


FIFTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

OFFICE OF THE SECRETARY

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SENATE

S. No. 940

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Introduced by Senator Manuel "Lito" M. Lapid

EXPLANATORY NOTE

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

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

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

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


MANUEL "LITO" M. LAPID
Senator

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

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

SECTION 1. Short Title. - This Act shall be known as the "*Private Land Forestry and Incentive Act of 2010.*"

SEC. 2. Declaration of Policy. - It is declared policy of the State to protect and advance the right of the people to a balanced and healthful ecology through forest conservation and reforestation. The State also recognizes the indispensable role of the private sector in reforestation.

SEC. 3. Coverage. - This Act shall cover social forestry areas, alienable / disposable land, and privately owned lands engaged in agro-forestry activities.

SEC. 4. Special Agricultural Lands and Permanent Agro-Forestry Zones. - All land areas covered by the integrated social forestry program of the Department of Environment and Natural Resources (DENR) pursuant to Letter of Instruction No. 1260 and such other areas as may be determined by the DENR are hereby classified as special agricultural lands, declared as "Permanent Agro-Forestry Zones" and shall be available for land ownership or title by qualified beneficiaries. As special agricultural lands such areas shall continue to be farmed with at least twenty percent (20%) of the land planted to the trees or reforestation species and with environmental protection measures.

SEC. 5. Who May Apply. - (1) All individuals qualified to be beneficiaries of the integrated social forestry program of the DENR as provided in Administrative Order

No. 4 dated February 27, 1991 are hereby declared qualified to apply for the titling of a forestland of not exceeding seven (7) hectares of Permanent Agro-Forestry Zone.

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

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

SEC. 6. Conditions for the Grant. - The grant of certificates of land ownership or titles to qualified beneficiaries under this Act shall be subject to the following conditions:

- (a) At least twenty percent (20%) of the social forestry area awarded to the occupant shall be devoted to tree farming of suitable species to contribute to the reforestation efforts of the government;
- (b) Trees and other vegetation along the banks of rivers and streams, bordering or passing through the allocated areas, shall be protected and preserved; *Provided, That* if the channel is at least five (5) meters wide, the protected strip, perpendicular to the edge of the normal high waterline, shall be twenty (20) meters. In case of rivers or waterways less than five meters in width, the strip shall be ten meters on each side;
- (c) The allocated land shall be developed, consistent with scientific and environmental protection practices, into productive farms which are economically viable and enable the occupant and his family to be self-reliant; and
- (d) Regardless of transfer of ownership, the area shall not be converted to uses other than agro-forestry except as determined by scientific / technical studies and expressly allowed by law.

SEC. 7. Jurisdiction over Agro-Forestry Zones. - Consistent with Section 17 of Republic Act No. 7160 or the Local Government Code, the local

governments shall have primary jurisdiction over agro-forestry zones for purposes of the implementation and enforcement of the provisions of this Act.

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

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

SEC. 10. *Incentives.* - The following incentives are given to owners and cultivators / developers of private forestry areas:

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

SEC. 11. *Disposal of Foreclosed Private Forestry Areas.* - All private forestry areas or lands foreclosed or acquired by the government through default of

loans or violation of law shall, within one (1) year after their titles are transferred in favor of the government, to be disposed to qualified persons or entities.

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

SEC. 13. *Penal Provisions.* - Social forestry areas which have not adequately accomplished agro-forestry activities after five (5) years of ownership shall be forfeited in favor of the government. Other violations of forestry, land and environment and other laws shall be punished accordingly with respect to such codes or laws.

SEC. 14. *Implementing Guidelines.* - The Department of Interior and Local Government (DILG), in consultation with the Department of Environment and Natural Resources (DENR), Department of Agriculture (DA) and Department of Agrarian Reform (DAR), the Land Bank and other agencies concerned shall formulate the necessary implementing rules and regulations within ninety (90) days after effectivity of this Act; *Provided, That such regulations include the creation of inter-agency Oversight Committee at the appropriate field levels.*

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

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

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

Approved,