds ten percent (10%). Young natural stands and all plantations established for forestry purposes which have yet to reach a crown density of ten percent (10%) or tree height of five (5) meters are included under forest, as are areas normally forming part of the forest area which are temporarily unstocked as a result of human intervention or natural causes but which are expected to revert to forest. Forests include such stand types as dipterocarp, pine, mossy, molave, beach and mangrove. For the purpose of this Act, natural forests may be classified according to: (1) primary-use and management, a forest shall be classified as either protection forest 01' production forest after its most suitable and dominant multi-use function has been determined pursuant to this Act; and (2) growth formation, a forest is classified as either closed forest or open forest. Closed forests have trees in various storeys and undergrowth that cover a high proportion, greater than forty cent (40%) of the ground and do not have a continuous dense grass layer. Closed forests 23 are either managed 01' unmanaged forests, primary or in advanced state of reconstitution, and may have been logged over one or more times but have kept their characteristics of forest stands, possibly with modified structure and composition. Open forests have trees that are of discontinuous layer,

with a coverage of at least ten percent (10%) and less than forty percent (40%).

- (x) "Forest charges" shall refer to the levy imposed and collected by the government on naturally growing timber and other forest products cut, harvested or gathered from the forestlands and from "alienable or disposable (A&D)" lands in accordance with Republic Act No. 7161.
- (y) "Forest-based industries" shall refer to various industries that are dependent on raw materials or products derived from forests such as, but not limited to, wood, rattan, bamboo, vines, latex, resins, saps, essences, fruits, flowers or wild flora and fauna.
- (z) "Forest-based community" shall refer to a group of people residing inside or immediately adjacent to a particular forestland that are largely or partly dependent on the forest resources found in the area for their livelihood.
 - aa) "Forestlands" shall refer to lands of the public domain that have been classified as such and all unclassified lands of the public domain.
 - bb) "Forest officer" shall refer to any public officer who, by the nature of his 16 appointment or the functions of the position to which he is appointed, is delegated by law and regulations or commissioned by competent authorities to execute, implement or enforce the provisions of this Act and other related laws and regulations.
 - cc) "Forest plantation" shall refer to a forest stand established by planting and/or seeding in the process of afforestation and reforestation. The stand is either of introduced species or of any indigenous species, or both.
 - dd) "Forest products" shall refer to goods and services derived from the forest such as, but not limited to, timber, lumber, veneer, plywood, fiberboard, pulpwood, firewood, bark, tree top, resin gum, wood oil, honey, beeswax, nipa, rattan or other forest growth such as grass, shrub and flowering plant, the associated water, fish, game, scenic, historical and educational.
 - (ee) "Forest resources" shall refer to all resources whether biomass such as plants and animals, including its by-products and derivatives, which can be raw materials to produce value-added products or non-biomass such as soil, water, scenery, as well as the intangible services and values present in forestlands or in other lands devoted for forest purposes.
 - (ff) "Forest-resource derivatives" shall refer to substances/materials extracted, or as exudates of the trees or part thereof such as, but not limited to, resins, gums tanning, beeswax, rosin and alike.
 - (gg) "Grazing land" shall refer to a portion of the public domain which has been set aside, in view of the suitability of its topography and vegetation, for the raising of livestock.
 - (hh) "Indigenous cultural community (ICC)" shall refer to a group of people or homogenous societies as defined in the IPRA Law. Indigenous cultural community is synonymous with indigenous people.

(ii) "Industrial Forest Management Agreement (IFMA)" shall refer to a production-sharing contract entered into by and between the Department and a qualified person, whether natural or juridical, wherein the former grants to the latter the exclusive right and responsibility to invest in, develop, manage and protect a defined area of the production forestland, including the establishment, management and utilization of industrial forest plantation, consistent with the principle of sustainable development, primarily to supply the raw material requirements of wood-based processing and energy-related industries and wherein both parties share in the benefits therefrom.

jj) "Industrial forest plantation" or "IFP" shall refer to any tract of land, whether public or private, planted to timber-producing species, including rubber and durian trees and/or non-timber species such as rattan and bamboo, primarily to supply the raw material requirements of forest-based industries, energy-generating plants and related industries.

kk) "Integrated forest-based industry" shall refer to a rationalized forest resource industry which is characterized by the presence of complementary timber processing plants such as sawmills, plywood and veneer mills, particleboard and fiberboard plants, pulp and paper mills as well as secondary and/or tertiary wood processing plants.

ll) "Integrated wood processing plant" shall refer to a combination of two (2) or more wood-based processing facilities, whether mechanical or chemical or both, such as sawmill, veneer and plywood mills or pulp and paper mills, including other facilities in the manufacture of semi- or completely finished wood products.

mm) "Joint venture agreement" shall refer to an agreement wherein the government and a qualified person organize a joint venture company, with both parties having equity shares, to develop and manage a portion of forestland. Aside from earnings on the equity, the government shall be entitled to a share in the output computed at a certain percentage mutually agreed upon by and beneficial to both parties.

nn) "*Kaingin*" shall refer to a portion of the forestland, whether occupied or not, which is subjected to a farming system based on shifting or slash-and-burn clearing of forest for the planting of agricultural and agro-forest crops.

oo) "Managed forest" shall refer to a forestland under a deliberate system of protection, rehabilitation, development and utilization of resources to ensure sustainable production of desired forest products and/or services as well as the conservation of soil, water, wildlife and other natural resources.

pp) "Multiple-use forestry" shall refer to the harmonized utilization, development and management of forestlands for the production of two (2) or more products, goods and/or services in conformity with the principle of sustainable development.

qq) "National park" shall refer to an area of the public domain essentially natural wilderness, scenic or historic in character which has been withdrawn from settlement, occupancy or any form of exploitation except in conformity with an approved management plan and set aside exclusively to conserve the area or preserve the scenery, the natural

and historic objects, wild animals and plants mainly for the purpose of biodiversity conservation and/or human enjoyment.

rr) "Natural forest" shall refer to a forest composed of naturally growing indigenous trees, not planted by man, whose structure, composition and dynamics have been largely the result of natural succession processes.

ss) "Nongovernment organization (NGO)" shall refer to a non-stock, non-profit and voluntary organization established primarily to provide assistance or service.

tt) "Non-timber forest products" shall refer to all biological materials and derivatives other than timber which are extracted from forests for human use.

uu) "Permit" shall refer to a short-term privilege or authority granted by the State to a person to utilize any limited forest resources or undertake a limited activity within any forestland without any right of occupation and possession.

vv) "Person" shall refer to a natural as well as juridical person, including local forest-based communities or IPs organized in accordance with law or custom.

ww) "Processing plant or mill" shall refer to any mechanical setup, machine or combination of machines used for the conversion of logs and other forest raw materials into semi-finished or finished products.

xx) "Production sharing agreement" shall refer to a contract between the government and a person, whether natural or juridical, wherein both parties exercise the right to manage, develop and utilize forest resources within a specific area of production forestlands and the period of time with the person providing the financing, technology, management, personnel, marketing and other inputs necessary to implement the agreement, and both parties sharing the benefits under the terms and conditions set forth in said agreement.

yy) "Protected areas" shall refer to identified portions of land and water set aside pursuant to the NIP AS Act.

zz) "Reforestation" shall refer to the planting of trees or artificial establishment of forest in areas that were previously forested.

aaa) "Reservation" shall refer to a forestland that has been reserved by the President or by law for any specific purpose.

bbb) "Rotation" shall refer to the number of years between the initial establishment of a plantation and the time when it is considered ready for harvesting.

ccc) "Second-growth forest" shall refer to the status or condition of a forest subsequent to commercial logging of which there is more or less sufficient volume of residuals of the desired species of trees for future harvest. A second-growth forest is synonymous to a residual forest.

ddd) "Secretary" shall refer to the Secretary of the Department of Environment and Natural Resources.

eee) "Semi-finished wood products" shall refer to wood products requiring final stages of manufacture and/or assembly such as, but not limited to, window components, tabletops, IS Veneer and other similar wood products.

fff) "Silvicultural practices" shall refer to any scientific intervention to further improve or enhance the growth of trees or forest as a whole for future harvest.

ggg) "Sustainable development" means meeting the needs of the present generation without compromising the ability of the future generations to meet their own needs.

hhh) "Sustainable forest management" shall refer to the process of managing a forest to achieve one (1) or more clearly specified objectives of management with regard to the production of a continuous flow of desired forest products and services without undue reduction of its inherent values and future productivity, and without undesirable effects on the physical and social environment.

iii) "Tenure" shall refer to guaranteed peaceful access to and use of specific forestland area and the resources found in the area through an agreement, contract or grant, which cannot be altered or abrogated without due process.

jjj) "Timber License Agreement (TLA)" shall refer to a privilege granted by the State to a person to utilize forest resources within a forestland with the right of possession and occupation thereof to the exclusion of others except the government, but with the corresponding obligation to develop, protect and rehabilitate the same in accordance with the terms and conditions set forth in the said agreement.

kkk) "Trade" shall refer to the act of engaging in the exchange, purchase or sale of forest products locally or internationally.

lll) "Urban forestry" shall refer to the establishment and management of forest in urban environment for the physiological and psychological well-being of the people.

mmm) "Watershed" shall refer to a land area drained by a stream or a fixed body of water and with tributaries having a common outlet for surface runoff.

nnn) "Watershed reservation" shall refer to a forestland that has been proclaimed by the President or by law as such, primarily for water production purposes although other compatible uses may be allowed under sustainable and multiple-use management concepts.

ooo) "Wildlife" shall refer to wild forms and varieties of flora and fauna in all developmental stages.

(ppp) "Wood-based industries" shall refer to various industries that use wood as the principal raw material such as, but not limited to,

sawmilling, pulp and papermaking, and plywood and veneer manufacturing, the upstream wood-based industries, as well as the secondary and tertiary wood processing such as, but not limited to, moldings and furniture manufacturing.

CHAPTER II CLASSIFICATION OF THE PERMANENT FORESTLANDS

SEC. 4. *The Permanent Forestlands.* - All lands of the public domain classified as forestlands under the Department's land classification program, including the remaining unclassified lands of the public domain, shall be maintained as permanent forestlands.

SEC. 5. *Sub-classification of the Permanent Forestlands.* - The permanent forestlands shall be sub-classified into the following categories according to primary use:

- a) **Protection Forestlands.** - All areas within the forestlands designated or set aside as such shall constitute the protection forestlands. All mossy and primary/old-growth forests and natural beach; all areas one thousand (1,000) meters above sea level, areas above fifty percent (50%) slope; areas regardless of slope which are highly erodible or too rocky for the establishment of either production forests or limited production forests, developed for the principal objectives or establishing vegetative cover to prevent erosion, conserve water and nurture wildlife, freshwater, swamps and marshes; all areas along the bank of rivers and streams; and the shores of the seas and lakes throughout their entire length and within a zone of three (3) meters in urban areas, twenty (20) meters in agricultural areas and forty (40) meters in forest areas, along their margins which are subject to the easement of public use in the interest of recreation, settlements, navigation, floatage, fishing and salvage shall also be sub-classified as protection forestlands: *Provided*, That reclassification shall be approved by an act of Congress; and
- b) **Production Forestlands.** - All forestlands not sub-classified as protection forestlands, defined in this section, shall constitute the production forestlands to be devoted to the production of timber and/or non-timber forest products or the establishment of industrial tree plantations, tree farms, communal forests, *agro-forestry*, *grazing* or as multiple-use forests, including water-based energy areas such as, but not limited to, hydrothermal and geothermal reservations: *Provided*, That they shall be managed, developed and utilized in accordance with a Department-approved management plan based on sustainable forest management principles.

CHAPTER III ADMINISTRATION AND MANAGEMENT OF FORESTLANDS AND THEIR RESOURCES

SEC. 6. *Jurisdiction and Control of Forestlands.* - The Department shall be the primary agency responsible for the conservation, management, development and utilization of all forestlands and the unclassified lands of the public domain, including all the resources found or growing in these lands. In coordination with the local government units (LGUs) and other government

agencies, the Department shall ensure that forestlands and unclassified lands of the public domain are managed, conserved, developed, utilized and protected consistent with the policies and strategies promulgated in this Act. The utilization and development of forestlands and unclassified lands of the public domain, including their natural resources, shall be undertaken in accordance with Department-approved management plans: *Provided*, That the management plan for protected areas shall be prepared in accordance with the provisions of the NIPAS Act.

Records pertaining to the specific limits of forestlands shall be made available to the public upon request. Moreover, the Department shall furnish all provincial, municipal and city government's copies of the maps of permanent forestlands located within their respective territorial jurisdictions.

SEC. 7. Forestlands Managed by Local Government Units (LGUs). - Pursuant to the pertinent provisions of Republic Act. No. 7160 or the Local Government Code, LGUs shall share the responsibility in the sustainable management and utilization of forest resources within their territorial jurisdiction, including those assigned by law to other government agencies. Subject to vested rights, LGUs and the Department, in consultation with other government agencies, local communities, nongovernment organizations, academic and research institutions and other sectors, shall jointly undertake the preparation of forestland use and watershed management plans, particularly the identification of multiple-use areas and production forestlands within the territorial jurisdiction of each LGU which shall be made an integral component of the latter's Comprehensive Land Use Plan (CLUP). The LOUs shall be consulted on all forestry projects to be implemented in their territorial jurisdiction and shall have equitable share of incomes derived therefrom. For this purpose, the Department, the Department of the Interior and Local Government (DILG), the leagues of provinces, cities, municipalities and *barangays* shall formulate a joint strategy and program to implement this provision within one (1) year from the passage of this Act.

SEC. 8. Forestlands Under Other Government Agencies. - Forestlands and/or portions thereof which have been assigned by law to the administration and management of other government agencies for a specific purpose, including those devolved to the LOUs prior to the passage of this Act, shall be sub-classified as production forestlands and shall remain under the administration and management of these government agencies which shall be responsible for their conservation, protection, rehabilitation and sub-classification into forestland, and the specific purpose for which the entire area has been assigned or reserved unless said assignment or reservation is consistent with the use of such area as protection forestland. The Secretary or a duly authorized representative shall exercise oversight functions over these forestlands. Moreover, these forestlands shall be administered in accordance with a forest management plan, which shall be prepared by the government agency or the concerned LOU in coordination with the Department and local communities and organizations within one (1) year from the effectivity of this Act: *Provided*, That the Department and the LOU or the government agency concerned shall periodically review, monitor and evaluate the implementation of the said management plan: *Provided, further*, That the harvesting of forest resources and the building of roads and other infrastructure shall be undertaken only with the prior approval of the Secretary and after compliance with EIS and ECC requirements: *Provided, finally*, That the Secretary shall recommend to Congress or the President of the Philippines the reversion to the Department of the jurisdiction and control over forestlands that are no longer needed nor used for the purpose by which they have been constituted or reserved

or in case the agency or the LOU concerned fails to rehabilitate, protect and conserve the forestland and its resources in accordance with the approved management plan. The Department shall determine the use of the reverted forestlands.

SEC. 9. *Forest Resources Within Alienable and Disposable Lands.*- All forest resources, including trees planted or raised within alienable and disposable lands, belong to the owner of the land who shall have the right to harvest, transport, sell, contract, convey or dispose of the same without the necessity of any clearance from the Department. The Department shall encourage and provide incentives to landowners of alienable and disposable lands to develop, maintain and manage forests on their lands or to develop and maintain a tree plantation on such lands. Landowners who register their lands for forestry purposes shall be assisted by the Department in the preparation of a management plan and shall be entitled to appropriate incentives provided under Section 24: *Provided, That* agricultural lands devoted to the planting and harvesting of forest resources shall remain subject to the provisions of Republic Act No. 6657 or the Comprehensive Agrarian Reform Law.

SEC. 10. *Forest Resources Within Forestlands.* - All forest resources, including non-timber forest products, its by-products and its derivatives, whether naturally growing, planted or raised which have been taken of or have been applied with some silvicultural practices, within forestlands including those forest resources within the areas covered by a Certificate of Ancestral Domain Title (CADT) or a Certificate of Ancestral Land Claim (CALC), shall be issued with a permit, agreement or clearance that are deemed necessary and appropriate by the Department, as recommended by the Forest Management Bureau (FMB). The transport of these forest resources from forestlands, including those from the areas of the ICCs or IPs covered by a CADT or a CALC, shall be covered by a separate permit, agreement or clearance duly issued by the Department. Any declaration of forest resources as endangered, threatened, vulnerable and other restriction shall be done in coordination, consultation and clearance from the FMB.

SEC. 11. *Forest Resources Within Ancestral Domains.* - The recognition, ownership and management of ancestral lands and domains shall be governed by the provisions of the IPRA, but any project of a holder of a CADT or any such similar instrument to develop or use forestlands or forest resources that would result in severe soil erosion or environmental degradation, shall be subject to the provisions of Presidential Decree No. 1151 or the Philippine Environmental Policy; Presidential Decree No. 1586, establishing an Environmental Impact Statement System; and this Act. The National Commission on Indigenous Peoples (NCIP) shall coordinate and consult the Department in providing assistance to the IPs in the sustainable management and development of forest resources within ancestral lands and domains. For this purpose, a multi-sectoral task force shall be created, to be composed of representatives from the Department, the NCIP, the Department of Agrarian Reform (DAR) and the concerned LGU to evaluate and validate the authenticity of all CALT/CALC claims and applications of the IPs prior to the conduct of all survey activities and the issuance of corresponding titles.

CHAPTER IV FOREST MANAGEMENT PLANNING, MONITORING AND ASSESSMENT

SEC. 12. Sustainable Forest Management Planning. - Subject to vested or prior rights, the Department, in consultation and coordination with LGUs, other government agencies, local communities, nongovernment organizations, individual and corporate entities, private sectors, academic and research institutions and other concerned sectors shall, within one (1) year from the effectivity of this Act, develop and adopt a sustainable forest management strategy for each well-defined watershed or other appropriate forest management unit based on criteria, indicators and standards for sustainable forest management which, at their minimum, address the following requirements:

- a) Rational allocation of forestland uses and promotion of land-use practices that increase productivity and conserve soil, water and other forestland resources;
- b) Protection of existing forest resources and conservation of biodiversity;
- c) Rehabilitation or development of denuded areas to expand the forest resource base and promote food production activities;
- d) Enhancement of the socioeconomic well-being of local communities including IPs who are largely dependent on the forest for their livelihood;
- e) Promotion of closer coordination between and among the Department, LOUs, other national agencies, nongovernment organizations, local communities, the private sector, academic and research institutions, and other entities in the sustainable management of forestlands;
- f) Adoption of community-based forest management as a principal strategy in the management of forestlands and resources; and
- g) Integration of forest management and land-use plans at the *barangay* or community level to the CLUPs of cities and municipalities, including the adoption of effective impact monitoring system of forest management programs.

The Department shall adopt a comprehensive forestry master plan that shall define the development of the combination of outlooks for the different forestry land uses, its productivity, demand, supply, human resources policy and institutional changes.

SEC. 13. Watershed and Ecosystems Management Approach. - The Watershed and ecosystems planning framework in environment and natural resources management shall be adopted. The strategy for improved watershed resources management shall be demand-driven, community-based and multiple- and sustainable-use, considering national priorities and concerns of local stakeholders. Watershed management programs shall be guided by ecological, socio-cultural, economic and institutional sustainability principles. A national watershed information system shall be developed to guide policy formulation, program development and implementation of watershed management initiatives. A system of management prioritization of watersheds shall be pursued considering the following:

- a) Water supply for domestic, irrigation, power, industrial and commercial use;
- b) Contribution to the economy;
- c) Biodiversity and environmental enhancement;
- d) Cultural and historical value; and

- e) Effect on downstream areas.

SEC. 14. *Forestry Information System.* - The Department shall establish a forestry information system, which shall consist of comprehensive up-to-date information on the physical, social, economic, biological and environmental components of the country's forestlands and forest resources. It shall include a resource monitoring system to enable the Department and its field offices to track the utilization, movement or transfer of forest-based goods and services from the source to their end-users. The Department shall conduct and/or update forest resource inventory at least once every five (5) years to ensure effective management.

SEC. 15. *Environmental Impact Assessment, Accounting and Valuation.* - All new critical projects to be implemented in forestlands such as harvesting, grazing and other special uses, mineral prospecting and exploration, road, infrastructure and mill construction shall be subject to the country's ETA system. The Department shall design and implement a system of monitoring and assessment, using the criteria and indicators as framework, and shall formulate appropriate standards as basis for assessing progress towards sustainable forest management.

The Department shall formulate an appropriate natural resource accounting and valuation system for various forestry initiatives shall provide these communities with appropriate long-term security of tenure, technical, managerial and financial assistance, training and other assistance, as the case may be, to empower them to manage and benefit from the forestland resources on a sustainable basis.

SEC. 16. *Qualified Participants.* - Organized forest communities shall be given priority to participate in the CBFM program. Indigenous peoples shall also be encouraged to actively participate in the implementation of CBFM activities in recognition of their rights to their ancestral domains and lands.

Organizations eligible to participate in CBFM shall have the following qualifications:

- a) Members shall be Filipino citizens; and
- b) Members shall be any of the following:
 - 1. Traditionally utilizing the resource for their livelihood;
 - 2. Actually residing within the area to be awarded; or
 - 3. Residing adjacent and actually tilling and developing the area to be awarded.

CHAPTER VI REFORESTATION AND AFFORESTATION PROGRAM

SEC. 17. *Reforestation/Rehabilitation of Protection Forestlands.* - The reforestation and rehabilitation of all critical watershed, denuded forestlands and degraded forests within protection forestland not otherwise covered by the CBFM program shall be given top priority and shall be vigorously pursued by the Department, consistent with the NIPAS Act and the strategies and management plans therefore. The use of endemic species in the restoration program for

protection of forestlands shall be given primary consideration to enhance the biological diversity of the area.

The Department, in coordination with LGUs, other government agencies, NGOs, local residents and communities, and other sectors concerned shall identify and prioritize forestlands to be reforested. An accelerated reforestation program in such identified priority protection forestlands shall be undertaken to raise the forest cover to at least fifty percent (50%) within five (5) years and to at least eighty percent (80%) within ten (10) years from the effectivity of this Act. The Department shall allot funds to effectively accomplish reforestation either by itself or through contract. The Department or other agencies responsible for reforestation shall give priority to local communities in the granting of technical and financial assistance for reforestation activities.

SEC. 18. Forest Plantation Development in Production Forestlands. - In accordance with Section 40, the State, through the Department, may enter into joint venture, co-production or production sharing agreement with qualified forest community organizations, LGUs, government-owned or controlled corporations, private companies, individuals and other interested parties concerned in the development of forest plantations in production forestlands: *Provided*, That any portion of the production forestland identified by the Department as needed for protection and rehabilitation purposes shall not be converted into forest plantations.

SEC. 19. Reforestation in Forestlands under the Jurisdiction of Other Government Agencies. - Government agencies and institutions having management control over forestlands pursuant to a law or grant shall be responsible for the reforestation of denuded and degraded portions of such forestlands. The reforestation program of these agencies shall aim to increase the vegetation of the degraded areas, to be identified jointly by the Department and the agency concerned, by fifty percent (50%) within the first five (5) years and at least eighty percent (80%) within ten (10) years from the effectivity of this Act. The concerned agency in coordination with the Department shall prepare the reforestation plan and determine the ratio of forested areas at any given time. Failure to reforest denuded and/or degraded forestland identified in the reforestation plan within the period prescribed shall be sufficient ground to request for reversion of the said forestlands to the jurisdiction and control of the Department: *Provided, however*, That in areas where CBFMS shall be implemented or where there are existing facilities for basic services such as water and power as allowed by the Department pursuant to Section 40, the completion of the reforestation program shall be subject to the conditions provided in the tenorial document to be awarded by the Department and the agency concerned to the participating local community or individual or in the Forest Management Agreement of contractors operating such facilities for basic services, as approved by the Department.

SEC. 20. Reforestation and Afforestation in Alienable and Disposable Lands or Private Lands. - Reforestation and afforestation or the establishment of tree farms or forest plantations in alienable and disposable lands or private lands shall be encouraged. The private landowner(s) shall also be entitled to the incentives provided for under Section 24, particularly subsections (a), (b), (c), (d) and (e): *Provided*, That such private forest plantations are duly registered with the Department.

SEC. 21. Tax Incentives. - The following tax incentives shall be granted to qualified persons engaged in forest plantation activities:

- a) Expenses incurred in complying with the requirements of this Act shall be allowed as deductible expenses for income tax purposes subject to the provisions of the National Internal Revenue Code (NIRC) of 1997, as amended: *Provided*, That the deduction shall only apply to the taxable period when the expenses were incurred;
- b) Incentives granted to registered domestic enterprise under the Investments Priorities Plan (IPP); and
- c) Exemption from the payment of forest charges imposed under the provisions of this Act.

To encourage qualified persons to engage in forest plantation activities, the following incentives shall be granted in addition to those already provided by existing laws:

1. The agreement holder shall not be subject to any obligation, prescribed in or arising alit of the provisions of the National Internal Revenue Code, on withholding tax at source upon interest paid On loans incurred for the development and operation of forest plantation;
2. Amounts expended by the agreement holder in the development and operation of a forest plantation prior to the commercial harvest shall be regarded as ordinary and necessary expenses or as capital expenditure;
3. The Board of Investments shall classify forest plantations as pioneer and preferred areas of investment under its annual priority plan, subject to pertinent rules and regulations;
4. The agreement holder shall be given priority to access credit assistance being granted by government-owned, -controlled and/or -supported financial institutions;
5. Upon the premature termination of the agreement at no fault of the holder, all depreciable permanent and semi-permanent improvements, such as roads, buildings and nurseries, including the planted and standing trees and other forest crops introduced and to be retained in the area, shall be properly evaluated and the holder shall be entitled to a fair compensation thereof, the amount of which shall be mutually agreed upon by both the Department and the agreement holder and, in case of disagreement between them, by arbitration through a mutually acceptable and impartial third party adjudicator;
6. Exemption from Forest Charges and Expanded Value-Added Tax;
7. Exemption of forest plantation from payment of real property;
8. No termination of contract or agreement except for cause or for reason of public interest and only after due process; and

9. The agreement holder has the right to transfer, contract, sell or convey his rights to any qualified person following the guidelines to be issued by the Secretary.

The Secretary may provide or recommend to the President or to Congress other incentives in addition to those granted in this Act and in existing laws in order to promote reforestation and the establishment of forest plantations.

SEC. 22. *Voluntary Offer to Reforest.* - Private landowners, whether natural or juridical persons, may participate in reforestation and forest plantation development or similar programs of the Department, with the landowner contributing his land and the Department providing funds in accordance with Section 55 to reforest the area on a co-production agreement: *Provided*, That the property shall be exclusively devoted to the planting of forest species for at least one (1) rotation, which undertaking shall be annotated at the back of the title of the property.

CHAPTER VII URBAN FORESTRY/COMMUNAL FOREST

SEC. 23. *Establishment of City or Municipal Parks and/or Communal Forest.* - Every city or municipality shall establish a city or municipal park or communal forest and shall include in its annual budget the necessary funds for its establishment and maintenance. Upon request by a city or municipality concerned, the Department shall set aside an appropriate area of the public forestlands as city or municipal park and/or communal forest and shall provide technical assistance to the local government concerned in the development of the park or communal forest.

SEC. 24. *Establishment of Tree Parks in Subdivision and Tree Planting on Roadsides.*- Every subdivision project to be developed after the passage of this Act shall include the establishment of a tree park of not less than fifty percent (50%) of the required total open spaces as provided in Section 2 of Presidential Decree No. 953, requiring the planting of trees in certain places. The guidelines for the establishment of tree parks within a subdivision shall be prepared jointly by the subdivision owner concerned, the Housing and Land Use Regulatory Board (HLURB) and the Department. The subdivision owner shall provide the funds for this purpose. For every major public road or irrigation construction project, the Department of Public Works and Highways (DPWH) shall include the planting and maintenance of trees along the road/highway or irrigation canals as landscaped rest areas every twenty-five (25) kilometres thereof and shall provide adequate funds for this purpose. Each city or municipality shall also allocate adequate funds for the planting, care and maintenance of trees or perennial shrubs in "greenbelts" or "green spaces" such as road/street sides, center islands, etc.

CHAPTER VIII FOREST PROTECTION

SEC. 25. *Commercial Logging Ban.* - There shall be a permanent ban on commercial logging activities in all protection forestlands defined, categorized and sub-classified in Section 5 (a). No license, permit or agreement to cut any timber

within a protection forestland shall be issued. Portions of the production forestlands identified by the Department for protection purposes shall be excluded from any form of logging operations and the holder of the agreement or license shall establish a buffer zone and delineate their boundaries with the production forestlands, marking the same with concrete monuments, road or infrastructure, or any other visible, permanent and practicable signs.

To ensure the conservation and sustainable use of forest resources, holders of timber licenses, leases and permits shall submit to the Department an Integrated Operations Plan (IOP) containing strict environmental guidelines such as ECC compliance. All forest development activities such as logging, reforestation, timber stand improvement, forest protection and delivery of community service within an area covered by timber concessions shall be consolidated under the IOP, which shall be prepared by or under the supervision of an accredited private registered forester whose signature and dry seal shall appear in the plan and the supporting documents submitted for the purpose. Upon its expiration or termination for cause, no extension shall be made on any TLA and the area covered by the agreement shall be converted into any mode pursuant to Section 40, including degraded areas that may be subject of a reforestation or tree plantation project.

SEC. 26. Assistance of Law Enforcement Agencies. - The Department may call upon law enforcement agencies and instrumentalities of the government such as the Philippine National Police (PNP), the Armed Forces of the Philippines (AFP) and the National Bureau of Investigation (NBI) for the enforcement of the logging ban in all protection forestlands and for the protection and conservation of forests. The Secretary of Justice shall designate in every city and province a special prosecutor who shall immediately file charges against forest violators to ensure their speedy prosecution.

SEC. 27. Multi-Sectoral Forest Protection Council. - There shall be created a multi-sectoral forest protection council in every province, city and municipality which shall be responsible for law enforcement, prevention of forest fires, integrated pest management and protection against forest invasive species. The council shall be composed of representatives from, but not limited to, the Department, concerned LGU, NGOs, people's organizations, church and local academic institutions.

SEC. 28. Role of LGUs and Local Residents. - It shall be incumbent upon LGUs concerned to render assistance in protecting and conserving forestlands within their respective territorial jurisdiction. Qualified local residents may be deputized by the Department to assist in the drive against illegal logging, *kaingin*-making and forestland occupation. These deputized residents shall likewise be authorized to arrest forest violators within their communities, subject to existing laws and regulations on arrest and detention.

SEC. 29. Prevention of Forest Fires and Control of Forest Pests and Diseases. - In collaboration with concerned LGUs, the Department shall formulate and implement a forest fire management and control program. The Department shall likewise formulate and implement a national integrated forest pest and disease management program including quarantine procedures for imported seeds, forest plants and plant products as well as wildlife to prevent or control forest or wildlife pests and diseases.

SEC. 30. *Information and Rewards System.* - The Department shall establish an information and rewards system as part of the community's participation in the protection of forest resources.

CHAPTER IX FORESTRY RESEARCH, EDUCATION, TRAINING AND EXTENSION

SEC. 31. *Research and Technology Development Transfer.* - Research and technology development transfer shall be strengthened to support sustainable management of forest resources. The Department, the Department of Science and Technology (DOST), the Commission on Higher Education (CHED) and the colleges of forestry of state universities shall, within one (1) year from the passage of this Act, prepare a comprehensive national forestry and environmental research and technology development and transfer program in furtherance of sustainable forest management which shall be implemented, monitored and reviewed in accordance with existing research management systems. Adequate and sustainable funds to implement a research and technology development and transfer program shall be provided by each of the aforementioned agencies and institutions under the General Appropriations Act.

SEC. 32. *Public Information, Education and Advocacy Campaign.* - With the support from LGUs, NGOs, media and other organizations, the Department, the Philippine Information Agency (PIA), the Department of Education (DepEd), the CHED, State-owned and private universities and colleges shall formulate and implement a nationwide program for sustained public information and advocacy campaign for forest and natural resources conservation and sustainable forest development and management. The DepEd shall include subjects on forest and natural resources in the curricula for elementary and high school education. The CHED shall likewise include ecology and environment courses in the general education curricula. The Department shall undertake a systematic campaign to promote community ecological awareness, including the preparation of informational and educational materials therefore.

SEC. 33. *Formal Forestry Education.* - The CHED, in collaboration with the Department, the Board of Examiners for Foresters of the Professional Regulation Commission (PRC) and the duly accredited national professional foresters organization shall actively pursue the rationalization of formal forestry education and the establishment of centers of excellence in forestry and environmental education to ensure high quality manpower output to meet the needs of the forestry sector.

SEC. 34. *Continuing Education on Forestry.* - A non-formal program of continuing education shall be established to maintain the growth of the forestry profession. The PRC Board of Examiners for Foresters and the Civil Service Commission (CSC) shall provide the guidelines for a program in continuing education in forestry. In cooperation with academic institutions, the Department shall develop the infrastructures to institutionalize non-formal continuing education for the forestry sector.

SEC. 35. *Training Centers.* - In coordination with the TESDA, the DepEd, the CHED and state universities and colleges (SUCs), the Department shall establish and institutionalize a network of training centers in strategic parts of the country to provide regular and up-to-date training on the various aspects of sustainable forest management, development and utilization to forest officers, LOUs, *NODs*, local communities and IPs. Furthermore, the Department shall ensure that personnel appointed to critical and sensitive positions undergo training to prepare them to discharge their duties and responsibilities professionally, efficiently and effectively.

SEC. 36. *Forestry Development Center.* - The Forestry Development Center (FDC) based in the College of Forestry and Natural Resources, University of the Philippines at Los Banos shall continue to serve as the primary policy research and development center for forestry and natural resources management. The FDC shall perform its functions in close coordination with the Department and other policy research institutions in the country. It shall assist the Department in the formulation, review and evaluation of proposed and existing policies on forestry and natural resources management. To enable the center to carry out its mandated functions, the center shall have a share of the Sustainable Forestry Development Fund pursuant to Section 55 in the conduct of its mandated functions of policy research.

CHAPTER X DISPOSITION AND UTILIZATION OF FOREST RESOURCES

SEC. 37. *Modes of Forest Management Agreement.* - The development, utilization and management of forestlands and/or forest resources shall be undertaken under the full control and supervision of the State through the Department. The State may directly undertake such activities or it may enter into co-production, joint venture or production sharing agreement with qualified Filipino citizens or corporations or associations, subject to relevant laws, rules and regulations: *Provided*, That interested local communities and IPs through their organized and duly recognized associations shall be given priority in the grant of appropriate tenurial instruments implementing the said agreements. Such tenurial instruments and/or agreements shall have a duration of twenty-five (25) years, renewable for another twenty-five (25) years, under such terms and conditions as may be provided by the Secretary: *Provided, further*, That such tenurial instruments and/or agreements may not be terminated except for cause or if public interest so requires. Current valid and subsisting licenses, contracts or agreements granted by the government for the development, management and utilization of forest resources shall be allowed to continue under the same terms and conditions until their expiry, or prior to their expiry shall be allowed to be converted into any mode authorized in this Act under the guidelines promulgated by the Secretary: *Provided*, That no such conversion shall be allowed in protection forestlands as defined in Section 5, on sub-classification of forestlands. The Department is hereby authorized to formulate rules and regulations covering the relevant terms and conditions thereof including the determination and collection of the government share, subject to the approval of Congress.

For watersheds and other areas where existing facilities for basic services such as water and power are located, the Department may enter into a forest management agreement with the service contractor in the area. Such agreement shall have a duration of twenty-five (25) years, renewable for another twenty-five (25) years, under such terms and conditions agreed upon by both parties:

Provided, That such agreement may not be terminated except for cause or if public interest so requires or upon mutual agreement by the parties.

SEC. 38. Transfer of Rights Arising Out of Agreements, Contracts or Similar Instruments. - The transfer of rights arising out of any forest management agreement, contract or similar instrument with the government may be authorized by the Department: *Provided*, That the agreement, contract or similar instrument has been in existence and active for at least three (3) consecutive years from its issuance: *Provided, further*, That the transferor has faithfully complied with the terms and conditions of the said agreement, contract or similar instrument; the transferee has all the qualifications and none of the disqualifications to hold the same; and the transferee shall assume the obligations of the transferor. Failure to comply with these conditions shall be sufficient cause for the cancellation of the agreement, contract or similar instrument.

SEC. 39. Non-Timber Forest Products. - Rattan, bamboos, vines, herbs, exudates and other non-wood forest products are integral parts of the forest ecosystem. The establishment of plantations of non-timber producing species shall be encouraged and supported. The development, management and utilization of non-timber forest products shall be allowed in accordance with the guidelines to be promulgated by the Department. However, in granting permits to harvest or utilize non-timber forest products in their natural or original state from production forestlands, priority shall be given to forest resident families, local communities and IPs living nearest the subject forestlands.

SEC. 40. Silvicultural and Harvesting System. - The Department shall formulate the appropriate silvicultural and harvesting system and all measures shall be taken to achieve an approximate balance between growth and harvest or use of forest products in production forestland shall be promoted and practiced.

SEC. 41. Grazing. - The Department shall identify and delimit areas in the production forestland suitable for grazing purposes: *Provided*, That no forestland fifty percent (50%) in slope or over may be utilized for grazing purposes: *Provided, further*, That existing pasture lease agreements or forestland grazing lease agreements shall be allowed to continue under the same terms and conditions until their expiry: *Provided, finally*, That abandoned or idle, expired or cancelled grazing or pasture lands shall be subject to land-use capability assessment to determine their best use or combination of uses. No new grazing or pasture permit, lease or contract shall be issued, nor existing ones allowed to continue unless covered by existing rules and regulations governing the Philippine EIS System.

SEC. 42. Mining and Power Generation Operations in Forestlands. - Forest resources inside mineral lands are under the Department's jurisdiction, and their management and utilization are subject to the provisions of this Act. Power generation and small-scale mining operations in forestlands may be allowed subject to existing rules and regulations governing the Philippine EIS System.

SEC. 43. Roads and Other Infrastructure. - Roads and other infrastructure including the development of mineral reservations and energy resources inside forestlands shall be constructed with the least impairment to the

resource values found in such forestlands. Government agencies and their contractors undertaking the construction of roads, bridges, communication and other infrastructure facilities and installations inside forestlands shall seek prior authority from the Department and shall comply with the provisions of this Act and existing rules and regulations governing the Philippine EIS System.

CHAPTER XI FOREST-BASED INDUSTRIES

SEC. 44. *Establishment and Operations of Forest-based Industries.* - To meet the demands for forest-based goods and services of a growing population, the State, through the Department, shall promote and rationalize the establishment, operations and development of forest-based industries.

SEC. 45. *Incentives for Forest-based Industries.* - To enable forest-based industries to be more efficient, competitive and economically viable, the following incentives are hereby granted in addition to those already provided by existing laws:

- a) All processing plants or mills shall be assured of their supply of raw materials, preferably but not exclusively from local sources;
- b) All processing plants or mills shall be granted operating permits for five (5) years, renewable every five (5) years for the same period: *Provided*, That permits for processing plants owned or operated by holders of forest management agreements or contracts shall be co-terminus with said agreements or contracts; and (c) The Department shall promote and strengthen the linkages among corporate, family-based and community-based industries. The Department may provide on its own, or propose to the President of the Philippines or to Congress, other incentives to encourage the establishment and development of corporate, family and community forest-based industries. Agreements or licenses over forest areas granted to wood-based plants shall be converted into any mode authorized in this Act. Expansion in capacity of wood-based plants shall be encouraged and the same shall be given priority access to production forestlands and other areas available for development as source of raw materials.

SEC. 46. *Export and Sale of Locally Produced Wood Products.* - Logs derived from natural grown trees of whatever species cut, gathered or removed from the local natural forest and raw or rough lumber manufactured from such logs shall not be exported except finished and semi-finished lumber products, wood manufactures, wood panels and other finished wood products from such logs, subject to such guidelines as the Secretary may promulgate. No person shall sell or offer for sale any log, lumber, veneer, plywood or other manufactured wood products in the international or domestic market without complying with the grading rules established or to be established by the government. Failure to adhere to the established grading rules and standards or any act of falsification on the volume of logs, lumber, veneer, plywood or other wood products sold in the international or domestic market shall be sufficient cause for the cancellation of export license, wood processing permit or other license or permit authorizing the manufacture or sale of such products.

SEC. 47. Importation and Sale of Logs and Other Forest and Wood Products. - Logs, lumber and other forest and wood-based products may be imported to the country subject to the registration requirements of the Department, payment of tariff and duties imposed under the Tariff and Customs Code, and quarantine regulations. Any product manufactured or remanufactured out of the imported forest and wood materials may be sold in the domestic or international market subject to compliance with the grading rules and standards.

CHAPTER XII FOREST CHARGES, FEES AND GOVERNMENT SHARES

SEC. 48. Fees and Government Shares for the Utilization, Exploitation, Occupation, Possession and Activities Within Forestlands. - The Department shall prescribe appropriate fees and government shares for the different kinds of utilization, exploitation, occupation, possession or activities within forestlands: *Provided*, That payment of or collection of such fees and government shares shall be waived for parties or industries mandated by law to manage, conserve, develop and protect forestlands and forest resources, except administrative fees for the filing and processing of applications for the issuance and renewal of licenses, permits and agreements: *Provided, further*, That watershed administrators and/or service contractors that have forest management agreements with the Department as provided for under Section 40 of this Act shall also be entitled to the waiver of fees, except administrative fees. The Department shall recommend to Congress appropriate and equitable fees for the use of water and forest for power generation, irrigation, domestic and industrial, and for carbon sequestration and biodiversity benefits, respectively, by parties/industries concerned.

SEC. 49. Forest Charges. - There shall be collected a forest charge per cubic meter based on the actual freight on board (FOB) market price based on species and diameter class by the Department on the following:

- a) Timber - twenty-five percent (25%);
- b) Pulpwood and matchwood - ten percent (10%);
- c) Firewood, branches and other recoverable wood wastes of timber such as timber ends, tops and stumps when used as raw materials for the manufacture of finished products ten percent (10%); and
- d) Non-timber forest products - ten percent (10%). These forest charges shall be applied to naturally growing timber and non-timber forest products gathered within forestlands, alienable and disposable lands, and private lands.
- e) For the above purpose, the measurement and the actual FOB market price of forest products shall be justly determined by the Department, which shall likewise provide for the time, manner and place of payment of such charges.

SEC. 50. Fees for Administrative Services Rendered by the Department. - Fees shall be collected for various services rendered by personnel of the Department in connection with their duties and responsibilities as may be requested by interested parties including, but not limited to, surveying, mapping and other similar service activities: *Provided*, That administrative fees shall be waived for services rendered to local communities or IPs in the preparation of their management plans.

CHAPTER XIII APPROPRIATIONS AND FINANCIAL SUPPORT

SEC. 51. Appropriations. - The Secretary of the Department of Environment and Natural Resources shall include in the Department's program and issue such rules and regulations for the implementation of the provisions of this Act, the initial funding of which shall be charged against the current year's appropriations of the Department and thereafter included in the annual General Appropriations Act. For LGUs, the funding requirements shall be taken from their Internal Revenue Allotment and other LGU income.

SEC. 52. Sustainable Forestry Development Fund - A Sustainable Forestry Development Fund (SFDF) to be administered by the Department as a special account in the National Treasury is hereby established to provide sustainable funds for forest protection, reforestation and forest development and management, including the rehabilitation and preservation of watershed areas, CBFM program, information and educational campaigns as well as scholarship programs and policy research. At least thirty percent (30%) of the forest charges and government share in all products removed from the forestlands, rentals, proceeds from sales of confiscated forest products including conveyances, fines and penalties, and administrative fees collected shall be set aside for the build-up of the SFDF. The fund may be augmented by grants, donations, endowment from various sources, domestic or foreign, for purposes related to their functions and other innovative funding mechanisms such as securitization of forest assets, among others. Disbursements from the fund shall be subject to the usual accounting and budgeting rules and regulations: *Provided*, That no amount shall be disbursed to cover the operating expenses of the Department and other concerned agencies. A trust fund committee composed of the Secretary as Chair and the Secretary of the Department of Budget and Management, the DILG Secretary and the National Treasurer or their representatives shall sit as members and manage the SFDF, with the FMB as secretariat.

CHAPTER XIV CRIMINAL OFFENSES AND PENALTIES

SEC. 53. Harvesting, Gathering and/or Collecting Timber or Other Forest Products Without Authority. - Any person who shall harvest, cut, gather, collect or remove timber or other forest products from any forestland, or naturally grown timber inside alienable and disposable public land except as provided in Section 9, without authority from the Secretary or found to possess the same without pertinent required legal documents shall be punished by imprisonment ranging from *prision mayor* minimum period to *reclusion temporal* minimum period and/or a fine equivalent to ten (10) times the value of the said forest product: *Provided*, That in the case of partnerships, associations or corporations, the president, managing partner and general manager shall be held liable and, if such officer is an alien, he shall, in addition to the penalty, be deported without further proceedings on the part of the Bureau of Immigration. Offenders who are public officials shall be deemed automatically dismissed from office and permanently disqualified from holding any elective or appointive position. All timber or any forest products cut, gathered, collected, removed or possessed and all the conveyances, machinery, equipment, implements, work animals and tools used in connection with this violation shall be seized and confiscated in favor of the government.

SEC. 54. *Illegal Cutting as an Act of Economic Sabotage.* - Any of the acts enumerated in the preceding section committed by an armed group or by any group, through organized and systematic manner, for commercial purposes, shall be considered an act of economic sabotage punishable by *reclusion perpetua*. The commission of any of the prohibited acts by two (2) or more individuals with or without the aid of any mechanical device shall constitute a *prima facie* evidence that the act is organized and systematic. Any licensed timber concessionaire who shall buy logs from unlicensed loggers or loggers operating without permits shall be considered in violation of this Act and, upon conviction, shall also be punished with *reclusion perpetua*.

SEC. 55. *Use of Illegally Cut Timber in Government Infrastructure Projects.* - Contractors of government infrastructure projects are hereby required to obtain certification from the Department that the logs or lumber to be used were obtained from legitimate sources. The use of illegally cut naturally grown timber in government infrastructure projects shall be sufficient cause for the imposition of penalties provided in Section 56, on harvesting of forest products without authority, and Section 57, on illegal cutting as an act of economic sabotage, including the withholding of the payment to the contractor.

SEC. 56. *Damage to Residual Trees.* - To ensure the sustainability of the natural forests, adequate number of residual trees shall be marked, to be retained as part of the managed forests and as the future timber crop, before any harvesting operation shall commence. Any marked residual tree that is damaged during such operation is subject to a fine equivalent to four (4) times the regular forest charges.

SEC. 57. *Grazing Livestock on Forestlands Without a Permit.* - Any person found to have caused the grazing of livestock in forestlands and grazing lands without an authority under a lease or permit to graze, upon conviction, shall be penalized with imprisonment of not less than two (2) years nor more than four (4) years and a fine equivalent to ten (10) times the regular shares due in addition to confiscation of the livestock and all improvements introduced in the area in favor of the government: *Provided*, That in case the offender is a corporation, partnership or association, the officer or director thereof who directly caused or ordered such shall be liable. In case the offender is a public officer or employee, he shall, in addition to the above penalties, be deemed automatically dismissed from office and permanently disqualified from holding any elective or appointive position in the government service.

SEC. 58. *Unlawful Occupation or Destruction of Forestlands.* - Any person who, without authority from the Secretary, enters and occupies or possesses, or engages in *kaingin* or slash-and-burn farming and related activities for his private use or for others, any forestland or grazing land, or in any manner destroys such forestland or part thereof, or causes any damage to the timber stands and other forest products or assists, aids or abets another person to do so, or sets a fire or negligently permits a fire to be set, or refuses lawful orders to vacate the area when ordered to do so shall, upon conviction, be punished with penalties in the amount of not less than One hundred thousand pesos (P100,000.00) nor more than Five hundred thousand pesos (P500,000.00) and imprisonment of not less than six (6) years and one (1) day nor more than twelve (12) years for each offense: *Provided*, That in the case of an offender found guilty

of making *kaingin* or slash-and-burn farming, the penalty shall be imprisonment of not less than ten (10) years nor more than twelve (12) years and a fine equivalent to ten (10) times the regular forest charges due on the forest products destroyed without prejudice to payment of the full cost of rehabilitation of the occupied areas as determined by the Department: *Provided, further*, That the maximum of the penalty prescribed shall be imposed upon the offender who repeats the same offense, and double the maximum penalty upon the offender who commits the same offense for the third (3rd) time or more.

In all cases, the court shall further order the eviction of the offender from the area occupied and the forfeiture to the government of all improvements introduced, including all vehicles, domestic animals and equipment of any kind used in the commission of the offense. If not suitable for use by the Department, said improvements, vehicles, domestic animals and equipment shall be sold at public auction, the proceeds from which shall accrue to the SFDF.

If the offender is an alien, he shall be deported after serving his sentence and payment of fines, without any further proceedings. An offender who is a government officer or employee shall, in addition to the above penalties, be deemed automatically dismissed from office and, permanently disqualified from holding any elective or appointive position in the government service.

SEC. 59. *Illegal Conversion of City or Municipal Parks, Communal Forests and Tree Parks in Subdivisions.* - Any person found to have converted or caused the conversion of a city or municipal park or communal forest, or tree parks within subdivisions established pursuant to Section 26 and Section 27 of this Act, and Section 2 of Presidential Decree No. 953, requiring the planting of trees in certain places, into other uses including the construction of permanent buildings, or in any manner destroys or causes any damage to the timber stands and other forest products or assists, aids or abets another person to do so, or sets a fire or negligently permits a fire to be set, upon conviction, shall be penalized by imprisonment of six (6) years and one (1) day to twelve (12) years or a fine of not less than One hundred thousand pesos (P100,000.00) nor more than Five hundred thousand pesos (P500,000.00), or both fine and imprisonment, at the discretion of the court. The offender shall likewise be imposed a fine equivalent to ten (10) times the commercial value of the forest products destroyed without prejudice to payment of the full cost of rehabilitation of the areas as determined by the Department: *Provided, further*, That the maximum of the penalty prescribed shall be imposed upon the offender who repeats the same offense, and double the maximum penalty upon the offender who commits the same offense for the third time or more. The court shall further order the forfeiture to the government of all improvements, including all vehicles, domestic animals and equipment of any kind used in the commission of the offense. If not suitable for use by the Department, said improvements, vehicles, domestic animals and equipment shall be sold at a public auction, the proceeds from which shall accrue to the SFDF. An offender who is a government officer or employee, in addition to the above penalties, upon conviction, shall be deemed automatically dismissed from office and permanently disqualified from holding any elective or appointive position in the government service.

SEC. 60. *Misdeclaration or Falsification of Reports on Forest Resource Inventory, Scaling and Survey by a Government Official or Employee.* - Any public officer or employee who knowingly misdeclares or falsifies reports pertaining to forest resource inventory, scaling, survey and other similar activity which are contrary to the criteria and standards established in the rules

and regulations promulgated by the Secretary therefore, after an appropriate administrative proceeding, shall be dismissed from the service with prejudice to reemployment. Upon conviction by a court of competent jurisdiction, the same public officer or employee shall further suffer an imprisonment of not less than eight (8) years nor more than twelve (12) years and a fine of not less than One hundred thousand pesos (P100,000.00) nor more than Five hundred thousand pesos (P500,000.00). The inventory, survey, scale, classification and similar reports referred in this section shall be rendered null and void.

SEC. 61. Unlawful Operation of Wood Processing Plants and Downstream Forest-based Industries. - Any person operating a wood processing plant or downstream forest-based industry without authority from the Secretary shall be punished by, upon conviction by a court of competent jurisdiction, imprisonment of not less than eight (8) years nor more than twelve (12) years and a fine of not less than Five hundred thousand pesos (P500,000.00) and confiscation of the wood processing plant and complementary equipment in favor of the government. The Department shall promulgate the necessary guidelines, subject to the provision of this Act that will define the terms and conditions, including the responsibility for a person who will operate and operating a wood processing plant and/or other downstream forest-based industries.

SEC. 62. Prohibition on the Issuance of Tax Declaration on Forestlands. - Any tax declaration issued over forestlands shall be considered null and void. Any local government official or employee who issues a tax declaration for any purpose on any part of forestlands, upon conviction, shall be penalized with imprisonment for a period of not less than four (4) years nor more than eight (8) years and a fine of not less than One hundred thousand pesos (P100,000.00) nor more than Five hundred thousand pesos (P500,000.00) and the perpetual disqualification from holding an elective or appointive office.

SEC. 63. Unlawful Possession of Implements and Devices Used by Forest Officers. - Any person found possessing or using implements and devices used by forest officers shall be penalized with imprisonment of not less than eight (8) years nor more than twelve (12) years and a fine of not less than One hundred thousand pesos (P100,000.00) nor more than Five hundred thousand pesos (P500,000.00) in addition to the confiscation of such implements and devices and the automatic cancellation of any agreement, license, lease or permit. Any forest officer who willingly allowed unauthorized person(s) to use these implements and devices under his/her care shall be penalized with imprisonment of not less than six (6) years and one (1) day to not more than twelve (12) years and a fine of not less than One hundred thousand pesos (P100,000.00) nor more than Five hundred thousand pesos (P500,000.00). In addition, the convicted forest officer shall be dismissed from the service with prejudice to reinstatement and with perpetual disqualification from holding an elective or appointive position.

SEC. 64. Unauthorized Introduction of Logging Tools and Equipment Inside Forestlands. -It shall be unlawful for any person or entity to possess, bring or introduce any logging tools or equipment inside forestlands without prior authority from the Secretary or his duly authorized representative. Any person found guilty of illegal possession of said logging tools or equipment shall be liable to imprisonment of six (6) years and one (1) day to twelve (12) years or a fine of not less than One hundred thousand pesos (P100,000.00) nor more than Five hundred thousand pesos (P500,000.00), or both imprisonment and fine, at the

discretion of the court and the confiscation of said logging tools and equipment in favor of the government.

SEC. 65. *Non-payment and Non-remittance of Forest Charges.* - Any person who fails to pay the amount due and payable as forest charges to the government shall not be allowed to transport, convey, sell nor use the timber or forest product. Moreover, failure to pay within thirty (30) days upon assessment of forest charges shall be a ground for confiscation of the said timber or forest product in favor of the government. Any person who fails or refuses to remit to the proper authorities said forest charges collectible pursuant to the provisions of this Act or the National Internal Revenue Code, as amended, or who delays, obstructs or prevents the same or who orders, causes or effects the transfer or diversion of the funds for purposes other than those specified in said Acts shall, upon conviction, be imprisoned for not less than six (6) years nor more than twelve (12) years and fined from One hundred thousand pesos (P100,000.00) to Five hundred thousand pesos (P500,000.00) in addition to the payment of the assessed forest charges. If the offender is a corporation, partnership or association, the officers and directors thereof shall be liable.

SEC. 66. *Institution of Criminal Action by Forest Officers.* - Any forest officer shall arrest even without warrant any person who has committed or is about to commit, or is committing in his presence any of the offenses defined in this chapter. The tools, animals, equipment and conveyances used in committing the offense and the forest products cut, gathered, taken or possessed by the offender in the process of committing the offense shall also be seized and confiscated in favor of the government. The arresting forest officer shall thereafter deliver within six (6) hours from the time of arrest or seizure both the offender and the confiscated forest products, conveyances, tools and equipment, or the documents pertaining to the same, and file the proper complaint with the appropriate official designated by law to conduct preliminary investigation and file information in court. If the arrest and seizure are made in the forest far from authorities designated by law to conduct preliminary investigations, the delivery to and filing of the complaint with the latter shall be done within a reasonable time sufficient for ordinary travel from the place of arrest to the place of delivery. The seized forest products, materials, conveyances, tools and equipment shall be immediately disposed of in accordance with the regulations promulgated by the Secretary.

The Secretary may deputize any agency, *barangay* or *barrio* official, or any qualified person to protect the forest and exercise the powers or authority provided for in the preceding paragraph. Reports and complaints regarding the commission of any of the offenses defined in this chapter not committed in the presence of any forest officer or any of the deputized officers shall immediately be reported to the forest officer assigned in the area where the offense was allegedly committed. Thereupon, the investigating officer shall receive the evidences supporting the report or complaint and submit the same with the appropriate official authorized by law to conduct a preliminary investigation of criminal cases and file the information in court.

SEC. 67. *Liability of the Custodian of Confiscated Forest Products.* - Any public officer who fails to produce the timber or forest products, including tools, conveyances, equipment and devices in his custody pursuant to a seizure or confiscation made thereon, or who shall appropriate, take, misappropriate, or shall permit another person to take such timber or forest products wholly or partially, shall suffer the penalty provided for malversation of public funds or property under

the Revised Penal Code. In addition, the said public officer shall be dismissed from the service with prejudice to reinstatement and with perpetual disqualification from holding any elective or appointive office.

CHAPTER XV ADMINISTRATIVE PROVISIONS

SEC. 68. *Strengthening of the Forest Management Sector.* - In order to effectively implement the provisions of this Act, the FMB shall be transformed into a line bureau with functions clearly defined and enumerated under the implementing rules and regulations of this Act. To ensure that the scientific practice of forestry in the country is properly implemented, only registered foresters shall be appointed to the positions of director and assistant director and regional directors of the FMB, as well as to all other positions where the services of professional foresters are required in accordance with existing laws and the relevant rules and regulations issued by (he CSC and the PRC.

SEC. 69. *Development of Mechanisms for Private Sector Participation in Forest Management.* - The Secretary is hereby authorized to adopt appropriate mechanisms to strengthen private sector participation in forest management, which shall include the accreditation of a national organization of private investors including for profit, NGOs and people's organizations. The accredited national organization shall assist the Department in the formulation and review of relevant policies to ensure the contribution of the forestry sector to national economy and sustainable development. It shall also assist the Department in evaluating applications for forest management agreements; monitoring the performance of holders of commercial tenurial instruments; ensuring the local supply of timber and wood products; providing producers with access to local and international markets; and ensuring the conservation and preservation of protection forestlands and protected areas under the NIPAS Act.

SEC. 70. *Authority of the Secretary on the Use of Forest Resources.* - The utilization of forest resources from natural forests found in forestlands, government-established reservations and all other lands including ancestral domains or under the management of other government agencies shall be prohibited unless covered by permits issued by the Department, in consultation with other concerned government agencies: *Provided*, That in the case of ancestral lands and domains, the terms of the agreement with the concerned ICC shall likewise govern.

SEC. 71. *Administrative Authority of the Secretary or his/her Duly Authorized Representative to Order Confiscation.* - In all cases of violations of this Act or other forest laws, rules and regulations, the Secretary or his/her duly authorized representative may order the confiscation of forest products illegally harvested, cut, gathered, removed or possessed or abandoned, and all conveyances used either by land, water or air as well as all machinery, equipment, implements and tools used in the commission of the offense and to dispose of the same in accordance with pertinent laws, regulations or policies on the matter. If the confiscated forest products are in danger of deteriorating, the Secretary may order that the same be sold at public auction even before the termination of the judicial proceedings, with the proceeds kept in trust to await the outcome of the judicial proceedings. No court of the Philippines shall have jurisdiction to issue any

Writ of Replevin, restraining order or preliminary mandatory injunction in any case involving or growing out of any action by the Secretary or his/her duly authorized representative in the exercise of the foregoing administrative authority.

SEC. 72. Administrative Authority of the Secretary to Impose Fines. - In all cases of violations of this Act and other forest laws, rules and regulations where fine is the principal penalty, the Secretary, after consultation with the forest-based industries affected, is hereby authorized to impose administratively the penalty consisting of the amount and the schedules of the fine which shall be officially published in a national newspaper of general circulation.

SEC. 73. Authority of Forest Officers. - When in the performance of their official duties, forest officers or other government officials or employees, duly authorized by the Secretary, shall have free entry into areas covered by a contract, agreement, license, lease or permit. Forest officers are authorized to inspect and to open closed vans suspected to contain illegally harvested, collected or transported forest products: *Provided*, That it is done in the presence of the shipper or consignee or two (2) responsible public officials in the locality. Forest officers are authorized to administer oath, take acknowledgment in official matters connected with the functions of their office or take testimony in official investigations conducted under the authority of this Act and the implementing rules and regulations issued by the Secretary pursuant thereto.

SEC. 74. Visitorial Functions. - The Secretary or his/her duly authorized representative shall, from time to time, investigate, inspect and examine records and other documents except bank records related to the operation of any person granted the privilege, contract or agreement to utilize forest resources to determine compliance with the terms and conditions stipulated in the grant, contract or agreement, this Act and pertinent laws, rules and regulations.

SEC. 75. Other Incentives. - Fifty percent (50%) of the value of confiscated materials shall be used as incentives to informants and members of multi-sectoral forest protection councils, including Department personnel. Additional incentives may be provided to personnel of the Department, in addition to those provided under the Government Service Insurance System (GSIS) or the Workmen's Compensation Law. They shall also be entitled to free legal assistance should legal cases be filed against them in the performance of official duties.

SEC. 76. Protection to Witnesses in Cases Involving Violation of Forestry Laws. - Witnesses to violations of this Act or other forestry laws and regulations, including the immediate members of the family of said witnesses, shall be given protection, security and benefit, subject to the provisions of Republic Act No. 6981, otherwise known as "The Witness Protection, Security and Benefit Act" and its implementing rules and regulations.

SEC. 77. Rule-making Authority. - The Department shall promulgate the implementing rules and regulations within one (1) year from the effectivity of this Act, in consultation with the NCIP, the DILG, the Department of Finance, the leagues of provinces, cities and municipalities, and other government agencies.

SEC. 78. Congressional Oversight Committee on the Sustainable Forest Management Act.- There is hereby created a Congressional Oversight Committee composed of seven (7) Members from the Senate Committee on Environment and Natural Resources and seven (7) Members from the House of Representatives' Committee on Natural Resources. The secretariat of the Oversight Committee shall be drawn from the existing secretariat personnel of the committees comprising the oversight and the funding shall be taken from the appropriations of both the House of Representatives and the Senate.

SEC. 79. Transitory Provision - Upon the approval of this Act, the Department shall evaluate the conditions of all forestlands covered by existing tenurial instruments, memoranda of agreements (MOAs) and other agreements and contracts which shall be allowed to continue until their expiry unless terminated for cause.

CHAPTER XVI FINAL PROVISIONS

SEC. 80. Separability Clause. - Should any provision of this Act be declared unconstitutional or invalid, the same shall not affect the validity or legality of the other provisions.

SEC. 81. Repealing Clause. - Subsections (b), (d), (e), (g), (g) and (i) of Section 4 of Act No. 3915; Republic Act No. 460; Presidential Decrees Numbered 705,1153, ISIS, 1559 and 1775; Letter of Instruction No. 818; Executive Orders Numbered 277 and 278, series of 1987; and Executive Order No. 725, series of 1981 are hereby repealed, and all laws, orders, rules and regulations or any part thereof which are inconsistent herewith are likewise hereby repealed or amended accordingly.

SEC. 82. Effectivity. - This Act shall take effect thirty (30) days from the date of its publication in the *Official Gazette* or in at least two (2) national newspapers of general circulation.

Approved,