

**SIXTEENTH CONGRESS OF THE  
REPUBLIC OF THE PHILIPPINES**  
*First Regular Session*

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Senate  
Office of the Secretary

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**SENATE**

**SENATE BILL NO. 1094**

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INTRODUCED BY **SENATOR JOSEPH VICTOR G. EJERCITO**

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**EXPLANATORY NOTE**

The Philippine Forest is a rich natural reserve and source of living for many. With its vast natural reserves, there are people who never run out of ideas on how they can extract these resources thinking that our forest is unlimitedly favored. When our forests suffer, natural disasters also happen like landslides and flooding; temperature rises and worse, living creatures are left with no home. These are some of the reasons why we need to clearly define our role in protecting our forests. The roles of the stakeholders not just in protecting but rehabilitating our forest are also very important.

It is estimated that from 2000 to 2005, the Philippines lost 2.1 percent of its forest every year, the second fastest rate in Southeast Asia (next to Burma) and the seventh in the world.<sup>1</sup> The Philippines has lost at least 80 percent of its original forest cover since the 16<sup>th</sup> century. This has also earned the notoriety in Southeast Asia as the only country with the thinnest forest cover.<sup>2</sup>

These alarming scenarios are brought about by illegal activities. Illegal logging and uncontrolled mining had been the cause of massive destruction in our forest to start with. This destruction affected our wildlife and some of our indigenous people who depend their source of living in our forests.

This Act shall cover the protection, rehabilitation and proper management of our forest. Aside from this, this Act shall protect our forests by clearly defining forest boundaries and limitations. This shall also set up an information system to upgrade our control and in monitoring our forests. In addition, this Act will also enjoin the participation of those who can greatly help improve our forest situation by setting up incentives and gratification and define penalties to those who fail to work hand in hand for our forest conservation.

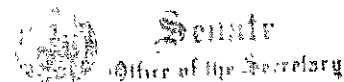
It is for these reasons that the approval of this bill is fervently sought.

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**JOSEPH VICTOR G. EJERCITO**

**SIXTEENTH CONGRESS OF THE  
REPUBLIC OF THE PHILIPPINES**  
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**SENATE**

**SENATE BILL NO. 1094**

RECEIVED BY: *ja*

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INTRODUCED BY **SENATOR JOSEPH VICTOR G. EJERCITO**

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**AN ACT  
PROVIDING FOR THE PROTECTION, REHABILITATION AND  
SUSTAINABLE MANAGEMENT OF FOREST ECOSYSTEM AND FOR  
OTHER PURPOSES**

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

**ARTICLE I**

**BASIC FORESTRY POLICIES**

**SECTION 1. Short Title.** – This Act shall be known as the  
“Sustainable Forest Management Act of 2013”.

**SECTION 2. Declaration of Policy.** – Pursuant to the provisions  
of the Constitution to promote the general welfare and social justice in all  
phases of national development, 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 management, development and conservation of forest  
ecosystem and the resources therein:

- (a) **Permanency of Forest Land.** – The specific limits of forest  
lands shall be fixed, delineated and demarcated on the  
ground and thereafter shall not be altered except through an  
act of Congress.
- (b) **Forest Resources to Promote the Common Good.** – The use  
and conservation of forest lands and the resources therein  
shall bear social, ecological, biological and economic

functions, responsibility, and accountability to promote the common good of the present and future generations.

- (c) Climate Change Mitigation or Adaptation. – The mitigation of or adaptation to climate change shall be vital components in the conservation, management, protection and development of forest lands and natural resources.
- (d) Good Governance. – Good governance shall be practiced in the management, conservation, protection and development of forest lands and the resources therein.

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

- (1) Categorization of Forest Lands. – Forest lands shall be categorized as protection or production forest lands in order to guide managers on the intent of development and to obtain the most beneficial use for common good;
- (2) Watershed as the Basic Forest Land Management Unit. – Protection and production forest lands shall be partitioned and planned into forest management units based on natural topographic and hydrologic boundaries and shall consider the watershed continuum approach which adopts a holistic inter-relationship 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;
- (3) Community-Based Forest Management (CBFM) Founded on Empowerment of Local Communities and Indigenous Peoples with Multi-Sectoral Participation and Support. – Vesting access rights and responsibilities to forest-dependent local communities and indigenous peoples to undertake sustainable conservation, protection, management and development of forest ecosystems shall have precedence over other strategies. The CBFM shall have the support of the Department of Environment and Natural Resources, the National Commission on Indigenous Peoples (NCIP) and the local government units (LGUs). The participation of the private and other sectors in the

CBFM shall be encouraged and promoted in conformity with pertinent regulations;

- (4) Protection and Rehabilitation of Forest Ecosystem as Priority Concerns. – 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;
- (5) Recognition of the Indigenous Peoples' Sustainable Forest Management Practices. – The management of forest lands in ancestral lands and domains shall recognize and promote the sustainable forest management practices of the indigenous peoples;
- (6) Security of Tenure of Stakeholders. – Pursuant to the principles of sustainable and multi-use forest management and equitable access to forest resources, a secured tenure shall be guaranteed to stakeholders concerned;
- (7) Investment and Public-Private Partnership. – Investments and public-private partnership shall be harnessed through favorable incentives that promote the acceleration of the conservation and development of the forest lands and the resources therein; and
- (8) Professionalism in Forest Service. – A dynamic professional and people-oriented forest service shall be established and fully supported by the government.

**SECTION 3. Scope and Coverage.** – The provisions of this Act shall apply to all forest lands and forest resources found therein: Provided, That all forests and forest resources found in protected areas established under the National Integrated Protected Areas System (NIPAS) shall be sustainably managed and developed following the provisions of Republic Act No. 7586 or the NIPAS Act of 1992: Provided, further, That the rights of indigenous cultural communities or indigenous peoples to their ancestral lands and domains shall be respected, and all such lands within ancestral domains and ancestral

land claims shall be managed and developed in accordance with this Act and the provisions of Republic Act No. 8371 or "The Indigenous Peoples Rights Act of 1997".

All forest lands and forest resources therein under the administrative jurisdiction of the Autonomous Region of Muslim Mindanao (ARMM) shall be managed, developed and conserved in accordance with this Act and the Regional Sustainable Forest Management Act of 2003 of the ARMM.

**SECTION 4. *Definition of Terms.*** – As used in this Act, the term:

- (a) Adaptation shall refer to the adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities.
- (b) Afforestation shall refer to the planting of trees or the artificial establishment of forest in areas that were not previously forested.
- (c) 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.
- (d) Ancestral domain shall refer to all areas generally belonging to indigenous cultural communities or indigenous peoples (ICCs/IPs) as defined in Republic Act No. 8371.
- (e) Ancestral lands shall refer to lands occupied, possessed and utilized by members of the ICCs/IPs as defined in Republic Act No. 8371.
- (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) Chain-of-Custody (CoC) shall refer to the path that forest products take from the forest to the consumer, including all manufacturing, transformation and distribution links.
- (h) Climate change shall refer 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 period, typically decades or longer, whether due to natural variability or as a result of human activity.
- (i) Communal forest shall refer to a tract of forest land 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 source of water for the community; and as an area for ecotourism and/or environmental protection or socioeconomic projects of LGUs consistent with sustainable development.
- (j) Co-management shall refer to the process of management in which government shares power with resource users, with each given specific rights and responsibilities relating to information and decision-making.
- (k) Conservation shall refer to planned protection and management of forests and their resources so as to prevent waste and ensure future use.
- (l) Conveyance shall refer to any vehicle, vessel, device or animal used in gathering or transporting forest products.
- (m) Co-production agreement shall refer to an agreement or contract, 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, land or portion of forest land wherein both parties agree to provide inputs and share the products or equivalent cash value.

- (n) Criteria and indicators shall refer to the set of management tools to describe and assess a forest state or situation that should be met to comply with sustainable forest management.
- (o) Degraded forests shall refer to all forest lands containing less than five (5) square meters in basal area per hectare of all tree species with diameters at breast height or diameter above buttress of less than sixty-five (65) centimeters.
- (p) Delimitation shall refer to the establishment of permanent boundaries between forest lands, national parks/protected areas and agricultural lands as a result of demarcation.
- (q) Delineation shall refer to the establishment of boundaries between forest lands, national parks/protected areas and agricultural lands as a result of a conduct of site investigation, reconnaissance and field verification in accordance with the criteria set by the Department of Environment and Natural Resources.
- (r) Demarcation shall refer to the establishment of boundaries using visible markers, monuments or known natural features/landmarks, among others, as a result of the actual ground delineation.
- (s) Denuded forest lands shall refer to forest lands that are devoid of forest tree cover.
- (t) Department shall refer to the Department of Environment and Natural Resources.
- (u) Downstream forest-based industry shall refer to any industry other than the primary processing plants that uses timber or other forest products as its raw materials or inputs to produce higher value-added forest products like furnitures, handicrafts and the like.
- (v) Ecosystem shall refer to living communities, the environment they live in, and their interactions.
- (w) Ecotourism shall refer to a nature-based activity managed by the local community with government support whose

primary goals are conservation and enhancement of natural resources while providing economic benefits to the local community without endangering the sociocultural practices of its people.

- (x) Environmental Impact Assessment (EIA) 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.
- (y) Environmental Impact Statement (EIS) 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.
- (z) Expropriation shall refer to the act of buying back by the State when public interest so requires, of forest areas under private or non-state ownership, subject to just compensation.
- (aa) Forest shall refer to an ecosystem or an assemblage of ecosystems dominated by trees and other woody vegetation; a community of plants and animals interacting with one another and its physical environment. A forest may be natural or established by man as in plantation.
- (bb) Forest auditing shall refer to the systematic, documented verification process of objectively obtaining and evaluating audit evidence to determine whether specified activities, events, conditions, management systems, or information conform with Sustainable Forest Ecosystem Management (SFEM) principles, criteria and indicators.
- (cc) Forest certification shall refer to the Department system of certifying forest management units (FMUs) as fully satisfying the forest certification standards consisting of the SFEM principles, criteria and indicators based on third-party initial



forest auditing leading to the award of a forest certificate to the FMU and subsequent annual forest audit to assess the maintenance of the forest certificate.

- (dd) 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 forest lands and from alienable and disposable (A&D) lands.
- (ee) 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.
- (ff) Forest ecosystem shall refer to a dynamic complex of plant, animal and microorganism communities and their abiotic environment interacting as a functional unit where trees are a key component system. Humans, with their cultural, economic and environmental needs are integrated therein.
- (gg) Forest ecosystem goods and services shall refer to goods and services provided by a forest ecosystem including provisioning services (such as food, fresh water, biochemicals, wood, fiber, fodder, and energy), supporting natural processes (such as biodiversity maintenance, pollination, soil formation and nutrient cycling, water infiltration, production of atmospheric oxygen and enhancement of microclimate), regulating environmental processes (such as water flow regime and soil erosion regulation, carbon and climate regulation, natural hazards protection, air quality regulation, and pest and disease regulation), and sustaining cultures (such as cultural identity and integrity, spiritual values, aesthetic and recreational values, ecotourism and local knowledge systems).
- (hh) Forest lands shall refer to lands of the public domain that have been classified as such and all unclassified lands of the public domain. This excludes national parks, mineral lands and agricultural lands.

- (ii) Forest line shall refer to the boundary on the ground between the forest lands and other lands of the public domain.
- (jj) Forest Management Unit (FMU) shall refer to a clearly defined forest area, managed under a set of objectives and according to a long-term management plan.
- (kk) Forest officer shall refer to any public officer who by the nature of the appointment or the functions of the position to which one is appointed is vested 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.
- (ll) Forest plantation or plantation forest 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 indigenous species, or their combination.
- (mm) Forest products shall refer to goods 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 and game, scenic, historical and educational.
- (nn) Forest resources shall refer to all resources whether biomass, such as plants and animals including its byproducts and derivatives which can be raw material assets that can produce more value-added products, 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.
- (oo) 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.

- (pp) Indicator shall refer to a quantitative, qualitative or descriptive attribute that, when periodically measured or monitored, indicates the direction of change of sustainable forest management.
- (qq) Indigenous peoples (IPs) shall refer to a group of people or tribe of indigenous Filipinos as defined or described under Republic Act No. 8371 or "The Indigenous Peoples Rights Act of 1997".
- (rr) Industrial forest plantation shall refer to any tract of land planted mainly to timber-producing species including rubber and/or non-timber species such as rattan, bamboo and palm, primarily to supply the raw material requirements of wood or related processing plants.
- (ss) Joint venture agreement shall refer to an agreement or contract, as specified in the Constitution, where a company is established by the contractor and the government with both parties having equity shares and sharing in equity earnings.
- (tt) Kaingin shall refer to forest lands which have been subjected to unsustainable shifting and/or slash-and-burn cultivation.
- (uu) Managed forest shall refer to a forest land under a deliberate system of protection, rehabilitation and development, which include utilization of resources, to ensure the continuous production of desired forest products and/or services and the conservation of soil, water, wildlife and other natural resources therein.
- (vv) Mitigation in the context of climate change, shall refer to human intervention to address anthropogenic emissions by sources and removals by sinks of all greenhouse gases (GHGs), including ozone depleting substances and their substitutes.
- (ww) Multiple-use shall refer to the harmonized utilization of land, soil, water, wildlife, recreation value, grass and timber of forest lands.

- (xx) National park shall refer to the land of public domain classified as such in the 1987 Philippine Constitution which includes all areas under the National Integrated Protected Areas System (NIPAS) pursuant to Republic Act No. 7586, primarily set aside and designated for the conservation of native plants and animals, their associated habitats and cultural diversity.
- (yy) Natural forest shall refer to forests composed of indigenous trees not planted by man, whose structure, functions and dynamics have been largely the result of natural succession processes:
- (zz) Non-timber forest products shall refer to all biological materials and derivatives other than timber, which are extracted from forests for human use.
- (aaa) Old growth forest shall refer to forest which have never been subject to human disturbance or has been so little affected by hunting, gathering and tree cutting that its natural structure, function and dynamics have not undergone any changes that exceed the elastic capacity of the ecosystem.
- (bbb) Permit shall refer to a short-term privilege or authority granted by the State to a person to utilize any limited forest resource or undertake a limited activity within any forest land without any right of occupation and possession therein.
- (ccc) Person shall refer to a natural as well as juridical person, including local forest-based communities or indigenous peoples organized in accordance with law or custom.
- (ddd) Production sharing agreement shall refer to an agreement in accord with the Constitution wherein the government grants the contractor the exclusive right to conduct development and utilization activities within a specified area of the forest lands and it (the government) shares in the production whether in kind or in value as owner of forest lands and/or products therein. The contractor provides all the necessary financing; technology, management and personnel.

- (eee) Protected area shall refer to the identified portions of land and water set aside by reasons of their unique physical and biological significance, managed to enhance biological diversity and protected against destructive human exploitation.
- (fff) Protection shall refer to the act or activities of shielding from injury or destruction as to maintain the state of health and integrity of the forest land and its resources.
- (ggg) REDD Plus shall refer to a broad range of actions to reduce emissions from deforestation and forest degradation (REDD), including the conservation of carbon stocks, sustainable management of forests and enhancement of forest carbon stocks.
- (hhh) Reforestation shall refer to the planting of trees or artificial establishment of forests in areas that were previously forested.
- (iii) Rehabilitation shall refer to the reforestation and afforestation activities including mechanical measures such as contouring and terracing.
- (jjj) Residual or second growth forest shall refer to a forest, subsequent to the cutting or harvesting the then old growth forest, and which there is more or less adequate volume of the desired species of trees for development, management and future harvest.
- (kkk) Restoration shall refer to the bringing back of the forest land to its original state in terms of species composition, structure, function and productivity.
- (lll) Restoration zones shall refer to the area where restoration activities are conducted and where the original vegetation shall be restored.
- (mmm) River basin shall refer to the portion of land drained by a river and its tributaries, encompassing the entire land surface dissected and drained by many streams and creeks that flow downhill into one another, and eventually into one

river, the final destination of which is an estuary or an ocean.

- (nnn) Secretary shall refer to the Secretary of the Department of Environment and Natural Resources.
- (ooo) Selection system shall refer to the systematic removal of mature, over-mature and defective trees in such a manner that leave adequate number and volume of healthy residual trees of desired species necessary to assure future crop of timber and forest cover for the protection and conservation of soil, water and wildlife.
- (ppp) Silvicultural practices shall refer to any action by man to further improve or enhance the stand growth as a whole or of the single tree for future use such as, but not limited to, assisted natural regeneration and tree surgery.
- (qqq) Sustainable development shall refer to the meeting of the needs of the present generation without compromising the ability of the future generations to meet their own needs.
- (rrr) Sustainable Forest Ecosystem Management (SFEM) or Sustainable Forest Management (SFM) shall refer to the process of ecosystem-based management of forest to achieve one or more clearly specified objectives of management with regard to production of continuous flow of desired forest products and environmental services without undue reduction of its inherent values and future productivity and without undesirable effects on the physical and social environment.
- (sss) Tenure shall refer to a privilege given by the Department to a qualified person or juridical entity to manage and utilize forest lands and the resources found therein, in accordance with the modalities prescribed in the Philippine Constitution.
- (ttt) Urban forestry shall refer to the establishment and management of forest in urban environment for the physiological and psychological well-being of the people.

- (uuu) Upper river basin (URB) shall refer to the portion of a major river basin that extends from the ridge dividing it from other basins down to a point where the gradient of the river has decreased to less than about eight percent (8%), the gradient below the level at which erosion becomes deposition, which generally has several tributaries, and whose catchments are referred to as watersheds.
- (vvv) Uplands shall refer to land areas located on slopes of more than eighteen percent (18%).
- (www) Vulnerability assessment shall refer to an analysis of the relationship between natural and anthropogenic hazards and river basins and watershed. It identifies the strength and weaknesses of the recipient subject in relation to the identified hazard.
- (xxx) Vulnerable areas shall refer to areas in danger of being adversely affected by gradual or sudden changes in climate, including the physical and biological components as well as the socioeconomic status of communities therein.
- (yyy) Watershed shall refer to a land area drained by a stream or fixed body of water and its tributaries having a common outlet for surface runoff.
- (zzz) Watershed continuum shall refer to an area consisting of the watershed and its divide including its connection from the headwaters to the reef.
- (aaaa) Watershed Ecosystems Management (WEM) or Watershed Continuum Management (WCM) shall refer to a management system that shall provide the optimum social, cultural, economic and environmental benefits to the greatest number of people particularly those living in, adjacent to, or downstream of, individual watershed areas, while maintaining the biological and cultural heritage of the country. It is based on the following guiding principles: ecological sustainability, social and cultural sustainability, economic sustainability and institutional sustainability.

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

(cccc) Wood-based industries shall refer to various industries that use wood as the principal raw material including, but not limited to, sawmilling, veneer and plywood and wood-bound manufacturing and pulp and paper making as well as furniture and secondary processed wood products manufacturing.

## **ARTICLE II**

### ***Forest Lands***

**SECTION 5. *Permanent Forest Lands.*** – All lands of the public domain classified as forest lands by the Department including the remaining unclassified lands, shall comprise and be maintained as permanent forest lands of the country. The reclassification of forest lands and/or any changes in the forest lines shall require an act of Congress.

**SECTION 6. *Establishment of Forest Lines.*** – Within two (2) years upon the effectivity of this Act, the Department shall undertake the actual ground survey and verification of the limits of the permanent forest lands using as basis all existing Land Classification (LC) maps, the latest forest cover data of the National Mapping and Resource Information Authority (NAMRIA) from its satellite imagery interpretations, and other available and reliable sources of information.

Within five (5) years upon the effectivity of this Act, forest boundaries of the forest lands shall be demarcated and clearly marked on the ground by concrete monuments at certain fixed distances, visible cut lines, sign boards, and uniformly-spaced distinctive trees maintained at all times between the concrete monuments.

Upon approval of this Act, the Congress shall provide funds to the Department to carry out the establishment of the forest lines.

Records pertaining to the specific limits of forest lands shall be made available to the public upon request. Moreover, the Department shall furnish all provincial, municipal and city governments copies of the



maps of permanent forest lands located within their respective territorial jurisdictions.

**SECTION 7. Subclassification of Forest Lands.** – The forest lands shall be sub classified into the following categories according to primary use:

- (a) Protection forest lands shall consist of all mossy and old-growth forests; 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, navigation, floatage, fishing and salvage shall also be sub classified as protection forest lands. All extractive activities such as, but not limited to, logging and mining are banned in protection forest lands: Provided, That the provisions of the IPRA shall be respected: Provided, further, That restoration zones shall be designated in areas surrounding or adjacent to protection forest lands and, thereafter, shall become part of protection forest lands; and
- (b) Production forest lands shall be all forest lands not sub classified as protection forest lands as defined in this section, and shall be devoted to the production of timber and/or non-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, hydro and geothermal power generation areas: Provided, That, together with pockets of areas referred to in paragraph (a) of this section, if present, production forest lands shall be managed and developed as part of FMUs in accordance with the Department-approved management plans based on sustainable forest management: Provided, further, That ancestral domains located within production forest lands shall be governed by Republic Act No. 8371 or the IPRA law.

### **ARTICLE III**

#### ***Administration and Planning for Sustainable Management of Forest Lands***

**SECTION 8. *Jurisdiction and Control of Forest Lands and Forest Resources.*** – The Department shall be the primary agency responsible for the conservation, management, development and utilization of all forest lands and the unclassified lands of the public domain including all the resources found therein. In coordination with the LGUs and other government agencies, the Department shall ensure that forest lands 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 forest lands and unclassified lands of the public domain including the natural resources therein shall be undertaken in accordance with the Department-approved management plans: Provided, that management plans for protected areas shall be prepared in accordance with the provisions of the NIPAS Act.

**SECTION 9. *Partitioning of Forest Lands into Forest Management Units (FMUs).*** – For the purpose of assigning respective areas of operations and management of forest lands, these shall be partitioned into FMUs based on the LGU jurisdiction and ancestral domain found therein: Provided, That in case of any unresolved boundary conflicts between or among adjoining LGUs, the Department shall define the FMU boundaries along the areas of conflict: Provided, further, That each existing area covered by an approved tenure instrument shall be considered as a FMU.

**SECTION 10. *Tenure Instruments.*** – The assignment of open-access/ untenured FMU-level management to LGUs and other stakeholders shall be determined by the Department in accordance with appropriate rules and regulations: Provided, That existing and valid tenure instruments shall continue under their terms and conditions.

**SECTION 11. *Forest Lands Under Management of Other Agencies.*** – Forest lands or portions thereof which have been placed by law under the administration and management of other government agencies or private power/water utilities service providers, shall be included in the partitioning of forest lands into appropriate categories

consistent with the purpose of the assigned forest lands as provided for in Section 7 of this Act, and shall remain under the administration and management of the agency or utilities service provider concerned: Provided, That the Department shall exercise oversight power over FMU planning, management, utilization and assessment of all forest resources in these areas. All such agencies or service providers shall be guided by the CBFM strategy as described in Section 2 of this Act, and shall be encouraged and supported by the Department.

**SECTION 12. *Private Sector Participation in Management of Forest Lands.***— Private sector participation in management of forest lands shall be encouraged. The Department shall identify and set aside suitable forest areas for private sector development and management and, together with the Board of Investments, shall formulate and provide a set of incentives to the private sector for this purpose. Private sector participation shall be undertaken through joint venture, production sharing agreement, or co-production with concerned FMU management. All forest lands currently held by the private sector shall continue to be sustainably managed by such private sector under the terms and conditions of their existing tenure instruments, subject to the forest certification system described in Section 36 of this Act.

**SECTION 13. *Forestry Planning System.*** — The Department shall institute and oversee the implementation of a forestry planning system consisting of the following hierarchy of plans, which shall be regularly updated:

- (a) **Forestry Master Plan.** — The master plan shall include a multi-faceted analysis of the forestry sector, its strengths, weaknesses, opportunities and threats, including vulnerabilities and threats resulting from climate change; set long-term goals and medium-term objectives, formulate programs to guide the long-term development of the forestry sector and attainment of medium-term targets, and specify the requirements for the implementation of the development programs. The master plan shall be prepared by the Department in collaboration with other stakeholders and submitted to the President of the Philippines through the National Economic and Development Authority (NEDA) for

approval. The master plan shall be reviewed every five (5) years to be attuned with current and emerging issues and developments.

- (b) River Basin Master Plans. – River basin master plans shall be in accord with the master plan for the forestry sector and shall focus on enhancing the delivery of various forest ecosystems services in the river basin, with emphasis on: (1) enhancing forest ecosystems adaptation to and mitigation of climate change; (2) ecosystem-based adaptation that implements a range of strategies for the management, conservation and restoration of forest ecosystems to provide services that enable people to adapt to the impacts of climate change; and (3) provision of multiple co-benefits, such as conservation of biodiversity, enhancement of carbon stocks for mitigating climate change, supplying of water and various economic products, and generation of livelihood and income for local communities, by means of ecosystem-based adaptation measures. The river basin master plans shall be prepared every five (5) years by the concerned regional office(s) of the Department in collaboration with the Regional Development Councils and other stakeholders and submitted to the Department Secretary for approval.
- (c) FMU Management Plans. – As co-managers of the FMU, LGUs, or the private sector and other stakeholders concerned, following a Department-prescribed template, shall be responsible in preparing a five (5)-year FMU management plan under the supervision of accredited registered private forester(s) and in accord with the river basin master plan for approval of the concerned Department regional office.
- (d) Annual Operations Plans. – To facilitate the implementation of the FMU management plan, a detailed annual operations plan in accord with the FMU management plan shall be prepared by the FMU concerned under the supervision of accredited

registered private forester(s). The FMU management and operations plans shall conform to the Department's criteria and indicators for sustainable forest ecosystem management.

#### **ARTICLE IV**

#### ***Sustainable Forest Ecosystem Management Programs and Operations***

**SECTION 14. *Assigning the Implementation of National or Local Forestry Programs to CBFM.*** – All national and local programs, their component projects and the operationalization of plans related to the management, development, protection and conservation of forest ecosystems shall be implemented according to the CBFM approach as described in this Act. A memorandum of agreement shall be entered into by all concerned FMUs which shall stipulate the resources allocated for such program or project and the benefit-sharing arrangements between FMU operators and project proponents. These programs or projects shall include forest restoration, reforestation and afforestation, industrial tree plantations, agro-forestry, biomass energy production, non-timber forest products (NTFP) development, Payment for Ecosystems Services (PES), and REDD Plus.

**SECTION 15. *Carbon Sequestration and Storage.*** – As part of climate change mitigation and adaptation measures and to enhance ecosystems services, carbon sequestration and storage shall be included in the forestry master plan, river basin master plans, management framework plans, FMU management plans and annual operations plans. The Department shall provide support to FMU managers in implementing operations that increase carbon sequestration and storage such as PES, as well as the applicable financing made available for the purpose. The PES, REDD Plus, and other sources shall be accessed to provide financing for carbon sequestration and storage activities of FMU operators. The Department, in collaboration with the Climate Change Commission, shall formulate the regulations governing carbon trading.

**SECTION 16. *Ecotourism.*** – The FMU management shall enhance and conserve the ecotourism values found in forest lands. Timber

harvesting for whatever purposes, commercial-scale collection of NTFP, farming, grazing, aquaculture, and infrastructure development shall be prohibited in ecotourism zones of the FMU, except as part of the tourism development program of the FMU and as indicated in the approved FMU management plan. The design and construction of tourism infrastructures shall be in accord with enhancement of the natural characteristics and/or attraction of the site.

**SECTION 17. Resources Management for Non-Timber Forest Products (NTFP).** – The FMU management for non-timber forest production shall be conducted in appropriate areas. Harvesting of NTFP shall be on sustainable basis, promote productivity of the NTFP resources, and minimize any disturbance of the soil, water, and biodiversity resources of the site. Domestication of resource bases of NTFP shall be encouraged.

**SECTION 18. Silvicultural Systems.** – Silvicultural systems that are appropriate to the type of forest and other considerations shall be selected and applied in the timber production zones. Regeneration of harvested natural forest stands shall be based on natural regeneration processes and assisted natural regeneration. The Department shall conduct a review of silvicultural systems including the forest management practices of indigenous peoples and institute improvements that ensure sustainability of timber management and increase in productivity. Clear-cutting shall be allowed only in plantations, and any clear-cutting shall be followed immediately by tree planting as well as maintenance of planted trees until they are fully established.

**SECTION 19. Agro-forestry.** – Agro-forestry shall be one of the key upland development strategies to be used in developing forest areas occupied by upland farmers.

**SECTION 20. Mangrove Development and Management.** – The rehabilitation of degraded mangrove forests through afforestation/ reforestation/enrichment planting of appropriate mangrove species shall be intensified. Fishery production in duly designated mangrove production zones shall promote productivity of fishery resources and shall be accomplished without cutting the naturally growing mangroves. Establishment of new mangrove plantations in tandem with fishpond development (aqua-silviculture) may be allowed in mangrove production

zones: Provided, That not more than twenty percent (20%) of areas to be developed shall be devoted to fishpond farming activities. The mangrove plantations established within the aqua-silviculture projects may be permitted to be selectively harvested for domestic purposes only on a sustainable basis as deemed appropriate and that the privilege to harvest shall be granted only to the private individual, group of individuals or entity which established and developed the said plantations as previously authorized through an approved contract or agreement for the purpose: Provided, That harvesting shall be limited to mangroves that are part of the timber management zones and non-timber production zones of the FMU as indicated in the approved FMU management plan: Provided, further, That the cutting of mangrove trees and other associated plants within duly-designated mangrove protection zones whether naturally growing or planted is strictly prohibited.

**SECTION 21. *Mining in Forest Lands.*** – Mining shall not be allowed in protection forest lands as an imperative measure in enhancing the protection and conservation of various forest ecosystems services. In production forest lands, the consent of the tenure holder and the Department approval shall be obtained: Provided, That mined-out areas shall be immediately rehabilitated.

**SECTION 22. *Built-up Areas in Forest Lands.*** – Human settlements, roads and other infrastructure shall be designated built-up areas of the FMU.

**SECTION 23. *Forest Protection.*** – Protection of forest lands against land-use conversion, illegal extraction of forest products, fire, pests and diseases, invasive species, chemicals, climate-induced causes, and other agents of forest destruction shall be included in the forestry master plan, river basin master plans, FMU management plans and annual operations plans.

**SECTION 24. *Urban Forestry.*** – As part of climate change adaptation and mitigation measures and to enhance ecosystems services, communal forests, tree buffers along roads and waterways, and forest/tree parks in urban areas, school grounds, and open spaces of housing projects shall be established in cities and municipalities. The Department and forestry research and academic institutions shall provide technical assistance to ensure that appropriate species and

technologies are employed in the establishment and maintenance of such parks, communal forests and tree buffers.

## **ARTICLE V**

### ***Utilization of Forest Resources***

**SECTION 25. *Use of Forest Lands Exclusively for Forestry and Subsidiary Purposes.*** – The use of forest lands shall be limited to forestry and subsidiary purposes in appropriate areas. The use of forest lands for purposes not otherwise mentioned shall require the Department approval: Provided, That non-extractive utilization of forest resources, particularly special uses of forest lands such as bathing establishments, camp sites, telecommunication sites, log pond sites, salt works, and the like, shall be allowed consistent with pertinent policies and regulations that the Department may prescribe.

**SECTION 26. *Harvesting of Forest Products.*** – Harvesting of timber and NTFP shall be based on the principle of sustainability and in consideration of the conservation of soil, water, and biodiversity and enhancement of carbon stocks as mentioned in this Act. In addition, the Department approval for harvesting trees shall be subject to the conduct of a forest inventory and mapping of harvestable trees, including chain-of-custody (CoC) numbering of harvestable trees as mentioned in Section 35 of this Act, and reporting to the Department for the updating of the Department's database on harvested trees.

**SECTION 27. *Management and Utilization of Forest Resources Within Forest Lands.*** – The extraction of timber and NTFP, and agricultural crops, their byproducts and derivatives, whether from natural forest, planted, or raised through application of appropriate silvicultural and/or agro-forestry practices, from forest lands, shall require a prior permit, agreement or clearance that are deemed necessary and appropriate by the Department as recommended by the Forest Management Bureau (FMB): Provided, That extraction of timber and NTFP, agricultural crops, their byproducts and derivatives from areas covered by Certificate of Ancestral Domain Titles (CADT) or Certificate of Ancestral Land Claims (CALC) shall be governed by Republic Act No. 8371. The transport of these forest products from forest lands, including



those from the area of the indigenous cultural communities and indigenous peoples covered by CADT or CALC, shall be covered by a CoC certificate issued by the FMU management. Relevant information in the CoC shall be transmitted to the Department's online database at least one (1) week prior to the actual transporting as provided for in Section 35 of this Act.

Any extraction of forest resources considered as endangered, threatened, vulnerable, and other restriction shall be done in coordination and consultation with, and clearance from the Protected Areas and Wildlife Bureau (PAWB): Provided, That any declaration of endangered, threatened, vulnerable, and other restricted species shall be approved jointly with the FMB.

**SECTION 28. *Management and Utilization of Forest Resources Within Titled Lands.*** – All forest resources planted or raised within titled lands belong to the owner of the land, shall have the right to sell, contract, convey or dispose of the same without the necessity of any clearance from the Department: Provided, That the government shall provide the appropriate incentives provided under Section 46 of this Act.

**SECTION 29. *Administration and Utilization of Forest Resources Within Ancestral Domain.*** – The utilization of forest resources within ancestral lands and domains shall be governed by the provisions of this Act and Republic Act No. 8371. The National Commission on Indigenous Peoples (NCIP) shall coordinate and consult with the Department in providing assistance to the indigenous peoples in the sustainable management and development of forest resources within ancestral lands and domains.

Any project to be implemented by a holder of a CADT or any such similar instrument to develop or use forest lands or forest resources therein that would result in severe soil erosion or environmental degradation shall be subject to an EIA in accordance with Presidential Decree No. 1151 or the Philippine Environmental Policy, and Presidential Decree No. 1586 on Establishing an Environmental Impact Statement System and this Act.

**SECTION 30. *Transport of Forest Products and Confiscated Forest Products.*** – The transport of timber and NTFP that do not carry a CoC number and is not supported by CoC documentation, as provided

for in Section 35 of this Act, shall be prohibited. Timber and NTFP that do not carry a CoC number shall be considered as coming from illegal sources and subject to confiscation.

**SECTION 31. *Downstream Processing of Forest Products.*** – To add value to harvested forest products, further processing into finished and semi-finished products shall be encouraged and supported. The CBFM and other FMU operations shall be allowed to process their forest products or to make them available in the open market of raw forest products subject to restrictions on forest products transporting as mentioned in Section 36 of this Act and prior payment of appropriate forest charges as mentioned in Section 50 of this Act.

**SECTION 32. *Forest-Based Industries.*** – To meet the demands for forest-based goods and services of a growing population, the State through the Department shall promote the establishment, operations and development of forest-based industries.

**SECTION 33. *Export and Sale of Locally Produced Wood Products.*** – Logs and raw or rough lumber manufactured from such logs, derived from natural grown trees of whatever species cut, gathered or removed from the local natural forest shall not be exported. Only finished and semi-finished lumber products, wood manufactures, wood panels, and other finished wood products from such logs may be exported by licensed exporters: Provided, That the license to export such finished wood products shall be granted only to certified operators upon approval of their application. The export of forest plantation products shall be based on Department guidelines.

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 certification and 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.

**SECTION 34. *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 and to the tariff and duties under the Tariff and Customs Code and quarantine regulations. Any product manufactured or remanufactured out of imported forest and wood materials shall be allowed to be sold in the domestic or international market subject to compliance with grading rules and standards by the licensed finished wood product exporter.

## **ARTICLE VI**

### ***Monitoring and Control of Forest Management and Utilization***

**SECTION 35. *Forest Products Chain-of-Custody (CoC).*** – The Department shall institute a forest product CoC system to enable the tracking of transported, processed or marketed forest products to their source. To be considered legally harvested, all forest products from forest lands shall bear an official CoC number.

**SECTION 36. *External Monitoring and Certification Assessment of Forest Management Operations.*** – The Department shall institute a national forest certification system to externally monitor and assess the performance standards of FMU operations and to ensure that forest products coming from FMUs are from certified sustainable sources when local consumers buy them from the market.

**SECTION 37. *Forestry Information System (FIS).*** – The Department shall establish a FIS which shall consist of comprehensive up-to-date information on the physical, social, economic, biological and environmental components of the country's forest lands 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 forest resource inventory at least once every five (5) years to ensure effective management.

**SECTION 38. *Conflict Resolution.*** – The parties from within an FMU and between or among FMUs shall be encouraged to resolve

conflicts related to forest management, development, protection, conservation and utilization between or among themselves. Conflicts that cannot be resolved internally shall be reported for adjudication and resolution by the Department. Conflicts that cannot be resolved by the Department to the satisfaction of the parties in conflict shall, after exhausting all administrative remedies, be submitted to the proper courts for resolution.

## **ARTICLE VII**

### **Support Systems**

**SECTION 39. *Forestry Education.*** – Formal forestry education in the Philippines shall be rationalized. A nationwide assessment of forestry schools shall be conducted by the Commission on Higher Education (CHED). Within one (1) year upon effectivity of this Act, the CHED shall evaluate forestry schools and formulate guidelines to be observed in the phasing-out of substandard schools in coordination with the Department, the Board of Examiners of the Professional Regulation Commission (PRC), the Philippine Forestry Education Network (PFEN) and the Society of Filipino Foresters, Incorporated (SFFI). The main purpose of this rationalization is to ensure the quality of formal forestry education and establish, support and sustain centers of excellence in forestry and environmental education to develop high quality manpower and promote *global competitiveness*. The CHED shall have the power to recommend the phasing-out of substandard schools in accordance with an agreed phase-out plan that considers the impact thereof on enrolled students.

The Department of Education (DepED) shall integrate tree-planting and tree maintenance activities as part of the school curriculum. The CHED shall include forestry in ecology and environment courses in the general education curricula.

**SECTION 40. *Capacity-Building.*** – The Department shall develop and implement a program to develop the capacity of LGUs and other stakeholders in forestry resources management.

**SECTION 41. *Research and Development.*** – Research and development, invention, innovation and their utilization in science and technology education, training and services shall be given priority. The government shall strengthen existing research institutions such as the Ecosystems Research and Development Bureau (ERDB), the Forest Products Research and Development Institute (FPRDI) and state universities and colleges (SUCs), among others, and support scientific and technological capabilities and their application to the country's productive system, national life and adaptive capacity to climate change. Appropriate technology shall be used to protect the environment, reduce climate change effects, increase community adaptation to climate change and enhance their livelihood.

The Department shall coordinate with other research agencies to go into co-financing agreements with the private sector in the conduct of researches and development of inventions: Provided, That the terms and conditions are beneficial to forest ecosystems services for the country.

**SECTION 42. *Policy Research and Development.*** – The Forestry Development Center (FDC) based at the University of the Philippines Los Baños (UPLB)-College of Forestry and Natural Resources shall continue to serve as the primary policy research and development center for forestry, environment and natural resources management. The FDC shall perform its functions in close coordination with the FMB of the Department and other policy research institutions. It shall assist the Department in the formulation, review and evaluation of proposed and existing policies in forestry, environment and natural resources. To enable the FDC to carry out its mandated function of policy research, it shall have a share in the sustainable forest ecosystem development fund pursuant to Section 55 of this Act.

**SECTION 43. *Forestry Extension Services.*** – With support from the LGUs, the nongovernment organizations (NGOs), media and other organizations, the Philippine Information Agency (PIA), the DepED, state-owned and private universities and colleges, the Department shall formulate a nationwide program for sustained public information and advocacy campaign for forest and natural resources conservation, sustainable forest development and on climate change. Adequate and sustainable funds to implement research, technology development and

transfer programs shall be provided by each of the aforementioned agencies and institutions under the General Appropriations Act.

**SECTION 44. *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 of the Department with functions clearly defined and enumerated under the implementing rules and regulations of this Act.

## **ARTICLE VIII**

### ***System of Incentives***

**SECTION 45. *Incentives for Engaging in Forest Development.*** — Incentives as provided for by existing laws such as the National Internal Revenue Code of 1997, as amended, and Executive Order No. 226 or the Omnibus Investment Code, among other laws, shall be extended to encourage qualified persons, natural or juridical, to engage in forest management activities.

**SECTION 46. *Tax Incentives for Forest Plantation Activities.*** — The following tax incentives shall be granted to qualified persons engaged in forest plantation activities within forest lands and alienable and disposable lands of the public domain:

- (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 of 1997, as amended: Provided, That the deduction shall only apply to the taxable period when the expenses were incurred; incentives granted to registered domestic enterprise under the Investment Priorities Plan (IPP);
- (b) Exemption from the payment of forest charges imposed under the provisions of this Act;
- (c) 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;

- (d) The Board of Investments (BOI) shall classify forest plantations as pioneer and preferred areas of investment under its annual priority plan subject to the pertinent rules and regulations;
- (e) The tenure holder shall be given priority to access credit assistance being granted by government-owned, -controlled and/or -supported financial institutions; and
- (f) Upon the premature termination of the tenure instrument 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 tenure holder, and in case of disagreement between them, by arbitration through a mutually acceptable and impartial third party adjudicator.

**SECTION 47. *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 assisted by the Department in identifying sources of raw materials;
- (b) All processing plants or mills shall be granted operating permits for five (5) years renewable for another five (5) years: Provided, That permits for processing plants owned or operated by holders of forest management agreements or contracts shall be coterminous with said agreements or contracts;

- (c) The Department shall provide on its own or propose to the President 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 forest lands and other areas available for development as source of raw materials; and
- (d) The Department shall promote and strengthen the linkages among corporate, family-based and community-based industries.

**SECTION 48. Rewards for Informants.** – A percentage of the value of confiscated materials shall be used as rewards for informants, including Department personnel. Additional rewards may be provided to personnel of the Department, in addition to those provided under the Government Service Insurance System (GSIS) or 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.

## **ARTICLE IX**

### ***Forest Charges, Fees and Sharing***

**SECTION 49. Fees, and Government Shares for the Utilization, Exploitation, Occupation, Possession of, and Activities Within Forest Lands.** – The Department shall prescribe appropriate fees and government shares for the different kinds of utilization, exploitation, occupation, possession, or activities within forest lands: Provided, That payment of or collection of such fees and government shares shall be waived for parties/industries mandated by law to manage, conserve, develop and protect forest lands and forest resources found therein, 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 shall also be entitled to a waiver of fees, except administrative fees.

The Department shall recommend 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.

**SECTION 50. Forest Charges.** – There shall be collected charges on each cubic meter of timber cut in forest lands, whether belonging to the first, second, third or fourth group, twenty-five percent (25%) of the actual Free on Board (FOB) market price based on species and grading: Provided, That, in the case of pulpwood and matchwood cut in forest lands, forest charges on each cubic meter shall be ten percent (10%) of the actual FOB market price.

(a) Charges on Firewood, Branches, and Other Recoverable Wood Wastes of Timber. – There shall be collected forest charges of ten percent (10%) of the actual FOB market price on each cubic meter of firewood cut in natural forest, 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.

Only third or fourth group wood can be taken for firewood. However, if jointly authorized by the secretaries of both the Department of Environment and Natural Resources (DENR) and the Department of Agriculture (DA), first and second group wood may be removed for firewood purposes from land which is more valuable for agricultural than for forest purposes.

(b) Charges on Non-Timber Forest Products. – All other forest products of forest lands which are not covered by the preceding section shall be exempt from any or all forest charges, except rattan, gums and resins, beeswax, guttapercha, almaciga resin and bamboo which shall be charged at ten percent (10%) of the actual FOB market price.

These forest charges shall be applied to naturally growing timber and NTFP gathered within forest lands, alienable and disposable lands, and private lands. All planted trees and NTFP harvested from private lands shall be free from forest charges.

For the above purpose, the valuation and the actual FOB market price of forest products shall be justly determined by the Department based on prevailing market price, which shall likewise provide for the time, manner and place of payment of such charges. The Department shall allocate fifty percent (50%) of forest charges collections to reforestation and natural regeneration programs.

**SECTION 51. 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 indigenous peoples in the preparation of their management plans including timber/other resources inventory on farmers' land: Provided, further, That fees collected pursuant to this section shall be deposited in the local Department offices as trust funds.

**SECTION 52. Proper Valuation and Compensation for Ecosystems Services.** – The Department shall formulate and institute appropriate mechanisms for proper valuation and fair and comprehensive pricing of forest ecosystems services provided by the forests, including water for domestic, industrial, irrigation and power generation, biodiversity and ecotourism with watershed ecosystems as the minimum spatial units.

The use of various ecosystems services provided by the forests shall be compensated. Subject to existing laws, any commercial and industrial users of water, energy, recreation and other ecosystems services of the forests shall be charged a watershed protection and conservation fee. These fees shall be used to fund research and development activities, and for the conservation and management of the forests.

Local, regional and national plow back mechanisms of utilizing proceeds from the use of watersheds, forests and forest lands for ecosystems services such as, but not limited to, power generation, supplying domestic and irrigation water, ecotourism and carbon trading shall be developed and promoted to finance forest protection, rehabilitation, reforestation, afforestation, agro-forestation and development.

**SECTION 53. *Payments for REDD Plus.*** – Entities involved in preventing deforestation and sequestering carbon in their FMUs shall have equitable share in the proceeds of REDD Plus payments. The capacity of local FMU managers shall be developed to monitor their forest resources as basis for equitable sharing in REDD Plus payments.

## **ARTICLE X**

### ***Appropriations and Financial Support***

**SECTION 54. *Appropriations.*** – The Secretary of the DENR 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 (IRA) and other LGU income.

**SECTION 55. *Sustainable Forest Ecosystems Development Fund (SFEDF).***– A Sustainable Forest Ecosystems Development Fund (SFEDF) 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 programs, information and educational campaigns as well as scholarship programs and policy research. At least fifty percent (50%) of the forest charges and government share in all products removed from the forest lands, rentals, proceeds from sales of confiscated forest products including conveyances, fines and penalties, and administrative fees collected shall be set aside for the buildup of the SFEDF. 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.

## **ARTICLE XI**

### ***Offenses and Penalties***

**SECTION 56. *Harvesting, Gathering and/or Collecting Timber or Other Forest Products Without Authority.*** – Harvesting, cutting, gathering, collecting, or removing timber or other forest products from any forest land, or naturally grown timber inside alienable and disposable land without authority from the Secretary or found to possess the same without pertinent required legal documents shall be punished by imprisonment ranging from prison mayor minimum period to reclusion temporal minimum period and/or a fine equivalent to ten (10) times the value of the said forest product taken: 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/she 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 in the government.

If the market value of the timber or other forest products is more than Five hundred thousand pesos (P500,000.00), the offender shall be guilty of economic sabotage and the imposable penalty shall be reclusion perpetua, in addition to the payment of the fine equivalent to ten (10) times the value of said timber or forest product, and other subsidiary penalties as prescribed above.

Any person, whether natural or juridical, who shall acquire or possess logs, flitches, lumber from the economic saboteurs as defined in

this section and/or use the same logs, flitches, lumber, in any manner, shall likewise be punished with reclusion perpetua, payment of fine equivalent to ten (10) times the market value of said logs, flitches, lumber and the subsidiary penalties provided herein.

All timber or any forest product cut, gathered, collected, removed, or possessed and all the conveyances, machinery, equipment, implements, work animals and tools used in connection with the violation shall be seized and confiscated in favor of the government.

**SECTION 57. *Illegal Cutting as an Act of Economic Sabotage.***

- Any of the acts enumerated in the preceding section when committed by any group, through organized and systematic manner, for commercial purposes, shall constitute an act of economic sabotage punishable with reclusion perpetua.

The commission of any of the above prohibited acts by two or more individuals with the aid of any mechanical device shall constitute a prima facie evidence that the act is organized and systematic.

Any person, whether natural or juridical, who shall buy logs, flitches, lumber from economic saboteurs as defined in this section, and/or use the same logs, flitches, lumber in government infrastructure projects shall, upon conviction, be punished with reclusion perpetua.

**SECTION 58. *Use of Illegally Cut Timber in Government Infrastructure Projects.*** - 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 economic sabotage, including the withholding of the payment to the harvesting contractor.

**SECTION 59. *Damage to Residual Trees.*** - To ensure the sustainability of the natural forests, adequate number of residual trees and phenotypically superior mother 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 thirty percent (30%) or more damaged during such operation is subject to a fine equivalent to four (4) times the regular forest charges and reduction of future allowable harvest to compensate for residual losses.

**SECTION 60. *Grazing Livestock on Forest Lands Without a Permit.*** – Any person found to have caused the grazing of livestock in forest lands 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/she 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.

**SECTION 61. *Unlawful Occupation or Destruction of Forest Lands.*** – 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 own private use or for others, any forest land or grazing land, or in any manner destroys such forest land or part thereof, or causes any damage to the timber stands and other forest product found therein, or assists, aids or abets another person to do so, or sets a fire, or negligently permits a fire to be set therein, 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 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 herein 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.

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 made therein, 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 SFEDF.

If the offender is an alien, he/she shall be deported after serving his/her 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, upon conviction, shall be deemed automatically dismissed from office and permanently disqualified from holding any elective or appointive position in the government service.

**SECTION 62. *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 parks or communal forest, or tree parks within subdivisions established pursuant to Section 24 herein 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 therein, or in any manner destroys or causes any damage to the timber stands and other forest product found therein, or assists, aids or abets another person to do so, or sets a fire, or negligently permits a fire to be set therein, 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 herein 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 made therein, 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 SFEDF.

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.

**SECTION 63. *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 shall, after an appropriate administrative proceeding, be dismissed from the service with prejudice to re-employment. 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 herein shall be rendered null and void.

**SECTION 64. *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, upon conviction by a court of competent jurisdiction, be punished by 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 provisions of this Act, that will define the terms and conditions including the responsibility for a person who will operate and is operating a wood processing plant and/or other downstream forest-based industries.



**SECTION 65. Prohibition on the Issuance of Tax Declaration on Forest Lands.** – Any local government official or employee who issues a tax declaration for any purpose on any part of forest lands shall, upon conviction, 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 perpetual disqualification from holding an elective or appointive office.

**SECTION 66. 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 for a period 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 license agreement, license, lease or permit.

Any forest officer who willingly allows unauthorized person(s) to use these implements and devices under one's care shall be penalized with imprisonment for a period of not less than six (6) years and one (1) day to no 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 forest officer shall be dismissed from the service with prejudice to reinstatement and with perpetual disqualification from holding an elective or appointive position.

**SECTION 67. Unauthorized Introduction of Logging Tools and Equipment Inside Forest Lands.** – It shall be unlawful for any person or entity to possess, bring or introduce any logging tools or equipment inside forest lands 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 confiscation of said logging tools and equipment in favor of the government.

**SECTION 68. *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 of 1997, 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.

**SECTION 69. *Institution of Criminal Action by Forest Officers.***– Any forest officer shall arrest even without a 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 twenty-four (24) 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 to the appropriate official authorized by law to conduct a preliminary investigation of criminal cases and file the information in court.

**SECTION 70. *Liability of 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 in malversation of public funds or property, of the Revised Penal Code. In addition, the said public officer shall be dismissed from service with prejudice to reinstatement and with perpetual disqualification from holding any elective or appointive office.

**SECTION 71. *Citizen's Suit.*** – Any citizen may file an appropriate civil, criminal or administrative action in 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 Department or other implementing agencies with respect to orders, rules and regulations issued inconsistent with this Act; and
- (c) Any public officer who willfully or grossly neglects to perform an action 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 Act or its implementing rules and regulations. However, no suit can be filed until after thirty (30)

days notice has been given to the public officer or the alleged violator concerned and no appropriate action has been taken.

## **ARTICLE XII**

### ***Administrative Provisions***

**SECTION 72. *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 those for profit, NGOs and POs. 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 the 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 tenure instruments, ensuring the local supply of timber and wood products, providing producers with access to local and international markets; enhancing various ecosystems services; and ensuring the maintenance of high conservation values.

**SECTION 73. *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 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 duly authorized representative in the exercise of the foregoing administrative authority.

**SECTION 74. *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.

**SECTION 75. *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.

**SECTION 76. *Visitorial Functions.*** – The Secretary or his 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.

**SECTION 77. *Authority of the Secretary to Revert Lands Needed for Forest Purposes.*** – When the national interest so demands, the Secretary is hereby authorized, through any available legal remedies,

to revert lands currently used for agricultural production or other purposes into forest uses or for biodiversity conservation.

**SECTION 78. *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.

**SECTION 79. *Transitory Provisions.*** – Upon the approval of this Act, the Department shall evaluate the conditions of all forest lands covered by existing tenure instruments, memoranda of agreements (MOAs) and other agreements and contracts which shall be allowed to continue until their expiration, unless otherwise earlier terminated for cause.

**SECTION 80. *Implementing Rules and Regulations.*** – In consultation with the Departments of the Interior and Local Government, Finance, Agriculture, Budget and Management, and other relevant agencies and stakeholders, the Secretary of the Department shall formulate the rules and regulations to implement the provisions of this Act.

**SECTION 81. *Congressional Oversight Committee.*** – There is hereby created a Congressional Oversight Committee to oversee the implementation of this Act 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.

**SECTION 82. *Moratorium or Ban on Logging.*** – Congress shall provide, for such period as it may determine, measures to prohibit logging in endangered forests and watershed areas.

**ARTICLE XIII**  
**Final Provisions**

**SECTION 83. *Separability Clause.*** – If any provision of this Act is declared unconstitutional, the validity of the other provisions shall not be affected by such declaration.

**SECTION 84. *Repealing Clause.*** – Subsections (b), (d), (e), (f), (g) and (i) of Section 4 of Act No. 3915; Republic Act No. 460; Republic Act No. 7161; Presidential Decrees Numbered 953, 1153, 1515, 705 as amended by 1559, 1775 and 1998; Letter of Instruction No. 818; Executive Orders Numbered 277 and 278, series of 1987; and Executive Orders Numbered 263, 318 and 725, series of 1981 are hereby repealed. All other laws, orders, rules and regulations or parts thereof that are inconsistent herewith are likewise hereby repealed or amended accordingly.

**SECTION 85. *Effectivity.*** – This Act shall take effect thirty (30) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,