

FIFTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES

HOUSE OF REPRESENTATIVES

House Bill No. 845

Introduced by Honorable Angelo B. Palmones

EXPLANATORY NOTE

This bill mandates the development and adoption of a sustainable forest management strategy based on rational allocation of forestland uses and promotion of land use practices that increase productivity and conserve soil, water, and other forestland resources, protection of existing forest resources and conservation of biodiversity, rehabilitation or development of denuded areas to expand the forest resource base and promote food production activities.

As of December 31, 2004, the Philippines have a total land area of 30,000,000 hectares, 52.8% of which, or 15,851,473 hectares classified as forest land. The Southern Tagalog Region has the biggest area of forest land, with 2,178,871 hectares or 7% of total forest land found in said area. The province of Palawan having the biggest area of forest land among all provinces in the Philippines, with 1,057,499 hectares or 3.5% of the total forest land found in said province.

As of year 2000, the leading cause of forest disturbance is illegal cutting, with a total of 4,290 hectares of land destroyed, the highest incidence since the 1990s. There were two major causes in the decline of stocks of forest resources during the period 1988 to 1994. The country lost resources worth P48.6 billion to harvesting and other logging activities, while the conversion of forestland to non-forest use accounted for P20.4 billion in losses. Also contributing to the decline in stocks were forest fires, accounting for P439.7 million, and the natural death of trees (stand mortality) which accounted for P5.9 billion. Demand for agricultural land is also one of the main reasons that forests continue to be erased at the rate of 13 million hectares a year. By 2005, forests were estimated at 47% of the total land, from 51% in 1990. From 1990 until 2000, the rate of deforestation of the Philippines is 1.4%. The Philippines is the highest among the Southeast Asian Nations together with Myanmar with the same rate.

Clearly, there is therefore a need to ensure that our forests are restored to its old grandeur and richness. This bill aims to address such need by implementing a plan for sustainable forest management guided by the following principles:

1. Watershed as the basic forestland management unit.- Forestlands shall be conserved, developed, and managed utilizing watershed as the basic management unit and under the concepts of sustainable and multiple-use management, including the conservation of bio-diversity;
2. Multi-sectoral participation. - The participation of all sectors of society in sustainable forestland conservation, management, and development shall be promoted. Equitable sharing of the benefits derived from forestlands shall be ensured at all times;

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

There have been a wide range of players involved in forest rehabilitation in the Philippines in the last decades including the national government, NGOs, private companies, LGUs, local communities and private land owners. Ensuring long-term sustainability appears to be one of the biggest challenges facing many of the initiatives.

This proposed measure aims to ensure that our forests meet the needs of the present generation with compromising the ability of the future generations to meet their own needs.

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


ANGELO B. PALMONES

FIFTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES

HOUSE OF REPRESENTATIVES

House Bill No. 845

Introduced by Representative Angelo B. Palmones

AN ACT PROVIDING FOR SUSTAINABLE FOREST MANAGEMENT

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

**CHAPTER I
BASIC FORESTRY POLICIES**

SECTION 1. *Short Title.* - This Act shall be known as the "Sustainable Forest Management Act of 2010."

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

(a) The specific limits of forestlands after these have been fixed and demarcated shall not be altered except through an Act of Congress;

(b) The use of forest resources shall bear a social function, responsibility, and accountability to promote the common good;

(c) Integrated and sustainable, focusing on the resource and the people, who manage, conserve, and benefit from it, shall be the guiding principle in the management, protection, conservation, and development of forest resources.

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

(i) Watershed as the basic forestland management unit.- Forestlands shall be conserved, developed, and managed utilizing watershed as the basic management unit and under the concepts of sustainable and multiple-use management, including the conservation of biodiversity;

(ii) Multi-sectoral participation.- The participation of all sectors of society in sustainable forestland conservation, management, and development shall be promoted. Equitable sharing of the benefits derived from forestlands shall be ensured at all times;

(iii) Community-based forest management (CBFM) as a principal strategy.- Vesting access rights and responsibilities to forest resident families, local communities, and indigenous peoples to undertake the management and development of appropriate forestland resources on a sustainable basis shall have precedence over other strategies;

(iv) Protection of forestlands and natural resources as priority concern.- The protection of forestlands, specially protected areas and the natural resources therein shall be given priority concern in order to ensure environmental stability, enhance biological diversity, increase productivity, and provide economic benefits;

(v) Reforestation as a priority measure.- Economic and ecological reforestation shall be given priority emphasis in order to rehabilitate and restore the usefulness or productivity of open and/or denuded and degraded forestlands as well as increase the income of communities concerned;

(vi) Security of tenure of stakeholders.- In pursuance of the principles of sustainable and multi-use forest management and equitable access to forest resources, a secured tenure shall be guaranteed to stakeholders concerned; and

(vii) Professionalism in forest service.- A dynamic, professional and people-oriented forest service shall be established and fully supported by the government.

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

(a) "Afforestation" - shall refer to the planting of trees or the artificial establishment of forest in areas that were not previously forested

(b) "Agroforestry" shall refer to a strategy for the sustainable management of lands which increases their overall productivity by properly combining agricultural crops and/or livestock with forest crops simultaneously or sequentially through the application of management practices which are compatible with the local climate, topography, slope, soil, as well as the cultural patterns or customary laws of the local population.

(c) "Agricultural Lands" shall refer to lands of the public domain which have been delimited, classified and declared as such, and are available for disposition under the provisions of Commonwealth Act No. 141, as amended, otherwise known as the Public Land Act.

(d) "Ancestral Domain" shall refer to all lands and natural resources occupied or possessed by indigenous cultural communities as recognized and delineated pursuant to Republic Act No. 8371 or the Indigenous Peoples Rights Act (IPRA).

(e) "Ancestral Lands" shall refer to lands recognized and delineated pursuant to the IPRA.

(f) "Biological Diversity or Biodiversity" shall refer to the variability among living organisms including, *inter alia*, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part. This includes diversity within and between species and ecosystems.

(g) "Buffer Zones" shall refer to areas outside the boundaries of and immediately adjacent to protected areas designated as such pursuant to Section 8 of Republic Act No. 7586 or the National Integrated Protected Areas System (NIPAS) Act that need special development control in order to avoid or minimize harm to the protected area.

(h) "By-product" shall refer to any part taken from wildlife species such as hides, antlers, feathers, fur, internal organs, roots, trunk, branches, leaves, stems, flowers and the like.

(i) "Commercial Logging" shall refer to the cutting or felling of trees for the purpose of disposing of the cut or felled logs for economic gains beyond survival and livelihood means.

(j) "Communal Forest" shall refer to a tract of forestland set aside and established for and under the protection, administration, and management of a city, municipality, or barangay as a source of wood material for fuel, shelter, and manufactured products; as source of water for the

community; and area for ecotourism and/or environmental protection or socio-economic projects of local government units consistent with sustainable development.

(k) "Community-Based Forest Management Strategy" shall refer to all organized efforts of government to work with forest resident families and communities inside and adjacent to public forestlands with the intent to empower them and entrust to them the protection, rehabilitation, management, conservation, and utilization of the forestlands and resources therein.

(l) "Conservation" shall refer to planned protection and management of forests and their resources so as to prevent waste and ensure future use.

(m) "Conveyance" shall refer to any vehicle, vessel, device or animal used in gathering or transporting forest products.

(n) "Co-production Agreement" shall refer to an agreement entered into by and between a qualified person and the government for the former to develop, utilize, and manage, consistent with the principles of sustainable development, a private land or portion of a forestland wherein both parties agree to provide inputs and share the products or their equivalent cash value.

(o) "Critical Project" shall refer to project of program that has high potential for significant negative environmental impact.

(p) "Critical Watershed" shall refer to a drainage area of a river system supporting existing and proposed hydroelectric power, irrigation works or existing water facilities needing immediate protection and rehabilitation to minimize erosion and improve water yield.

(q) "Department" shall refer to the Department of Environment and Natural Resources.

(r) "Denuded Forestlands" shall refer to forestlands that are devoid of forest tree cover.

(s) "Degraded Forests" shall refer to natural forests containing less than five (5) square meters in basal area per hectare of commercial tree species with diameters at breast height or diameter above buttress of less than sixty-five (65) centimeters.

(t) "Downstream Forest-Based Industry" shall refer to any industry, other than wood processing plants, that uses forest products as its raw materials or inputs to produce higher value added forest products like furniture, handicraft and alike.

(u) "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.

(v) "Environmental Compliance Certificate (ECC)" shall refer to the document issued by the Department certifying that a proposed project or undertaking will not cause a significant negative impact on the environment; that the proponent has complied with all the requirements of the Environmental Impact Assessment (EIA) System; and that the proponent is committed to implement its approved Environment Management Plan found in the Environmental Impact Statement (EIS) or mitigation measures identified in the Initial Environmental Examination (IEE).

(w) "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 social-economic environment and designing the appropriate mitigating and enhancement measures.

(x) "Forest" shall refer to land with tree crown cover or equivalent stocking level of more than ten percent (10%) and an area of more than half a hectare (0.5 ha.). The trees should be able to reach a minimum height of five meters (5m.) at maturity *in situ*. It may consist either of

closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground, or open forest formation with a continuous vegetation cover in which tree crown cover exceeds ten percent (10%). Young natural stands and all plantations established for forestry purposes which have yet to reach a crown density of ten percent (10%) or tree height of five meters (5 m.) are included under forest, as are areas normally forming part of the forest area which are temporarily unstocked as a result of human intervention or natural causes but which are expected to revert to forest. Forests include such stand types as dipterocarp, pine, mossy, molave, beach, and mangrove. For the purpose of this Act, natural forests may be classified according to: 1) primary use and management, a forest shall be classified as either: a) protection forest, or b) production forest after its most suitable and dominant multi-use function has been determined pursuant to this Act. In terms of growth formation, a forest is classified as either closed forest or open forest. Closed forests have trees in the various storeys and the undergrowth that cover a high proportion, greater than forty percent (>40%), of the ground and do not have a continuous dense grass layer. Closed forests are either managed or unmanaged forests, primary or in advanced state of reconstitution, and may have been logged-over one or more times but have kept their characteristics of forest stands, possibly with modified structure and composition. Open forests have trees that are of discontinuous layer, with a coverage of at least ten percent (10%) and less than forty percent (40%). Generally, there is a continuous grass layer allowing grazing and spreading of fires.

(y) "Forest Charges" shall refer to the levy imposed and collected by the government on naturally growing timber and other forest products cut, harvested, or gathered from the forestlands and from "alienable and disposable" (A&D) lands in accordance with Republic Act No. 7161.

(z) "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.

(aa) "Forest-Based Community" shall refer to a group of people residing inside or immediately adjacent to a particular forestland who are largely or partly dependent on the forest resources found therein for their livelihood.

(bb) "Forestlands" shall refer to lands of the public domain that have been classified as such and all unclassified lands of the public domain.

(cc) "Forest Officer" shall refer to any public officer who by the nature of his appointment or the functions of the position to which he is appointed is delegated by law and regulations or commissioned by competent authorities to execute, implement or enforce the provisions of this Act and other related laws and regulations.

(dd) "Forest Plantation" shall refer to a forest stand established by planting and/or seeding in the process of afforestation and reforestation. The stand is either of introduced species (all planted stands), or an intensively managed stand of any indigenous species, which meets all the following criteria: one or two species at plantation, even-aged class, and regular spacing.

(ee) "Forest Products" shall refer to goods and services derived from the forest such as but not limited to timber, lumber, veneer, plywood, fiberboard, pulpwood, firewood, bark, tree top, resin gum, wood oil, honey, beeswax, nipa, rattan, or other forest growth such as grass, shrub, and flowering plant, the associated water, fish, game, scenic, historical and educational".

(ff) "Forest Resources" shall refer to all resources whether biomass, such as plants and animals including its by- products and derivatives, which can be a raw material assets that can

produce a more value added products, or non-biomass such as soil, water, scenery, as well as the intangible services and values present in forestlands or in other lands devoted for forest purposes.

(gg) "Forest Resources Derivatives" – refers to any substances/materials extracted, or as exudates of the trees or part thereof such, but not limited to resins, gums tanning, beeswax, rosin and alike.

(hh) "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.

(ii) "Indigenous Cultural Community (ICC)" shall refer to a group of people or tribe of indigenous Filipinos as defined or described under the IPRA Law. As used in this Act, indigenous cultural community is synonymous with indigenous people.

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

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

(ll) "Integrated Forest-Based Industry" shall refer to a rationalized forest resource industry which is characterized by the complementary presence of timber processing plants (sawmills), plywood and veneer manufacturing plants, particle board and chipboard plants, pulp and paper plants, and other secondary and tertiary wood processing plants, etc. in major forest resource producing regions, provinces or cities of the country to ensure optimum efficiency in forest resource utilization.

(mm) "Integrated Wood Processing Plant" shall refer to a combination of two or more upstream wood-based processing facilities such as sawmills, veneer and plywood plants, or pulp and paper plants, and downstream plants of semi- or completely manufactured wood products.

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

(oo) "Kaingin" shall refer to a portion of the forestland, whether occupied or not, which is subjected to shifting and/or permanent slash-and-burn cultivation having little or no provision to prevent soil erosion.

(pp) "Kaingin-Making" shall refer to a farming system based on shifting or slash and burn clearing of forest for the planting of agricultural and agroforest crops.

(qq) "Managed Forest" shall refer to a forestland 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.

(rr) "Mangroves" shall refer to salt-tolerant, woody, seed-bearing plants that are found along tidal areas where they are subject to periodic inundation and shall also refer to the community of plants itself.

(ss) "Mangrove forest" shall refer to the area covered with mangroves and the mangrove plants themselves.

(tt) "Multiple Use Forestry" shall refer to the harmonized utilization, development, and management of forestlands for the production of two or more products, goods and/or services in conformity with the principle of sustainable development.

(uu) "National Park" shall refer to an area of the public domain essentially natural wilderness, scenic, or historic in character which has been withdrawn from settlement, occupancy, or any form of exploitation except in conformity with an approved management plan and set aside exclusively to conserve the area or preserve the scenery, the natural and historic objects, wild animals, and plants therein mainly for the purpose of biodiversity conservation and/or human enjoyment.

(vv) "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.

(ww) "Non-Government Organization (NGO)" shall refer to a non-stock, non-profit, and voluntary organization established primarily to provide assistance or service.

(xx) "Non-Timber Forest Products" shall refer to all biological materials and derivatives other than timber, which are extracted from forests for human use.

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

(zz) "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.

(aaa) "Processing Plant or Mill" shall refer to a physical structure, including its complement of machinery and equipment, used in the processing of timber or logs, other raw wood, non-timber, or other forest products into semi-finished or finished forms.

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

(ccc) "Protected Areas" shall refer to areas defined and designated as such pursuant to Republic Act No. 7586 or the NIPAS Act.

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

(eee) "Reservation" shall refer to forestland which has been reserved by the President for any specific purpose(s).

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

(ggg) "Second-growth forest - shall refer either to the vegetation in a forestland that has been logged-over in the past or whose original forest cover has been substantially or totally removed through logging, mining, forest fire, kaingin, or other human activity. (Synonymous to residual forest.)

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

(iii) "Semi-Finished Wood Products" shall refer to wood products requiring final stages of manufacture and/or assembly such as, but not limited to, window components, tabletops, veneer and other similar wood product.

(jjj) "Silvicultural practices" shall refer to any action by man to further improve or enhance the stand growth as a whole or the single tree for future harvest (i.e. assisted natural regeneration, tree surgery, etc.).

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

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

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

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

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

(ppp) "Urban Forestry" shall refer to the establishment and management of forest in urban environment for the physiological and psychological well being of the people.

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

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

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

(ttt) "Wood-Based Industries" shall refer to various industries that use wood as the principal raw material including but not limited to sawmilling, pulp and paper making, and plywood and veneer manufacturing or the upstream wood-based industries, as well as the secondary and tertiary wood processing or downstream industry such as moldings and furniture manufacturing, among other things.

CHAPTER II

CLASSIFICATION OF PERMANENT FORESTLANDS

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

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

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

CHAPTER III

ADMINISTRATION AND MANAGEMENT OF FORESTLANDS AND RESOURCES

SEC. 6. *Jurisdiction and Control of Forestlands.*— The Department shall be the primary agency responsible for the conservation, management, development and utilization of all forestlands and the unclassified lands of the public domain including all the resources found growing therein. In coordination with LGUs and other government agencies, it shall ensure that forestlands and unclassified lands of the public domain are managed, conserved, developed, utilized, and protected consistent with the policies and strategies promulgated in this Act. The utilization and development of forestlands and unclassified lands of the public domain including the natural resources therein shall be undertaken in accordance with Department-approved

management plans: *Provided*, That the management plan for protected areas shall be prepared in accordance with the provisions of the NIPAS Act.

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

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

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

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

Harvesting, transport and sale of all trees planted within titled lands or tax-declared A&D lands with corresponding approved application for patent or acquired through court proceedings, shall be deregulated, except for naturally growing trees including premium hardwood species as determined by the DENR and Benguet Pine, where a special cutting permit issued by the DENR Secretary shall be required.

All private plantations within titled or tax declared A&D lands with approved land application should be registered at the CENRO having jurisdiction over the area. For this purpose, the CENROs shall maintain permanent Registry book to reflect all the information contained in the registration form to serve as data base on the extent of private plantations within its area of responsibility. To form part of this permanent record is a certified and verified photo copy of the land title or tax declaration with approved land application.

It shall be the responsibility of the CENRO to register all forest plantations, tree farms and agro-forest farms in private lands and tax declared A & D lands. The CENRO shall submit every semester the list of registered plantations in titled lands and tax declared A & D lands including the details of the plantations such as area, species planted, date of plantation development within its jurisdiction to the PENRO who shall also maintain a record of these plantations within its jurisdiction. Likewise the PENRO shall submit the list of plantations to the DENR Regional Executive Director (RED) who shall direct concerned offices to maintain a list of these plantations. The RED shall transmit the list to the Forest Management Bureau (FMB) which shall likewise maintain a national profile of all plantations in titled lands and tax declared A & D lands.

The CENRO shall take all necessary steps in the registration of forest plantations in titled lands and tax declared A & D lands such as survey and inventory of the plantations to no cost to the owner. Such registration shall be completed within three months after request for registration has been made by the owner verbally or in writing.

SEC. 10. Forest Resources within Forestland. All forest resources, including non-timber forest products, its by-products and its derivatives, whether naturally growing, planted or raised which have been taken of or have been applied with some silvicultural practices, within forestlands including those forest resources within the areas covered by Certificate of Ancestral Domain Title (CADT) or Certificate of Ancestral Land Claim (CALC), shall be issued with a

permit, agreement or clearance that are deemed necessary and appropriate by the Department as recommended by the Forest Management Bureau. The transport of these forest resources from forestlands including those from the area of the Indigenous Cultural Communities and Indigenous peoples covered by CADT or CALC shall be covered by a separate permit, agreement or clearance duly issued by the Department.

Any declaration of forest resources as endangered, threatened, vulnerable and other restriction shall be done in coordination, consultation and clearance from the Forest Management Bureau.

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

CHAPTER IV FOREST MANAGEMENT PLANNING, MONITORING AND ASSESSMENT

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

- a) Rational allocation of forestland uses and promotion of land use practices that increase productivity and conserve soil, water, and other forestland resources;
- b) Protection of existing forest resources and conservation of biodiversity;
- c) Rehabilitation or development of denuded areas to expand the forest resource base and promote food production activities;
- d) Enhancement of the socio-economic well-being of local communities including indigenous peoples who are largely dependent on the forest for their livelihood;

e) Promotion of closer coordination between and among the Department, LGUs, other national agencies, non-government organizations, local communities, the private sector, academic and research institutions, and other entities in the sustainable management of forestlands;

f) Adoption of community-based forest management as a principal strategy in the management of forestlands and resources; and

g) Integration of forest management and land use plans at the barangay or community level to the CLUPs of cities and municipalities, including the adoption of effective impact monitoring system of forest management programs.

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

SEC. 13. Watershed Ecosystem Management Approach. - The Watershed and Ecosystems Planning Framework in Environment and Natural Resources Management shall be adopted. The strategy for improved watershed resources management shall be demand-driven, community-based, and multiple and sustainable use considering national priorities and concerns of local stakeholders. Watershed management programs shall be guided by ecological, socio-cultural, economic, and institutional sustainability principles. A National Watershed Information System shall be developed to guide policy formulation, program development, and implementation of watershed management initiatives.

A system of prioritization of watersheds shall be pursued considering the following: a) water supply for domestic, irrigation, power, industrial, and commercial use; b) contribution to the economy; c) biodiversity and environmental enhancement; d) cultural and historical value; and e) effect on downstream areas.

Any new irrigation system or shallow tube wells or deep wells to be established for purposes of irrigation or for any other purpose shall first obtain a permit to construct from the Department. The issuance of such permits is necessary to determine if the water coming from the watersheds are sufficient to provide water for the irrigation system to avoid construction of these systems that may fail to provide the needed services to farmers. Such permits shall be issued by the Regional Executive Director of the Department.

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

SEC. 15. Environmental Impact Assessment, Accounting and Valuation. - All new critical projects to be implemented in forestlands such as harvesting, grazing and other special

uses, mineral prospecting and exploration, road, infrastructure, and mill construction shall be subject to Environmental Impact Assessment (EIA) in accordance with Presidential Decree No. 1151 or the Philippine Environmental Policy, and Presidential Decree No. 1586, Establishing an Environmental Impact Statement System. The Department shall design and implement a system of monitoring and assessment using the Criteria and Indicators as framework and shall formulate appropriate standards as basis for assessing progress towards SFM.

Furthermore, the Department shall formulate an appropriate natural resource accounting and valuation system for various forestry initiatives.

CHAPTER V

COMMUNITY-BASED FOREST MANAGEMENT

SEC. 16. *Community-Based Forest Management Strategy (CBFMS).*- Consistent with the policy of sustainable and multiple use forest management, forest resident families, communities, and indigenous peoples whose lives, cultures, and general well-being are intimately linked with the forests, shall be granted access to forestlands and resources through the issuance of long-term tenure agreement. This gives them a guarantee for peaceful occupation and entrusts to them the responsibility to protect, manage, develop, and utilize said forest resources under the principle of stewardship.

The Department shall develop policies, criteria, guidelines, and tenurial instruments that will simplify, facilitate, and allow access of forest resident families, local communities, and indigenous peoples to forestland resources. The Department shall furthermore develop policies, guidelines and incentives for private sector investors to enter into mutually beneficial relationships with forest-based communities in pursuit of CBFMS on a sustainable forest management basis.

SEC. 17. *Areas Available for CBFM.* - Subject to vested or prior rights, CBFM may be implemented in all appropriate public forestlands, including ancestral domains of ICCs. The Secretary may also allow CBFM in watershed reservations to promote their protection and rehabilitation: *Provided, however,* That the land-use practices and activities therein are in accordance with a management plan duly approved by the Secretary and would not induce severe soil erosion and surface run-off: *Provided, further,* That no CBFM agreement shall be issued over areas or portions thereof covered by ancestral domain titles without the prior informed consent of the concerned indigenous cultural community.

SEC. 18. *Community Resource Management in CBFM Areas.* - The management of forestland resources in CBFM areas shall be embodied in a community resource management plan, which shall contain the community's vision, aspirations, and strategies in the management of forestland resources. The Department, LGUs, other government agencies, non-government organizations, private companies, individuals, and other sectors concerned shall provide these communities with appropriate long-term security of tenure, technical, managerial and financial assistance, training; and other assistance, as the case may be, to empower them to manage and benefit from the forestland resources on a sustainable basis.

SEC. 19. *Qualified Participants.* - Organized forest communities shall be given priority to participate in the CBFM program. Indigenous peoples shall also be encouraged to actively participate in the implementation of CBFM activities in recognition of their rights to their ancestral domains and lands.

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

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

CHAPTER VI REFORESTATION AND AFFORESTATION PROGRAM

SEC. 20. *Reforestation/Rehabilitation of Protection Forestlands.* - The reforestation/rehabilitation of all critical watershed, denuded forestlands, and degraded forests within protection forestland not otherwise covered by the CBFM program shall be given top priority and shall be vigorously pursued by the Department consistent with the NIPAS Act and the strategies and management plans therefore. The use of endemic species in the restoration program for protection forestlands shall be given primary consideration to enhance the biological diversity of the area.

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

SEC. 21. *Forest Plantation Development in Production Forestlands.* - In accordance with Section 40 herein, the State through the Department may enter into joint venture, co-production, or production sharing agreement with qualified forest community organizations, local government units, government-owned or controlled corporations, private companies, individuals, and other interested parties concerned in the development of forest plantations in production forestlands: Provided, that portion of production forestland identified by the Department as needed for protection purposes shall not be converted into forest plantation. Such areas shall be rehabilitated using an appropriate forest regeneration scheme.

SEC. 22. *Reforestation in Forestlands under the Jurisdiction of Other Government Agencies.* - Government agencies and institutions having management control over forestlands pursuant to a law or grant shall be responsible for the reforestation of denuded and degraded portions of such forestlands. The reforestation program of these agencies shall aim to increase the vegetation of the degraded areas, to be identified jointly by the Department and agency

concerned, by fifty percent (50%) within the first five (5) years and at least eighty percent (80%) within ten (10) years from the effectivity of this Act: The concerned agency in coordination with the Department shall prepare the reforestation plan, and determine the ratio of forested areas at any given time. Failure to reforest denuded and/or degraded forestland identified in the reforestation plan within the period herein prescribed shall be sufficient ground to request for reversion of the said forestlands to the jurisdiction and control of the Department. *Provided, however,* That in areas where Community Based Forest Management Strategy (CBFMS) shall be implemented or where there are existing facilities for basic services such as water and power as allowed by the Department pursuant to Section 40 hereof, the completion of the reforestation program shall be subject to the conditions provided in the tenorial document to be awarded by the Department and the agency concerned to the participating local community or individual or in the Forest Management Agreement of contractors operating such facilities for basic services, as approved by the Department.

SEC. 23. *Reforestation and Afforestation in Alienable and Disposable Lands or Private Lands.* - Reforestation and afforestation or the establishment of tree farms or forest plantations in private lands shall be encouraged: *Provided,* That such private lands and other alienable and disposable lands are not prime agricultural lands as determined or certified by the Department of Agriculture (DA). The private landowner(s) shall also be entitled to the incentives provided for under Section 24 herein, particularly subsections (a), (b), (c), (d), and (e): *Provided,* That such private forest plantations are duly registered with the Department.

SEC. 24. *Incentives.* - To encourage qualified persons to engage in forest plantation activities, the following incentives shall be granted, in addition to those already provided by existing laws:

- a. The agreement holder shall not be subject to any obligation prescribed or arising out of the provisions of the National Internal Revenue Code on withholding tax at source on interest paid on a loan/s incurred for the development of forest plantation;
- b. 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;
- c. The Board of Investments (BOI) shall classify forest plantations as pioneer and preferred areas of investment under its annual priority plan subject to the rules and regulations of the said Board;
- d. The agreement holder shall be given priority to access credit assistance being granted by Government-owned, -controlled and/or -supported financial institutions;
- e. Upon the premature termination of the agreement at no fault of the holder, all depreciable permanent and semi-permanent improvements such as roads, buildings, and nurseries including the planted and standing trees and other forest crops introduced and to be retained in the area shall be properly evaluated and the holder shall be entitled to a fair compensation thereof, the amount of which shall be mutually agreed upon by both the Department and the agreement holder, and in case of disagreement between them, by arbitration through a mutually acceptable and impartial third party adjudicator;
- f. Exemption from Forest Charges and Expanded Value Added Tax.
- g. Exemption of forest plantation from payment of real property assessment tax
- h. Private forest plantation be exempted from CARP Law;

i. No contract or agreement shall be terminated except for cause or for reason of public interest and only after due process; and

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

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

SEC. 25. *Voluntary Offer to Reforest.*- Private landowners, whether natural or juridical persons, may participate in reforestation and forest plantation development or similar programs of the Department, with the landowner contributing his land and the Department providing funds in accordance with section 59 hereof to reforest the area on a co-production agreement: *Provided*, That the property shall be exclusively devoted to the planting of forest species for at least one (1) rotation, which undertaking shall be annotated at the back of the title of the property: *Provided, further*, That prime agricultural lands as determined or certified by the DA shall not be the subject of a voluntary offer to reforest.

CHAPTER VII

URBAN FORESTRY/COMMUNAL FOREST

SEC. 26. *Establishment of City or Municipal Parks and/or Communal Forest.*- Every city or municipality shall establish a city or municipal park or communal forest and shall include in its yearly budget the necessary funds for its establishment and maintenance. Upon request by a city or municipality concerned, the Department shall set aside an appropriate area of the public forestlands as city or Municipal Park and/or communal forest and shall provide technical assistance to the local government concerned in the development of the park or communal forest.

SEC. 27. *Establishment of Tree Parks in Subdivision and Tree Planting on Roadsides.*- Every subdivision project to be developed after the passage of this Act shall include the establishment of a tree park of not less than fifty percent (50%) of the required total open spaces as provided in Section 2 of Presidential Decree No. 953, requiring the planting of trees in certain places. Guidelines for the establishment of tree parks within a subdivision shall be prepared jointly by the subdivision owner concerned, the Housing and Land Use Regulatory Board (HLURB) and the Department. The subdivision owner shall provide the funds for this purpose. For every major public road or irrigation construction project, the Department of Public Works and Highways (DPWH) shall include the planting and maintenance of trees along the road/highway or irrigation canals as landscaped rest areas every twenty-five (25) kilometers thereof and shall provide adequate funds for this purpose. Each city and municipality shall also allocate adequate funds for the planting, care, and maintenance of trees or perennial shrubs in "greenbelts" or "green spaces" such as road/street sides, center islands, etc.

CHAPTER VIII

FOREST PROTECTION

SEC. 28. Commercial Logging Ban.- There shall be a permanent ban on commercial logging activities in all protection forestlands defined, categorized, and sub-classified in Section 6(a) herein. No licenses, permits, or agreements to cut any timber therein shall be issued.

Protection forestlands found inside an agreement or licensed area shall be excluded from any form of logging operations and the holder of the agreement or license shall establish a buffer zone and delineate their boundaries with the production forestlands, marking the same with concrete monuments, road, or infrastructure, or any other visible, permanent, and practicable signs.

To ensure the conservation and sustainable use of forest resources, holders of timber licenses, leases, and permits shall submit to the Department an Integrated Operations Plan (IOP) containing strict environmental guidelines such as ECC compliance. All forest development activities such as logging, reforestation, timber stand improvement, forest protection, and delivery of community service within an area covered by timber concessions shall be consolidated under the IOP, which shall be prepared by or under the supervision of an accredited private registered forester whose signature and dry seal shall appear in the plan and the supporting documents submitted for the purpose.

Upon its expiration or termination for cause, no extension shall be made on any TLA and the area covered by the agreement shall be sub-classified as protection forestland after the Department had excluded degraded areas that may be subject of a reforestation project.

SEC. 29. Assistance of Law Enforcement Agencies.- The Department may call upon law enforcement agencies and instrumentalities of the Government such as the Philippine National Police (PNP), the Armed Forces of the Philippines (AFP), and the National Bureau of Investigation (NBI) for the enforcement of the logging ban in all protection forestlands and for the protection and conservation of forests.

The Secretary of Justice shall designate in every city and province a special prosecutor who shall immediately file charges against forest violators to ensure their speedy prosecution.

SEC. 30. Multi-Sectoral Forest Protection Council. There shall be created a Multi-Sectoral Forest Protection Council in every province, city and municipality which shall be responsible for law enforcement, prevention of forest fires, integrated pest management and protection against forest invasive species. The council shall be composed of representatives from but not limited to DENR, concerned LGU, NGOs, people's organizations, church and local academic institution.

SEC. 31. Role of LGUs and Local Residents.- It shall be incumbent upon LGUs concerned to render assistance in protecting and conserving forestlands within their respective territorial jurisdiction. Qualified local residents may be deputized by the Department to assist in the drive against illegal logging, kaingin-making and forestland occupation. These deputized residents shall likewise be authorized to arrest forest violators within their communities subject to existing laws and regulations on arrest and detention.

SEC. 32. Prevention of Forest Fires and Control of Forest Pests and Diseases.- In collaboration with concerned LGUs, the Department shall formulate and implement a forest fire management and control program. The Department shall likewise formulate and implement a

national integrated forest pest and disease management program including quarantine procedures for imported seeds, forest plants, and plant products as well as wildlife to prevent or control forest or wildlife pests and diseases.

SEC. 33. *Information and Rewards System.*- The Department shall establish an information and rewards system as part of the community's participation in the protection of forest resources.

CHAPTER IX FORESTRY RESEARCH, EDUCATION, TRAINING AND EXTENSION

SEC. 34. *Research and Technology Development Transfer.*- Research and technology development transfer shall be strengthened to support sustainable management of forest resources. The Department, the Department of Science and Technology (DOST), the Commission on Higher Education (CHED), and the colleges of forestry of State universities shall, within one (1) year from the passage of this Act, prepare a comprehensive national forestry and environmental research and technology development and transfer program in furtherance of sustainable forest management which shall be implemented, monitored, and reviewed in accordance with existing research management systems. Adequate and sustainable funds to implement research and technology development plans and transfer program shall be provided by each of the aforementioned agencies and institutions under the General Appropriations Act.

SEC. 35. *Public Information, Education and Advocacy Campaign.*- With the support from LGUs, NGOs, media and other organizations, the Department, the Philippine Information Agency (PIA), the Department of Education (DepEd), CHED, State-owned and private universities and colleges shall formulate and implement a nationwide program for sustained public information and advocacy campaign for forest and natural resources conservation and sustainable forest development and management. The DepEd shall include subjects on forest and natural resources in the curricula for elementary and high school education. The CHED shall likewise include ecology and environment courses in the general education curricula. Congress shall allocate funds to the Department for the purpose of coordinating a systematic campaign to promote community ecological awareness, including the preparation of informational and educational materials therefore.

SEC. 36. *Formal Forestry Education.*- The CHED, in collaboration with the Department, the Board of Examiners for Foresters of the Professional Regulations Commission (PRC), and the duly accredited national professional foresters organization shall actively pursue the rationalization of formal forestry education and the establishment of centers of excellence in forestry and environmental education to ensure high quality manpower output to meet the needs of the forestry sector.

SEC. 37. *Continuing Education on Forestry.*- A non-formal program of continuing education shall be established to maintain the growth of the forestry profession. The PRC Board of Examiners for Foresters and the Civil Service Commission (CSC) shall provide the guidelines for a program in continuing education in forestry. In cooperation with academic institutions, the

Department shall develop the infrastructures to institutionalize non-formal continuing education for the forestry sector.

SEC. 38. *Training Centers.*— In coordination with TESDA, DepEd, CHED and State universities and colleges (SUCs), the Department shall establish and institutionalize a network of training centers in strategic parts of the country to provide regular and up-to-date training on the various aspects of sustainable forest management, development, and utilization to forest officers, LGUs, NGOs, local communities, and indigenous peoples. Furthermore, the Department shall ensure that personnel appointed to critical and sensitive positions undergo training to prepare them to discharge their duties and responsibilities professionally, efficiently and effectively.

SEC. 39. *Forestry Development Center.*— The Forestry Development Center (FDC) based in the College of Forestry and Natural Resources, University of the Philippines at Los Baños, shall continue to serve as the primary policy research and development center for forestry and natural resources management. The FDC shall perform its functions in close coordination with the Department and other policy research institutions in the country. It shall assist the Department in the formulation, review, and evaluation of proposed and existing policies on forestry and natural resources management. To enable the Center to carry out its mandated functions, the Center shall have a share of the Sustainable Forestry Development Fund pursuant to Section 59 herein in the conduct of its mandated functions of policy research.

CHAPTER X DISPOSITION AND UTILIZATION OF FOREST RESOURCES

SEC. 40. *Modes of Forest Management Agreement.*— The development, utilization, and management of forestlands and/or forest resources shall be undertaken under the full control and supervision of the State through the Department. The State may directly undertake such activities or it may enter into co-production, joint venture or production sharing agreement with qualified Filipino citizens or corporations or associations, subject to relevant laws, rules and regulations: *Provided*, That interested local communities and indigenous peoples through their organized and duly recognized associations shall be given priority in the grant of appropriate *tenure* instruments implementing the said agreements. Such *tenure* instruments and/or agreements shall have a duration of twenty-five (25) years, renewable for another twenty-five (25) years, under such terms and conditions as may be provided by the Secretary: *Provided, further*, That such *tenure* instruments and/or agreements may not be *suspended or terminated except for cause but only after a thorough investigation has been conducted or if public interest so requires, Provided further that no such blanket suspension or termination of all tenure instruments shall be made without due process for each individual tenure instrument.*

Current valid and subsisting licenses, contracts, or agreements granted by the government for the development, management, and utilization of forest resources shall be allowed to continue under the same terms and conditions until their expiry, or prior to their expiry shall be allowed to be converted into any mode authorized herein under the guidelines promulgated by the Secretary: *Provided*, That no such conversion shall be allowed in protection forestlands as defined in Section 5 herein, on sub-classification of forestlands.

The Department is hereby authorized to formulate rules and regulations covering the relevant terms and conditions thereof including the determination and collection of the government share, subject to the approval of Congress.

For watersheds and other areas where existing facilities for basic services such as water and power are located, the Department may enter into a forest management agreement with the service contractor in the area. Such agreement shall have a duration of twenty-five (25) years, renewable for another twenty-five (25) years, under such terms and conditions agreed upon by both parties: *Provided*, That such agreement may not be *suspended or terminated except for cause and only after a thorough investigation has been conducted and culpability established without reasonable doubt* or if public interest so requires or upon mutual agreement by the parties.

SEC. 41. Transfer.- No transfer shall be authorized by the Department unless the agreement or contract has been in existence and active for at least three consecutive years from issuance thereof: *Provided*, That the transferor has faithfully complied with the terms and conditions of the said agreement or contract; the transferee has all the qualifications and none of the disqualifications to hold the same; and the transferee shall assume the obligations of the transferor. Failure to comply with these conditions shall be sufficient cause for the cancellation of the agreement or contract.

SEC. 42. Non-Timber Forest Products.- Rattan, bamboos, vines, herbs, exudates and other non-wood forest products are integral parts of the forest ecosystem. The establishment of plantations of non-timber producing species shall be encouraged and supported. The development, management and utilization of non-timber forest products shall be allowed in accordance with the guidelines to be promulgated by the Department. However, in granting permits to harvest or utilize non-timber forest products in their natural or original state from production forestlands, priority shall be given to forest resident families, local communities, and indigenous peoples living nearest the subject forestlands.

SEC 43. Silvicultural and Harvesting System. The Department shall formulate the appropriate silvicultural and harvesting system and all measures shall be taken to achieve an approximate balance between growth and harvest or use of forest products in production forestland shall be promoted and practiced.

SEC 44. Mangrove forest – Harvesting and utilization shall only be allowed in matured plantation forest within mangrove production forest. *Provided*, that in government priority projects, harvesting of naturally grown trees shall be allowed, provided further that corresponding permits for such harvest shall be first be obtained from the Regional Executive Director..

SEC. 45. Grazing.- The Department shall identify and delimit areas in the production forestland suitable for grazing purposes: *Provided*, That no forestland fifty percent (50%) in slope or over may be utilized for grazing purposes: *Provided, further*, That existing pasture lease agreements or forestland grazing lease agreements shall be allowed to continue under the same terms and conditions until their expiry: *Provided, finally*, That abandoned or idle, expired, or cancelled grazing or pasture lands shall be subject to land use capability assessment to determine

their best use or combination of uses. No new grazing or pasture permit, lease, or contract shall be issued, nor existing ones allowed to continue unless covered by existing rules and regulations governing the Philippine EIS System.

SEC. 46. *Mining and Power Generation Operations in Forestlands.*- Forest resources inside mineral lands are under the Department's jurisdiction, and their management and utilization are subject to the provisions of this Act. Power generation and small-scale mining operations in forestlands may be allowed subject to existing rules and regulations governing the Philippine EIS System.

SEC. 47. *Roads and Other Infrastructures.*- Roads and other infrastructure including the development of mineral reservations and energy resources inside forestlands shall be constructed with the least impairment to the resource values found in such forestlands. Government agencies and their contractors undertaking the construction of roads, bridges, communication and other infrastructure facilities and installations inside forestlands shall seek prior authority from the Department and shall comply with the provisions of this Act and subject to existing rules and regulations governing the Philippine EIS System.

CHAPTER XI FOREST-BASED INDUSTRIES

SEC. 48. *Establishment and Operations of Forest-Based Industries.*- To meet the demands for forest-based goods and services of a growing population the State through the Department shall promote and rationalize the establishment, operations, and development of forest-based industries.

SEC. 49. *Incentives for Forest-Based Industries.*- To enable forest-based industries to be more efficient, competitive, and economically viable, the following incentives are hereby granted in addition to those already provided by existing laws:

- a. All processing plants or mills shall be assured of their supply of raw materials, preferably but not exclusively from local sources;
- b. All processing plants or mills shall be granted operating permits for five (5) years renewable for another five (5) years: *Provided*, That permits for processing plants owned or operated by holders of forest management agreements or contracts shall be co-terminus with said agreements or contracts; and
- c. The Department shall promote and strengthen the linkages among corporate, family-based, and community-based industries.

The Department may provide on its own or propose to the President or to Congress, other incentives to encourage the establishment and development of corporate, family and community forest-based industries. Agreements or licenses over forest areas granted to wood-based plants shall be converted into any mode authorized in this Act. Expansion in capacity of wood-based plants shall be encouraged and the same shall be given priority access to production forestlands and other areas available for development as source of raw materials.

SEC. 50. *Export and Sale of Locally Produced Wood Products.*- Logs derived from natural grown trees of whatever species cut, gathered, or removed from the local natural forest and raw or rough lumber manufactured from such logs shall not be exported. Only finished and semi-finished lumber products, wood manufactures, wood panels, and other finished wood products from such logs may be exported.

Logs, lumber and other finished products from forest plantations shall be exported only under such guidelines as the Secretary may promulgate.

No person shall sell or offer for sale any log, lumber, veneer, plywood or other manufactured wood products in the international or domestic market without complying with the grading rules established or to be established by the government. Failure to adhere to the established grading rules and standards, or any act of falsification on the volume of logs, lumber, veneer, plywood or other wood products sold in the international or domestic market shall be sufficient cause for the cancellation of export license, wood processing permit, or other license or permit authorizing the manufacture or sale of such products.

SEC. 51. *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 Presidential Decree No.1464 as well as 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: *Provided*, That the grading rules and standards therefore are complied with, otherwise the sanctions in Section 48 hereof shall be imposed.

CHAPTER XII FOREST CHARGES, FEES AND GOVERNMENT SHARES

SEC. 52. *Fees, and Government Shares for the Utilization, Exploitation, Occupation, Possession of, and Activities within Forestlands.*- The Department shall prescribe appropriate fees and government shares for the different kinds of utilization, exploitation, occupation, possession, or activities within forestlands: *Provided*, That payment of or collection of such fees and government shares shall be waived for parties/industries mandated by law to manage, conserve, develop and protect forestlands 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 as provided for under Section 40 of this Act shall also be entitled to the waiver of fees, except administrative fees.

The Department shall recommend to Congress appropriate and equitable fees for the use of water and forest for power generation, irrigation, domestic and industrial, and for carbon sequestration and biodiversity benefits respectively, by parties/industries concerned.

SEC. 53. *Forest Charges.*- There shall be collected charges on each cubic meter of timber cut in forestlands, twenty-five percent (25%) of the actual FOB market price based on species and diameter class: *Provided, however*, That, in the case of pulpwood and matchwood cut in forestland, forest charges on each cubic meter shall be ten percent (10%) of the actual FOB market price.

SEC. 54. Charges on Firewood, Branches, and Other Recoverable Wood Wastes of Timber.- There shall be collected forest charges of ten percent (10%) based on FOB market price on each cubic meter of firewood cut in forestland, 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.

However, if jointly authorized by the Secretaries of both the Department of Environment and Natural Resources and the Department of Agriculture, woods from fruit trees may be removed for firewood purposes from land which is more valuable for agricultural than for forest purposes.

SEC. 55. Charges on Non-Timber Forest Products.- Non-timber forest products in forestlands, as determined by DENR, shall be subject to forest charges, equivalent to ten percent (10%) of the actual FOB market price.

SEC. 56. Determination of Market Price of Forest Products.- The actual FOB market price of forest products shall be justly determined by DENR.

These forest charges shall be applied to naturally growing timber and non-timber forest products gathered within public forestlands, alienable and disposable lands, and private lands.

The measurement of forest products and the collection of charges thereon shall be undertaken by the Department, which shall likewise provide for the time, manner, and place of payment of such charges.

SEC. 57. 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.

CHAPTER XIII

APPROPRIATIONS AND FINANCIAL SUPPORT

SEC. 58. Appropriations.- The Secretary of the Department of Environment and Natural Resources shall include in the Department's program and issue such rules and regulations for the implementation of the provisions of this Act, the initial funding of which shall be charged against the current year's appropriations of the Department and thereafter included in the annual General Appropriations Act. For local government units, the funding requirements shall be taken from their internal revenue allotment (IRA) and other LGU income.

SEC. 59. Sustainable Forestry Development Fund.- A Sustainable Forestry Development Fund (SFDF) to be administered by the Department as a special account in the national treasury is hereby established to provide sustainable funds for forest protection, reforestation, and forest development and management, including rehabilitation and preservation of watershed areas, CBFM program, information and educational campaign as well as scholarship programs and policy research. At least thirty percent (30%) of the forest charges and

government share in all products removed from the forestlands, rentals, proceeds from sales of confiscated forest products including conveyances, fines and penalties, and administrative fees collected shall be set aside for the buildup of the SFDF. The fund may be augmented by grants, donations, endowment from various sources, domestic or foreign for purposes related to their functions and other innovative funding mechanisms such as securitization of forest assets, among others.

Disbursements from the fund shall be subject to the usual accounting and budgeting rules and regulations: *Provided*, That no amount shall be disbursed to cover the operating expenses of the Department and other concerned agencies.

A trust fund committee, composed of the Secretary as Chair and the Secretary of the Department of Budget and Management, the DILG Secretary, and the National Treasurer or their representatives shall sit as members and manage the SFDF, with the Forest Management Bureau as secretariat.

CHAPTER XIV CRIMINAL OFFENSES AND PENALTIES

SEC. 60. *Harvesting, Gathering and/or Collecting Timber or Other Forest Products Without Authority.*— Any person who shall harvest, cut, gather, collect, or remove timber or other forest products from any forestland, or naturally grown timber inside alienable and disposable public land except as provided in Section 9 hereof, without authority from the Secretary or found to possess the same without pertinent required legal documents shall be punished by imprisonment ranging from *prision mayor* minimum period to *reclusion temporal* minimum period and/or a fine equivalent to ten (10) times the value of the said forest product. *Provided*, That in the case of partnerships, associations or corporations, the president, managing partner, and general manager shall be held liable, and if such officer is an alien, he shall, in addition to the penalty, be deported without further proceedings on the part of the Bureau of Immigration and Deportation. Offenders who are public officials shall be deemed automatically dismissed from office and permanently disqualified from holding any elective or appointive position.

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

SEC. 61. *Illegal Cutting as an Act of Economic Sabotage.*— Any of the acts enumerated in the preceding section committed by an armed group or by any group, through organized and systematic manner, for commercial purposes, shall be considered an act of economic sabotage punishable by *reclusion perpetua*.

The commission of any of the prohibited acts by two or more individuals with or without the aid of any mechanical device shall constitute a *prima facie* evidence that the act is organized and systematic.

Any licensed timber concessionaire who shall buy logs from unlicensed loggers or loggers operating without permits shall be considered in violation of this Act and, upon conviction, shall also be punished with *reclusion perpetua*.

SEC. 62. *Use of Illegally Cut Timber in Government Infrastructure Projects.-*

Contractors of government infrastructure projects are hereby required to obtain certification from the Department that the logs or lumber to be used therein were obtained from legitimate sources. The use of illegally cut naturally grown timber in government infrastructure projects shall be sufficient cause for the imposition of penalties provided in Section 60, on harvesting of forest products without authority, and Section 61, on illegal cutting as an economic sabotage, including the withholding of the payment to the contractor.

SEC. 63. *Damage to Residual Trees.-* To ensure the sustainability of the natural forests, adequate number of residual trees shall be marked, to be retained as part of the managed forests and as the future timber crop, before any harvesting operation shall commence. Any marked residual tree that is damaged during such operation is subject to a fine equivalent to four (4) times the regular forest charges.

SEC. 64. *Grazing Livestock on Forestlands Without a Permit.-* Any person found to have caused the grazing of livestock in forestlands and grazing lands without an authority under a lease or permit to graze, upon conviction, shall be penalized with imprisonment of not less than two (2) years nor more than four (4) years and a fine equivalent to ten times the regular shares due in addition to confiscation of the livestock and all improvements introduced in the area in favor of the government: *Provided*, That in case the offender is a corporation, partnership, or association, the officer or director thereof who directly caused or ordered such shall be liable. In case the offender is a public officer or employee, he shall, in addition to the above penalties, be deemed automatically dismissed from office and permanently disqualified from holding any elective or appointive position in the government service.

SEC. 65. *Unlawful Occupation or Destruction of Forestlands.-* Any person who, without authority from the Secretary, enters and occupies or possesses, or engages in kaingin related activities for his own private use or for others, any forestland or grazing land, or in any manner destroys such forestland or part thereof, or causes any damage to the timber stands and other forest 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 making kaingin, the penalty shall be imprisonment of not less than ten (10) years nor more than twelve (12) years and a fine equivalent to ten 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 SFDF.

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

SEC. 66. *Illegal Conversion of City or Municipal Parks, Communal Forests, and Tree Parks in Subdivisions.*— Any person found to have converted or caused the conversion of a city or municipal park or communal forest, or tree parks within subdivisions established pursuant to Section 26 and 27 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 (P100,000.00) nor more than five hundred thousand (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 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 SFDF.

An offender who is a government officer or employee, in addition to the above penalties, upon conviction shall be deemed automatically dismissed from office and permanently disqualified from holding any elective or appointive position in the government service.

SEC. 67. *Misdeclaration or Falsification of Reports on Forest Resource Inventory, Scaling, and Survey by a Government Official or Employee.* - Any public officer or employee who knowingly misdeclares or falsifies reports pertaining to forest resource inventory, scaling, survey, and other similar activity which are contrary to the criteria and standards established in the rules and regulations promulgated by the Secretary therefore, after an appropriate administrative proceeding, shall be dismissed from the service with prejudice to 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.

SEC. 68. *Unlawful Operation of Wood Processing Plants and Downstream Forest-Based Industries.*— Any person operating a wood processing plant or downstream forest-based industry without authority from the Secretary, shall be punished by, upon conviction by a court

of competent jurisdiction, imprisonment of not less than eight (8) years nor more than twelve (12) years and a fine of not less than Five Hundred Thousand Pesos (P 500,000.00) and confiscation of the wood processing plant and complementary equipment in favor of the government. The Department shall promulgate the necessary guidelines, subject to the provision of this Act, that will define the terms and conditions including the responsibility for a person who will operate and operating a wood processing plant and/or other downstream forest based industries.

SEC. 69. *Prohibition on the Issuance of Tax Declaration on Forestlands.*- All tax declaration issued over forestland shall be considered null and void.

Any local government official or employee who issues a tax declaration for any purpose on any part of forestlands, upon conviction, shall be penalized with imprisonment for a period of not less than four (4) years nor more than eight (8) years and a fine of not less than P 100,000.00 nor more than P 500,000.00 and perpetual disqualification from holding an elective or appointive office.

SEC. 70. *Unlawful Possession of Implements and Devices Used by Forest Officers.*- Any person found possessing or using implements and devices used by forest officers shall be penalized with imprisonment of not less than eight (8) years nor more than twelve (12) years and a fine of not less than One Hundred Thousand pesos (P100,000.00) nor more than Five Hundred Thousand pesos (P500,000.00) in addition to the confiscation of such implements and devices and the automatic cancellation of any license agreement, license, lease or permit.

Any forest officer who willingly allowed unauthorized person(s) to use these implements and devices under his care shall be penalized with imprisonment of not less 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 said forest officer shall be dismissed from the service with prejudice to reinstatement and with perpetual disqualification from holding an elective or appointive position.

SEC. 71. *Unauthorized Introduction of Logging Tools and Equipment Inside Forestlands.*- It shall be unlawful for any person or entity to possess, bring, or introduce any logging tools or equipment inside forestlands without prior authority from the Secretary or his duly authorized representative. Any person found guilty of illegal possession of said logging tools or equipment shall be liable to imprisonment of six (6) years and one (1) day to twelve (12) years or a fine of not less than One hundred thousand pesos (P100,000.00) nor more than Five hundred thousand pesos (P500,000.00) or both imprisonment and fine at the discretion of the court, and confiscation of said logging tools and equipment in favor of the government.

SEC. 72. *Non-Payment and Non-Remittance of Forest Charges.*- Any person who fails to pay the amount due and payable as forest charges to the government shall not be allowed to transport, convey, sell, nor use the timber or forest product. Moreover, failure to pay within thirty (30) days upon assessment of forest charges shall be a ground for confiscation of the said timber or forest product in favor of the government. Any person who fails or refuses to remit to the proper authorities said forest charges collectible pursuant to the provisions of this Act or the National Internal Revenue Code, as amended, or who delays, obstructs or prevents the same, or who orders, causes or effects the transfer or diversion of the funds for purposes other than those

specified in said Acts shall, upon conviction, be imprisoned for not less than six (6) years nor more than twelve (10) years and fined from One hundred thousand pesos (P100,000.00) to Five hundred thousand pesos (P500,000.00) in addition to the payment of the assessed forest charges. If the offender is a corporation, partnership, or association, the officers and directors thereof shall be liable.

SEC. 73. *Institution of Criminal Action by Forest Officers.*- Any forest officer shall arrest even without warrant any person who has committed or is about to commit, or is committing in his presence any of the offenses defined in this chapter. The tools, animals, equipment and conveyances used in committing the offense, and the forest products cut, gathered, taken or possessed by the offender in the process of committing the offense shall also be seized and confiscated in favor of the government. The arresting forest officer shall thereafter deliver within six (6) hours from the time of arrest or seizure both the offender and the confiscated forest products, conveyances, tools and equipment, or the documents pertaining to the same, and file the proper complaint with the appropriate official designated by law to conduct preliminary investigation and file information in court. If the arrest and seizure are made in the forest far from authorities designated by law to conduct preliminary investigations, the delivery to and filing of the complaint with the latter shall be done within a reasonable time sufficient for ordinary travel from the place of arrest to the place of delivery. The seized forest products, materials, conveyances, tools and equipment shall be immediately disposed of in accordance with the regulations promulgated by the Secretary.

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

SEC. 74. *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 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.

CHAPTER XV ADMINISTRATIVE PROVISIONS

SEC. 75. *Strengthening of the Forest Management Sector.*- In order to effectively implement the provisions of this Act, the Forest Management Bureau (FMB) shall be transformed into a line bureau with functions clearly defined and enumerated under the implementing rules and regulations of this Act. To ensure that the scientific practice of forestry

in the country is properly implemented, only registered foresters shall be appointed to the positions of Director and Assistant Director and Regional Directors of the FMB as well as to all other positions where the services of professional foresters are required in accordance with existing laws and the relevant rules and regulations issued by the Civil Service Commission (CSC) and the Professional Regulations Commission (PRC).

SEC. 76. *Development of Mechanisms for Private Sector Participation in Forest Management* .- The Secretary is hereby authorized to adopt appropriate mechanisms to strengthen private sector participation in forest management, which shall include the accreditation of a national organization of private investors including for profit, non-government organizations and people's organizations. The accredited national organization shall assist the Department in the formulation and review of relevant policies to ensure the contribution of the forestry sector to national economy and sustainable development. It shall also assist the Department in evaluating applications for forest management agreements; monitoring the performance of holders of commercial tenurial instruments; ensuring the local supply of timber and wood products; providing producers with access to local and international markets; and ensuring the conservation and preservation of protection forestlands and protected areas under the NIPAS.

SEC. 77. *Authority of the Secretary on the Use of Forest Resources*.- The utilization of forest resources from natural forests found in forestlands, government-established reservations, and all other lands including ancestral domains or under the management of other government agencies shall be prohibited unless covered by permits issued by the Department, in consultation with other concerned government agencies: *Provided*, That in the case of ancestral lands and domains, the terms of the agreement with the concerned indigenous cultural community shall likewise govern, *Provided further that harvest of timber from the natural forests shall be limited to those found in designated production forest areas.*

SEC. 78. *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, *Provided that the suspected perpetrators of the illegal harvesting of the forest products are not allowed to participate in the public auction. The Secretary is also authorized to donate confiscated forest products for use in the construction of school houses, bridges and for other government infrastructure projects.*

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.

SEC. 79. *Administrative Authority of the Secretary to Impose Fines.* - In all cases of violations of this Act and other forest laws, rules and regulations where fine is the principal penalty, the Secretary, after consultation with the forest-based industries affected, is hereby authorized to impose administratively the penalty consisting of the amount and the schedules of the fine which shall be officially published in a national newspaper of general circulation.

SEC. 80. *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 product: *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 thereof.

SEC. 81. *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.

SEC. 82. *Other Incentives.*- Fifty percent (50%) of the value of confiscated materials shall be used as incentives to informants and members of multi-sectoral forest protection councils, including Department personnel. Additional incentives may be provided to personnel of the Department, in addition to those provided under the Government Service Insurance System (GSIS) or Workmen's Compensation Law. They shall also be entitled to free legal assistance should legal cases be filed against them in the performance of official duties.

SEC. 83. *Protection to Witnesses in Cases Involving Violation of Forestry Laws.*- Witnesses to violations of this Act or other forestry laws and regulations, including the immediate members of the family of said witnesses shall be given protection, security and benefit, subject to the provisions of Republic Act No. 6981, otherwise known as "The Witness Protection, Security and Benefit Act" and its implementing rules and regulations.

SEC. 84. *Rule-Making Authority.*- In consultation with the NCIP, the DILG, the Department of Finance, the leagues of provinces, cities, and municipalities, and other government agencies mentioned herein, the Department shall promulgate the implementing rules and regulations within one (1) year from the effectivity of this Act.

SEC. 85. *Congressional Oversight Committee on the Sustainable Forest Management Act.*- There is hereby created a Congressional Oversight Committee composed of seven (7) members from the Senate Committee on Environment and Natural Resources and seven (7) members from the House of Representatives Committee on Natural Resources.

The secretariat of the Oversight Committee shall be drawn from the existing secretariat personnel of the committees comprising the oversight and the funding shall be taken from the appropriations of both the House of Representatives and the Senate.

SEC. 86. *Transitory Provision.* - Upon the approval of this Act, the Department shall evaluate the conditions of all forestlands covered by existing tenurial instruments, MOAs, and other agreements and contracts which shall be allowed to continue until their expiry unless terminated for cause.

CHAPTER XVI FINAL PROVISIONS

SEC. 87. *Separability Clause.* - Should any provision herein be declared unconstitutional or invalid, the same shall not affect the validity or legality of the other provisions.

SEC. 88. *Repealing Clause.* - Subsections (b), (d), (e), (f), (g), and (i) of Section 4 of Act No. 3915; Republic Act Nos. 460 and 7161; Presidential Decree Nos. 705, 1153, 1515, 1559, 1775 and 1998; Letter of Instruction No. 818; Executive Order Nos. 277 and 278, series of 1987, and Executive Order No. 725, series of 1981, are hereby repealed, and all laws, orders, rules and regulations, or any part thereof which are inconsistent herewith are likewise hereby repealed or amended accordingly:

SEC. 89. *Effectivity.* - This Act shall take effect thirty (30) days from the date of its publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved