NINETEENTH CONGRESS OF THE	
REPUBLIC OF THE PHILIPPINES	
First Regular Session	



'22 JUL 11 P4:12

SENATE

s. No. <u>257</u>

RECEIVED BY:

Introduced by Senator PIA S. CAYETANO

AN ACT PROVIDING FOR THE SUSTAINABLE MANAGEMENT OF FORESTS AND FOREST LANDS AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The World Wildlife Fund describes forests as vital to life on the planet: "They purify the air we breathe, filter the water we drink, prevent erosion, and act as an important buffer against climate change. Forests offer a home to much of the world's diverse array of plants and animals and provide essential natural resources from timber and food to medicinal plants. Forests also support the lives of local communities and help them to thrive." Forests maintain global biodiversity and contribute to the fertility of agricultural lands. They provide protection from natural disasters including floods and act as carbon sinks absorbing carbon dioxide from the atmosphere, mitigating the effects of climate change. The welfare of millions of people depends on forests, making them invaluable to sustainable development.²

However, due to ecological disturbances, unsustainable practices, negligence, and, at times, greed, lives have been lost in natural disasters that could have been averted if only our forests were preserved. The Philippines, from 2001 to 2021, lost

World Wildlife Fund. (n.d.). Responsible forestry: Overview. https://www.worldwildlife.org/industries/responsible-forestry#:~:text=Overview,-%C2%A9%20Theodore%20Kaye&text=Forests%20are%20vital%20to%20life,important%20buffer%20against%20climate%20change

² United Nations. (2013). *Economic Contribution of Forests.* https://www.un.org/esa/forests/wp-content/uploads/2015/12/EcoContrForests.pdf

1,340,000 hectares of tree cover.³ This is equivalent to a 7.2% decrease in tree cover since 2000.⁴

For these reasons, the proposed Sustainable Forest Management Act, which was originally based on the Committee Report filed and sponsored by the undersigned in the 13th Congress, as then Chairperson of the Senate Committee on Environment and Natural Resources, aims for proper forest management to ensure intergenerational fairness. This concept of justice among generations in the use and conservation of the environment and natural resources will allow present and future generations to meet their own needs. Further, SDG 15 (Life on Land) of the United Nations 2030 Agenda for Sustainable Development – to which the Philippines is a party – seeks to protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. Achieving this SDG will also help us in attaining SDG 13 (Climate Action) on taking urgent action to combat climate change and its impacts.

The proposed measure also mandates the development of an effective and sustainable forest management strategy based on the allocation of forestland uses and promoting land-use practices that will not only be productive but will also conserve forest resources such as soil, lumber, and water. This forest management strategy will also work to protect existing forest resources, conserve our fragile biodiversity, and rehabilitate deforested or denuded areas. It is also envisioned to promote and stimulate food production activities without compromising forested areas.

This bill likewise provides for community-based forest management programs to be undertaken by concerned national agencies and the local government units. With

³ Global Forest Watch. (n.d.). *Philippines deforestation rates & statistics.* https://www.globalforestwatch.org/dashboards/country/PHL#:~:text=From%202001%20to%202021%20%20Philippines,and%20788Mt%20of%20CO%E2%82%82e%20emissions.

⁴ Global Forest Watch. (n.d.). *Philippines deforestation rates & statistics*. https://www.globalforestwatch.org/dashboards/country/PHL#:~:text=From%202001%20to%202021%20%20Philippines,and%20788Mt%20of%20CO%E2%82%82e%20emissions.

this, indigenous people and other forest-based communities will be empowered to manage, develop, utilize, and protect forest resources in a sustainable way.

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

Pia S. Centano MB PIA S. CAYETANO

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Introduced by Senator PIA S. CAYETANO

AN ACT PROVIDING FOR THE SUSTAINABLE MANAGEMENT OF FORESTS AND FOREST LANDS AND FOR OTHER PURPOSES

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

ADTICLE I

		ANTICLE I		
2		GENERAL PROVISIONS		
3		Section 1. Short Title This Act shall be known as the "Sustainable Forest		
4	Mana	gement Act."		
5		Sec. 2. Declaration of Policy. — It is the policy of the State to promote social		
6	justice	e and the general welfare in all phases of national development; protect and		
7	advance the right of the Filipino people to a balanced and healthful ecology in accord			
8	with the rhythm and harmony of nature; and to conserve and develop the patrimony			
9	of the nation. Therefore, the State hereby adopts the following policies for the			
10	sustai	nable management and conservation of forest lands and forest resources found		
11	therei	n:		
12	a.	The specific limits of forest lands, after these have been fixed and demarcated,		
13		shall not be altered, except through an act of Congress;		
14	b.	The use and conservation of forest lands and forest resources found therein		
15		shall bear a social, cultural, ecological, biological, and economic functions,		
16		responsibility and accountability to promote the common good of present and		
17		future generations.		

c. The protection of forest ecosystem, as well as rehabilitation through reforestation and afforestation of the degraded forest ecosystem, shall be given priority to mitigate climate change, improve and conserve biodiversity, enhance ecosystem functions and services and provide long-term economic benefits;

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- d. Forests lands shall be partitioned and planned into forest management units (FMUs) based on natural topographic and hydrologic boundaries and shall consider the watershed continuum approach which adopts a holistic interrelationship between the upstream and downstream areas in order to carry out efficiently the rational ecological treatment of the entire landscape from the mountain down to the coast.
- e. The management, protection, conservation and development of forest resources shall be done in an integrated, inclusive, developmental, and sustainable manner, focusing on the forest resource and the people who manage, conserve and benefit from it.
- Sec. 3. *Objectives.* The general objective of this bill is to optimize the utilization of forest resources to support sustainable development of the country by providing equitable access and benefit sharing to stakeholders. The specific objectives are:
 - a. To deregulate the management of forest lands and forest resources;
- b. To provide sustainable livelihood and enterprises especially among those
 depending and temporarily residing in forest lands;
 - c. To strengthen institutional mechanisms to respond to forest management concerns namely, development of the forest industry; law enforcement; and management of watershed;
- d. To create the Sustainable Forest Development Fund as a support mechanism for funding requirements of forest management units;
 - e. To reorient the role of the Forest Management Bureau to be more responsive and pro-active consistent with the objectives of this Act;
- f. To ensure that required forest cover is achieved to maintain the provision of ecological services.
- Sec. 4. *Scope and Coverage*. The provisions of this Act shall apply to all forest lands and all forest resources in lands over which the Philippines has sovereignty and

- 1 jurisdiction: *Provided*, That all forest lands and forest resources found in protected
- 2 areas established under the National Integrated Protected Areas System (NIPAS) shall
- 3 be sustainably managed and developed following the principles of this Act and
- 4 consistent with the provisions of Republic Act No. 7586, or the "National Integrated
- 5 Protected Areas System Act of 1992", as amended by Republic Act No. 10629, and
- 6 Republic Act No. 11038, or the "Expanded National Integrated System Act of 2018";
- 7 Provided further, That all wildlife resources and critical habitats found in forest lands,
- 8 including alienable and disposable lands, shall be governed by Republic Act No. 9147,
- 9 or the "Wildlife Resources Conservation and Protection Act"; Provided furthermore,
- that the rights of indigenous cultural communities and indigenous peoples to their
- ancestral forest lands shall be respected, as provided for in Republic Act No. 8371 or
- the "Indigenous Peoples' Rights Act of 1997"; Provided finally, that all forest lands
- under the management or administration of local government units and other
- 14 government agencies or instrumentalities shall be managed in accordance with their
- duly legislated charters and the principles and provisions of this Act.
- Sec. 5. *Definition of Terms.* As used in this Act:
- a. *Biodiversity* refers to the variability among living organisms from all sources, including, *inter alia*, terrestrial, marine, and other aquatic ecosystems in the
- 19 ecological complexes of which they are part of;
- b. *Climate Change* refers to a change in climate that can be identified by changes
- in the mean and/or variability of its properties and that persists for an extended
- 22 period, typically decades or longer whether due to natural variability or as a
- 23 result of human activity;

- c. Climate Change Adaptation refers to the adjustment in natural or human
- 25 systems in response to actual or expected climatic stimuli or their effects, which
- 26 moderates harm or exploits beneficial opportunities;
- 27 d. Climate Change Mitigation refers to human intervention to reduce
- anthropogenic emissions by sources and removals by sinks of all greenhouse
- 29 gases including ozone depleting substances and their substitutes;
- e. *Ecosystem* refers to a community of living organisms interacting with each
- other and with their physical environment;

f. Ecotourism refers to a form of sustainable tourism within a natural and/or cultural heritage area where community participation, protection and management of natural resources, culture, and indigenous knowledge and practices, environmental education and ethics, as well as economic benefits are fostered and pursued for the enrichment of host community and satisfaction of visitors;

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- g. *Forest* refers to an ecosystem or an assemblage of ecosystems dominated by trees and other natural vegetation; a community of plants and animals interacting with one another and its natural environment;
- h. *Forestland* refers to land of the public domain classified as needed for forest purposes, including both production and protection. They shall include all forest reserves of the public domain;
 - Forest Management Unit (FMU) refers to a clearly defined forest area assigned for management based on a set of objectives and a long-term watershed-based management plan. All current forest tenurial instruments may be considered FMUs;
 - j. *Forest-Based Industries* 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;
 - k. Forest Resources refer to all products and resources whether biomass such as plants and animals including its by-products and derivatives, which can be a raw material, or non-biomass such as soil, water, scenery, as well as the intangible services and values present in forest lands or in other lands devoted for forest purposes;
 - I. Forest Restoration refers to a management strategy applied in degraded primary forest to enhance and accelerate natural processes of forest regeneration in order to regain the elastic capacity of forest ecosystem;
 - m. *Indigenous Species* refer to species or genotypes that have evolved in the same area, region or biotope and are adapted to the specific predominant ecological conditions at the time of establishment;

n. *Multiple-Use* refers to the harmonized utilization of land, soil, water, wildlife, recreation value, grass and timber of forest lands;

- o. Natural Forest refers 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 process;
- p. *Non-Timber Forest Products* refer to all biological materials and derivatives
 other than timber;
 - q. Plantation refers to forest stands established by planting and/or seeding in the process of afforestation or reforestation. The stand is of either introduced species (all planted stands), or an intensively managed stand of any indigenous species, which meets all the following criteria: one or two species at plantation, even-aged class, and regular spacing;
 - r. *Processing Plant* refers to any establishment or infrastructure housing any mechanical set-up, device, machine, or combination of machines used for the conversion of logs and other forest raw materials into lumber, fiberboard, pulp, paper, or other finished wood products;
 - s. *Reforestation* refers to the establishment of forest plantations on temporarily un-stocked lands that are considered as forests;
 - t. Sustainable Forest Management refers to the process of watershed-based management of forest land and resources to achieve one or more clearly specified objectives of management with regard to the continuous production of desired forest products and the delivery of ecosystem services without undue reduction of its inherent values, biodiversity and future productivity and without undesirable effects on the physical and social environment; and
 - u. *Watershed* refers to the land area drained by a stream or fixed body of water and its tributaries having a common outlet for surface runoff. A watershed can be part of a larger landscape that includes connections from the head waters to the reef.

29 ARTICLE II

ADMINISTRATION, DEVELOPMENT, MANAGEMENT, AND UTILIZATION OF FOREST

31 LANDS AND FOREST RESOURCES

Sec. 6. Administration, Development, Management, and Utilization of Forestlands. — Forestlands and forest resources shall be under the full supervision and control by the State. The development and utilization thereof shall be under the State's full control and supervision. The State may directly undertake such activities, or it may enter into agreements with qualified persons in order for these persons to receive technical assistance and appropriate incentives.

The Forest Management Bureau, hereinafter referred to as the FMB, shall be the primary government agency responsible for the administration, development, management, and utilization of forest lands as defined in this Act. It shall have the authority to enter into management agreements or issue tenure instruments on behalf of the Government, promulgate rules and regulations for the effective enforcement of this Act, and administratively adjudicate offenses provided for in this Act in order to facilitate the speedy resolution of forestry-related cases.

- Sec. 7. *Categories of Forestlands*. For the purpose of administration, development, management and utilization, forest lands in the Philippines shall be categorized into ancestral forest lands, private forest lands, and public forest lands.
 - a. Ancestral forestlands are ancestral lands and domains defined as such under Republic Act No. 8371, otherwise known as the "Indigenous Peoples Rights Act of 1997".
 - b. Private forest lands are alienable and disposable lands registered under the current land registration system of the country which are devoted for forestry purposes.
 - c. Public forest lands shall include all lands of the public domain that have not been declared as a National Parks under Section 5 of Republic Act No. 7586, otherwise known as the "National Integrated Protected Areas System Act of 1992", as amended by Republic Act No. 11038; mineral lands pursuant to Republic Act No. 7942 otherwise known as the "Philippine Mining Act of 1995", and those lands not classified as agricultural based on the maps developed by the National Mapping and Resource Information Authority (NAMRIA).
- Sec. 8. *Demarcation and Delimitation*. Within five (5) years from the approval of this Act, the DENR shall demarcate on the ground the actual land classification lines, in coordination with LGUs and agencies assigned by law to administer and manage

- 1 forestlands or parts thereof: *Provided*, That the DENR Secretary, upon completion of
- 2 the actual assessment of the demarcated land classification lines, shall recommend to
- 3 Congress the delimitation of the forestlands found to be still suitable and capable for
- 4 its purpose.

- Public forest lands shall not be reclassified, except through an act of Congress.
- Sec. 9. *Management of Forest Lands*. For purposes of management and planning, all forest lands shall be managed for protection or production purposes only.
 - a. *Protection Forest Lands.* All areas within the forest lands designated or set aside as such shall constitute the protection forest lands. They shall consist of the following:
 - i. Virgin forest and old-growth, dipterocarp forest;
 - ii. All areas one thousand (1,000) meters above sea level;
 - iii. All areas with a slope of fifty percent (50%) or more;
 - iv. All areas along the bank of rivers and streams, and the shores of the seas and lakes throughout 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.

All extractive activities, including harvesting, gathering, and collection of forest resources except planted mangrove species and non-timber forest products, are prohibited within forest lands for protection purposes. However, the sustainable traditional resource rights of indigenous peoples shall be respected.

Only indigenous species shall be planted or introduced within protection forest lands.

- b. Production Forest Lands. All public forest lands not classified as protection forest lands, pursuant to this Section, shall constitute the production forest lands of the country. These lands shall be devoted for the production or timber and non-timber forest products to supply the domestic forest resource demand of the country and facilitate international trade of forest resources.
- Sec. 10. Forest Management Units. For the purposes of assigning respective areas of operations and management, all public forest or timber land shall be assigned and registered as "Forest Management Units" with the DENR: *Provided*, That all areas

under an existing and valid tenure agreement or management arrangement with the DENR before the passage of this Act shall be considered as FMUs.

The FMU shall be managed for protection and/or production purposes. Protection FMUs shall have the primary function of protecting life support systems to regulate water, prevent flooding, control erosion, prevent seawater intrusion, maintain soil fertility, and of conserving plant and wildlife biodiversity and their ecosystem.

Production FMU shall have the primary function of producing forest products, food, energy and/or fresh water among others.

Sec. 11. *Qualified Managers of FMUs.* — To ensure effective management of forest lands, managers of FMUs shall be confined to qualified and capable persons, or entities which include indigenous and local households, civil society organizations, business organizations, forest land use tenure holders, and dedicated national and local government units including government-owned and controlled corporations subject to the requirements to be provided in the implementing rules and regulations of this Act.

Sec. 12. *FMU Development and Management Planning.* — Every FMU shall have a management plan formulated by the FMU Manager that were reviewed and concurred by a Registered Professional Forester which shall be approved by the DENR. The FMU management plan shall contain the following:

a. FMU management objective;

- b. Description of the physical, environmental, socio-economic, and administrative profile of the FMU;
- c. Mapping and zoning of the FMU into production and high conservation valueforest zones;
- d. Management prescriptions to be applied in each zone to meet the FMU management objectives;
- e. Implementation plan; and
- f. Expected benefits and impacts of the plan.

Sec. 13. Sustainable Management of Mangrove Resources. – Mangrove species planted within protection or production forest lands can be harvested, gathered, or collected, taking into consideration the basic forestry policies and strategies provided

for in this Act. The harvesting, gathering, and collection of mangrove species shall be upon the authority provided for by the Bureau.

Sec. 14. *Mined-Out Areas and Abandoned Fishpond Areas.* – The management and administration of all forest lands that are considered as either mined-out areas or abandoned fishpond lease areas shall be reverted to the FMB.

Sec. 15. *Utilization of Forest Resources.* — The harvesting, gathering and collection of all planted forest resources within production forest lands and private forests, including its by-products and derivatives, shall not require any clearance from the DENR: *Provided*, That any request for clearances for domestic transport of forest resources submitted to the DENR shall be acted upon within seven (7) days from the date of its submission with the proper office. After a lapse of seven (7) days and no action has been taken by the DENR, the clearance for transport is deemed approved.

The harvesting, gathering, collection, and transport of non-timber forest products within production forest lands shall be exempt from any clearance from any government institution.

All timber and non-timber forest products planted within private lands shall belong to the owner of the land who shall have the right to harvest, gather, and collect the same without any clearance from any government institutions.

Sec. 16. Regulation and Utilization of Forest Resources within Ancestral Forest Lands. — The rights of the indigenous cultural communities or indigenous peoples over their ancestral forest lands shall be respected: *Provided*, That management of forest resources within those lands shall be regulated by the DENR as provided for by laws, rules, and regulations.

24 ARTICLE III

FOREST-BASED INDUSTRIES

Sec. 17. Development of an Open and Competitive Market for Forest Resources.

— To meet the demands for forest goods and services of the country, the State, through the DENR shall promote and rationalize the establishment, operations, and development of forest-based industries. The DENR shall institute measures to develop an open and competitive market for forest products including among others the liberalization of forest products harvesting, transport, and marketing.

Sec. 18. Export of Certified Forest Products. – No person shall sell or offer for sale any forest resources in the international market without complying with the certification system established by the Government. Failure to adhere to the established standards, or any act of falsification shall be sufficient cause for the cancellation of export licenses and other permits authorizing the manufacture or sale of such resources.

Sec. 19. *Regulation of Forest-Based Industries.* — All processing plants using forest resources as raw materials shall be subject to existing regulations prescribed by law, including the Environmental Impact Assessment (EIA) System: *Provided*, That these processing plants are registered with the Department of Trade and Industry as well as clearance from the Local Government Unit to operate.

Sec. 20. Enhance Private Investments and Economic Contribution. – Forest-based industries shall be supported to promote global competitiveness, support domestic demands for wood and other products, and enhance economic contribution to the country. Appropriate incentives shall be provided such as but not limited to establishment of agroforestry economic zones in order to ease the conduct of business and attract local and foreign investments that are mutually beneficial to the government, concerned communities, partner organizations and the investors concerned.

Sec. 21. *Community-Based Forest Enterprises*. — Economic activities and practices of local communities, including indigenous cultural communities, and indigenous peoples, on forest-based enterprises, including non-timber forest products, that promote the sustainable use of forest resources shall be supported and promoted to address food security and improve quality of life.

ARTICLE IV

EMPOWERING AND ENABLING CONDITIONS FOR SUSTAINABLE FOREST

MANAGEMENT

Sec. 22. Forest Land Use and Tenure Instruments. — The State, represented by the DENR, may undertake the exploration, development, and utilization of forest lands and forest resources found therein with qualified persons, whether natural or juridical, through tenure instruments.

- Sec. 23. Forest Management Agreement. The State, through the DENR and
- 2 a qualified person, whether natural or juridical, may enter into a Forest Management
- 3 Agreement for the exploration, development, and utilization of forest lands and forest
- 4 resources found therein. The Forest Management Agreement shall have a duration of
- 5 twenty-five (25) years and may be extended for another twenty-five (25) years.
- 6 Sec. 24. Scope of Forest Management Agreement. The Forest Management
- 7 Agreement may be entered into for the following purposes:
- a. Agroforestry plantations (in accordance to the standards of the DENR) Forest
- 9 plantation development;
- b. Forest plantation development with processing plant;
- 11 c. Ecotourism development; and
- d. Special uses for forest lands;
- A Forest Management Agreement may be entered into for a single purpose or
- a combination of any of the abovementioned purposes.
- 15 Sec. 25. Special Uses of Forest Lands. A Forest Management Agreement may
- be entered into for a special use of forest land which shall include the following:
- 17 a. Dry Dock Site;
- b. Industrial Processing Site;
- c. Herbal or Medicinal Plantation;
- d. Fish Drying Site;
- e. Communication Station Site;
- f. Public Landing Site or Airstrip;
- g. Log Pond or Log Depot;
- h. Lumber Yard;
- i. Motor Pool Site;
- j. Power Station Site;
- 27 k. Transmission Line Site;
- 28 I. Right-of-Way;
- 29 m. Farm-to-Market roads;
- n. Government Facility Site (e.g. schools, clinics, satellite offices among others);
- o. Water Reservoir; or
- p. Renewable Energy Projects:

Provided, That for government facilities or infrastructures like farm-to-market roads, public school sites, public hospitals or clinics, etc. shall be free from any fees, charges, or other pecuniary obligations under the Forest Management Agreement.

Sec. 26. *Qualified Persons.* — The following persons are qualified to enter into a Forest Management Agreement with the State:

a. Filipino citizens;

- b. Corporations or associations at least sixty percent (60%) of whose capital is
 owned by Filipinos;
 - c. Local government units, when the purpose of the Forest Management Agreement is for public use or the establishment of government centers and facilities; or
 - d. Other National Government Agencies or Government-Owned or Controlled Corporations, when the purpose of the Forest Management Agreement is for national interest, like transmission lines, water reservoirs, or distribution lines for electricity.
 - Sec. 27. *Production Sharing.* The following schemes shall be observed by the Parties to a Forest Management Agreement in relation to the sharing of benefits derived from the agreement:
 - a. Forest Plantations, Forest Plantations with Processing Plants. The sharing of outputs from Forest Management Agreements entered into for the purpose of developing and managing forest plantations, and forest plantations with processing plants shall be based on the total gross output of the plantation harvests. Said sharing shall be done in a manner advantageous to national interest without prejudice for incentives that may be prescribed by the DENR.
 - b. For ecotourism purposes, the person who entered into a Forest Management Agreement with the State for the purpose of ecotourism or other special uses for forest lands shall have the obligation to pay an annual user's fee equivalent to five percent (5%) of the nearest commercial zonal value per square meter or a fraction thereof.
 - c. Government Facilities or Infrastructures. Non-income generating government facilities such as public school sites, public hospitals or clinics, government center or offices, roads, farm-to-market access roads, and public buildings are

exempt from paying any fee or other pecuniary obligation with the State. Provided, that the use of these establishments or infrastructures shall not be subject to privatization.

Sec. 28. Forestry Research, Education, Training, and Extension. — The Research and Technology Department of the Ecosystems Research and Development Bureau, Forest Products Research and Development Institute, universities, and other research institutions shall be strengthened to support sustainable management of forest resources. For this reason, Forestry Development Center of the University of the Philippines Los Baños shall lead in forest policy research in collaboration with schools, universities, and colleges (SUCs) as well as other stakeholders.

The DENR, the Department of Science and Technology, the Commission on Higher Education, and Universities, within one (1) year from the passage of this Act, shall prepare a comprehensive sustainable 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.

The Continuing Professional Development shall be promoted and upheld through selected universities and training institutions on forestry and natural resources management subject to the Professional Regulation Commission's accreditation system. Forestry education in the Philippines shall be rationalized to ensure the quality of formal forestry education and establish, support and sustain the national and regional centers of development and excellence in forestry and environmental education to develop high quality human resources and promote global competitiveness. The Commission on Higher Education shall include forest ecology and environment courses in general education curricula. The DENR shall formulate a nationwide program for sustained public information and advocacy campaign for forests and natural resources conservation, sustainable forest management, and climate change.

Sec. 29. *The Sustainable Forest Development Fund.* – A Sustainable Forest Development Fund (SFDF) is hereby established to provide concessional financing particularly for forest development projects proposed by qualified managers of FMUs.

Said Fund shall be administered by a Government Financial Institution as a trust account managed under the "capital preservation" principle.

The preferred government financing institution (GFI), together with the DENR, shall invest at most 75% of the net interest income from loans to forest development - support facilities including but not limited to road networks, seedling nurseries, water supply systems, and research facilities subject to recommendation by the FMB.

The SFDF may be augmented by grants, donations, and endowment from various local and international sources.

In addition, at least seventy percent (70%) of forest charges and government share collected, including proceeds from the sale of confiscated forest resources, machinery, equipment, and tools, fines, and penalties shall be set aside for the SFDF.

Moreover, securitization, payment for ecosystem services and collaborative investments shall be encouraged to support sustainable forest management and enterprises and the conservation of forest-based biodiversity in the Philippines.

The DENR shall include in the implementing rules and regulations of this Act the guidelines for the management, development, and operationalization of the SFDF, in coordination with other concerned agencies and civil service organizations.

Sec. 30. *Importation and Sale.* – Forest resources may be imported into the country, subject to existing laws, rules, and regulations. All imported forest resources shall comply with the Philippine National Standards to be developed by the Department of Trade and Industry in coordination with the Forest Products Research and Development Institute and the DENR. Compliance with these standards shall be a precondition for the sale or disposition of these products in the Philippines.

24 ARTICLE V 25 ORGANIZATIONS AND GOVERNANCE

- Sec. 31. *Creation of the Position of Undersecretary for Forestry.* There is hereby created in the DENR the position of Undersecretary for Forestry who shall perform the following functions:
 - a. Oversee the provision of technical, marketing, financial, tenurial and infrastructure support to persons and entities engaged in FMU management;

- b. Ensure watershed-based planning and monitoring processes are observed in
 forestry-related developments;
- c. Facilitate institutional linkages and convergence initiatives among forestry
 stakeholders in support of effective development and management of forest
 lands consistent with its protection and production uses;
- d. Provide scientific information-based policy recommendations in aide sustainable
 forest management; and

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- e. Promote cost-effectiveness of forestry investments among local and international investors and donors in line with sustainable forest management.
- The Undersecretary shall be appointed by the President of the Republic of the Philippines, whose office, structure, and staffing, shall be determined by the Secretary subject to existing laws, rules, and regulations.
 - Sec. 32. Reconstitution of the Forest Management Bureau. The Forest Management Bureau is hereby reconstituted as a line bureau under the DENR, which shall be responsible for the administration, management, development, and protection of forest lands and forest resources of the country, with functions specifically as follows:
- a. Implementation of all policies, plans, programs, projects and activities concerning forest lands with provision for effective feed-backing and reporting mechanisms;
 - b. Ensure sufficient provision of technical, marketing, financial, tenurial and infrastructure support to persons and entities engaged in FMU management;
- 23 c. Enforce watershed-based planning approaches in all forest-land development 24 and management endeavors;
- d. Encourage the participation of forestry stakeholders through multi-sectoral consultative bodies in all forestry-related consultative processes;
- e. Develop and implement an effective geographical information system in aide of forestry planning, monitoring and policy formulation;
- f. Monitor and evaluate the physical, environmental and socio-economic outcomes in the management of all FMUs; and
- g. Formulate and publish periodic reports informing stakeholders of the status of the Philippine forest lands using both qualitative and quantitative methods.

Sec. 33. *Composition of the Forest Management Bureau.* — As a line bureau, the FMB shall be headed by a Director and assisted by two (2) Assistant Directors who shall supervise the administrative and technical services of the Bureau respectively. There shall be a FMB Regional Director in each administrative region with corresponding offices and positions.

Sec. 34. Assistance of Law Enforcement Agencies. — Local Government Units, the Department of Interior and Local Government, and the DENR, may, when they deem necessary, call upon law enforcement agencies and instrumentalities of the Government such as the Philippine National Police (PNP), the Armed Forces of the Philippines (AFP), the Philippine Coast Guard (PCG) and the National Bureau of Investigation (NBI) for the enforcement of environmental laws, executive orders, and their implementing rules and regulations.

Sec. 35. Creation of Community-based Law Enforcement Team. — The Community-based Forest Law Enforcement Team (CFLET) shall be organized with members composed of representatives from direct stakeholders in a particular watershed. Said Team shall be deemed as quick responders on complaints to be augmented or reinforced by the Forest Ranger. Funding for CFLET's operational requirements shall be sourced from agreed contributions from FMU Managers agreed with the DENR, proceeds from sale of confiscated forest products, donations from various sources.

Sec. 36. *Local Government Units.* – Enabling mechanisms shall be developed to enhance the participation of the local government units in the sustainable management and utilization of forest resources within their territorial jurisdiction, including those assigned by law to other government agencies.

LGUs with forest lands inside their jurisdiction shall align their CLUPs, local development plans, disaster risk reduction management plans and other required plans according to the objectives specified herein and in the protected area management plans.

Sec. 37. Other Government Agencies. — Forest lands or portions thereof, which have been placed under the administration and management of other government agencies, shall remain under the administration and management of the said government agencies; with the DENR exercising oversight power over these areas:

Provided, That their administration and management shall be based on the policies, strategies, and programs that are consistent with the provision of this Act; Provided, further, That the concerned agencies shall submit an annual accomplishment report to the DENR.

Sec. 38. Multi-Sectoral Consultative Bodies in Relation to Natural Resources Governance. — A technical and multi-sectoral consultative body involving all stakeholders concerned within a watershed shall be convened by the DENR pursuant to this Act, specifically for each FMU and cluster of FMUs as appropriate and shall be consulted at least once a year to review and make recommendations on watershed-based management related policies at the local and regional level. Further, the DENR shall extend technical assistance to multi-sectoral bodies organized for the purpose of policy-making in relation to environment and natural resource governance specifically on forest governance issues.

Sec. 39. Function of Multi-Sectoral Consultative Bodies. — The body shall be responsible for the over-all policy direction in the management of the forest lands and forest resources found within their respective jurisdictions in accordance with the provision of this Act. Specifically, it shall:

- a. Review and recommend implementation of programs and projects;
- b. Perform oversight functions on matter pertaining to the environment and natural resources; and
- c. Participate in the review and recommend relevant policies for the protection, conservation, and restoration efforts within the watershed in ensuring significant contribution of the forestry sector to national economy, ecological sustainability, and sustainable development closely adhering to the principles and priority programs of the Government.

Said body may also facilitate the initiation of the LGUs' participation in the devolution program and monitoring the transfer and implementation of devolved functions to the LGUs.

Sec. 40. *Power and Water Utility Service Providers.* – Forest lands or portions thereof, which have been placed by law or agreement under the administration and management of government and private power and water utilities service providers, shall be included in the partitioning of forest lands into appropriate categories

- consistent with the purpose of the assigned forest land, and shall remain under the administration and management of the said utilities service providers concerned; *Provided*, That the DENR shall exercise oversight power on the planning, management, utilization, and assessment of all forest resources in these areas.
 - Sec. 41. *Governance Mechanism*. The following mechanisms shall be developed, established, and used for the sustainable forest management:

- a. The principles and practices of transparency, accountability, and participatory decision-making, in transactions, decision, and actions affecting forestry, in all levels, and the policy of streamlining, decentralization, devolution, and deregulation shall be adopted, promoted, and institutionalized in the DENR.
- b. Updating and preparation of forest land use plans shall be integrated with the updating and preparation of comprehensive land use plans of local government units.
- c. Networks and linkages with local and international institutions, civil society organizations, local government units and industries involved in the promotion and practice of sustainable forest management shall be strengthened.
- d. The DENR shall prescribe appropriate fees and government shares for different kinds of utilization, exploitation, occupation, possession, or activities within forest lands, as well as the corresponding administrative fees for permits, agreements, and other services.
- e. The DENR shall have the authority to impose other fees for payment for ecosystem services and forest protection, management, reforestation, and development. In addition, the DENR may waive fees and charges on government activities within forest lands that supports public utility, social welfare, national security, or national interest.
- f. The DENR shall undertake the monitoring and control of forest management and utilization through a third-party audit and certification. A National Forest Certification System shall be established which will outline the policy, rules, procedures, and management for implementing forest management certification and chain-of-custody certification in the country. The DENR shall develop pertinent guidelines, in coordination with all stakeholders, for the implementation of this provision subsequent to the effectivity of this Act.

- g. The DENR shall establish a forest management information system which consists of comprehensive up-to-date information on the physical, social, financial, economic, biological, and environmental components of the country's forest lands and forest resources. It shall include a continuous monitoring system to track the utilization and movement or transfer of forest-based goods and services, the changes in the state of forest resources and ecosystem services, and its drivers. It shall include further a ground-based validation system as basis for assessing progress towards sustainable forest management.
- h. It shall be the priority of the State to ensure that government employees involved in the implementation of the sustainable forest management law are properly trained, sufficiently equipped, adequately compensated, and given ample opportunities to participate in its implementation. The DENR and other agencies involved shall appropriately provide funding for the same.

ARTICLE VI

OFFENSES AND PENALTIES

Sec. 42. Harvesting, Gathering, Collection, or Possession of Forest Resources from Protection Forest Lands. — Any person who shall harvest, gather, collect, or possess any forest resource from protection forest lands shall be punished with imprisonment ranging from six (6) years and one (1) day to twelve (12) years and one (1) day and/or a fine equivalent to ten (10) times the value of the said forest resource. The Forest Protection Officers shall have the authority to estimate the present market value of the forest resources subject of the illegal harvest, gathering, collection or possession based on the guidelines promulgated by the DENR.

In case of partnerships, associations, or corporations, the president, managing partner, or general manager shall be held liable.

In case of aliens, the Bureau of Immigrations shall deport them without further proceedings after paying the fine imposed.

Sec. 43. *Illegal Harvesting, Gathering, Collection, or Possession of Forest Resources as an Act of Economic Sabotage.* – Any of the acts enumerated in the preceding section shall be considered as an economic sabotage when committed by:

a. At least two (2) or more persons through an organized and systematic manner; and

- b. Any person, when the amount of forest resources harvested, gathered, collected, or possessed amounts to at least One million pesos (Php 1,000,000.00).
- The penalty of imprisonment for twenty (20) years and one (1) day to forty (40) years shall be imposed.
- Sec. 44. *Grazing Livestock in Forest Lands without Authority.* Any person found to have caused the grazing of livestock in forest lands without an authority from the DENR shall be punished with the imprisonment of two (2) years, four (4) months, and one (1) day to four (4) years and two (2) months. The livestock shall be confiscated in favor of the Government.
- Sec. 45. *Unlawful Occupation of Forest Lands.* Any person who, without the authority from the DENR, possesses or occupies any parcel of forest land shall be punished with a penalty of imprisonment of six (6) years and one (1) day to twelve (12) years and a fine of not less than One hundred thousand pesos (Php 100,000.00) but not more than Five hundred thousand pesos (Php 500,000.00).
- SEC. 46. *Destruction of Forest Lands.* Any person who shall destroy or cause destruction within forest lands or assist, aids, or abets another person to do so, shall be punished with a penalty of imprisonment of six (6) years and one (1) day to twelve (12) years, and a fine of not less than One hundred thousand pesos (Php 100,000.00) but not more than Five hundred thousand pesos (Php 500,000.00).
- Sec. 47. *Unlawful Operations of Sawmills, Wood Processing Plants, and Forest-Based Industries.* Any person operating sawmills, wood processing plants, and forest-based industries without any authority from the DENR, shall be punished with a penalty of imprisonment for six (6) years and one (1) day to twelve (12) years and a fine of not less than Five hundred pesos (Php 500,000.00).
- If the offender is a public official or employee, the accessory penalty of disqualification for holding any public office is imposed for a period of twelve (12) years and one (1) day. If the offender is an official or an employee of the DENR, the accessory penalty of permanent disqualification shall be imposed.

All forest resources, machinery, equipment, and tools pertinent to the operations of the abovementioned establishments shall be confiscated in favor of the Government.

Sec. 48. *Prohibition on the Issuance of Land Titles or Tax Declarations on Forest Lands.* — All land titles and tax declaration issued over forest lands shall be deemed void *ab initio*. Any person who shall issue land titles and tax declarations over any forest land or a parcel thereof shall be punished with imprisonment of six (6) years and one (1) day to twelve (12) years and a fine of not less than One hundred thousand pesos (Php 100,000.00) nor more than five hundred thousand pesos (Php 500,000.00). the accessory penalty of disqualification shall be imposed for a period of twelve (12) years and one (1) day.

Sec. 49. *Non-Payment and Non-Remittance of Forestry Fees and Charges.* — Any person who fails to pay the amount due and payable as forestry fees or charges to the government or remit the same to the proper authorities shall be punished with a penalty of imprisonment for a period of six (6) years and one (1) day to twelve (12) years with a fine of not less than one hundred thousand pesos (Php 100,000.00) nor more than Five hundred thousand pesos (Php 500,000.00).

Sec. 50. *Non-Establishment of Tree Parks and Green Spaces.* – Every local government unit shall establish and maintain tree parks and green spaces pursuant to their comprehensive land use plans. Funds for the establishment and maintenance of the same shall form part of the local government unit's annual budget.

Every owner of land subdivided into residential, commercial, or industrial lots shall reserve, establish, and maintain at least thirty percent (30%) of the total land area of the subdivision, exclusive of roads, service streets and alleys as green space for tree parks.

No subdivision plan shall be approved by the Housing and Land Use Regulatory Board unless at least thirty percent (30%) of the total area of the subdivision has been reserved as green space. The owner must develop the green space within three (3) years from the approval of the subdivision plan.

Any local government unit or owner of a parcel of land subdivided into residential, commercial, or industrial lots who fails to establish green spaces or tree parks as provided in the preceding paragraphs shall be penalized with a fine of not

less than Five hundred thousand pesos (Php 500,000.00) nor more than One million pesos (Php 1,000,000.00).

Sec. 51. *Illegal Conversion of Tree Parks and Green Spaces.* — Any person who shall convert or cause to convert any tree park or green space for a purpose inconsistent with that which is provided for by this Act shall be punished with a penalty of imprisonment for six (6) years and one (1) day to twelve (12) years and/or a fine not less than Five hundred thousand pesos (Php 500,000.00) nor more than One million pesos (Php 1,000,000.00).

If the offender is a public official or employee, the accessory penalty of disqualification is imposed for a period of twelve (12) years and one (1) day. If the offender is an official or an employee of the DENR, the accessory penalty of permanent disqualification shall be imposed.

Sec. 52. *Arrest and Detention.* — If the apprehension was conducted in remote areas far from the place where persons authorized to conduct inquest proceedings are located, the delivery to the proper judicial authorities shall be done within a reasonable time period, taking into consideration the ordinary travel time from the place of arrest to the place of delivery.

In order to facilitate the delivery of arrested persons for violations of this Act, the Department of Justice shall designate in every city and province a special prosecutor who shall be responsible for filing appropriate charges against arrested offenders.

Sec. 53. *Public Auction of Forest Resources.* — If the confiscated forest resources are in danger of deteriorating, the DENR 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.

Sec. 54. *Authority of Forest Protection Officers.* — When in the performance of their official duties, forest protection officers or other public officials or employees authorized by the DENR, shall have free access into forest lands or any parcel thereof.

They are also authorized to search the exterior and interior of all vehicles suspected to contain illegally harvested, collected, or gathered forest resources: *Provided*, That the search is done in the presence of the apprehended persons and two (2) public local officials.

Finally, forest protection officers are authorized to administer oaths, take acknowledgements in official matters connected under the authority of this Act and its implementing rules and regulations.

ARTICLE VII

ADMINISTRATIVE REMEDIES

Sec. 55. Administrative Authority of the Secretary or his 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 duly authorized representative may order the confiscation of forest resources illegally harvested, collected, gathered, possessed and those that are abandoned. This authority shall extend to all conveyances used either on land, water, or air as well as machinery, equipment, implements, and tools used in the commission of the offense and to dispose of the same in accordance with pertinent laws, rules and regulations.

Sec. 56. 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, or his duly authorized representative, after the 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. 57. *Fines Escalation Clause.* — The fines herein prescribed shall be increased by at least ten percent (10%) every three (3) years to compensate for inflation and to maintain the deterrent function of such fines.

Sec. 58. *Informant's Incentive.* — Twenty percent (20%) of the value of confiscated materials shall be used as incentives to informants including forest management councils, forest management boards. They shall also be entitled to free legal assistance should cases be filed against them in the performance of official duties.

- Sec. 59. Suits and Strategic Legal Action Against Public Participation and the Enforcement of this Act.
 - a. A legal action filed to harass, vex, exert undue pressure, or stifle any legal recourse that any person, institution, or the government has taken or may take

in the enforcement of this Act, protection of the environment or assertion of environmental rights shall be governed by this Section.

b. A suit and strategic legal action against public participation may be interposed as a defense by a person involved in the enforcement of environmental laws, protection of the environment, or assertion of environmental rights, The suit or strategic legal action shall be supported by documents, affidavits, papers, and other evidence. The person involved in the enforcement of environmental laws may also by way of counterclaim, pray for damages, attorney's fees and costs of suit.

The court shall direct the plaintiff or adverse party to file an opposition showing the suit is not valid as a defense, attaching evidence in support thereof, within a non-extensible period of five (5) days from receipt of notice that an answer has been filed.

The suit or strategic legal action shall be set for hearing by the court after issuance of the order to file an opposition within fifteen (15) days from filing of the comment or the lapse of the period.

- c. The hearing on the suit or strategic legal action shall be summary in nature. The parties must submit all available evidence in support of their respective positions. The party seeking the dismissal of the case must prove by substantial evidence that his act for the enforcement of this Act is a legitimate action for the protection, preservation, and rehabilitation of the environment. The Party filing the action assailed as a SLAPP shall prove by preponderance of evidence that the action is not a SLAPP and is a valid claim.
- d. The affirmative defense of a SLAPP shall be resolved within thirty (30) days after the summary hearing. If the court dismisses the action, the court may award damages, attorney's fees, and costs of suit under a counterclaim if such has been filed. The dismissal shall be with prejudice.

If the court rejects the suit or strategic legal action, the evidence adduced during the summary hearing shall be treated as evidence of the parties on the merits of the case. The action shall proceed in accordance with the Rules of Court.

Sec. 60. *Citizen's Suit.* — Any citizen may file an appropriate civil, criminal, or administrative action with the proper court against:

- a. Any person who violates or fails to comply with the provisions of this Act or its implementing rules and regulations;
- b. The DENR or other implementing agency with respect to orders, rules, and regulations issued inconsistent with this Act;
- c. Any public officer who willfully or grossly neglects the performance of an act specifically enjoined as a duty by this Act or its implementing rules and regulations; or abuses his authority in the performance of his duty; or in any manner improperly performs his duties under this law or its implementing rules and regulations.

However, no suit can be filed until after a notice of violation is sent to the alleged offender within thirty (30) days starting from the date of the occurrence of the violation.

- Sec. 61. *Implementing Rules and Regulations.* The DENR, in consultation with other government agencies and relevant stakeholders charged with the administration and enforcement of this Act shall promulgate the necessary implementing rules and regulations within one (1) year from the effectivity of this Act.
- Sec. 62. *Transitory Provisions.* Upon the approval of this Act, the DENR shall evaluate the conditions of all forest lands covered by existing tenure instruments, agreements or contracts, permits, and the like, which shall be allowed to continue until their expiry unless otherwise earlier terminated for cause.
- Sec. 63. *Separability Clause.* Should any provision of this Act be subsequently declared not constitutional, such declaration shall not affect the validity or the legality of the other provisions.
- Sec. 64. *Repealing Clause.* All laws, decrees, executive orders, rules and regulations, issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.
- Sec. 65. *Effectivity.* This Act shall take effect thirty (30) days from the date of its publication in the Official Gazette and a newspaper of general circulation.

Approved,