

**FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)**

**HOUSE OF REPRESENTATIVES
H.B. No. 3103**

INTRODUCED BY THE HONORABLE ANGELO PALMONES

**AN ACT FOR THE PROTECTION AND SUSTAINABLE MANAGEMENT OF
FOREST ECOSYSTEMS TO ENHANCE FOREST ECOSYSTEMS SERVICES,
MITIGATE AND ADAPT TO ANTICIPATED CLIMATE CHANGE IMPACTS,
AND REDUCE POVERTY IN FORESTLANDS**

EXPLANATORY NOTE

Forests and forest ecosystems are the anchors of the environment. They provide services that are important to the survival and socio-economic development of any country. They are the habitat of diverse plants and animals, protect soils from erosion, regulate the flow rain-water thus reducing the occurrence of flash floods during heavy rains and at the same time ensure the flow of water from underground during times of low rainfall. Coastal forests (mangroves) reduce the impacts of strong winds and provide protection of coastal communities from strong waves and tsunamis. Forests also are the sources of important resources such as timber and non-timber forest products which are the raw materials for construction and for the manufacture of articles of commerce such as furniture and handicrafts. They are also sources of food, phytochemicals and pharmaceuticals. Trees and other forest biomass help mitigate the impacts of climate change and their proper management helps in adaptation efforts against climate change.

Forestlands occupy over half of the total land area of the Philippines. At the turn of the 20th century forests covered more than 17 million hectares of the country. However, unmitigated use and abuse of the forest through unsustainable logging including illegal logging and the practice of slash-and-burn agriculture plus damages brought about by pests and diseases have reduced forest cover at an alarming rate. By 1990 the country had only about 7 million hectares. The contribution of forestry to the national economy has likewise declined dramatically. In the 1950s to 1980s forest products were one of the country's top ten export commodities in value and forest primary, secondary and tertiary industries provided employment to more than a million Filipinos. Since about the turn of this century the Philippines has become a net importer of logs and other forest products.

In spite of this situation the forests of the country can still be revived to its former grandeur if managed well and sustainably. An indication of this is that since the early 2000 a large part of the country's wood needs were now being supplied by forest plantations. In 2007 about 80 percent of the country's log production came from forest plantations.

This Act aims to provide the strategies and programs for protection and sustainable management of forest ecosystems to enhance the promotion of ecosystems services, mitigate and adapt to anticipated climate change impacts. These strategies and programs are anchored on the following principles:

1. Sustainable Forest Management (SFM) as the policy framework and key strategy for all plans and programs in the forestry sector;
2. River basins and component watersheds as basic planning units founded on the Watershed Ecosystems Management (WEM) approach;
3. Administrative jurisdiction of Local Government Units (LGU) and ancestral domain as basic management unit in forestry;
4. Community-based forest management (CBFM) founded on empowerment of local communities and indigenous people and supported by multi-sector participation as the principal strategy;
5. Protection and rehabilitation of forest ecosystems as priority concerns;
6. Regeneration and/or restoration of natural forests and tree planting as priority measures to expand forest cover; and
7. Good governance as necessary condition for sustainable forest management.

In view of the foregoing it is earnestly requested that this bill be immediately passed.



ANGELO B. PALMONES

HOUSE OF REPRESENTATIVES

House Bill No. 3103

Introduced by: HON. ANGELO B. PALMONES

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*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 Ecosystems Management Act of 2010."

SEC. 2. *Basic Policy.* Recognizing that forest ecosystems provide services that are important to the survival and socio-economic development of the Filipino people, particularly in mitigating and adapting to anticipated climate change impacts and reducing poverty in forestlands, and in consonance with the provisions of the Constitution to promote the general welfare and social justice in all phases of national development, to protect and advance the right of the Filipino people to a balanced and healthful ecology in accord with the rhythm and harmony of nature, and to conserve and develop the patrimony of the nation, the State hereby adopts the following policies relative to the management, development, and conservation of forest ecosystems:

1. The specific limits of forestlands shall be delineated, demarcated, fixed, and legislated. Such limits shall not be altered except through an Act of Congress;
2. The use of forest resources shall bear a social function, responsibility, and accountability to promote the common good;
3. Enhanced ecosystems services and poverty reduction shall be the focus of sustainable forest development;
4. Climate change strategies and actions shall be mainstreamed in the plans and programs for the conservation, management, and development of forest and natural resources;
5. Good governance shall be practiced in forest management, protection, conservation, and development;
6. The national government shall undertake its management function over forestlands through collaboration with local government units and local communities within their jurisdiction; and
7. Forest investments shall be promoted through provision of favorable investment environment and public-private partnership.

SEC. 3. *Guiding Principles.* Sustainable and integrated management, development, and conservation of forest ecosystems shall focus on:

1. The needs of the Filipino people for various forest ecosystems services, including provisioning services (such as food, fresh water, bio-chemicals, wood, fiber, fodder, and fuel), supporting natural processes (such as biodiversity maintenance, pollination, soil

formation and nutrient cycling, water infiltration, production of atmospheric oxygen, and enhancement of microclimate), regulating environmental processes (such as water flow regime and soil erosion regulation, carbon and climate regulation, natural hazards protection, air quality regulation, and pest and disease regulation), and sustaining cultures (such as cultural identity and integrity, spiritual values, aesthetic and recreational values, and local knowledge systems);

2. Collaboration among stakeholders towards enhancing forest ecosystems services and empowering and capacitating local communities for sustainable forest ecosystems management;
3. The use of alienable and disposable lands and private lands for forestry purposes, such as the establishment of forest parks, forest plantations, agroforestry farms, and domestication of resource bases of non-timber forest products; and
4. Value-added processing by communities as part of the overall goal of reducing rural poverty through rural industrialization.

In carrying out the above policies and guiding principles, the following shall be pursued:

1. *Sustainable Forest Management (SFM) as the policy framework and key strategy for all plans and programs in the forestry sector:* SFM provides current understanding on how the country's forests should be managed to address present problems and the tools required to generate and attain the desired forestry future. It consolidates experiences and lessons learned in forest management and the resulting state of forest condition. SFM provides a common framework and innovative approaches, strategies, and actions to ensure that forest objectives to continuously provide timber and other forest products and ecosystems services are met without undue effects on future forest productivity and the natural and social environment;
2. *River basins and component watersheds as basic planning units founded on the Watershed Ecosystems Management (WEM) approach:* Planning for the sustainable management, development, and conservation of forest ecosystems shall be based on the WEM approach that makes use of natural topographic and hydrologic boundaries and considers the landscape from the mountain down to the coast and the interrelationships between the upstream and downstream areas of the river basin and component watersheds, considering that activities undertaken in the upstream or downstream areas impact both areas and the watershed ecosystem as a whole. Basic to the WEM approach is comprehensive resources assessment and adoption of practical operational systems for putting every hectare of the watershed into a responsive management system, but recognizing that sustainable development cannot be attained without the larger resource base sustainability.

Planning and plan implementation in river basins and component watersheds shall be within the context of sustainable development and these basic planning units shall be considered as Sustainable Development Units (SDU);

3. *Administrative jurisdiction of Local Government Unit (LGU) and ancestral domain as basic management unit in forestry:* Implementation of a river basin master plan or component watershed management framework plan shall be based on the administrative jurisdiction of LGU or ancestral domain;
4. *Community-based forest management (CBFM) founded on empowerment of local communities and indigenous people and supported by multi-sectoral participation as the principal strategy:* Vesting access rights and responsibilities to forest-dependent local communities and indigenous peoples to undertake sustainable management, development, and conservation of forest ecosystems shall have precedence over other strategies. Empowerment and development of capacity of local communities and/or indigenous people (IP) organizations and provision of secure tenure require the support of LGU. CBFM shall thus be based on co-management between the municipal LGU and barangay/IP organizations concerned. At the same time, participation in supporting CBFM of all sectors of society shall be promoted. In addition to the Department of Environment and Natural Resources (the Department) and LGU, national government agencies (NGA), non-governmental organizations (NGO), civil society, the academe, the media, and the private sector shall have a common but differentiated responsibility in supporting CBFM operators in sustainable forest ecosystems management, development, and conservation.

Participation of the private sector in developing and managing forest ecosystems shall be encouraged and promoted in designated suitable areas subject to existing prior and vested rights. As well, private sector participation shall be promoted through joint ventures with CBFM operators;

5. *Protection and rehabilitation of forest ecosystems as priority concerns:* Protection of forest ecosystems, as well as rehabilitation of degraded forest ecosystems, shall be given priority to conserve biodiversity, enhance ecosystems services, and provide economic benefits;
6. *Regeneration and/or restoration of natural forests and tree planting as priority measures to expand forest cover:* Where possible, natural regeneration shall be enhanced by effective forest protection and assisted natural regeneration. Where natural regeneration is not possible, tree planting using suitable species shall be undertaken to rehabilitate degraded and/or denuded forest ecosystems and enhance ecosystem services, as well as increase the economic benefits of local communities concerned; and
7. *Good governance as a necessary condition:* Good governance based on active stakeholders participation, transparency, honesty, accountability, predictability, and stability of policies is a necessary condition for effective, efficient, and sustainable forest ecosystems management, development, and conservation. As part of good governance, a dynamic, professional, and people-oriented forest service shall be fully supported by the government;

SEC. 4. *Goal and Objectives.* The goal of this Act is sustainably managed forest ecosystems all over the country that are continuously generating various ecosystems services to society, mitigating climate change and enabling various sectors to adapt to climate change impacts, providing economic benefits, and helping local communities in reducing poverty, through active cooperation and collaboration among stakeholders. To attain this goal, the objectives of this Act are:

1. To establish permanent forestlands and partition them into component forest management units following the Watershed Ecosystems Management approach for planning and management purposes;
2. To provide for effective administration of forestlands and forest resources based on common but differentiated responsibilities of various stakeholders;
3. To establish an effective planning system for sustainable management, development, and conservation of forest ecosystems particularly in permanent forestlands, as well as in alienable and disposable lands and private lands, and to mainstream climate change in the various plans;
4. To promote sustainable forest ecosystems management, development, and conservation programs and operations;
5. To promote sustainable utilization of forest resources for reducing poverty in forestlands and promoting national socio-economic development without impairing the ecological balance and delivery of forest ecosystems services; and
6. To provide effective monitoring and control systems for ensuring sustainable management, development, and conservation of forest ecosystems, including certification of good forest management operations and provisions for equitable benefit sharing and various incentives, as well as penalties for acts that destroy or degrade the forest ecosystems or their services.

SEC. 5. *Definition of Terms.* As used in this Act, the term:

1. "Adaptation" shall refer to the adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities.
2. "Afforestation" shall refer to the planting of trees or the artificial establishment of forest in areas that were not previously forested.
3. "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.
4. "Ancestral Domain" shall refer to all areas generally belonging to indigenous cultural communities or indigenous peoples (ICCs/ IPs) as defined in Republic Act No. 8371 of the Indigenous Peoples Rights Act (IPRA) of 1997.
 5. "Ancestral Lands" shall refer to lands occupied, possessed and utilized by members of the ICCs/IPs as defined in the IPRA.
 6. "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
 7. "Chain of Custody" shall refer to the path which forest products take from the forest to the consumer, including all manufacturing, transformation and distribution links.
 8. "Climate Change" shall refer to a change in climate that can be identified by changes in the mean and/or variability of its properties and that persists for an extended period typically decades or longer, whether due to natural variability or as a result of human activity.
 9. "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
 10. "Co-management" shall refer to the process of management in which government shares power with resource users, with each given specific rights and responsibilities relating to information and decision-making
 11. "Conservation" shall refer to planned protection and management of forests and their resources so as to prevent waste and ensure future use.
 12. "Conveyance" shall refer to any vehicle, vessel, device or animal used in gathering or transporting forest products.
 13. "Criteria" shall refer to the set of related indicators to describe and assess a forest state or situation that should be met to comply with sustainable forest management.
 14. "Department" shall refer to the Department of Environment and Natural Resources
 15. "Denuded Forestlands" shall refer to forest lands that are devoid of forest tree cover.
 16. "Degraded Forests" shall refer to all forestlands containing less than five (5) square meters in basal area per hectare of commercial tree species with diameters at breast height or diameter above buttress of less than sixty-five (65) centimeters.
 17. "Ecosystem" shall refer to living communities, the environment they live in, and their interactions.
 18. "Ecosystem services" shall refer to the various services provided by the ecosystems which include, but not limited to, the consumptive, non-consumptive and regulating services.
 19. "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.
 20. "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.
 21. "Expropriation" shall refer to buying back by the State when public interest so requires, of forest areas under private or non-state ownership, subject to just compensation.
 22. "Forest" shall refer to a plant community predominantly of trees and other woody vegetation, growing more or less closely together. As indicator of forest area, it shall refer to a stand 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*.
 23. "Forest Auditing" shall refer to the systematic, documented verification process of

- objectively obtaining and evaluating audit evidence to determine whether specified activities, events, conditions, management systems, or information about these matters to conform with SFEM criteria and indicators.
24. "Forest Certification" shall refer to a systematic, documented verification process of objectively obtaining and evaluating audit evidence to determine whether specified activities, events, conditions, management systems, or information about these matters conform with SFEM criteria and indicators.
 25. "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.
 26. "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.
 27. "Forestlands" shall refer to lands of the public domain that have been classified as such and all unclassified lands of the public domain.
 28. "Forest Management Unit" shall refer to a clearly defined forest area, managed under a set of objectives and according to a long-term management plan.
 29. "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.
 30. "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.
 31. "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.
 32. "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.
 33. "Forest Restoration" shall refer to actions that facilitate forest ecosystem succession by re-instating ecological processes that accelerate structural development, ecological functioning and biodiversity levels towards those of the climax forest ecosystem¹ (i.e. the "target" ecosystem).
 34. "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.
 35. "Indicator" shall refer to a quantitative, qualitative or descriptive attribute that, when periodically measured or monitored, indicates the direction of change of sustainable forest management.
 36. "Indigenous Peoples (IP)" shall refer to a group of people or tribe of indigenous Filipinos as defined or described under the Indigenous Peoples Rights Act (RA 8371)
 37. "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.
 38. "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.
 39. "Mitigation" in the context of climate change, refers to human intervention to address anthropogenic emissions by sources and removals by sinks of all GHGs, including ozone

- depleting substances and their substitutes.
40. "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.
 41. "Non-Timber Forest Products" shall refer to all biological materials and derivatives other than timber, which are extracted from forests for human use.
 42. "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.
 43. "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.
 44. "Protected Areas" shall refer to areas defined and designated as such pursuant to Republic Act No. 7586 or the NIPAS Act.
 45. "REDD plus" shall refer to a broad range of actions to reduce emissions from deforestation and forest degradation (REDD) and the role of conservation of carbons stocks, sustainable management of forests and enhancement of forest carbon stocks in developing countries, supported by financing from industrialized nations.
 46. "Reforestation" shall refer to the planting of trees or artificial establishment of forest in areas that were previously forested.
 47. "Secretary" shall refer to the Secretary of the Department of Environment and Natural Resources.
 48. "Selection System" shall refer to the systematic removal of mature, over-mature and defective trees in such a manner that leave adequate number and volume of healthy residual tress of desired species necessary to assure future crop of timber and forest cover for the protection and conservation of soil, water, and wildlife.
 49. "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.).
 50. "Sustainable Development" means meeting the needs of the present generation without compromising the ability of the future generations to meet their own needs.
 51. "Sustainable Forest Ecosystem Management" shall refer to the process of ecosystem-based management of forest to achieve one or more clearly specified objectives of management with regard to production of continuous flow of desired forest products and environmental services without undue reduction of its inherent values and future productivity and without undesirable effects on the physical and social environment.
 52. "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.
 53. "Urban Forestry" shall refer to the establishment and management of forest in urban environment for the physiological and psychological well being of the people.
 54. "Vulnerable areas" shall refer to areas in danger of being adversely affected by gradual or sudden change in climate, including the physical and biological components as well as the socio-economic status of communities therein.
 55. "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.
 56. "Watershed ecosystems management" or "WEM" shall refer to a management system that will provide the optimum social, cultural, economic, and environmental benefits to the greatest number of people particularly those living in, adjacent to, or downstream of, individual watershed areas, while maintaining the biological and cultural heritage of the country.
 57. "Wildlife" shall refer to wild forms and varieties of flora and fauna in all developmental stages.

CHAPTER II

CATEGORIES AND PARTITIONING OF PERMANENT FORESTLANDS

SEC. 6. *Permanent Forestlands.* All lands of the public domain classified as forestlands

by the Department, including the remaining unclassified lands, shall comprise the permanent forestlands of the country.

SEC. 7. *Establishment of Permanent Forest Lines.* Permanent forest lines shall be demarcated and established on the ground and shall serve as the basis for the declaration of permanent forestlands. Any reclassification of permanent forestlands and/or any changes in permanent forest lines shall require an Act of Congress for approval.

SEC. 8. *Categories of Permanent Forestlands.* Permanent forestlands shall be partitioned based on sustainable development considerations into the following forestland categories:

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

Protection and Production Forests shall be non-overlapping and shall together add up to the total area of permanent forestlands in each island of the country; their boundaries, as well as any further changes, shall be approved by an Act of Congress. Protection and Production Forests shall be managed as sustainable development units.

SEC. 9. *Further Partitioning of Permanent Forestlands into Forest Management Units (FMU).* For the purpose of assigning juridical entities responsible for management, forestlands that have been partitioned into WPA/PFA shall be partitioned further into Forest Management Units based on LGU jurisdiction and ancestral domain within; provided that in the case of any unresolved boundary conflicts between adjacent LGU jurisdictions, the Department Secretary shall resolve the given boundary conflict for FMU management purposes only by defining the FMU boundaries along the areas of conflict; and provided further that each existing area covered by an approved tenurial instrument shall be considered as a Forest Management Unit.

SEC. 10. *Zoning of Permanent Forestlands.* Every Protection Forest shall be zoned for management into Strict Protection Zones and Controlled Use Zones based on strictly implemented zoning criteria.

1. *Strict Protection Zones* shall include the core zone of Protection Forest, as well as all mossy or primary/old-growth forests or natural beach/and all natural mangrove forests; all areas above one thousand (1,000) meters above sea level; all areas above 50% slope; all areas regardless of slope which are highly erodible or too rocky for forestry or agroforestry production purposes; all areas developed for the principal objectives of establishing vegetative cover to prevent soil 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.

2. Controlled Use Zones shall include: Ecotourism Zone, Non-Timber Forest Production Zone, Timber Production Zone, Agroforestry Zone, Aqua-Silviculture Zone, Mining Zone, Built-Up Zone, and other Zones that are deemed appropriate during management planning; provided that Protected Areas shall not contain any Timber Production Zone or Mining Zone, and Watershed Protection Areas shall not contain any Mining Zone.

The Department shall have the responsibility of approving the zoning of permanent forestlands. The management zones of a Protection/Production Forests shall be carried over to its component FMU; provided that refinements of the zoning may be allowed during detailed formulation of the FMU Management Plan and the refined zones subsequently reflected in the given Protection/Production Forests to take effect upon approval of the plan by the Department.

CHAPTER III ADMINISTRATION AND PLANNING FOR SUSTAINABLE MANAGEMENT OF PERMANENT FORESTLANDS

SEC. 11. *Jurisdiction and Control of Permanent Forestlands and Forest Resources.* The Department shall be the primary agency responsible for the management, development, conservation, and utilization of the permanent forestlands including all resources found therein.

SEC. 12. *Allocation of Forest Areas for Sustainable Management.* Following the principles of sustainable development and zoning provided under Sections 8-10 of this Act, the Department shall rationally allocate forestlands for sustainable management according to the needs and capability of interested stakeholders and shall also refer to the nationwide vulnerability assessment of forests. The management of unallocated FMUs shall be assigned by the Department to LGUs, local community forestry organizations, private sector, and other qualified entities for management through the issuance of appropriate tenurial instruments.

SEC. 13. *Priority of CBFM in FMU Management.* Following the guiding principle of CBFM as the primary strategy for forest ecosystems management as provided for in Section 3 of this Act, priority in the allocation of untenured FMUs, as well as of FMUs with expired and cancelled tenurial agreements, shall be granted to CBFM, which shall be a co-management by the concerned municipal-level LGU and local community forestry organizations, which shall be Barangay Forestry Organizations (BFO) and/or IP Forestry Organizations (IPFO).

SEC. 14. *Establishment of Municipal/City ENRO.* All municipal/city-level LGUs involved in FMU management shall organize their Municipal/City Environment and Natural Resources Office (M/CENRO) and staffed with foresters in appropriate positions.

SEC. 15. *Tenurial instruments.* The assignment of FMU-level management to LGU-BFOs/IPFOs co-management shall be preceded by the signing of a Sustainable Forest Ecosystems Management Agreement (SFEMA) between the Department and the LGU concerned. All other tenurial instruments may be issued by the Department to other interested and qualified parties in accordance with the modes of development and utilization of natural resources provided under the Constitution. The Department shall formulate guidelines to secure the rights of tenure holders.

SEC. 16. *Forestlands under Management of other Agencies.* Forestlands or portions thereof, which have been assigned by law and Presidential Proclamations to the administration and management of other government agencies or private power/water utilities service providers, shall be included in the partitioning of public forestlands into the Protection/Production Forest Area categories consistent with the purpose of the assigned forestlands, as provided for in Section 8 of this Act, further partitioning into FMUs as provided for in Section 9 of this Act, and zoning as provided for in Section 10 of this Act; and shall remain under the administration and management by the agency concerned; provided that the Department shall have an oversight

function over FMU management and utilization of forest resources in those areas.. The agency concerned shall be encouraged and supported by the Department in the management of the given forestland following the CBFM strategy as described in Section 13 of this Act.

SEC. 17. *Management Boards.* A Management Board shall be organized for each Protection/Production Forest Areas with representation from: (a) the Department who shall act as Board Chair, (b) the agency assigned to administer the given forestland if any, (c) LGUs, local communities, (d) private sector agencies/organizations, and (e) other concerned entities participating in the management of the given forestland. The Board shall set policies related to the administration and management of the given Protection/Production Forest Areas, institute strategies and programs toward the successful implementation of those policies, and monitor and assess the implementation of those policies.

SEC. 18. *Integrated Watershed Management Councils.* An Integrated Watershed Management Council (IWMC) consisting of respective Protection/Production Forest Area Management Boards shall be organized for each River Basin in the Islands of Luzon and Mindanao and for each of the other islands of the country; provided that Metro Manila shall have its own IWMC comprising of the Management Boards of watersheds that supply water to Metro Manila. Each IWMC shall be chaired by the Department. The Council shall coordinate the administration of the member Management Boards, monitor and assess the formulation and implementation of Management Framework Plans, and direct resources towards the sustainable management, development, and conservation of the included forestlands.

SEC. 19. *Private Sector Participation in Management of Permanent Forestlands.* Private sector participation in management of permanent forestlands shall be encouraged. The Department shall identify and set aside suitable forest areas for private sector development and management and, together with the Board of Investment, shall formulate and provide a set of incentives to the private sector for this purpose. Private sector participation shall be undertaken through direct management of areas identified for such purpose or through joint venture with concerned FMU management. All permanent forestlands currently managed by private sector organizations shall continue to be managed by the given organizations, but subject to monitoring and assessment following the forest certification system described in Section 47 of this Act.

SEC. 20. *Management and Utilization of Forest Resources Within Permanent Forestlands.* Extraction of timber and non-timber forest products, and agricultural crops, their by-products and derivatives, whether from natural forest, planted, or raised through application of agroforestry practices, from within permanent forestlands including from within the areas covered by Certificate of Ancestral Domain Title (CADT) or Certificate of Ancestral Land Claim (CALC), shall require a prior permit, agreement, or clearance that are deemed necessary and appropriate by the Department as recommended by the Forest Management Bureau (FMB). The transport of these forest products 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 chain-of-custody (COC) certificate issued by the FMU management. Relevant information in the COC shall be transmitted to the Department's on-line database at least two (2) days prior to the actual transporting as provided for in Section 45 of this Act.

Any extraction of forest resources considered as endangered, threatened, vulnerable, and other restriction shall be done in coordination, consultation, and clearance from the Protected Areas and Wildlife Bureau (PAWB).

SEC. 21. *Management and Utilization of Forest Resources within Titled Lands.* All forest resources and agricultural crops planted or raised within titled 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; provided that for conveyance of harvested timber the landowner shall provide the Department with an updated timber inventory and the

Department's on-line database with COC information as provided for in Section 45 of this Act.

SEC. 22. *Management and Utilization of Forest Resources within Alienable and Disposable Lands.* The Department shall encourage and provide incentives to landowners of alienable and disposable lands to develop, maintain, manage and utilize forest resources on their lands, or to develop and maintain a tree plantation or agroforestry 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 Chapter VIII of this Act; provided that agricultural lands devoted to the planting and harvesting of forest resources shall remain subject to the provisions of Republic Act No. 6657 or the Comprehensive Agrarian Reform Law.

SEC. 23. *Administration of Forest Resources Utilization within Ancestral Domain.* The recognition, ownership, and management of ancestral lands and domains shall be governed by the provisions of the IPRA. The National Commission on Indigenous Peoples (NCIP) shall coordinate with 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 the Department, 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.

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 on Establishing an Environmental Impact Statement System, and this Act.

SEC. 24. *Forestry Planning System.* The Department shall institute and oversee the implementation of a forestry planning system consisting of the following hierarchy of plans, which shall be regularly updated:

1. *Master Plan for the Forestry Sector.* The Master Plan shall include a multi-faceted analysis of the forestry sector, its strengths, weaknesses, opportunities, and threats, including vulnerabilities and threats resulting from climate change; set long-term goals and medium-term objectives, formulate programs to guide the long-term development of the forestry sector and attainment of medium-term targets, and specify the requirements for the implementation of the development programs. The Master Plan shall be prepared by the Department in collaboration with other stakeholders and submitted to the President of the Philippines through NEDA for approval.
2. *River Basin Master Plans.* River Basin Master Plans shall be in accord with the Master Plan for the Forestry Sector and shall focus on enhancing the delivery of various forest ecosystems services in the river basin, with emphasis on: (i) enhancing forest ecosystems adaptation to and mitigation of climate change; (ii) ecosystem-based adaptation that implements a range of strategies for the management, conservation and restoration of forest ecosystems to provide services that enable people to adapt to the impacts of climate change; and (iii) provision of multiple co-benefits, such as conservation of biodiversity, enhancement of carbon stocks for mitigating climate change, supplying of water and various economic products, and generation of livelihood and income for local communities, by means of ecosystem-based adaptation measures. The River Basin Master Plans shall be prepared by the concerned Regional Office(s) of the Department in collaboration with other stakeholders and submitted to the Department Secretary for approval.
3. *Protection and Production Forest Management Framework Plans.* The Protection and Production Forest Management Framework Plans shall provide a comprehensive assessment of resources and constraints including vulnerability and adaptation of forest ecosystems to climate change, set goals and objectives for Protection and Production

- Forest management related to the delivery of ecosystems services including ecosystem-based adaptation and poverty reduction, identify and delineate the management zones of the Protection and Production Forest, provide principles and prescriptions for managing each of the zones to attain the set goals and objectives, and formulate a program for putting the Protection and Production Forest under sustainable management, development, and conservation. The Protection and Production Forest Management Framework Plans shall be prepared by the Provincial Office(s) of the Department in collaboration with other stakeholders and submitted to the Department's Regional Executive Director concerned for approval. The Department, the Department of Interior and Local Government (DILG), the League of Provincial Governors, and other concerned government agencies shall formulate a joint strategy for the completion at the earliest possible time the initial management framework planning process all over the country.
4. *FMU Management Plans.* As co-managers of the FMU, LGU and BFOs/IPFOs shall be responsible in preparing a detailed FMU Management Plan in accord with the Protection and Production Forest Management Framework Plans; provided that in the case of FMUs under existing tenurial arrangement, the FMU operator shall be responsible in preparing the FMU Management Plan. The Department shall provide technical support, primarily capacity building, to enable the LGU and BFOs/IPFOs to prepare by themselves the FMU Management Plan, including the collection of the necessary information to prepare the plan. The FMU Management Plan shall be submitted to the Provincial Environment and Natural Resources Office (PENRO) for approval after signing of the SFEM Agreement.
 5. *Annual Operations Plans.* To facilitate implementation of the FMU Management Plan, participating BFO/IPFO shall prepare annual operations plans that are in accord with the FMU Management Plan and including a report of the previous year's operations; provided that in the case of FMUs under existing tenurial arrangement, the FMU operator shall be responsible in preparing the Annual Operations Plans. MENRO foresters shall support the BFOs/IPFOs for this purpose by providing training and technical assistance. A copy of BFO/IPFO annual operations plans shall be provided to the MENRO and Department's PENRO. Any substantial deviation from the FMU Management Plan shall be subject to PENRO approval.

The FMU management and operations plan shall conform with the Department's Criteria and Indicators for SFEM.

CHAPTER IV SUSTAINABLE FOREST ECOSYSTEMS MANAGEMENT PROGRAMS AND OPERATIONS

SEC. 25. *Assigning the Implementation of National or Local Forestry Programs to CBFM.* Any national or local programs and their projects and operations that are related to the management, development, protection, and conservation of forest ecosystems shall be implemented following the CBFM approach as defined in this Act and assigned through a memorandum of agreement to concerned FMUs for implementation together with the resources allocated for such program or project, and covered by a benefit-sharing arrangement between the FMU operators and the proponent. Those programs or projects shall include those on forest restoration, reforestation and afforestation, industrial tree plantations, agroforestry, biomass energy production, non-timber forest products (NTFP) development, Payments for Ecosystems Services (PES), and Reduced Emission from Deforestation and Forest Degradation (REDD).

SEC. 26. *Maintenance of High Conservation Value Forests.* As part of formulation and implementation of Protection and Production Forest Areas Management Framework Plans and FMU Management Plans, high conservation values (HCV) shall be identified and delineated, including: *HCV1* (high concentration of biodiversity), *HCV2* (threatened landscape forests), *HCV3* (threatened unique forest ecosystems), *HCV4* (important services of nature including protection of water resources, settlements, farms, and aquaculture from wind, landslide, and other hazards), *HCV5* (unique sources of basic needs of local communities), and *HCV6* (sacred and

cultural forests of local communities). The aforementioned plans shall include provisions for monitoring and maintenance of the identified HCV forests. Management and utilization activities in Controlled Use Zones that contain HCV shall ensure the maintenance of the given HCV.

SEC. 27. *Forest restoration, reforestation, and afforestation.* The goal of forest restoration, reforestation, and afforestation shall be to raise the forest cover in each FMU to at least fifty percent (50%) of the FMU area within six (6) years and to at least eighty percent (80%) within twelve (12) years from approval of the FMU Management Plan. Forest restoration facilitated by forest protection shall be the rehabilitation strategy in degraded and/or denuded forestlands within Strict Protection Zones; provided that, where natural regeneration is not possible, planting of indigenous tree species shall be done to enhance the biodiversity of the area. Appropriate tree species to be used in reforestation and afforestation of degraded and/or denuded forestland within Controlled Use Zones of Watershed Protection Areas and Production Forest Areas shall be selected depending on the nature of the given zone.

Each FMU shall establish and maintain multi-purpose nursery for the production of quality seedlings required in the conduct of reforestation and afforestation as well as sources of quality seedlings. Reforestation and afforestation or the establishment of forest plantations, tree farms, and agroforestry farms in private lands shall be encouraged. The private landowner shall be entitled to the incentives provided for under Sections 56 and 57 of this Act; provided that such private forest plantations are duly registered with the Department.

SEC. 28. *Carbon Sequestration and Storage.* As part of climate change mitigation and adaptation measures and to enhance ecosystems services, carbon sequestration and storage shall be included in the Forestry Sector Master Plan, River Basin Master Plans, Protection/Production Forest Area Management Framework Plans, FMU Management Plans, and Annual Operations Plans. The Department shall provide support to FMU managers in implementing operations that increase carbon sequestration and storage. Payments for Ecosystems Services, REDD plus, and other sources shall be accessed to provide financing to carbon sequestration and storage activities of FMU operators. The Department, in collaboration with the Climate Change Commission, shall formulate the regulations governing carbon trading.

SEC. 29. *Ecotourism.* FMU management shall enhance and conserve the ecotourism values found therein. Timber harvesting for whatever purposes, commercial-scale collection of non-timber forest products, farming, grazing, aquaculture, and infrastructure development shall be prohibited in Ecotourism Zones of the FMU, except as part of the tourism development program of the FMU and as indicated in the approved FMU Management Plan. Design and construction of tourism infrastructures shall be in accord with enhancement of the natural beauty and/or attraction of the site.

SEC. 30. *Resources Management for Non-Timber Forest Products.* FMU management for non-timber forest production shall not be limited to the Non-Timber Forest Production Zones and other Zones of the FMU where such products can be grown and managed side-by-side with the main products/services of the given zone, and based on Department rules and regulations. Harvesting of non-timber forest products shall be on sustainable basis, promote productivity of the non-timber forest product resources, and minimize any disturbance of the soil, water, and biodiversity resources of the site. Domestication of resource bases of non-timber forest products shall be encouraged.

SEC. 31. *Timber Production Management.* FMU management for timber production shall be limited to the Timber Production Zones of the FMU and based on Department rules and regulations. Timber production shall be on sustainable basis, promote productivity of timber resources, and minimize any disturbance of the soil, water, and biodiversity resources of the site.

In general, the selection system together with mother tree selection shall be applied in timber production zones. The Department shall review the selection system to include selection of phenotypically superior mother trees and institute refinements in consideration to changes in forest structure that have occurred since the system was first introduced. Clear-cutting shall be allowed only in plantations, and any clear-cutting shall be followed immediately by tree planting as well as maintenance of planted trees until they are fully established. Regeneration of harvested stands shall be based on natural regeneration processes and assisted natural regeneration, including plantations where suitable natural regenerated species shall be retained and maintained.

SEC. 32. *Agroforestry.* Agroforestry shall be one of the key upland development strategies to be used in developing forest areas occupied by upland farmers. Agroforestry practices, including domestication of resource bases of non-timber forest products, shall be limited to the Agroforestry Zones of the FMU and based on Department rules and regulations. Such practices shall be done with utmost consideration given to minimizing soil erosion and protecting biodiversity.

The practice of agroforestry in the Agroforestry Zones shall be limited to members of the BFO/IPFO, which shall formulate their own rules on agroforestry, such as on individual or communal allocation of land for agroforestry, use of soil conservation and other appropriate technologies, sharing of costs, and sharing of benefits. Such BFO/IPFO agroforestry management rules shall be submitted to the Protection/Production Forest Management Board for its concurrence. The Board shall have an oversight function in the practice of agroforestry in the Protection/Production Forest.

Farmers who are engaged in kaingin-making shall be encouraged to join as members of BFO/IPFO and to relocate their farming activities to the Agroforestry Zone, subject to the BFO/IPFO rules on agroforestry.

The Department shall develop a national program to support appropriate agroforestry system and shall assist the farmers in all aspects of agro-forestry development from planning to marketing of agroforestry products and adoption of appropriate technologies to maximize and sustain economic benefits to the farmers.

SEC. 33. *Mangrove Development and Management.* Rehabilitation of degraded mangrove forests through afforestation/reforestation/enrichment planting of appropriate mangrove species shall be intensified. Cutting of mangroves species for the establishment of fishpond shall be prohibited except for the area used for harvesting and feeding. Fishery production in duly designated Mangrove Production Zones shall promote productivity of fishery resources and shall be done without cutting the mangroves. Establishment of new mangrove plantations in tandem with fishpond development (aqua-silviculture) may be allowed in Mangrove Production Zones provided that not more than 20% of areas to be developed shall be devoted to fishpond. The mangrove plantations established within the aqua-silviculture projects may be permitted to be selectively harvested for domestic purposes only on a sustainable basis as deemed appropriate and that the privilege to harvest shall be granted only to the private individual or a group of individuals, or entity which established and developed the said plantations as previously authorized through an approved contract or agreement for the purpose; provided that harvesting shall be limited to mangroves that are part of the Timber Management Zones and Non-Timber Production Zones of the FMU as indicated in the approved FMU Management Plan; and provided further, that the cutting of mangrove trees and other associated plants within duly-designated Mangrove Protection Zones whether naturally growing or planted is strictly prohibited.

SEC. 34. *Mining in Permanent Forestlands.* Mining of minerals and energy resources shall not be allowed in Protection Forest Areas to give priority to the survival of society by

enhancing, protecting, and conserving various forest ecosystems services. Mining of minerals and energy resources may be allowed in Production Forest Areas subject to joint assessment by the Mines and Geosciences Bureau/Department of Energy, Forest Management Bureau, Protected Areas and Wildlife Bureau, Environment Management Bureau, concerned LGU and third party representatives; provided that mined-out areas shall be immediately rehabilitated.

SEC. 35. *Built-up Areas in Permanent Forestlands.* Permanent roads shall be designated as part of the Built-up Zones of the FMU. Temporary access roads shall be designated as part of the FMU zone that requires such access. Permanent housing and building houses with materials of permanent nature, such as concrete, shall not be allowed in the FMU, except as part of the approved FMU Management Plan and with concurrence of the Department's Regional Office.

SEC. 36. *Forest Protection.* Protection of forests in permanent forestlands against land-use conversion, fire, pests and diseases, invasive species, chemicals, climate-induced causes, and other agents of forest destruction shall be included in the Forestry Sector Master Plan, River Basin Master Plans, Protection/Production Forest Management Framework Plans, FMU Management Plans, and Annual Operations Plans.

IWMCs and Protection/Production Forest Management Boards shall formulate a forest protection strategy and program for their areas, oversee and monitor implementation of such program, assess the effectiveness of such program, and institute measures to make such program effective.

FMU operators shall be authorized to prohibit kaingin-making/slash-and-burn farming/shifting cultivation/illegal occupancy in the FMU by: (a) conducting a survey of occupancy and farming activities; (b) negotiating with the occupant/unauthorized farmer to give up their illegally occupied land/farming activities, join the BFO/IPFO, and relocate their farming activities to the Agroforestry Zone of the FMU; (c) file charges in court against occupants/farmers who refuse to give up their illegal occupation and/or farming activities.

The Department shall provide support to the FMU operators/managers in their forest protection activities. The product chain-of-custody system provided for in Section 45 of this Act shall be implemented by the Department, FMU operators/managers, and the police to prevent and apprehend thieves of forest products. The act of purchasing and/or use of stolen forest products by individuals or company shall be penalized as provided for in Section 67 of this Act.

SEC. 37. *Urban Forestry.* As part of climate change adaptation and mitigation measures and to enhance ecosystems services, communal forests, tree buffers along roads and waterways, and forest/tree parks in urban areas and open spaces of housing projects shall be established in cities and municipalities. DENR and forestry research and academic institutions shall provide technical assistance to ensure that appropriate species and technologies are employed in the establishment and maintenance of such parks, communal forests, and tree buffers.

CHAPTER V UTILIZATION OF FOREST RESOURCES

SEC. 38. *Use of Permanent Forestlands Exclusively for Forestry and Subsidiary Purposes.* The use of permanent forestlands shall be limited to forestry and subsidiary purposes in appropriate zones mentioned in Section 10 of this Act and as enumerated in Sections 26-35 of this Act. The use of permanent forestlands for purposes not otherwise mentioned shall require Department approval.

SEC. 39. *Harvesting of Forest Products.* Harvesting of timber and non-timber forest

products shall be based on the principle of sustainability and conservation of soil, water, and biodiversity as mentioned in Sections 30-31 of this Act. In addition, Department approval for harvesting large trees of at least 30 cm in diameter at breast height shall be subject to the conduct of a forest inventory and mapping of harvestable trees, including COC numbering of harvestable trees as mentioned in Section 45 of this Act, and reporting to the Department and the Department's database of harvested trees.

SEC. 40. *Transport of Forest Products and Disposal of Confiscated Forest Products.* Transport of timber and non-timber forest products that do not carry a COC number and is not supported by COC documentation, as provided for in Section 45 of this Act, shall be prohibited. Timber and non-timber forest products that do not carry a COC number shall be considered as coming from illegal sources and subject to confiscation. All such confiscated products shall be turned over to the Department. The Department shall dispose of such confiscated products by donating them to public and socially beneficial projects taken from a chronologically sequenced list of Department approved requests for donation of such products.

SEC. 41. *Downstream Processing of Forest Products.* To add value to harvested forest products, further processing into finished and semi-finished products shall be encouraged and supported. CBFM and other FMU operations shall be allowed to process their forest products or to make them available in the open market of raw forest products subject to restrictions on forest products transporting as mentioned in Section 39 of this Act and prior payment of forest charges as mentioned in Section 61 of this Act.

SEC. 42. *Forest-Based Industries.* To meet the demands for forest-based goods and services of a growing population the State through the Department shall promote the establishment, operations, and development of forest-based industries.

SEC. 43. *Export and Sale of Locally Produced Wood Products.* Logs and raw or rough lumber manufactured from such logs, derived from natural grown trees of whatever species cut, gathered, or removed from the local natural forest shall not be exported. Only finished and semi-finished lumber products, wood manufactures, wood panels, and other finished wood products from such logs may be exported by licensed exporters. Finished products from forest plantations may be allowed to be exported based on guidelines.

No person shall sell or offer for sale any log, lumber, veneer, plywood or other manufactured wood products in the international or domestic market without complying with the certification and grading rules established or to be established by the government. Export license for finished products shall be granted to certified operators. 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. 44. *Importation and Sale of Logs and Other Forest and Wood Products.* Logs, lumber, and other forest- and wood-based products may be imported to the country subject to the registration requirements of the Department and to the tariff and duties under the tariff and custom code and quarantine regulations. Any product manufactured or remanufactured out of imported forest and wood materials shall be allowed to be sold in the domestic or international market subject to compliance with the grading rules and standards and export license.

CHAPTER VI MONITORING AND CONTROL OF FOREST MANAGEMENT AND UTILIZATION

SEC. 45. *Forest Products Chain-of-Custody.* The Department shall institute a forest products chain-of-custody system (COC) to enable the tracing of transported, processed, or marketed forest products to their source. All forest products from permanent forestlands shall bear an official COC number; otherwise they shall be considered as illegally harvested.

Transport Permit shall be issued to private land owners who transport forest products that have been harvested from their own lands with respective COC number that is consistent with the Department's COC; their forest products shall be considered as coming from legal sources, provided that they have previously submitted to the Department a pre-harvest inventory of their land and that they have submitted at least two (2) days prior to the transport of forest products the list of forest products and their corresponding COC number to the Department's COC database.

SEC. 46. *Internal Monitoring and Assessment of Forest Management Operations.* The progress of forest management operations shall be monitored continuously by FMU operators and reported regularly to the Protection/Production Forest Area Management Board. The Management Board shall institute supportive mechanisms and actions to improve the performance of FMU operators.

SEC. 47. *External Monitoring and Certification Assessment of Forest Management Operations.* The Department shall institute a national forest certification system to externally monitor and assess the performance standards of FMU operations and to ensure that forest products coming from FMUs are from certified sustainable sources when local consumers buy them in the market.

The Department shall be the certifying organization of the national forest certification system, but shall implement the external monitoring and certification assessment of FMUs through Department-accredited third parties, which shall come from NGO, academe, professional groups, and other private bodies using local experts. The results of external monitoring and certification assessment shall be accessible to NGO advocacy groups and the general public by publishing them in the internet and other suitable media.

The Criteria & Indicators and auditing system (CIA) developed by FMB shall be used as the initial forest certification standards and applied to the chain of custody from sources to the market. The Department shall further develop the CIA system through a national consultative process into a system of Principles, Criteria, and Indicators (PCI) that shall be compatible with internationally accepted standards and shall work for the acceptance of Philippine certified forest products in foreign markets. The Department shall also explore means to enter into partnerships with existing market certification schemes with governments of purchasing countries in accordance with their forest products procurement policies.

Forest products sold in the local market shall carry the Department seal of certification; otherwise they shall be considered as not coming from sustainable sources. In addition forest products from FMUs shall carry a COC number so that they can be traced to their legal source. To enable their forest products to carry the Department seal, private landowners engaging in forest plantation development are encouraged to get their operations certified under the national forest certification system.

SEC. 48. *Control of Forest Management Operations.* Upon approval of this Act and the establishment of the Department's forest certification system, all forestland operations covered by existing tenurial instruments, MOAs, and other agreements and contracts shall undergo third-party certification. Operations that fail the certification assessment shall be terminated and their tenurial instrument shall be cancelled, provided that such failure is included in the grounds for termination or gross violation of such agreements. Those operations that pass certification

assessment shall be certified and subject to annual certification audits as defined in Section 5v of this Act. Certified operations that fail annual certification audits shall likewise be terminated and their tenurial instrument cancelled. Certified operations that continue to pass the annual certification audits shall be allowed to continue operating until their legal expiration date. All operations that expire or are terminated for failing certification assessment or annual audits shall be turned over by the Department to the LGU concerned for conversion to CBFM as defined in this Act starting with the signing of SFEM Agreement and organizing of BFOs/IPFOs to co-partner with the LGU. Operations based on existing tenurial instruments that pass certification assessment and annual certification audits shall also be allowed to be converted to CBFM as defined in this Act with the consent of the operators.

SEC. 49. *Chain-of-Custody Certification.* The Department shall also institute a COC certification system to enable forest products processing plants to state that the forest product raw materials of their finished or semi-finished products have come from Department-certified sources. Finished or semi-finished forest products that are transported or marketed that come from COC-Department-certified processing plants shall carry the Department's certification seal that shall also include information on the percentage content of raw materials coming from Department-certified forest operations.

SEC. 50. *Conflict Resolution.* Parties from within an FMU and between FMUs shall be encouraged to resolve internally any conflicts related to forest management, development, protection, conservation, and utilization between them. Conflicts that cannot be resolved internally shall be reported for adjudication/resolution by the Protection/Production Forest Management Board. Conflicts that cannot be resolved by the Management Board to the acceptance of the parties in conflict shall be submitted to the Courts for their resolution.

CHAPTER VII SUPPORT SYSTEMS

SEC. 51. *Forestry Education.* Formal forestry education in the Philippines shall be rationalized. A nationwide assessment of forestry schools shall be conducted by Commission on Higher Education (CHED) who shall develop guidelines within one (1) year upon issuance of this Act, on the evaluation of forestry schools and in phase-out plans of sub-standard schools. This shall be done in coordination with the Department, the Board of Examiners of the Professional Regulations Commission (PRC), the Philippine Forestry Education Network (PAFERN) and the Society of Filipino Foresters, Incorporated (SFFI). The main purpose of this rationalization is to ensure the quality of formal forestry education and establish, support and sustain centers of excellence in forestry and environmental education to develop high quality manpower and promote global competitiveness. CHED shall have the power to recommend phase-out of sub-standard schools in accordance to an agreed phase-out plan considering the plight of enrolled students in their BS Forestry program. The CHED shall likewise include ecology and environment courses in the general education curricula.

The DepEd shall include subjects on forest ecosystems and climate change adaptation and mitigation in the curricula for elementary and secondary education to develop among students positive attitude towards the environment, and become instruments in effecting positive change in the home, community and society towards improving the country's resilience to climate change. DepEd shall also include practicum in actual planting of trees scheduled at least once a year.

SEC. 52. *Capacity Building.* The Department, in coordination with the academic institutions, PRC Board of Examiners for Foresters, Civil Service Commission, the Commission on Higher Education and DepEd, shall formulate and develop a continuing forestry, natural resources, and environment program which shall address the education and training requirements of forest officers, LGUs, NGOs, local communities and indigenous peoples in the area of

forestry, natural resources and environment to reduce the impacts of climate change and accelerate social progress.

SEC. 53. *Research and Development.* Research and development, invention, innovation and their utilization to science and technology education, training and services shall be given priority. The government shall support scientific and technological capabilities and their application to the country's productive system, national life, and adaptive capacity to climate change. Appropriate technology shall be used to protect the environment, reduce climate change effects, increase community adaptation to climate change and enhance their livelihood.

The Department shall coordinate with other research agencies to go into co-financing agreements with the private sector in the conduct of research and development provided that the terms and conditions are beneficial to Forest Ecosystems Services for the country.

SEC. 54. *Policy Research and Development.* The Forestry Development Center (FDC) based at the UPLB College of Forestry and Natural Resources shall continue to serve as the primary policy research and development center for forestry, environment, and natural resources management. The FDC shall perform its functions in close coordination with the Forest Management Bureau of the Department and other policy research institutions. It shall assist the Department in the formulation, review, and evaluation of proposed and existing policies in forestry, environment, and natural resources. To enable the FDC to carry out its mandated function of policy research, it shall have a share in the sustainable forest ecosystem development fund pursuant to Section 66 herein.

SEC. 55. *Forestry Extension Services.* With support from LGUs, NGOs, media and other organizations, the Department, the Philippine Information Agency (PIA), the Department of Education (DepEd), state owned and private universities and colleges, a nationwide program for sustained public information and advocacy campaign for forest and natural resources conservation, sustainable forest development and climate change shall be formulated by CHED. Adequate and sustainable funds to implement research, technology development and transfer programs shall be provided by each of the aforementioned agencies and institutions under the General Appropriations Act.

CHAPTER VIII SYSTEM OF INCENTIVES

SEC. 56. *Incentives for Engaging in Forest Development.* To encourage qualified persons, natural or juridical, to engage in forest management activities, they shall be granted incentives as provided for by existing laws such as the National Internal Revenue Code, as amended and Executive Order 226 or the Omnibus Investment Code, among other laws.

SEC. 57. *Tax Incentives for Forest Plantation Activities.* The following tax incentives shall be granted to qualified persons engaged in forest plantation activities:

1. Expenses incurred in complying with the requirements of this Act shall be allowed as deductible expenses for income tax purposes subject to the provisions of the National Internal Revenue Code of 1997, as amended. Provided, That the deduction shall only apply to the taxable period when the expenses were incurred; Incentives granted to registered domestic enterprise under the Investment Priorities Plan (IPP);
2. Exemption from the payment of forest charges imposed under the provisions of this Act;
3. The agreement holder shall not be subject to any obligation, prescribed in or arising out of the provisions of the National Internal Revenue Code, on withholding tax at source upon interest paid on loans incurred for the development and operations of forest plantations;
4. 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;
5. The Board of Investments (BOI) shall classify forest plantations as pioneer and preferred areas of investment under its annual priority plan subject to the pertinent rules and regulations;
 6. The agreement holder shall be given priority to access credit assistance being granted by Government-owned, -controlled and/or -supported financial institutions;
 7. 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;
 11. Exemption from Expanded Value Added Tax;
 12. Exemption of forest plantation from payment of real property assessment tax;
 13. No termination of the contract or agreement except for cause or for reason of public interest and only after due process; and
 14. 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.

SEC. 58. *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:

1. All processing plants or mills shall be assisted on their supply of raw materials, preferably but not exclusively from local sources;
2. 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;
3. The Department shall promote and strengthen the linkages among corporate, family-based, and community-based industries; and
4. The Department shall provide on its own or propose to the President or to Congress, other incentives to encourage the establishment and development of corporate, family and community forest-based industries. Agreements or licenses over forest areas granted to wood-based plants shall be converted into any mode authorized in this Act. Expansion in capacity of wood-based plants shall be encouraged and the same shall be given priority access to production forestlands and other areas available for development as source of raw materials.

SEC. 59. *Other Incentives.* A percentage of the value of confiscated materials shall be used as incentives to informants, 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.

CHAPTER IX FOREST CHARGES, FEES, AND SHARING

SEC. 60. *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 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. 61. *Forest Charges.* There shall be collected charges per cubic meter based on percentage of the FOB market price per species and grade class by the Department.

These forest charges shall be applied to naturally growing timber and non-timber forest products gathered within forest lands and alienable and disposable lands. All planted trees and non-timber forests products harvested from private land shall be free from forest charges.

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

SEC. 62. *Fees for Administrative Services Rendered by the Department.* Fees shall be collected for various services rendered by personnel of the Department in connection with their duties and responsibilities as may be requested by interested parties, including but not limited, to surveying, mapping and other similar service activities: *Provided,* That administrative fees shall be waived for services rendered to local communities or indigenous peoples in the preparation of their management plans including timber/other resources inventory on farmers' land.

SEC. 63. *Proper Valuation and Compensation for Ecosystems Services.* The use of various ecosystems services provided by the forests shall be compensated. Subject to existing laws, any commercial and industrial users of water, energy, recreation and other ecosystems services of the forests shall be charged a watershed protection and conservation fee. These fees shall be used to fund research and development activities, and for the conservation and management of the forests.

The Department shall formulate and institute appropriate and doable mechanisms for proper valuation and fair and comprehensive pricing of ecosystems services provided by the forests, including water for domestic, industrial, irrigation and power generation, biodiversity and eco-tourism with watershed ecosystems as the minimum spatial units.

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

SEC. 64. *Payments for REDD plus.* Entities involved in preventing deforestation and sequestering carbon in their FMUs shall have equitable share in the proceeds of REDD-plus payments. The capacity of local FMU managers shall be developed to monitor their forest resources as basis for equitable sharing in REDD-plus payments.

CHAPTER X APPROPRIATIONS AND FINANCIAL SUPPORT

SEC. 65. *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 Php 500 million is hereby appropriated for the implementation of this Act. Subsequent budget shall be incorporated in the annual 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. 66. *Sustainable Forest Ecosystems Development Fund (SFEDF).* A Sustainable Forest Ecosystems Development Fund (SFEDF) to be administered by the Department as a special account in the National Treasury is hereby established to provide sustainable funds for forest protection, reforestation and forest development and management, including the rehabilitation and preservation of watershed areas, CBFM program, information and educational campaigns as well as scholarship programs and policy research. At least fifty percent (50%) of the forest charges and government share in all products removed from the 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 SFEDF. The fund may be augmented by grants, donations, endowment from various sources, domestic or foreign, for purposes related to their functions and other innovative funding mechanisms such as securitization of forest assets, among others.

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

CHAPTER XI OFFENSES AND PENALTIES

SEC. 67. *Harvesting, Gathering and/or Collecting Timber or Other Forest Products Without Authority.* Harvesting, cutting, gathering, collecting, or removing timber or other forest products from any forestland, or naturally grown timber inside alienable and disposable public land 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 taken. *Provided*, That in the case of partnerships, associations or corporations, the president, managing partner, and general manager shall be held liable, and if such officer is an alien, he 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 in the government.

If the market value of the said timber or other forest products is more than FIVE HUNDRED THOUSAND PESOS (Php500,000.00), the offender shall be guilty of Economic Sabotage and the imposable penalty shall be *reclusion perpetua*, in addition to the payment of the fine equivalent to ten (10) times the value of said timber or forest product, and other subsidiary penalties as prescribed above.

Any person, whether natural or juridical, who shall acquire or possess logs/flitches/lumber from the economic saboteurs as defined in this Section and/or use the same logs/flitches/lumber, in any manner, shall likewise be punished with *reclusion perpetua*, payment of fine equivalent to ten (10) times the market value of said logs/flitches/lumber, and the subsidiary penalties provided herein.

All timber or any forest 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. 68. *When Illegal Cutting is Considered as an Act of Economic Sabotage.* Any of the acts enumerated in the preceding Section when committed by any group, through organized and systematic manner, for commercial purposes, shall constitute an act of economic sabotage punishable with *reclusion perpetua*.

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

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

SEC. 69. *Use of Illegally Cut Timber in Government Infrastructure Projects.* The use of illegally cut naturally grown timber in government infrastructure projects shall be sufficient cause for the imposition of penalties provided in Section 67 on harvesting of forest products without authority, and Section 68, on illegal cutting as an economic sabotage, including the withholding of the payment to the harvesting contractor.

SEC. 70. *Damage to Residual Trees.* To ensure the sustainability of the natural forests, adequate number of residual trees and phenotypically superior mother trees shall be marked, to be retained as part of the managed forests and as the future timber crop, before any harvesting operation shall commence. Any marked residual tree that is 30% or more damaged during such operation is subject to a fine equivalent to four (4) times the regular forest charges and reduction of future allowable harvest to compensate for residual losses.

SEC. 71. *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. 72. *Unlawful Occupation or Destruction of Forestlands.* Any person who, without authority from the Secretary, enters and occupies or possesses, or engages in kaingin or slash-and burn farming and related activities for his own private use or for others, any forest land 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, or slash-and-burn farming, the penalty shall be imprisonment of not less than ten (10) years nor more than twelve (12) years and a fine equivalent to ten times the

regular forest charges due on the forest products destroyed without prejudice to payment of the full cost of rehabilitation of the occupied areas as determined by the Department: *Provided, further*, That the maximum of the penalty prescribed herein shall be imposed upon the offender who repeats the same offense, and double the maximum penalty upon the offender who commits the same offense for the third time or more.

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

If the offender is an alien, he 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. 73. *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 28 and 29 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 SFEDF.

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

SEC. 74. *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 avoid.

SEC. 75. *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. 76. *Prohibition on the Issuance of Tax Declaration on Forestlands.* All tax declaration issued after 1990 over forestland shall be considered null and void. Tax declaration of land occupied by Filipinos before 1990 shall be recognized by the government and would be granted titles on such lands. 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. 77. *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. 78. *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. 79. *Non-Payment and Non-Remittance of Forest Charges.* Any person who fails to pay the amount due and payable as forest charges to the government shall not be allowed to transport, convey, sell, nor use the timber or forest product. Moreover, failure to pay within thirty (30) days upon assessment of forest charges shall be a ground for confiscation of the said timber or forest product in favor of the government. Any person who fails or refuses to remit to the proper authorities said forest charges collectible pursuant to the provisions of this Act or the National Internal Revenue Code, as amended, or who delays, obstructs or prevents the same, or who orders, causes or effects the transfer or diversion of the funds for purposes other than those specified in said Acts shall, upon conviction, be imprisoned for not less than six (6) years nor more than twelve (12) years and fined from One hundred thousand pesos (P100,000.00) to Five hundred thousand pesos (P500,000.00) in addition to the payment of the assessed forest charges. If the offender is a corporation, partnership, or association, the officers and directors thereof shall be liable.

SEC. 80. *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. 81. *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.

SEC. 82. *Citizen's Suits.* Any citizen may file an appropriate civil, criminal, or administrative action in the proper court against:

1. Any person who violates or fails to comply with the provisions of the law or its implementing rules and regulations.
2. The DENR or other implementing agencies with respect to orders, rules and regulations issued inconsistent with the law.
3. Any public officer who willfully or grossly neglects the performance of an act specifically enjoined as a duty by this law or its implementing rules and regulations; or abuses his authority in the performance of his duty; or in any manner improperly performs his duties under this law or its implementing rules and regulations. However, no suit can be filed until after thirty days notice has been given to the public officer or the alleged violator concerned and no appropriate action has been taken.

CHAPTER XII ADMINISTRATIVE PROVISIONS

SEC. 83. *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; enhancing various ecosystems services, and ensuring the maintenance of high conservation values.

SEC. 84. *Administrative Authority of the Secretary or his Duly Authorized Representative to Order Confiscation.* In all cases of violations of this Act or other forest laws, rules, and regulations, the Secretary or his duly authorized representative may order the confiscation of forest products illegally harvested, cut, gathered, removed or possessed or abandoned, and all conveyances used either by land, water, or air as well as all machinery, equipment, implements, and tools used in the commission of the offense and to dispose of the same in accordance with pertinent laws, regulations, or policies on the matter.

If the confiscated forest products are in danger of deteriorating, the Secretary may order that the same be sold at public auction even before the termination of the judicial proceedings, with the proceeds kept in trust to await the outcome of the judicial proceedings.

No court of the Philippines shall have jurisdiction to issue any *Writ of Replevin*, restraining order, or preliminary mandatory injunction in any case involving or growing out of any action by the Secretary or his duly authorized representative in the exercise of the foregoing administrative authority.

SEC. 85. *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. 86. *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. 87. *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. 88. *Authority of the Secretary to Revert Lands Needed for Forest Purposes.* When the national interest so demands, the Secretary is hereby authorized through any available legal remedies to revert lands currently used for agricultural production or other purposes into forest uses or for biodiversity conservation.

SEC. 89. *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. 90. *Transitory Provisions.* Upon the approval of this Act, the Department shall evaluate the conditions of all forestlands covered by existing tenurial instruments, memoranda of agreements (MOAs) and other agreements and contracts which shall be allowed to continue until their expiry unless terminated for cause.

SEC. 91. *Implementing Rules and Regulations.* In consultation with the Departments of Interior and Local Government, Finance, Agriculture, Budget Management, and other relevant agencies, the Secretary of the DENR shall formulate the rules and regulations to implement the relevant provisions of this Act.

CHAPTER XIII FINAL PROVISIONS

SEC. 92. *Separability Clause.* If any provision of this Act is declared unconstitutional, the validity of the other provisions shall not be affected by such declaration.

SEC. 93. *Repealing Clause.* Subsections (b), (d), (e), (f), (g) and (i) of Section 4 of Act No. 3915; Republic Act No. 460; Presidential Decrees Numbered 1153, 1515, 1559, 1775 and 1998; Letter of Instruction No. 818; Executive Orders Numbered 277 and 278, series of 1987; and Executive Order No. 725, Series of 1981 are hereby repealed, and all laws, orders, rules and regulations or any part thereof which are inconsistent herewith are likewise hereby repealed or amended accordingly. Presidential Decree Number 705 is hereby revoked.

SEC. 94. *Effectivity.* This Act shall take effect thirty (30) days after its publication in two (2) national papers of general circulation.