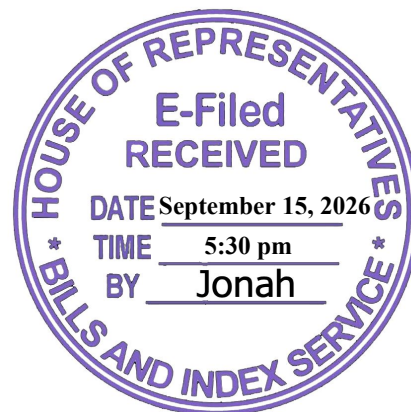


Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

TWENTIETH CONGRESS  
Second Regular Session

HOUSE BILL NO. 11350



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**Introduced by AKBAYAN Representatives PERCIVAL V. CENDAÑA,  
JOSE MANUEL TADEO "CHEL" I. DIOKNO, and DADAH KIRAM ISMULA and  
Dinagat Islands Representative KAKA BAG-AO**

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**AN ACT STRENGTHENING THE PROTECTION, CONSERVATION, AND  
SUSTAINABLE DEVELOPMENT OF THE SIERRA MADRE MOUNTAIN RANGE,  
CREATING FOR THE PURPOSE THE SIERRA MADRE MOUNTAIN RANGE  
AUTHORITY, DEFINING ITS POWERS AND FUNCTIONS, AND PROVIDING  
FUNDS THEREFOR**

**EXPLANATORY NOTE**

The Sierra Madre Mountain Range is one of the Philippines' most important natural ecosystems and a vital environmental and disaster-resilience asset. Stretching across eastern Luzon, it serves as a natural barrier that helps lessen the impacts of typhoons, heavy rainfall, flooding, landslides, and other natural calamities.

In line with this, this measure seeks to strengthen the protection, conservation, restoration, and sustainable management of the Sierra Madre Mountain Range by establishing a dedicated Sierra Madre Mountain Range Authority and providing a comprehensive framework for its long-term management.

Among its salient features are: (1) the creation of a dedicated authority to coordinate conservation, enforcement, restoration, climate adaptation, and disaster-risk reduction efforts; (2) the formulation of a 25-year Sierra Madre Master Plan integrating biodiversity conservation, watershed management, climate resilience, disaster risk reduction, sustainable livelihoods, land-use planning, and the rights and traditional knowledge of Indigenous Cultural Communities/Indigenous Peoples; and (3) the establishment of landscape zoning, ecological corridors, restoration measures, and stronger enforcement against activities that degrade the mountain range.

The measure is firmly anchored in Article II, Section 16 of the 1987 Philippine Constitution which declares the State's duty to protect and advance the people's right to a balanced and healthful ecology. It also advances the State's responsibility to protect the nation's natural resources for present and future generations. By treating

the Sierra Madre as a critical natural foundation for disaster risk reduction, climate resilience, and public safety, the bill gives concrete effect to the constitutional mandate of environmental protection.

The protection of the Sierra Madre is therefore not merely an environmental concern. It is a matter of public safety, national resilience, food and water security, and national survival. The mountain range functions as one of Luzon's principal natural defenses against typhoons and extreme weather, while healthy forests and watersheds help reduce flooding and landslide risks. The bill accordingly recognizes the Sierra Madre as a critical natural foundation for national security, disaster risk reduction, and climate resilience, and directs government agencies to integrate ecosystem-based approaches into disaster and national security planning.

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



**PERCIVAL V. CENDAÑA**  
Akbayan Representative



**JOSE MANUEL TADEO**  
**"CHEL" I. DIOKNO**  
Akbayan Representative



**DADAH KIRAM ISMULA**  
Akbayan Representative



**KAKA BAG-AO**  
Dinagat Islands Representative

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FUNDS THEREFOR**

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

**ARTICLE I**  
**General Provisions**

**SECTION 1. Short Title.** This Act shall be known as the "Sierra Madre Mountain Range Protection, Conservation, and Sustainable Development Act."

**Sec. 2. Declaration of Policy.** Consistent with Article II, Section 16 of the 1987 Constitution, which mandates that the State shall protect and advance the right of the people to a balanced and healthful ecology, it is hereby declared the policy of the State to protect, conserve, restore, and sustainably manage the Sierra Madre Mountain Range as a nationally significant ecological, climate, water-security, and disaster-resilience system. The Sierra Madre Mountain Range is one of Luzon's principal ecological systems. Its topography influences tropical-cyclone winds and rainfall. The range includes the Northern Sierra Madre, which Republic Act No. 9125 recognizes as the widest remaining tropical rainforest in Luzon, together with other forest, watershed, riverine, and coastal ecosystems, some of which are fragmented or degraded. These ecosystems store and sequester carbon, sustain biodiversity and ecological connectivity, and act as a regulator of climate and water flow. Protecting the Sierra Madre is thus indispensable to biodiversity conservation, climate resilience, water security, and disaster risk reduction. Their protection, restoration, and sustainable management are therefore of national importance.

To achieve these ends, the State shall adopt a science-based, ecosystem-based, and

1 landscape-scale approach to management, integrating conservation, restoration, and  
2 sustainable development. This includes applying ridge-to-reef planning, recognizing  
3 the ecological and hydrological links among uplands, lowlands, rivers, and coastal  
4 areas, and using nature-based solutions where appropriate to strengthen resilience.

6 The State shall adopt a Nature-Based Solutions-First and resilience-investment  
7 approach in addressing climate change, disaster risk, flooding, landslides, drought,  
8 water insecurity, and other climate-related risks affecting the Sierra Madre Mountain  
9 Range and its downstream beneficiary areas. Public and private investments shall,  
10 where scientifically and technically appropriate, prioritize the protection, restoration,  
11 and enhancement of natural infrastructure, including forests, watersheds, wetlands,  
12 riparian areas, floodplains, mangroves, ecological corridors, and other natural systems  
13 that provide climate and disaster-risk reduction services.

15 The State shall likewise mobilize investments from beneficiaries of Sierra Madre  
16 ecosystem services and establish mechanisms through which verified ecological and  
17 resilience outcomes may be financed through Nature Credits, blended finance, public-  
18 private partnerships, climate finance, sustainable livelihood investments, and other  
19 lawful market-based mechanisms.

21 The State recognizes that degradation persists because existing economic and  
22 governmental decision systems permit land conversion, extraction, and conventional  
23 development to generate immediate and identifiable financial returns, while  
24 ecological, climate, water, and disaster costs are transferred to the public. Institutions,  
25 Indigenous Peoples, local communities, and lawful tenure holders responsible for  
26 protection, restoration, and long-term stewardship do not receive reliable revenues  
27 proportionate to the ecosystem services they maintain. Fragmented authority enables  
28 this misalignment and prevents ecological limits and economic responsibilities from  
29 being applied consistently across the mountain range.

31 Accordingly, the State shall: (a) establish binding ecological limits, no-go areas,  
32 decision principles, and consistency requirements governing covered plans, zoning  
33 ordinances, permits, projects, procurement, and public investment; (b) account for  
34 the extent, condition, service flows, beneficiaries, and economic contribution of Sierra  
35 Madre ecosystems in accordance with Republic Act No. 11995, or the Philippine  
36 Ecosystem and Natural Capital Accounting System Act; (c) require Covered Enterprises  
37 to satisfy Nature Credit Purchase Obligations proportionate to their measured  
38 dependency on and benefit from Sierra Madre ecosystem services; (d) require persons  
39 causing environmental damage to avoid harm and fully restore affected ecosystems,  
40 independently of and in addition to compliance with the Philippine Environmental  
41 Impact Statement System; and (e) direct Sierra Madre Nature Credit revenues to  
42 lawful rights holders, registered nature-project developers, and ecosystem stewards  
43 in accordance with existing tenorial instruments, customary rights, and verified  
44 performance.

46 The avoidance hierarchy, precautionary principle, polluter-pays principle, beneficiary-  
47 pays principle, ecological connectivity, intergenerational equity, and the more  
48 protective applicable standard shall govern implementation. No purchase, credit, or

1 payment under this Act shall authorize prohibited activity, excuse noncompliance with  
2 an Environmental Compliance Certificate, or compensate for harm to an irreplaceable  
3 ecosystem that should have been avoided.

4  
5 The Authority established under this Act shall harmonize, interface, and rationalize the  
6 mandates, programs, and functions of national agencies, local government units, and  
7 other stakeholders, thereby ensuring a coherent, integrated, and ecosystem-scale  
8 governance framework. All policies and actions shall be evidence-based, incorporating  
9 the latest scientific data on biodiversity, hydrology, and climate impacts. The State  
10 shall likewise strengthen enforcement and penalties against illegal activities like illegal  
11 logging, mining, wildlife trafficking, land conversion, and the like, to deter destruction  
12 of this critical landscape.

13  
14 In line with Republic Act No. 8371, known as the Indigenous Peoples Rights Act (IPRA)  
15 of 1997 and the Constitution, the State recognizes and protects the rights of  
16 Indigenous Cultural Communities/Indigenous Peoples (ICCs/IPs) within the Sierra  
17 Madre. All management plans and projects shall respect ancestral domains, recognize  
18 customary laws, and secure Free and Prior Informed Consent (FPIC) from affected  
19 communities. Indigenous and local communities shall have meaningful participation in  
20 decision-making and benefit-sharing, as stewards of the environment. Nothing in this  
21 Act shall diminish the lawful powers of the DENR, LGUs, PAMBs, the NCIP, or  
22 Indigenous governance institutions; such powers shall be exercised consistently with  
23 the ecological floors, conflict rules, and decision procedures established herein.

24  
25 **Sec. 3. Scope and Coverage.** This Act applies to the entire Sierra Madre Mountain  
26 Range, the longitudinal mountain chain from Cagayan Province in the north to Quezon  
27 Province in the south, including all existing and future protected areas within it. It  
28 covers all forestlands, watersheds, river basins, and coastal zones up to their tidal  
29 limits that lie within the range. Buffer zones, ecological corridors, and ridge-to-reef  
30 linkages necessary to maintain connectivity and integrity are included. All components  
31 of the National Integrated Protected Areas System (NIPAS), as amended, within Sierra  
32 Madre shall be governed by this integrated framework alongside their existing  
33 management bodies.

34  
35 **Sec. 4. Definition of Terms.** For purposes of this Act:

- 36  
37 **a. *Additionality*** means an ecological, climate, water-security, or resilience  
38 outcome that exceeds the applicable legal requirement, approved baseline,  
39 and business-as-usual condition, except that verified performance of a  
40 mandatory restoration obligation may be recognized only for results-based  
41 payment and shall not generate an offset against other harm;  
42 **b. *Affected Area*** means the site of impact and the connected watershed, river  
43 basin, ecological corridor, or service area in which restoration is necessary  
44 to recover the lost ecological functions and public benefits;  
45 **c. *Biodiversity Offsets*** refers to strategic compensatory tools or projects that  
46 mitigate the environmental impacts of human activities on biodiversity;

- 1 **d. *Biological Connectivity*** means the degree to which landscape features  
2 facilitate or impede movement of organisms, genetic flow, and ecological  
3 processes;
- 4 **e. *Carbon Credits*** refers to projects or areas that reduce or remove carbon  
5 dioxide or other greenhouse gas emissions. These carbon credits are usually  
6 bought voluntarily or obligatorily by organizations to compensate for their  
7 emissions and help them meet climate goals;
- 8 **f. *Climate-Resilient Infrastructure*** refers to infrastructures that are able  
9 to withstand and recover from natural hazards;
- 10 **g. *Covered Enterprise*** means a revenue-generating enterprise determined  
11 by the Authority to receive a material direct or indirect economic benefit from  
12 one or more Sierra Madre ecosystem services and therefore subject to a  
13 Nature Credit Purchase Obligation under this Act;
- 14 **h. *Digital Twin*** refers a dynamic, virtual model of a physical object, process,  
15 or system that uses real-time, bidirectional data synchronization to mirror its  
16 counterpart's behavior, performance, and state;
- 17 **i. *Early Warning System or EWS*** refers to an integrated system of sensors,  
18 telemetry, forecasting, communications, community alerts, automated  
19 warning devices, and related digital infrastructure designed to provide timely  
20 information on floods, landslides, droughts, extreme rainfall, and other  
21 hazards;
- 22 **j. *Ecological Corridor*** refers to an undeveloped strip of habitat connecting  
23 two or more core natural areas, allowing free movement of wildlife and  
24 dispersal of plant species;
- 25 **k. *Ecological Loss*** means the measurable reduction in ecosystem extent,  
26 condition, function, connectivity, biodiversity, or service flow caused by an  
27 act, omission, project, or continuing impact, including the risk of reversal and  
28 the time required for recovery;
- 29 **l. *Ecosystem Account*** means a physical and, where appropriate, monetary  
30 account of ecosystem extent, condition, service supply, service use,  
31 beneficiaries, degradation, restoration, environmental protection  
32 expenditure, and economic contribution, prepared consistently with Republic  
33 Act No. 11995 and applicable official statistical standards;
- 34 **m. *Ecosystem-Service Beneficiary*** refers to a person, enterprise, utility,  
35 local government, economic zone, infrastructure operator, or other entity  
36 that materially benefits from or depends upon a Sierra Madre ecosystem  
37 service;
- 38 **n. *Ecosystem-Service Catchment*** means the scientifically delineated  
39 geographic area within which a specified Sierra Madre ecosystem service is  
40 generated, conveyed, or received. It may include the source ecosystem,  
41 hydrologic or ecological flow path, downstream or adjacent beneficiary area,  
42 and the cities, municipalities, economic zones, industrial estates, utility  
43 service areas, and other locations that materially receive or depend on the  
44 service;
- 45 **o. *Ecosystem-Service Dependency*** means the degree to which the  
46 operations, revenues, assets, supply chains, or business continuity of an  
47 enterprise or sector depend upon a specified ecosystem service, measured

1 through service use, revenue exposure, avoided loss, replacement cost, risk-  
2 mitigation cost, and other approved indicators;

3 **p. *Green Infrastructure*** refers to strategically planned networks of natural  
4 and semi-natural spaces to deliver a wide range of ecosystem services, such  
5 as reduction of runoff and filtration of storm water, flood regulation,  
6 stormwater retention, wetlands and riparian systems;

7 **q. *Green Rural Economies*** refers to an economic system in rural areas  
8 designed to prioritize sustainability, renewable energy, and conservation  
9 while supporting local livelihoods. It combines economic growth with  
10 environmental conservation and social inclusivity in rural areas;

11 **r. *Green-Gray Infrastructure***, also known as green-gray hybrid, refers to  
12 infrastructures wherein conservation and restoration are paired with the  
13 selective use of conventional engineering approaches for climate change  
14 resiliency and adaptation benefits;

15 **s. *Health Index*** refers to a composite, science-based and periodically updated  
16 metric used to assess the overall condition, integrity, and resilience of an  
17 ecosystem within the Sierra Madre Mountain Range. It shall integrate  
18 quantifiable indicators, including but not limited to: forest cover and quality,  
19 biodiversity status, water quality and availability, soil stability, carbon stock,  
20 and vulnerability to climate and disaster risks. The Health Index shall serve  
21 as a primary basis for planning, policy prioritization, resource allocation,  
22 performance evaluation, and public reporting under this Act;

23 **t. *High-Value Resilience Zone*** refers to a geographically defined area  
24 identified through hydrological, ecological, climate, and disaster-risk  
25 assessment where investment in Nature-Based Solutions, ecosystem  
26 restoration, green infrastructure, or Early Warning Systems is expected to  
27 provide significant benefits for the protection of lives, communities, critical  
28 infrastructure, water security, biodiversity, or economic activity;

29 **u. *Interim Public Loss*** means the value of ecosystem services and public  
30 benefits foregone from the time environmental damage occurs until full  
31 verified recovery, including increased water-treatment, disaster-risk,  
32 infrastructure-protection, livelihood, and public-service costs;

33 **v. *Irreplaceable Ecosystem*** means an ecosystem, habitat, ecological  
34 corridor, primary or old-growth forest, critical watershed, cultural landscape,  
35 or other natural feature for which loss cannot be reliably restored within an  
36 ecologically meaningful period, as determined by law, the Sierra Madre  
37 Master Plan, or an approved scientific methodology;

38 **w. *Landscape-Scale Conservation Model*** refers to the approach of  
39 protecting large and ecologically meaningful areas or biodiversity instead of  
40 mere individual species or isolated sites;

41 **x. *Nature Credit Compliance Clearance*** means the digitally signed record  
42 issued by the Authority confirming that a Covered Enterprise has satisfied,  
43 or is not subject to, its Nature Credit Purchase Obligation for the stated  
44 compliance period;

45 **y. *Nature Credit Purchase Obligation*** means the annual regulatory  
46 obligation of a Covered Enterprise to purchase and retire a prescribed  
47 quantity or value of Sierra Madre Nature Credits, calculated in accordance

with Section 65 of this Act. It is not an authorization to cause environmental harm;

**z. Nature-based Solutions (NbS)** means strategies that protect, sustainably manage, or restore natural ecosystems to address societal challenges like climate change, disaster risk, and livelihoods;

**aa. NIPAS** refers to the National Integrated Protected Areas System established under Republic Act No. 7586, as amended by Republic Act No. 11038, which provides the legal framework for the establishment, classification, and management of protected areas in the Philippines;

**bb. Other Effective Area-Based Conservation Measures** refers to geographical sites or defined areas that are distinct from protected areas but are managed in ways that yield positive, sustained, and long-term outcomes for conservation;

**cc. Protected Area Management Board (PAMB)** refers to any local board created under RA 7586 (NIPAS Act, as amended) or RA 11038 (E-NIPAS) for a specific protected area;

**dd. Registered Nature-Project Developer** means a public, private, community, or Indigenous entity, other than the Authority or the Sierra Madre Fund, registered by the Authority to develop and deliver protection, restoration, or long-term stewardship projects, with lawful tenure or a valid agreement with the lawful tenure or rights holder and, where applicable, PAMB approval and FPIC;

**ee. Resilience Deficit** refers to the quantified gap between the existing protective capacity of an ecosystem, infrastructure system, or community and the level of ecological, hydrological, or disaster resilience required to withstand projected climate and disaster risks, as determined through approved scientific and hydrological assessment;

**ff. Resilience Investment** refers to a verified financial, technical, or material investment in an eligible Nature-Based Solution, ecosystem restoration, green or green-gray infrastructure, Early Warning System, sustainable watershed management activity, or other intervention that produces measurable ecological, climate-adaptation, disaster-risk-reduction, or water-security benefits;

**gg. Restoration** refers to the process of assisting the recovery of degraded, damaged, or destroyed ecosystems to a stable, self-sustaining, and resilient condition, approximating as closely as practicable their natural structure, ecological functions, and biodiversity composition. It includes, but is not limited to, restoration using native species, assisted natural regeneration, habitat rehabilitation, soil and watershed stabilization, and the re-establishment of ecological connectivity, consistent with science-based standards and climate-resilient practices;

**hh. Retirement** means the permanent cancellation of a Sierra Madre Nature Credit in the Sierra Madre Nature Credit Registry after purchase or use for compliance, so that it cannot be sold, transferred, claimed, or counted again;

**ii. Ridge-to-Reef (R2R)** means an integrated approach that recognizes the hydrological and biological links from upland forests (ridges) through watersheds to coastal and marine ecosystems (reefs);

1 **jj. Sierra Madre Ecological Integrity and Sustainable Development**  
2 **Master Plan**, hereinafter referred to as the "Sierra Madre Master Plan,"  
3 refers to the comprehensive 25-year land-use and conservation plan  
4 developed under this Act. It is the statutory, science-based, and geospatially  
5 explicit plan that establishes the ecological limits, management zones, no-go  
6 areas, permitted and prohibited uses, restoration priorities, measurable  
7 outcomes, implementation responsibilities, and investment requirements  
8 governing conservation and sustainable development across the Sierra  
9 Madre Mountain Range;

10 **kk. Sierra Madre Master Plan Conformity Certificate** means the written  
11 certificate issued by the Authority after a reasoned review, confirming only  
12 that the proposed location, land use, and development footprint of a covered  
13 plan, zoning action, project, procurement, or public investment conform with  
14 the applicable management zone, ecological limits, no-go areas, corridors,  
15 catchment protections, permitted and prohibited uses, and development  
16 standards already established by the Sierra Madre Master Plan and this Act.  
17 It is an additional statutory certification and is not an environmental impact  
18 assessment, ECC, permit, clearance, tenure instrument, consent, or authority  
19 to construct, operate, convert land, or use natural resources;

20 **ll. Sierra Madre Mountain Range** refers to the contiguous upland area and  
21 associated ecological zones of the Sierra Madre, from peak to reef;

22 **mm. Sierra Madre Nature Credit** means a uniquely identified, service-  
23 specific, and geographically tagged unit of an independently verified  
24 ecological outcome issued under an approved methodology. Each credit shall  
25 state its outcome class, unit of measurement, Ecosystem-Service Catchment  
26 or ecological area, vintage, durability period, and applicable use restrictions.  
27 A credit in one outcome class shall not be treated as equivalent to a different  
28 ecosystem service or used outside its approved geographic and temporal  
29 scope;

30 **nn. Sierra Madre Nature Credit Registry** means the public electronic system  
31 administered by the Authority for project registration, validation and  
32 verification records, issuance, ownership, transfer, purchase, retirement,  
33 reversal, Nature Credit Purchase Obligation compliance, benefit allocation,  
34 and disclosure of Sierra Madre Nature Credits;

35 **oo. Tenurial Instrument** means a title, certificate, agreement, permit, lease,  
36 stewardship contract, ancestral domain or ancestral land title, protected-area  
37 tenure, or other lawful instrument recognizing possession, use,  
38 management, or stewardship rights over land or natural resources;

39 **pp. Validation** means independent ex ante assessment of a proposed project's  
40 eligibility, baseline, methodology, safeguards, and implementation plan; and

41 **qq. Verification** means independent ex post confirmation that reported  
42 outcomes are real, measurable, attributable, additional where required,  
43 durable, and free from double counting.

44  
45 Other terms shall have the meanings given by existing environmental laws unless  
46 otherwise defined herein.  
47  
48

**Article II**  
**Sierra Madre Mountain Range Authority**

***Sec. 5. Creation of the Sierra Madre Mountain Range Authority.*** There is hereby created the **Sierra Madre Mountain Range Authority (SMMRA)**, hereinafter referred to as the Authority, as a government-owned or -controlled corporation with an original charter under Republic Act No. 10149, vested with the corporate and regulatory powers expressly granted by this Act. It shall be attached to the Office of the President for policy coordination and administrative supervision, and shall be subject to the oversight of the Governance Commission for GOCCs and other applicable laws. For policy and technical alignment, the Authority shall closely coordinate with the Department of Environment and Natural Resources (DENR) and other relevant national agencies. The Authority shall be the lead policy, planning, coordinating, and regulatory body, and the range-wide ecological governance and nature-market authority, tasked with managing the Sierra Madre landscape as a whole.

Its principal mandate is to change the governmental and economic decision systems affecting the mountain range by: (a) establishing and enforcing the Sierra Madre Master Plan and binding ecological limits, and administering the Sierra Madre Master Plan Conformity Certificate process; (b) compiling operational ecosystem, enterprise-dependency, and sector-dependency accounts in coordination with the agencies responsible under Republic Act No. 11995; (c) delineating and periodically updating Ecosystem-Service Catchments and identifying the cities, municipalities, economic zones, industrial estates, utility service areas, locators, and other beneficiary areas within them; (d) establishing methodologies, safeguards, and integrity requirements for Sierra Madre Nature Credits; (e) administering project and developer registration, credit issuance, ownership, transfer, purchase, retirement, and the Sierra Madre Nature Credit Registry; (f) determining and enforcing Nature Credit Purchase Obligations of Covered Enterprises; (g) assessing ecological loss and enforcing restoration performance; (h) enabling private, community, Indigenous, and public project proponents to access the standards, information, lawful tenure pathways, and regulated demand needed to finance protection, restoration, and long-term stewardship; and (i) integrating the exercise of the lawful mandates of the DENR, LGUs, PAMBs, the NCIP, and other institutions through the decision rules and procedures established by this Act.

The Authority shall not originate, sponsor, design, develop, construct, implement, own, operate, manage, finance, invest in, underwrite, or guarantee any nature, restoration, infrastructure, or other project that is eligible or expected to seek registration, Sierra Madre Nature Credits, a Sierra Madre Master Plan Conformity Certificate, or another decision from the Authority. It shall not act as project proponent, developer, investment adviser, arranger, broker, trader, buyer, or beneficial owner of Sierra Madre Nature Credits.

In carrying out these functions, the Authority shall observe the non-duplication safeguard in Section 12 and the functional delineation with the DENR in Section 68. Ecosystem accounting shall inform decisions under this Act but shall not, by itself,

1 create ownership, damages, a saleable unit, or a compliance obligation.

2  
3 The capital stock of the Authority shall be subscribed and paid for solely by the  
4 National Government as provided in Section 22 of this Act, and no share shall be  
5 issued to, or held by, a private person. Its property, borrowing, compensation, budget,  
6 audit, legal-service, and tax treatment shall be governed by this Act and the laws  
7 applicable to a government-owned or -controlled corporation with an original charter.  
8 Nothing in this Act grants a tax exemption, sovereign guarantee, or borrowing  
9 authority beyond that expressly approved under applicable fiscal and debt laws.

10  
11 **Sec. 6. Institutional Linkages and Mandates.** In carrying out its functions, the  
12 Authority shall maintain close coordination with the following agencies and offices,  
13 which are hereby assigned the mandates, duties, and responsibilities, in addition to  
14 their existing functions under other laws:

- 15 1. Department of National Defense-Armed Forces of the Philippines (DND -  
16 AFP);
- 17 2. Department of the Interior and Local Government (DILG);
- 18 3. Department of Human Settlements and Urban Development (DHSUD)
- 19 4. National Commission on Indigenous Peoples (NCIP);
- 20 5. Department of Science and Technology-Philippine Atmospheric,  
21 Geophysical and Astronomical Services Administration (DOST-PAGASA);
- 22 6. Department of Economy, Planning, and Development (DEPDEV);
- 23 7. Department of Public Works and Highway (DPWH);
- 24 8. Department of Energy (DOE); and
- 25 9. Climate Change Commission (CCC).

26  
27 The following mandates and duties are hereby assigned to, and shall be discharged  
28 by, the DENR, the EMB, the agencies and offices listed above, concerned LGUs,  
29 GOCCs, PAMBs, sector regulators, economic-zone and locator authorities, concession-  
30 granting bodies, and other public institutions whose mandates affect the Sierra Madre  
31 Mountain Range:

32  
33 (a) **Implementation Protocols.** The Authority and each concerned institution  
34 shall adopt binding implementation and data-sharing protocols that identify  
35 the decision sequence, documentary requirements, responsible offices,  
36 interoperable data, service standards, referral procedures, and escalation  
37 process. Each institution shall designate an accountable focal office and shall  
38 provide data and action records required by this Act, subject to lawful  
39 confidentiality;

40  
41 (b) **DENR and EMB.** The DENR shall retain the ECC, environmental, forestland,  
42 natural-resource, tenure, and enforcement powers conferred by existing law.  
43 The proponent of a covered project shall obtain a Sierra Madre Master Plan  
44 Conformity Certificate from the Authority as an additional statutory  
45 requirement. The EMB may receive and evaluate the ECC application  
46 concurrently with the Authority's review, but the DENR or EMB shall require  
47 the certificate and shall not issue the final ECC until the Authority has  
48 transmitted it and the DENR or EMB has confirmed its validity through the

1 interoperable government system. The certificate confirms compliance only  
2 with this Act and the Sierra Madre Master Plan; it is not an ECC or substitute  
3 permit;  
4

- 5 (c) **PSA and PENCAS Agencies.** The PSA shall retain responsibility for official  
6 natural-capital statistics and accounts under Republic Act No. 11995. The  
7 Authority shall compile range-, watershed-, corridor-, project-, and  
8 beneficiary-level operational accounts using official standards and shall  
9 transmit validated data to the PSA, the DENR, and DEPDev;  
10

- 11 (d) **LGUs, DILG, and DHSUD.** LGUs shall retain local planning, zoning,  
12 permitting, and service functions, subject to the national ecological floor and  
13 Sierra Madre Master Plan requirements of this Act. The DILG and DHSUD  
14 shall integrate those requirements into CLUP, zoning, and investment-plan  
15 review. The applicant for a covered locational clearance, development  
16 permit, building permit, excavation permit, subdivision or land-development  
17 approval, or occupancy permit shall obtain the applicable Sierra Madre  
18 Master Plan Conformity Certificate from the Authority. The LGU shall require  
19 the certificate, together with the other environmental approvals required by  
20 law, before final action and shall confirm its validity through the  
21 interoperable government system. A Covered Enterprise shall obtain an  
22 annual Nature Credit Compliance Clearance from the Authority. The city or  
23 municipality shall require that clearance before final issuance or renewal of  
24 the applicable business permit and shall confirm its validity through the  
25 Business One-Stop Shop or Business Permits and Licensing Office;  
26

- 27 (e) **PAMBs, DENR-BMB, and NCIP.** PAMB approval, protected-area  
28 management plans, zoning, fees, clearances/permits, monitoring and  
29 enforcement and the Integrated Protected Area Fund shall remain governed  
30 by NIPAS and E-NIPAS. NCIP certification, ancestral-domain rights,  
31 customary law, ADSDPPs, and FPIC shall remain mandatory. No Sierra Madre  
32 Master Plan Conformity Certificate, Nature Credit Compliance Clearance,  
33 project registration, or nature credit issuance shall substitute for these  
34 approvals or diminish rights under Republic Act No. 8371;  
35

- 36 (f) **Sector Compliance Gatekeepers.** An applicant for a covered  
37 accreditation, concession, locator registration, operating authority, franchise  
38 endorsement, or statutory incentive shall obtain from the Authority the  
39 applicable Sierra Madre Master Plan Conformity Certificate, restoration-  
40 status certification, or Nature Credit Compliance Clearance. The DPWH, DOE,  
41 DA, NIA, water and utility regulators, economic-zone and locator authorities,  
42 concession-granting agencies, and other institutions designated by sector  
43 rule shall require the applicable Authority document before final issuance or  
44 renewal and shall confirm its validity through the interoperable government  
45 system;  
46

- 47 (g) **Electronic Transmission, Confirmation, and Fraud Prevention.** The  
48 Authority shall transmit required certificates and clearances directly through

1 a secure service interoperable with the Philippine Business Databank, the  
2 Central Business Portal, LGU electronic Business One-Stop Shops, and  
3 relevant agency systems where legally and technically feasible. The receiving  
4 institution shall use the service to confirm authenticity and current status. A  
5 paper receipt, screenshot, or privately issued certificate shall not establish  
6 compliance. The Authority's digitally signed record shall show the enterprise  
7 or project identifier, covered decision, compliance period, status, validity  
8 period, and confirmation reference. Falsification or unauthorized alteration  
9 shall be subject to Section 73;

10  
11  
12 (h) **Concurrent Processing and Service Standards.** Gatekeeper agencies  
13 may process underlying applications concurrently and shall not require an  
14 applicant to resubmit data already available through an interoperable  
15 government system. The Authority shall act within the periods stated in its  
16 Citizen's Charter and the implementing rules. The IRR shall provide a  
17 documented contingency process for system outages without waiving a final  
18 statutory compliance requirement or treating agency inaction as proof of  
19 compliance;

20  
21 (i) **Preservation of Mandates and Due Process.** The Authority alone shall  
22 issue, condition, or deny a Sierra Madre Master Plan Conformity Certificate  
23 and decide compliance with a Nature Credit Purchase Obligation, subject to  
24 administrative and judicial review. The gatekeeper shall retain authority over  
25 the underlying permit, license, clearance, concession, or incentive and may  
26 impose stricter lawful requirements. No adverse gatekeeper action shall be  
27 based on a disputed deficiency until the Authority has issued a final  
28 administrative decision after notice and opportunity to be heard, unless  
29 immediate action is authorized by another law to prevent serious harm;

30  
31 (j) **Decision Period and Continuity of Essential Services.** The Authority  
32 shall decide a complete application for a Sierra Madre Master Plan Conformity  
33 Certificate within twenty (20) working days, unless another period is  
34 expressly fixed by this Act. It shall notify the applicant once, within five (5)  
35 working days, of any material deficiency. Failure to act shall not constitute  
36 approval, but the applicant may seek expedited administrative review. A  
37 Nature Credit Compliance Clearance involving no disputed assessment shall  
38 be issued within five (5) working days after Registry-confirmed retirement.  
39 No permit gate shall cause abrupt interruption of potable water, electricity,  
40 health, public transport, or another essential service while a timely  
41 administrative review is pending; the Authority may issue a conditional  
42 clearance with security and a compliance schedule without extinguishing the  
43 underlying obligation; and

44  
45 (k) **Watershed and Water Quality Management Area Coordination.**  
46 Where a river basin, watershed, water body, or interconnected ecological  
47 system within or materially dependent upon the Sierra Madre Mountain  
48 Range has been designated as a Water Quality Management Area under

1 Republic Act No. 9275, the Authority shall coordinate with the DENR and the  
2 concerned Water Quality Management Area Governing Board to harmonize  
3 watershed protection, water-quality management, climate resilience,  
4 disaster-risk reduction, and ecosystem restoration programs.  
5

6 The Authority may enter into appropriate intergovernmental, inter-LGU, public-private,  
7 community, or other lawful agreements to facilitate investments in upstream  
8 ecosystem protection and restoration for the benefit of downstream communities and  
9 ecosystem-service beneficiaries.  
10

11 Subject to applicable law, funds or investments mobilized for watershed and resilience  
12 purposes may be coordinated with or, where legally authorized, channeled through  
13 appropriate Water Quality Management Area or other lawful environmental fund  
14 mechanisms.  
15

16 **Sec. 7. Powers and Functions.** The Authority shall exercise the following powers  
17 and functions in a coordinated, science-based, ecosystem-wide manner:  
18

19 (a) **Sierra Madre Master Plan.** Formulate, adopt, implement, and periodically  
20 update the Sierra Madre Master Plan, a comprehensive 25-year blueprint for  
21 conservation and sustainable development across the mountain range. This  
22 plan shall integrate land use, biodiversity conservation, watershed and  
23 climate resilience strategies, and sustainable livelihoods. It shall align with  
24 existing laws such as NIPAS and international commitments. The plan shall  
25 be reviewed at least every three years to incorporate new scientific data and  
26 shall be updated, in case of fortuitous events, and to address emerging  
27 challenges. The Plan shall include binding ecological limits, no-go areas,  
28 management zones, measurable five-, ten-, and twenty-five-year outcomes,  
29 an investment plan, ecosystem accounts, sector-dependency accounts, and  
30 rules for generating and verifying ecological outcomes and issuing Sierra  
31 Madre Nature Credits;  
32

33 (b) **Hydrological and Climate Resilience Baseline.** The Authority shall  
34 establish, in coordination with the DENR, PAGASA, DOST, NDRRMC, DPWH,  
35 DILG, concerned LGUs, academic institutions, and other competent  
36 agencies, a range-wide hydrological, climate, and disaster-risk baseline to  
37 identify the Sierra Madre Mountain Range's Resilience Deficit, critical  
38 watersheds, flood and landslide risk areas, water-security vulnerabilities,  
39 downstream beneficiary areas, and High-Value Resilience Zones.  
40

41 The baseline shall include, where applicable, watershed condition, forest  
42 cover, rainfall and hydrological data, flood and landslide susceptibility,  
43 sedimentation, water availability, ecosystem-service flows, critical  
44 infrastructure exposure, population vulnerability, and economic exposure.

1 The Authority shall periodically update the baseline using the best available  
2 scientific and geospatial information and shall use its findings in the  
3 formulation and implementation of the Sierra Madre Master Plan and in  
4 determining priority areas for Nature-Based Solutions, ecosystem  
5 restoration, Early Warning Systems, and Nature Credit investments;  
6

- 7 (c) **Nature-Based Solutions-First Policy.** In the planning, design, financing,  
8 procurement, and implementation of public works and other government  
9 interventions principally intended for flood control, watershed protection,  
10 water security, slope stabilization, erosion control, landslide mitigation,  
11 coastal protection, and climate adaptation within the coverage of this Act,  
12 the responsible government agency or LGU shall first undertake a Nature-  
13 Based Solutions Feasibility Assessment.  
14

15 Nature-Based Solutions, green infrastructure, or green-gray infrastructure  
16 shall be prioritized where such interventions are technically feasible and  
17 capable of achieving the applicable protection objectives.  
18

19 Conventional gray infrastructure may be adopted, or combined with Nature-  
20 Based Solutions, when the responsible agency demonstrates through the  
21 feasibility assessment that Nature-Based Solutions alone are technically  
22 infeasible, inadequate, or insufficient to meet the identified protection  
23 objectives.  
24

25 Nothing herein shall prohibit the use of hybrid green-gray infrastructure  
26 where necessary to protect life, property, critical infrastructure, or essential  
27 services;  
28

- 29 (d) **Early Warning and Digital Resilience Systems.** The Authority shall  
30 promote and facilitate the establishment and integration of Early Warning  
31 Systems throughout the Sierra Madre Mountain Range and affected  
32 downstream areas, including river gauges, rainfall and weather sensors,  
33 telemetry networks, landslide and flood monitoring systems, automated  
34 warning devices, community alert systems, and interoperable digital  
35 platforms.  
36

37 Priority shall be given to systems serving High-Value Resilience Zones, highly  
38 vulnerable communities, critical infrastructure, major population centers,  
39 and areas with significant downstream economic exposure.  
40

41 Subject to approved methodologies and independent verification,  
42 investments in qualifying Early Warning Systems may generate Sierra Madre  
43 Nature Credits representing verified resilience outcomes;

1 (e) **Policy, Plan, and Decision Alignment.** Harmonize, interface, and  
2 integrate national, regional, and local land-use and development plans  
3 affecting the Sierra Madre. This includes aligning local Comprehensive Land  
4 Use Plans (CLUPs), Regional Development Plans, Ancestral Domain  
5 Sustainable Development and Protection Plan (ADSDPP) and sectoral plans  
6 with the Sierra Madre Master Plan. All government entities and LGUs shall,  
7 within their authorities, ensure consistency of their projects and ordinances  
8 with the Sierra Madre Master Plan, to prevent fragmentation of policies and  
9 achieve an integrated ridge-to-reef management approach; Provided, That  
10 the Authority shall issue Sierra Madre Master Plan Conformity Certificates for  
11 covered plans, zoning actions, projects, procurement, and public  
12 investments, each supported by written findings; Provided, further, That no  
13 such certificate shall replace any ECC, permit, PAMB approval, FPIC, or other  
14 consent required by law;  
15

16 (f) **Ecological Standards, Accounts, and Monitoring.** Establish and  
17 periodically update range-wide ecological floors and ecological standards and  
18 science-based benchmarks for biodiversity conservation, forest cover,  
19 watershed health, and climate resilience. Develop an environmental  
20 monitoring system using the most advanced innovative technologies like  
21 remote sensing/geographic information system (RS/GIS) and Unmanned  
22 Aerial Vehicles (UAVs), Automated Weather Stations (AWS), among others,  
23 to track these indicators. Compile ecosystem extent, condition, service-  
24 supply, service-use, beneficiary, economic-contribution, avoided-loss,  
25 degradation, and restoration accounts in coordination with the PSA, the  
26 DENR, and other agencies responsible under Republic Act No. 11995. Publish  
27 regular assessments of the range's Health Index, together with the  
28 baselines, targets, and results, to inform adaptive management;  
29

30 (g) **Ecosystem Connectivity and Conservation Corridors.** The Authority  
31 shall identify, delineate, establish, and maintain interconnected ecological  
32 networks across the Sierra Madre Mountain Range to ensure genetic flow,  
33 species movement, and long-term ecosystem resilience. Such networks shall  
34 include, but not be limited to:  
35

- 36 1. **Biodiversity Corridors.** Landscape-scale linkages connecting  
37 protected areas, forest fragments, and critical habitats to enable wildlife  
38 movement and ecological processes;
- 39 2. **Riparian Buffers.** Protected strips along rivers, streams, and water  
40 bodies to maintain hydrological integrity, prevent erosion, and support  
41 aquatic and terrestrial biodiversity;
- 42 3. **Key Biodiversity Areas (KBAs).** Sites of global or national significance  
43 for biodiversity conservation, which shall be prioritized for strict  
44 protection and integration into corridor planning;
- 45 4. **Buffer Zones.** Areas surrounding protected areas and critical habitats,  
46 managed to provide an added layer of protection against external  
47 pressures and incompatible land uses;

1           **5. Local Conservation Areas (LCAs).** Areas designated by local  
2 government units for biodiversity conservation and sustainable resource  
3 management, consistent with national standards; and

4           **6. Indigenous Peoples' and Community Conserved Areas (ICCAs).**  
5 Territories conserved and managed by Indigenous Peoples and local  
6 communities, recognized in accordance with customary laws,  
7 governance systems, and applicable national policies.

8           The Authority is hereby empowered to declare and classify such corridors  
9 and connectivity systems as Protected Critical Areas, subject to  
10 appropriate management regimes, use restrictions, and conservation  
11 standards.

12  
13       (h) **Enforcement Coordination.** Lead and coordinate enforcement of  
14 environmental and natural resource laws within the Sierra Madre. In  
15 partnership and collaboration with the DENR, Philippine National Police  
16 (PNP), Armed Forces, and other agencies, plan and execute intelligence-  
17 driven operations against illegal logging, mining, wildlife trafficking, and  
18 destructive land conversion. The Authority shall have no permitting authority  
19 but shall support enforcement by providing information, logistical support,  
20 and unified command as needed;

21  
22       (i) **Climate Change, Disaster Risk Reduction, and Nature-Based**  
23 **Solutions.** The Authority shall develop, integrate, and implement science-  
24 based and climate-resilient programs for climate change adaptation and  
25 mitigation, and disaster risk reduction and management, tailored to the  
26 Sierra Madre Mountain Range.

27  
28       *Provided,* That such programs shall prioritize watershed protection and  
29 rehabilitation for flood attenuation and water security; the application of soil  
30 and water conservation measures, including but not limited to slope  
31 stabilization, erosion control, and assisted natural regeneration, to reduce  
32 landslide risks; and the adoption of nature-based solutions (NbS), such as  
33 restoration using native species, mangrove restoration in coastal zones, and  
34 the protection of wetlands and natural floodplains, to buffer storm surges,  
35 regulate hydrological flows, sequester carbon, and enhance ecosystem  
36 resilience; *Provided, further,* That all interventions shall be consistent with  
37 ecosystem-based management principles, climate science, and disaster risk  
38 assessments, and shall be implemented in coordination with relevant  
39 national agencies, local government units, and affected communities to  
40 ensure effective protection of lives, livelihoods, and critical infrastructure;  
41

- 1 (j) ***Nature-Market Administration and Enabling Conditions.*** The  
2 Authority shall mobilize, generate, and manage funds to support  
3 conservation, restoration, and sustainable development initiatives within the  
4 Sierra Madre Mountain Range, including the establishment of a Sierra Madre  
5 Fund pursuant to Article XII; ***Provided,*** That it shall pursue and  
6 operationalize innovative financing mechanisms, including carbon credit  
7 schemes, green bonds, grants, and public-private partnerships, to augment  
8 available resources; ***Provided, further,*** That all funds shall be administered  
9 in a transparent, accountable, and auditable manner, with clear provisions  
10 for equitable community benefit-sharing, particularly for local communities  
11 and Indigenous Peoples directly contributing to conservation efforts. The  
12 Authority shall administer the Sierra Madre Fund solely for the institutional  
13 and public-good purposes allowed by Section 64; administer the Sierra  
14 Madre Nature Credit System; approve methodologies; register projects and  
15 developers; determine Covered Enterprise classes and Nature Credit  
16 Purchase Obligations; publish priority outcome needs and model long-term  
17 nature credit purchase agreements; and ensure transparent, auditable, and  
18 tenure-based allocation of revenues. The Authority shall enable, but shall not  
19 develop, finance, invest in, own, implement, or guarantee, nature-credit or  
20 infrastructure projects;
- 21 (k) ***Data Management and Public Registry.*** Establish and maintain a  
22 centralized Sierra Madre Data and Monitoring System, incorporating all  
23 available and updated thematic datasets such as satellite imagery,  
24 biodiversity inventories, land use maps, and socio-economic data, among  
25 others. Make non-sensitive data accessible to stakeholders through a shared  
26 platform or digital twin for data integration. The Authority shall likewise  
27 maintain the Sierra Madre Nature Credit Registry containing ecosystem  
28 accounts, service flows, Covered Enterprises, projects, baselines, validation  
29 and verification reports, issued and retired nature credits, restoration orders,  
30 payments, ownership, and benefit allocation, subject to lawful protection of  
31 sensitive ecological, personal, and Indigenous knowledge;
- 32
- 33 (l) ***Sustainable Livelihoods.*** Promote sustainable livelihood programs that  
34 are compatible with conservation such as agroforestry, eco-tourism, and  
35 non-timber forest products. Provide technical and financial support to  
36 communities, especially upland and Ips, for alternative income that reduces  
37 pressure on forests;
- 38
- 39 (m) ***Capacity-Building and Technical Support.*** Assist Protected Area  
40 Management Boards, LGUs, and community groups by providing training in  
41 conservation planning, landscape monitoring, and enforcement techniques.  
42 Facilitate exchanges of best practices and science-based management  
43 protocols;
- 44

- 1 (n) **Integration of Indigenous Knowledge.** Ensure that traditional  
2 ecological knowledge and customary governance systems of ICCs/IPs are  
3 integrated into conservation strategies. The Authority shall recognize ICCAs  
4 as integral parts of the landscape, and support indigenous co-management  
5 models consistent with IPRA;  
6
- 7 (o) **Sector Dependency and Compliance.** Determine, after notice and  
8 consultation, the revenue-generating sectors and enterprises materially  
9 dependent on Sierra Madre ecosystem services; calculate annual Nature  
10 Credit Purchase Obligations under Section 65; assess compliance; and  
11 impose the administrative consequences authorized by this Act;  
12
- 13 (p) **Restoration Orders and Environmental Cost Assessment.** After  
14 notice, opportunity to be heard, and a decision supported by substantial  
15 evidence, determine ecological loss, full restoration cost, and interim public  
16 loss; issue restoration and performance-security requirements; approve on-  
17 site or affected-area restoration plans; register third-party delivery  
18 arrangements; and require continuing monitoring and independent  
19 verification. The Authority may issue a time-limited interim order without  
20 prior hearing only upon a written finding of imminent and serious ecological  
21 harm, subject to prompt post-order review;  
22
- 23 (q) **Market Integrity.** Accredite or recognize independent validators, verifiers,  
24 and market auditors; prevent double issuance, double use, and double  
25 claiming; establish rules on additionality, durability, leakage, reversal,  
26 buffers, and retirement; suspend or cancel invalid Sierra Madre Nature  
27 Credits; and resolve administrative disputes, without prejudice to judicial  
28 remedies;  
29
- 30 (r) **Tenure and Rights Safeguards.** Recognize ownership of Sierra Madre  
31 Nature Credits and entitlement to their revenues according to existing  
32 tenurial instruments, customary rights, and valid stewardship agreements;  
33 require the consent of lawful rights holders; secure FPIC where applicable;  
34 and ensure that registration of a credit does not create or transfer title to  
35 land or natural resources;  
36
- 37 (s) **Market Participant Support and Interagency Coordination.** Maintain  
38 a neutral support window that publishes standards, public data, standard  
39 forms, and lawful tenure and approval pathways; provides general training  
40 and nonbinding pre-application orientation; convenes recorded interagency  
41 meetings; and tracks complete applications against published service  
42 standards. The window shall not originate, select, endorse, design, finance,  
43 invest in, develop, implement, or manage a project; prepare or materially  
44 revise a participant's methodology, baseline, monitoring plan, credit  
45 application, or financial model; arrange financing; guarantee eligibility or  
46 issuance; or substitute for a tenure instrument, permit, PAMB approval, NCIP  
47 certification, or FPIC reserved by law to another institution;  
48

1 (t) **Inter-Agency Implementation.** Enter into data-sharing, implementation,  
2 and enforcement arrangements with the DENR, PSA, PhilSA, NAMRIA,  
3 DEPDev, DOF, DTI, DHSUD, DILG, NCIP, Climate Change Commission, GCG,  
4 LGUs, PAMBs, and other agencies necessary to implement this Act; and  
5

6 (u) **Others.** Perform other functions necessary to achieve the objectives of this  
7 Act.  
8

9 **Sec. 8. Emergency Environmental Management.** Whenever the President  
10 determines that conditions within the Sierra Madre Mountain Range constitute an  
11 environmental emergency or ecological crisis requiring immediate and coordinated  
12 government intervention, the President may, upon the recommendation of the  
13 Authority, direct all departments, bureaus, offices, agencies, instrumentalities of the  
14 Government, including government-owned or -controlled corporations, to undertake  
15 such measures as may be necessary and lawful to protect, rehabilitate, restore, and  
16 secure the Sierra Madre Mountain Range, consistent with the Constitution and existing  
17 laws.  
18

19 The Authority shall act as the principal coordinating body in implementing such  
20 presidential directives and shall ensure that all actions are science-based, transparent,  
21 proportionate, time-bound, and respectful of the rights of affected communities,  
22 including ICCs/IPs.  
23

24 **Sec. 9. Sierra Madre as Critical Natural Foundation for National Security.**  
25 The Sierra Madre Mountain Range is hereby declared a critical natural foundation  
26 essential to national security, disaster risk reduction, and climate resilience.  
27

28 Recognizing its function as one of the country's longest natural barrier against  
29 typhoons, storm surges, flooding, and landslides, the State shall prioritize its  
30 protection as a matter of national survival and public safety.  
31

32 Accordingly:  
33

- 34 a. All policies, plans, and programs affecting the Sierra Madre shall consider  
35 national security implications, particularly in relation to disaster risk reduction  
36 and protection of life, property, and critical foundation;  
37 b. The Authority shall coordinate with the National Disaster Risk Reduction and  
38 Management Council (NDRRMC), Department of National Defense (DND), and  
39 other relevant agencies to integrate ecosystem-based disaster risk reduction  
40 strategies into national security planning; and  
41 c. Any activity that significantly weakens the ecological integrity of the Sierra  
42 Madre and increases disaster vulnerability shall be deemed contrary to  
43 national security and may be subject to prohibition or heightened regulatory  
44 scrutiny under this Act.  
45

46 **Sec. 10. Corporate Powers of the Authority.** In addition to the powers granted  
47 elsewhere in this Act, the Authority shall have the following corporate powers to  
48 fulfill its mandate:

- a. To adopt a corporate name and seal, and to sue or be sued in its name.;
- b. To enter into contracts and agreements, including data-sharing agreements, public-private partnerships, and agreements for technical assistance or financing;
- c. To acquire, hold, and dispose of property (real and personal) as necessary, subject to applicable laws and respect for private and communal rights;
- d. To borrow funds and issue bonds (subject to law) to support its programs;
- e. To administer the Sierra Madre Fund in accordance with Section 64 of this Act; and
- f. To perform any act necessary or incidental to carry out its purposes, including issuing implementing rules and regulations.

The Authority may impose and retain the following charges:

- (1) Application and processing fees for methodologies, projects, developers, validators, verifiers, and market-service providers;
- (2) Registration and annual renewal fees for projects, developers, professional or institutional participants, and Registry accounts;
- (3) Review and oversight fees for methodology approval, validation and verification supervision, and safeguards review;
- (4) Issuance fees stated per Sierra Madre Nature Credit or per issuance request;
- (5) Registry fees for transfer, retirement, cancellation, correction, account maintenance, reports, and approved data services;
- (6) Fees for settlement, pooled procurement, and auction administration actually provided by the Authority;
- (7) Fees for neutral participant-support services, including pre-application orientation, training, standard templates, data access, and interagency tenure and permitting coordination, offered on published and equal terms; and
- (8) Other regulatory or administrative services expressly connected with this Act.

For a sale or transfer for value that is recorded or settled through the Sierra Madre Nature Credit System, the Authority may collect a separately itemized Market Administration Charge not exceeding two percent (2%) of the gross monetary consideration, exclusive of taxes and separately disclosed bank, escrow, payment-service, or privately operated platform charges. The Board shall set a lower actual rate when sufficient to recover the reasonable cost of operating, securing, auditing, and supervising the Registry and market. The charge shall not apply to the original issuance of a credit unless that issuance forms part of a sale, and the rules may reduce or waive it for Indigenous Peoples, community projects, smallholders, and noncommercial transfers. No private platform or settlement provider may represent its own service charge as an Authority fee.

All charges shall be published before they take effect and shall state the payer, charging event, base, rate or amount, exemptions, and disposition of proceeds. The Board shall approve the schedule after a public hearing, a documented cost and market-impact study, and review by the DOF, DBM, and GCG and, for exchange or

1 marketplace functions, the SEC. Projected collections from the fees and the Market  
2 Administration Charge shall not materially exceed the reasonable annual cost of the  
3 services, systems, market-integrity supervision, and reserves they support. Any  
4 sustained excess shall be addressed through a lower rate, a credit against subsequent  
5 charges, or another adjustment approved in the next annual schedule. The schedule  
6 shall be reviewed annually during the first three (3) years and at least once every  
7 three (3) years thereafter.

8  
9 Fee and Market Administration Charge collections shall constitute corporate operating  
10 revenue of the Authority, subject to budgeting, treasury, accounting, COA audit, and  
11 public-disclosure laws. They shall be separately accounted for from the price of Sierra  
12 Madre Nature Credits and from funds due to lawful rights holders, registered  
13 developers, and project-delivery parties. Nothing in this section authorizes the Board  
14 or the implementing rules to impose a tax, special assessment, or percentage levy for  
15 general revenue. Any charge intended to raise money beyond the reasonable cost of  
16 regulation and market administration must be expressly imposed by Congress,  
17 including its rate, base, and disposition.

18  
19 The Sierra Madre Nature Credit Registry shall be the authoritative legal record of  
20 project status, issuance, ownership, transfer, purchase, and retirement. The Authority  
21 may establish, procure, authorize, or interoperate with an electronic auction,  
22 marketplace, or exchange platform, subject to applicable SEC, financial-market,  
23 procurement, competition, data, and consumer-protection laws. The implementing  
24 rules shall define the respective responsibilities of the Authority and participating  
25 service providers, including approval, oversight, disclosure, settlement, audit, and  
26 protection of confidential regulatory information.

27  
28 The same regulatory cost shall not be recovered through more than one fee or charge.  
29 The annual cost study shall allocate each operating cost to a stated service, disclose  
30 any cross-subsidy, and reconcile collections against actual expenditure. Sustained  
31 excess collections shall be credited or refunded where practicable and shall result in  
32 an automatic rate reduction in the following schedule.

33  
34 The Authority shall not act as exchange operator, broker, dealer, clearing member,  
35 settlement counterparty, or custodian of participant funds. Trading, clearing, custody,  
36 and settlement shall be performed by qualified external providers under applicable  
37 SEC, BSP, banking, payment-system, procurement, and competition laws. The  
38 Authority shall maintain the official Registry, approve interoperability, and supervise  
39 compliance with this Act.

### 40 41 **Article III** 42 **Governing Board**

43  
44 **Sec. 11. Composition of the Board.** The Authority shall be governed by a  
45 seventeen (17)-member Board of Directors composed of the following members:

- 46  
47 1. The Executive Secretary, as *ex officio* Chairperson;  
48 2. The Secretary of the DENR, as *ex officio* Vice Chairperson;

3. The Secretary of the DILG, as *ex officio* Member;
4. The Secretary of the DHSUD, as *ex officio* Member;
5. The Secretary of the DOF, as *ex officio* Member;
6. The Secretary of the DEPDev, as *ex officio* Member;
7. The Chairperson of the NCIP;
8. Three (3) representatives of local government units, one (1) each from the northern, central, and southern Sierra Madre clusters, to be designated in accordance with applicable laws;
9. Two (2) representatives of ICCs/IPs selected through a transparent process consistent with customary governance, at least one (1) of whom shall be a woman;
10. One (1) representative of the Protected Area Management Boards, selected from protected areas within the Sierra Madre;
11. Two (2) private-sector representatives nominated through a transparent process by recognized national and regional business organizations, one (1) from sectors materially dependent on Sierra Madre ecosystem services and one (1) with experience in investment, finance, insurance, infrastructure, or corporate sustainability, at least one (1) of whom shall have experience representing micro, small, and medium enterprises or local business organizations within the Sierra Madre beneficiary area;
12. One (1) independent expert in ecology, hydrology, or natural-capital accounting; and
13. One (1) independent expert in nature finance, market infrastructure, or financial regulation.

The PSA, Climate Change Commission, DOST, DPWH, DOE, DA, NIA, DND, SEC, GCG, civil-society organizations, academic institutions, and other institutions shall sit as nonvoting resource or advisory institutions when matters within their mandates or expertise are considered. The Board may create technical and regional advisory councils without enlarging voting membership.

All members and alternates shall file and publish disclosures of employment, beneficial ownership, board positions, clients, and material financial interests. A private-sector representative may participate in general rulemaking affecting a sector or beneficiary class, provided the representative's interests are disclosed. No member may participate in a firm-specific assessment, project registration, issuance, procurement, enforcement, appeal, or other adjudicatory matter involving the member, or the member's employer, client, principal, affiliate, or a business organization represented by the member. No independent expert may, during service, act as a developer, validator, verifier, broker, or exchange operator in the system. Recusals and the reasons therefor shall be entered in the minutes and public registry.

A majority of all voting members shall constitute a quorum. Adoption or material amendment of the Sierra Madre Master Plan, ecological limits, nature credit purchase rules, methodologies, or fee schedules shall require the affirmative vote of at least two-thirds (2/3) of all voting members. Other matters shall require a majority of the members present where a quorum exists. Minutes shall identify attendance, votes, recusals, dissents, and the evidentiary basis for decisions, and shall be published,

1 subject to lawful confidentiality.

2  
3 For a matter requiring recusal, the disqualified member shall not be counted in  
4 determining the quorum or required vote for that matter, provided that at least one-  
5 half of all voting members who are not disqualified participate. If recusals prevent a  
6 lawful decision, the matter shall be referred to an ad hoc panel of qualified alternates  
7 selected under published rules, with the same disclosure and independence  
8 requirements.

9  
10 The *ex officio* members of the Board may designate their respective alternates who  
11 shall be the officials next-in-rank to them and whose acts shall be considered the acts  
12 of their principals.

13  
14 Appointive Directors or members of the board who are not *ex officio* shall be appointed  
15 by the President of the Philippines from a shortlist prepared by the Governance  
16 Commission for Government-Owned or -Controlled Corporations.

17  
18 No elective official shall be appointed or designated as a member of the Board or serve  
19 in any capacity thereon.

20  
21 All members of the Board shall be qualified by the *Fit and Proper Rule* as determined  
22 by the Governance Commission for Government-Owned or -Controlled Corporations,  
23 in consultation and coordination with the relevant government agencies, and as  
24 approved by the President. Due regard shall be given to integrity, experience,  
25 education, training, and competence.

26  
27 The appointive members of the Board shall each serve a term of one (1) year reckoned  
28 from the date of appointment by the President, unless sooner removed for cause:  
29 **Provided,** That an appointive member shall continue to hold office until a successor  
30 is appointed: **Provided, further,** That appointment to any vacancy shall be only for  
31 the unexpired term of the predecessor. Reappointment shall also be subject to the  
32 standards prescribed under Republic Act No. 10149.

33  
34 **Sec. 12. Functions of the Board.** The Board shall exercise policy-making and  
35 oversight functions including:

- 36
- 37 a. Approving and adopting the Sierra Madre Master Plan, including the ecological  
38 limits, management zones, targets, and consistency rules, and any major policy  
39 frameworks, ensuring they align with national laws and development goals;
  - 40
  - 41 b. Issuing broad policy directions and guidelines without interfering in day-to-day  
42 operations or the lawful authority of other agencies;
  - 43
  - 44 c. Ensuring alignment and harmonization of policies, plans, and programs across  
45 agencies and LGUs affecting the Sierra Madre, to avoid duplication and conflict;
  - 46

- d. Conducting periodic reviews (at least annually) of the Authority's programs and major activities, and recommending improvements or legislative measures as needed;
- e. Approving ecosystem-accounting and sector-dependency frameworks consistent with Republic Act No. 11995;
- f. Approving methodologies and integrity standards for Sierra Madre Nature Credits;
- g. Approving rules of general application on Covered Enterprise classes, materiality thresholds, and dependency weights within the formula and limits fixed by Section 65, but not determining the obligation of an identified enterprise;
- h. Approving registry, settlement, fee, and revenue-allocation rules;
- i. Appointing the Administrative Review Panel and ensuring its decisional independence;
- j. Approving the Sierra Madre Fund strategy, public procurement, and cost-containment programs within the non-project purposes allowed by Section 64;
- k. Adopting neutral participant-support and tenure-coordination protocols with the DENR, PAMBs, the NCIP, and LGUs; and
- l. Overseeing performance, audit, risk, safeguards, and enforcement without directing the result of a particular case.

The Board shall establish:

- (1) A Science and Methodologies Committee;
- (2) Market Integrity and Audit Committee, a majority of whose members shall be independent of regulated entities and project developers;
- (3) An Indigenous Peoples, Community Rights and Safeguards Committee;
- (4) An Intergovernmental Coordination and Conflict Resolution Committee; and
- (5) An Administrative Review Panel whose members did not participate in the decision under review.

Before adopting a rule of general application, the Board shall publish the proposed text, legal authority, technical basis, data sources, regulatory-impact assessment, and distributional analysis; allow at least sixty (60) days for comment; conduct consultations accessible to affected LGUs, ICCs/IPs, communities, regulated sectors, and project developers; and publish a reasoned response to material comments. Emergency rules shall be time-limited and shall state the imminent ecological or public

1 risk justifying immediate effect.

2  
3 Methodology approval, project registration, issuance, compliance assessment,  
4 enforcement, participant support, and trading-platform procurement shall be subject  
5 to documented separation of duties. No Board member shall participate in a decision  
6 in which the member, principal, agency, or related party has a direct financial interest,  
7 except that institutional representation alone shall not disqualify an ex officio member  
8 from general rulemaking where the interest is fully disclosed.

9  
10 All Board decisions shall be made with transparency and written records, and meetings  
11 shall be held at least quarterly, or as may be necessary. Board members, including ex  
12 officio, shall not have any direct financial interest in contracts of the Authority;  
13 violations shall void the contract and disqualify the member from office as provided  
14 herein.

15  
16 The members of the Board of Directors shall receive *per diems*, allowances, and other  
17 incentives as may be determined by the Governance Commission for Government-  
18 Owned or -Controlled Corporations (GCG) pursuant to its authority to fix per diems,  
19 allowances, and other incentives of the Governing Boards of GOCCs. Members of the  
20 Board shall not be entitled to retirement benefits as such members.

21  
22 **Sec. 13. Delineation of Powers and Functions.** The Authority shall operate as a  
23 coordinative and integrative body, and shall not duplicate or supersede the existing  
24 mandates of national agencies, LGUs, Protected Area Management Boards (PAMBs),  
25 or Environmental Impact Committees (EICs) established under existing laws, rules,  
26 and regulations. It shall not issue an ECC, forestland tenure instrument, protected-  
27 area permit, NCIP certification, FPIC, CLUP, zoning ordinance, local business permit,  
28 or other permit, license, or clearance that is under the legal jurisdiction of the DENR,  
29 Environmental Management Bureau (EMB), other agencies, or local government units.  
30 It shall not exercise customary governance or determine ownership of ancestral  
31 domains. Nothing in this Act shall be construed to diminish, modify, or supplant the  
32 Environmental Impact Assessment (EIA) System and the functions of the  
33 Environmental Impact Committee (EIC) in the evaluation of projects requiring an  
34 Environmental Compliance Certificate (ECC). Likewise, it shall not override LGU  
35 autonomy, except to the extent necessary to enforce consistency with national  
36 environmental laws and the Sierra Madre Master Plan. Instead, the Authority's role is  
37 to harmonize policies, set scientific standards, integrate plans, provide technical and  
38 scientific inputs, where appropriate, to the EIA process, and coordinate enforcement  
39 across jurisdictions, thereby enhancing a unified, ecosystem-based management of  
40 the Sierra Madre Mountain Range.

1 The Authority shall, however, exclusively exercise the range-wide functions created  
2 by this Act, including adoption and enforcement of the Sierra Madre Master Plan and  
3 ecological floors; issuance of Sierra Madre Master Plan Conformity Certificates;  
4 operational ecosystem and sector-dependency accounting; nature-market  
5 methodologies and safeguards; project and developer registration; issuance and  
6 retirement of Sierra Madre Nature Credits; assessment of Nature Credit Purchase  
7 Obligations; maintenance of the Sierra Madre Nature Credit Registry; ecological-loss  
8 and restoration assessment; and market-integrity enforcement.

10 To preserve the independence of these functions, the Authority shall not develop,  
11 implement, construct, finance, invest in, own, or manage a project over which it may  
12 exercise registration, certification, credit-issuance, compliance, restoration, or  
13 enforcement powers. It shall not receive project revenue, investment return, or Sierra  
14 Madre Nature Credits from such a project. Public agencies may continue to implement  
15 projects under their own mandates, but the Authority shall apply the same  
16 registration, certification, and issuance rules to them as to other proponents.

18 Existing agencies, LGUs, and PAMBs shall exercise their respective powers subject to  
19 these requirements as additional statutory conditions. A permit or tenure issued by  
20 another institution shall not be deemed a Sierra Madre Master Plan Conformity  
21 Certificate or market registration. Conversely, a Sierra Madre Master Plan Conformity  
22 Certificate or project registration shall not constitute the underlying permit, tenure,  
23 consent, or FPIC.

25 Disagreements shall be resolved through the conflict rules in Section 25. Nothing in  
26 this Act shall diminish Indigenous Peoples' rights, PAMB powers under E-NIPAS, the  
27 DENR's ECC authority, lawful tenure, or due process. The more protective applicable  
28 ecological standard shall govern where requirements overlap.

## 30 **Article IV**

### 31 **Administration of the Authority**

33 **Sec. 14. Administrator of the Authority.** The Authority shall be headed by an  
34 Administrator who shall act as Chief Executive Officer and shall be responsible for the  
35 day-to-day administration and management of the Authority. The Administrator shall  
36 not be a member of the Board.

38 Notwithstanding Section 18 of Republic Act No. 10149, the Administrator shall not be  
39 elected from the Board. The Administrator shall be appointed by the President of the  
40 Philippines from a shortlist prepared by the Governance Commission for Government-  
41 Owned or -Controlled Corporations under the Fit and Proper Rule and the qualifications  
42 in Section 15 of this Act.

44 The Administrator shall be subject to the disciplinary powers of the Board and may be  
45 removed by the Board for cause, upon a majority vote of the members of the Board  
46 who actually took part in the investigation and deliberation, subject to Republic Act  
47 No. 10149, relevant GCG issuances, and existing civil service laws, rules and  
48 regulations.

1 The term of office of the Administrator shall be for five (5) years, and the Administrator  
2 may be reappointed once, unless sooner removed for cause and after due process:  
3 Provided, however, That the Administrator shall continue to hold office until the  
4 successor is duly appointed. Appointment to any vacancy shall be only for the  
5 unexpired term of the predecessor. The Board shall conduct an annual performance  
6 review of the Administrator against the approved scorecard but shall not direct the  
7 disposition of a particular registration, compliance, restoration, or enforcement case  
8 except through the review procedures established by this Act.  
9

10 **Sec. 15. Qualifications and Disqualifications of the Administrator.** No person  
11 shall be appointed as Administrator unless he or she: (a) is a natural-born Filipino  
12 citizen of good moral character, proven independence, and unquestionable integrity;  
13 (b) satisfies the *Fit and Proper Rule* as determined by the Governance Commission for  
14 Government-Owned or -Controlled Corporations, which shall include, but not be  
15 limited to, standards on integrity, experience, education, training, and competence;  
16 (c) has not participated in the immediately preceding local elections; and (d) possesses  
17 at least ten (10) years of progressively responsible professional or executive  
18 experience, including substantial experience in at least two (2) of the following:  
19 environmental or natural-resource governance; public administration or regulation;  
20 Indigenous Peoples' rights or community-based stewardship; natural-capital  
21 accounting or science; finance, market infrastructure, or results-based contracting;  
22 and intergovernmental planning.  
23

24 For two (2) years before appointment and during service, the Administrator shall not  
25 have served as officer, director, controlling owner, paid adviser, or project developer  
26 of an entity regulated by, registered with, or seeking finance from the Authority,  
27 except for prior government service or academic work. The Administrator shall remain  
28 subject to civil-service, anti-graft, conflict-of-interest, and post-employment  
29 restrictions under applicable law.  
30

31 **Sec. 16. Compensation and Benefits.** The Administrator and all officers and  
32 employees of the Authority shall receive compensation and benefits in accordance  
33 with the Compensation and Position Classification System developed by the  
34 Governance Commission for Government-Owned or -Controlled Corporations,  
35 pursuant to Republic Act No. 10149.  
36

37 **Sec. 17. Powers and Functions of the Administrator.** The Administrator shall  
38 have the following duties:  
39

- 40 a. **Policy and Planning:** Submit to the Board the policies and measures  
41 necessary to carry out this Act; oversee execution of Board-approved policies,  
42 plans, and programs;  
43
- 44 b. **Administration:** Direct and supervise the day-to-day operations and internal  
45 administration of the Authority, delegating duties to other officers as  
46 appropriate, subject to Board rules;  
47

- 1       c. **Organization and Staffing:** Develop and submit the Authority's  
2       organizational structure and staffing pattern to the GCG, Civil Service  
3       Commission, and Department of Budget and Management;  
4  
5       d. **Appointments:** Appoint officials and employees, up to and including rank of  
6       division head, within the approved organizational chart; and  
7  
8       e. **Other Duties:** Perform such other powers and duties as the Board may vest  
9       from time to time.

10  
11   The Authority shall maintain functionally separate offices for: (a) Sierra Madre Master  
12   Planning and Compliance Certificate Decisions; (b) Ecosystem Accounts, Catchment  
13   Mapping, Science and Data; (c) Methodologies, Standards and Safeguards; (d)  
14   Registry, Issuance and Market Integrity; (e) Beneficiary Assessment and Compliance;  
15   (f) Restoration Liability and Enforcement; (g) Market Participant Support and  
16   Interagency Coordination; and (h) the Sierra Madre Fund and Corporate Services. The  
17   participant-support office shall have no authority to approve a methodology, register  
18   a project, issue a credit, determine a compliance obligation, or decide an enforcement  
19   case.

20  
21   A Sierra Madre Market Participant Support and Tenure Coordination Window is hereby  
22   established to: (1) publish ecological maps, applicable standards, priority outcome  
23   needs, and available lawful tenure pathways; (2) provide general pre-application  
24   orientation, training, standard forms, model stewardship and benefit-allocation  
25   clauses, and access to public data; (3) identify the DENR tenure, PAMB approval, NCIP  
26   process, FPIC, LGU permit, and other authorizations ordinarily required for a stated  
27   project type; (4) convene recorded, nonbinding pre-application conferences and joint  
28   agency meetings; and (5) track complete applications against published service  
29   standards. These services shall be offered under published criteria and fees on equal  
30   terms.

31  
32   The Window shall not select or endorse a project, prepare or materially revise a project  
33   design, methodology, baseline, monitoring plan, credit application, financial model, or  
34   investment memorandum, negotiate financing or benefit allocation for a participant,  
35   guarantee project eligibility or credit issuance, or act as the participant's agent,  
36   adviser, broker, developer, arranger, or fiduciary. Information provided by the Window  
37   shall be nonbinding and shall not prejudice an independent application or enforcement  
38   decision.

39  
40   The DENR shall remain the issuing authority for forestland, protected areas and  
41   natural-resource tenure instruments. Upon receipt of a complete application supported  
42   by a Sierra Madre Master Plan Conformity Certificate, the DENR shall act within the  
43   period prescribed in the implementing rules and regulations and state in writing the  
44   reasons for approval, conditions, or denial. PAMB, NCIP, FPIC, and LGU approvals shall  
45   remain separately required where applicable. Failure to act within a service period  
46   shall trigger escalation and public reporting but shall not constitute deemed approval.  
47

1 **Sec. 18. Organizational Structure.** The Administrator shall develop and submit the  
2 proposed organizational structure and staffing pattern of the Authority to the  
3 Governance Commission for Government-Owned or -Controlled Corporations for  
4 review and approval, within one hundred eighty (180) days from the effectivity of this  
5 Act.

6  
7 The Authority shall, at a minimum, establish the following service units under the  
8 direct supervision and control of the Administrator:

- 9 a. A Conservation, Protection, and Development Service;
- 10 b. An Administrative Service;
- 11 c. A Legal and Enforcement Service;
- 12 d. A Finance Service;
- 13 e. A Sierra Madre Master Planning and Compliance Certificate Decisions  
14 Service;
- 15 f. An Ecosystem Accounts, Catchment Mapping, Science, and Data Service;
- 16 g. A Methodologies, Standards, and Safeguards Service;
- 17 h. A Registry, Issuance, and Market Integrity Service;
- 18 i. A Beneficiary Assessment and Compliance Service;
- 19 j. A Restoration Liability, Monitoring, and Enforcement Service;
- 20 k. A Market Participant Support and Interagency Coordination Service;
- 21 l. An Internal Audit, Information Security, and Data Protection Service;
- 22 and
- 23 m. A Clearances and Certifications Service.

24  
25 The Authority shall not maintain a Project Management Service, a Planning and Project  
26 Development Service, an Engineering and Construction Service, or any other unit  
27 whose function is to originate, design, finance, invest in, construct, implement,  
28 operate, or manage a nature, restoration, infrastructure, or credit-generating project.  
29 The Market Participant Support and Interagency Coordination Service shall perform  
30 only the neutral functions and observe the prohibitions stated in Section 16. The  
31 Governance Commission and the Department of Budget and Management may  
32 consolidate compatible functions where this will avoid duplication without weakening  
33 decisional independence.

34  
35 The staffing pattern shall identify positions exercising rulemaking, quasi-judicial,  
36 registry, financial, scientific, participant-support, and enforcement responsibilities and  
37 shall prescribe qualifications and conflict-of-interest safeguards appropriate to each  
38 function. The offices responsible for Master Plan conformity, beneficiary assessment,  
39 Registry and issuance, enforcement, and administrative review shall have separate  
40 personnel, records, reporting lines, and decision authority.

41  
42 The Administrative Review Panel shall have fixed terms, protection from direction in  
43 individual cases, and no operational responsibility for the decision under review.

44  
45 Independent validators, verifiers, and market-service providers shall not be selected  
46 or supervised by personnel responsible for supporting the same project or participant.

1 The specific number of personnel for each service unit shall be determined in the  
2 staffing pattern approved by the GCG. The Administrator may be assisted by such  
3 Assistant Administrators as may be authorized under the approved organizational  
4 structure. Any Assistant Administrator shall act as Administrator in the absence or  
5 temporary incapacity of the Administrator, until a new Administrator is duly appointed.

6  
7 **Sec. 19. Location of Central Office.** The principal or Central Office of the Authority  
8 shall be located in Region II (Cagayan Valley). The Authority shall establish regional,  
9 field, provincial, or satellite offices in such other areas within the Sierra Madre  
10 Mountain Range as deemed necessary for the effective and efficient performance of  
11 its powers and functions, subject to existing laws, rules and regulations, and the  
12 availability of funds.

13  
14 **Sec. 20. Merit System.** All officials and employees of the Authority shall be  
15 appointed on the basis of merit, fitness, and competence, in accordance with the Civil  
16 Service laws, rules and regulations, and consistent with the Compensation and Position  
17 Classification System established by the Governance Commission for Government-  
18 Owned or -Controlled Corporations.

19  
20 Recruitment, selection, appointment, transfer, promotion, and separation of  
21 personnel, including contractual and casual employees, shall be governed by such Civil  
22 Service rules and by the merit system established by the Authority in coordination with  
23 the Civil Service Commission and the GCG: Provided, That the Authority's merit system  
24 shall be submitted to the Civil Service Commission and the GCG for review and  
25 approval prior to implementation.

26  
27 **Sec. 21. Initial Capitalization.** An initial start-up fund of Five Hundred Million Pesos  
28 (₱500,000,000.00) is hereby authorized to be appropriated from the National Treasury  
29 to cover the organizational and operational requirements of the Authority, including  
30 the establishment and initial operation of its Central Office in Region II (Cagayan  
31 Valley) and satellite offices in Region III (Central Luzon) and Region IV-A  
32 (CALABARZON), the acquisition of office equipment and information and  
33 communications technology (ICT) systems, the hiring of initial personnel, and other  
34 necessary start-up expenditures.

35  
36 Release of the appropriation shall be phased against an organizational plan approved  
37 by the GCG and the DBM, a procurement and information-systems plan, internal-  
38 control and cybersecurity requirements, and the implementation milestones in Section  
39 75. Subsequent requirements shall be supported by annual appropriations and by the  
40 Authority's own-source revenues from the specific fees and Market Administration  
41 Charge authorized in Section 10. Unobligated balances and all revenues shall be  
42 treated in accordance with the budgeting, treasury, accounting, and audit laws  
43 applicable to the Authority's legal form.

44  
45 Within one hundred eighty (180) days from the effectivity of this Act, the Authority,  
46 the DBM, the DOF, and the GCG shall submit to the congressional Oversight  
47 Committee a five-year establishment and operating plan covering staffing, regional  
48 presence, ecosystem accounts, PhilSA and geospatial services, Registry development,

1 cybersecurity, independent verification capacity, administrative review, monitoring,  
2 and enforcement. Annual appropriations and the pace of mandatory implementation  
3 shall be aligned with that plan and with the readiness requirements of Section 75.  
4

5 The Authority shall have an authorized capital stock of One Billion Pesos  
6 (₱1,000,000,000.00), divided into ten million (10,000,000) shares with a par value of  
7 One Hundred Pesos (₱100.00) each, which shall be subscribed and paid for by the  
8 National Government through the Department of Finance. The capital stock shall be  
9 applied solely to the institutional, systems, registry, scientific, and market-governance  
10 functions of the Authority. No part of the capital stock shall be used to originate,  
11 design, develop, construct, implement, own, operate, manage, finance, invest in,  
12 underwrite, or guarantee any nature, restoration, infrastructure, or credit-generating  
13 project, or to acquire any Sierra Madre Nature Credit. The Authority shall remain  
14 subject to Republic Act No. 7656 and to the Governance Commission for Government-  
15 Owned or -Controlled Corporations.  
16

17 **Sec. 22. Operating Expenses.** The operating expenses of the Authority during its  
18 initial year of operation shall be charged against the initial start-up fund appropriated  
19 under Section 21 of this Act. Thereafter, such amounts as may be necessary for the  
20 continued operation and maintenance of the Authority shall be included in the annual  
21 General Appropriations Act. The Authority may likewise utilize its internally generated  
22 revenues and other funds authorized under this Act to augment its operating  
23 requirements, subject to existing budgeting, accounting, auditing, and other  
24 applicable laws, rules, and regulations.  
25

## 26 **Article V**

### 27 **Sierra Madre Master Plan**

28

29 **Sec. 23. Formulation and Adoption.** Within one (1) year from the effectivity of  
30 this Act, the Authority shall formulate, adopt, and commence the implementation of a  
31 Sierra Madre Master Plan covering a period of twenty-five (25) years. The Sierra Madre  
32 Master Plan shall serve as the comprehensive, science-based, ecosystem-oriented,  
33 and climate-resilient blueprint for the conservation, protection, restoration, and  
34 sustainable development of the Sierra Madre Mountain Range.  
35

36 The Sierra Madre Master Plan shall integrate, among others, land use and  
37 development planning; biodiversity conservation; watershed and ridge-to-reef  
38 ecosystem management; climate change adaptation and mitigation; disaster risk  
39 reduction and management; sustainable livelihoods; infrastructure compatibility; and  
40 the traditional ecological knowledge, customary governance systems, and sustainable  
41 resource management practices of ICCs/IPs, consistent with RA 8371, otherwise  
42 known as the "Indigenous Peoples' Rights Act of 1997." The Authority shall likewise  
43 recognize ICCAs and support indigenous co-management approaches consistent with  
44 applicable laws.

1 The Sierra Madre Master Plan shall harmonize and integrate national, regional, and  
2 local development and land use plans affecting the Sierra Madre Mountain Range,  
3 including Comprehensive Land Use Plans (CLUPs), Regional Development Plans  
4 (RDPs), ADSDPPs, protected area management plans, and other relevant sectoral  
5 plans, to ensure policy coherence and an integrated ridge-to-reef management  
6 approach.

7  
8 In formulating the Sierra Madre Master Plan, the Authority shall build upon existing  
9 management plans prepared under the NIPAS, as amended, utilize the best available  
10 scientific information and ecological data, and conduct meaningful consultations with  
11 concerned national government agencies, local government units, FICCs/IPs, local  
12 communities, the academe, civil society organizations, and other stakeholders.

13  
14 The Sierra Madre Master Plan shall expressly identify binding ecological limits, no-go  
15 areas, permissible uses, restoration priorities, and decision rules. Harmonization shall  
16 be governed by ecological integrity, precaution, avoidance before mitigation, polluter  
17 pays, beneficiary pays, connectivity, intergenerational equity, the more protective  
18 applicable standard, and respect for ancestral domains, customary law, tenurial rights,  
19 and FPIC.

20  
21 The Sierra Madre Master Plan shall be reviewed at least once every three (3) years  
22 and may be updated earlier, whenever necessary, to incorporate advances in scientific  
23 knowledge, respond to fortuitous events and environmental emergencies, address  
24 emerging threats, or reflect significant changes in ecological, climatic, or socio-  
25 economic conditions.

26  
27 **Sec. 24. Landscape Zoning System.** The Sierra Madre Master Plan shall establish  
28 a Landscape Zoning System that operationalizes the statutory classes under this Act  
29 and shall be spatially organized into the following broad management groupings: (a)  
30 Core Zone; (b) Sustainable Use Zone; (c) Buffer Zone; and (d) Special Management  
31 Zone. The zoning system shall guide conservation, protection, restoration, sustainable  
32 resource use, settlement, development, and disaster-risk management throughout the  
33 Sierra Madre Mountain Range.

34  
35 The Landscape Zoning System shall use the following statutory classes: (1) Strict  
36 Protection and Irreplaceable Ecosystem Zones; (2) Ecological Corridor and  
37 Connectivity Zones; (3) Watershed and Catchment Protection Zones; (4) Restoration  
38 and Recovery Zones; (5) Sustainable Production and Community Stewardship Zones;  
39 and (6) Existing Settlement and Compatible Development Zones. The Sierra Madre  
40 Master Plan may create subzones only within these classes and for the purposes stated  
41 in this Act. The Master Plan shall likewise identify the corresponding broad  
42 management grouping and applicable subzone for each geographically delineated  
43 area.

- 44  
45 **1. Core Zone.** The Core Zone shall comprise areas requiring the highest level  
46 of ecological protection and shall include the following statutory classes and  
47 corresponding areas: (a) Strict Protection and Irreplaceable Ecosystem Zones;  
48 (b) Ecological Corridor and Connectivity Zones; (c) Watershed and Catchment

Protection Zones; and (d) Restoration and Recovery Zones. It shall include, where applicable, Protected Areas under the National Integrated Protected Areas System (NIPAS), Local Conservation Areas (LCAs), Other Effective Area-Based Conservation Measures (OECMs), Critical Habitats, and Indigenous Peoples' and Community Conserved Areas (ICCAs).

**2. Sustainable Use Zone.** The Sustainable Use Zone shall comprise areas where environmentally sustainable and regulated economic, livelihood, community, cultural, educational, and compatible development activities may be undertaken. It shall include the following statutory classes and subzones: (a) Sustainable Production and Community Stewardship Zones; (b) Existing Settlement and Compatible Development Zones; (c) Cultural/Traditional and Controlled/Special Use Zones; and (d) Recreational and Educational Use Zones. Activities within these areas shall be subject to the ecological limits, permitted and prohibited uses, and development standards established by the Sierra Madre Master Plan and this Act.

Within ancestral domains, activities in the Sustainable Use Zone shall be consistent with the applicable ADSDPPs, customary laws, and the rights of ICCs/IPs under Republic Act No. 8371.

**3. Buffer Zone.** The Buffer Zone shall provide an additional layer of protection to core conservation areas and other environmentally sensitive areas and shall be managed to minimize adverse impacts from adjacent land uses and enhance ecological connectivity. The Buffer Zone shall include: (a) a forty-meter (40 m) easement on all bodies of water; and (b) a twenty-meter (20 m) setback for areas classified as Sustainable Use Zones, subject to existing laws and applicable rights and standards.

**4. Special Management Zone.** The Special Management Zone shall comprise areas requiring specific management interventions due to unique ecological, cultural, socio-economic, or disaster risk considerations. It may include multiple-use areas, ecological restoration sites, hazard-prone areas, cultural landscapes, and other areas requiring special management measures identified through the Sierra Madre Master Plan.

The Sierra Madre Master Plan shall identify and map the boundaries, applicable statutory class, broad management grouping, subzone, permitted and prohibited uses, management objectives, and applicable development standards for each zone. Zoning shall be based on the latest available geospatial data, sound science, hazard assessments, and relevant Indigenous and local knowledge.

Any modification of the Core Zone or Special Management Zone shall be undertaken only to improve the management response to the conservation and protection needs of the Sierra Madre Mountain Range and shall be supported by updated geospatial data, sound scientific and technical assessment, and appropriate stakeholder consultation. Any modification shall remain consistent with existing laws and the rights of ICCs/IPs, LGUs, PAMBs, and other lawful rights holders.

1 A no-go designation may be made only for primary or old-growth forest, critical  
2 habitat, an irreplaceable ecosystem, a legally protected strict-protection zone, a critical  
3 water-source area, an ecological corridor whose loss would materially sever  
4 connectivity, or an area where credible evidence shows that the proposed class of  
5 activity presents a serious risk of irreversible ecological harm that cannot be avoided  
6 through location or design. Each designation shall identify the legal and scientific basis,  
7 map the affected parcels, address existing lawful rights and uses, and follow the  
8 notice, consultation, review, transition, and compensation requirements of this Act  
9 and other applicable law.

10  
11 The Sierra Madre Master Plan shall likewise contain: (a) ecosystem extent and  
12 condition accounts; (b) ecosystem-service supply and use accounts; (c) a separately  
13 delineated Ecosystem-Service Catchment for each material service, showing the  
14 source ecosystem, service-flow pathway, beneficiary area, and geographic basis used;  
15 (d) maps and schedules identifying the cities, municipalities, economic zones,  
16 industrial estates, utility service areas, industries, locators, infrastructure systems,  
17 supply chains, and communities within each catchment that receive or depend on the  
18 service; (e) sector-dependency and economic-contribution accounts, including  
19 revenue exposure, avoided loss and replacement, risk-mitigation, and business-  
20 continuity costs; (f) quantified ecological baselines and five-, ten-, and twenty-five-  
21 year outcomes; (g) the protection, restoration, and connectivity investment required  
22 to achieve those outcomes; and (h) the nature-credit market, public-finance, and  
23 accountability arrangements for delivery. Catchment boundaries and beneficiary  
24 schedules shall state their scientific basis, data sources, and date of validity, shall be  
25 subject to consultation with affected LGUs and sectors, and shall be reviewed at least  
26 every five (5) years.

27  
28 The initial geographic coverage shall be shown in an official georeferenced map  
29 attached to this Act as Annex A. It shall include the Sierra Madre Mountain system  
30 and the watersheds, ecological corridors, and source ecosystems physically connected  
31 to it. A beneficiary city, municipality, or business location outside the mountain  
32 boundary may be included in an Ecosystem-Service Catchment only for beneficiary  
33 accounting and Nature Credit Purchase Obligation assessment; such inclusion shall  
34 not, by itself, subject all land within that locality to Sierra Madre land-use zoning. A  
35 boundary may be corrected for technical mapping error after public notice and  
36 consultation, but a material expansion of the mountain-range coverage shall require  
37 an Act of Congress.

## 38 39 **Sec. 25. Consistency with the Sierra Madre Master Plan.**

- 40 (a) Upon adoption, the Sierra Madre Master Plan and the ecological limits, no-go  
41 areas, and decision standards expressly authorized by this Act shall constitute  
42 national environmental policy and the minimum ecological floor, and shall bind  
43 all national agencies, government-owned or -controlled corporations, and  
44 LGUs. All their plans, programs, projects, and activities affecting the Sierra  
45 Madre must be aligned with the Sierra Madre Master Plan.

1 This alignment shall be reflected in their development investment plans,  
2 CLUPs, zoning ordinances, and procurement of projects. To ensure coherence,  
3 agencies and LGUs shall coordinate with the Authority during plan formulation,  
4 and inconsistent plans shall be reviewed for amendment to conform with the  
5 Sierra Madre Master Plan. Nothing herein shall diminish existing powers of  
6 agencies or LGUs, but inter-agency coordination is required to integrate  
7 objectives. Failure to align with the Sierra Madre Master Plan shall be grounds  
8 for review by appropriate oversight bodies. the Sierra Madre Master Plan shall  
9 not create a prohibited use, take private property, or impair a vested right  
10 except to the extent and through the procedure authorized by this Act or  
11 another law.  
12

13 (b) No covered action shall be finally approved, funded, procured, or implemented  
14 without a Sierra Madre Master Plan Conformity Certificate issued by the  
15 Authority. The certificate shall determine only whether the proposed location,  
16 land use, and development footprint conform with the applicable management  
17 zone, ecological limits, no-go areas, corridors, catchment protections,  
18 permitted and prohibited uses, and development standards established by the  
19 Sierra Madre Master Plan and this Act. It shall be supported by written findings  
20 and shall not assess project-specific environmental impacts or determine  
21 environmental acceptability under the Philippine EIS System.  
22

23 (c) National agencies, GOCCs, and LGUs shall retain their lawful mandates,  
24 including land-use planning, zoning, and permitting powers, but shall exercise  
25 them subject to this Act as a subsequent national law. LGUs may adopt  
26 standards more protective than the Sierra Madre Master Plan. Within a  
27 protected area, the PAMB-approved protected area management plan shall  
28 remain the controlling site-level instrument for zoning, permitted uses, and  
29 permits under Republic Act No. 7586, as amended by Republic Act No. 11038.  
30 A Sierra Madre Master Plan provision that changes or adds a site-level zone,  
31 permitted use, or management restriction within a protected area shall require  
32 PAMB concurrence before adoption. The Authority may determine whether an  
33 action conforms with the range-wide ecological floor, corridor, and catchment  
34 requirements established directly by this Act, but it shall not rezone the  
35 protected area or substitute its certificate for PAMB approval. For ancestral  
36 domains, ADSDPPs, customary governance, rights under Republic Act No.  
37 8371, and FPIC shall be respected and shall not be displaced by a Sierra Madre  
38 Master Plan Conformity Certificate.  
39

40 (d) Where applicable plans or standards conflict, the Authority shall first seek a  
41 written harmonization agreement. In the absence of agreement, the stricter  
42 applicable ecological requirement shall govern only where that requirement is  
43 established by this Act, another law, or a duly adopted rule within delegated  
44 standards and is imposed by the institution legally competent to administer it.  
45

1 The Authority shall issue a written decision stating the record, scientific  
2 evidence, controlling legal provision, proportionality of the requirement, and  
3 modification necessary for consistency. It shall have no power to enact,  
4 amend, or repeal an LGU zoning ordinance, PAMB plan, ADS DPP, or agency  
5 rule.

6  
7 (e) An affected agency, LGU, PAMB, ICC/IP governance institution, rights holder,  
8 or project proponent shall receive notice, access to the nonconfidential record,  
9 and a reasonable opportunity to present evidence. A motion for  
10 reconsideration may be filed with the Administrative Review Panel within  
11 fifteen (15) days; the Panel shall decide within thirty (30) days through written  
12 findings supported by substantial evidence. Final administrative decisions shall  
13 be subject to judicial review under applicable law.

14  
15 (f) An approval issued without a required Sierra Madre Master Plan Conformity  
16 Certificate shall be ineffective for purposes of national funding, procurement,  
17 or implementation until the omission is cured. The Authority shall refer the  
18 matter to the issuing agency, the DILG, or other competent body for action  
19 within its mandate and may seek appropriate judicial relief; it shall not itself  
20 annul an ordinance or cancel a permit issued by another institution. Existing  
21 valid permits and contracts shall be subject to this section upon material  
22 amendment, renewal, or extension, without prejudice to immediate  
23 enforcement of prohibited acts, existing environmental law, and emergency  
24 measures authorized by law.

25  
26 **Sec. 26. Components of the Sierra Madre Master Plan.** The Sierra Madre Master  
27 Plan shall include, at minimum, the following components:

28  
29 (a) **Watershed and Ridge-to-Reef Management.** An integrated watershed  
30 and ridge-to-reef management strategy covering upland forests, watersheds,  
31 river systems, wetlands, estuaries, mangroves, and coastal ecosystems to  
32 maintain ecological connectivity, water security, and biodiversity. Such strategy  
33 shall include measures for watershed rehabilitation, slope stabilization, soil and  
34 water conservation, erosion control, flood mitigation, landslide risk reduction,  
35 and the protection and restoration of downstream ecosystems;

36  
37 (b) **Biodiversity Corridors and Ecological Connectivity.** The identification,  
38 establishment, protection, and management of biodiversity corridors, Key  
39 Biodiversity Areas (KBAs), riparian corridors, wildlife movement corridors, and  
40 other ecological networks necessary to maintain genetic exchange, species  
41 movement, ecosystem functions, and long-term landscape resilience;  
42

- 1 (c) **Climate Change Adaptation, Disaster Risk Reduction, and Nature-**  
2 **Based Solutions.** Strategies integrating climate change adaptation and  
3 mitigation, disaster risk reduction and management, ecosystem-based  
4 adaptation, and nature-based solutions, including forest and watershed  
5 restoration, carbon sequestration, green infrastructure, natural flood  
6 management, mangrove rehabilitation, and the application of climate science  
7 in planning and decision-making;  
8
- 9 (d) **Sustainable Livelihood and Community Development.** Programs  
10 promoting environmentally sustainable livelihoods, including agroforestry,  
11 ecotourism, sustainable agriculture, non-timber forest product enterprises,  
12 ecosystem restoration employment, conservation incentives, and other nature-  
13 positive economic activities. Such programs shall prioritize ICCs/IPs, upland  
14 communities, local resource-dependent communities, and other qualified  
15 beneficiaries through capacity-building, access to finance, technology transfer,  
16 market development, and enterprise support;  
17
- 18 (e) **Transfer of Development Rights (TDR).** A policy framework for the  
19 voluntary transfer of development rights from environmentally critical or  
20 ecologically sensitive areas to appropriate receiving areas, subject to applicable  
21 laws, local land use plans, and implementing guidelines adopted by the  
22 Authority in coordination with the concerned national government agencies and  
23 local government units;  
24
- 25 (f) **Infrastructure Compatibility Guidelines.** Standards and criteria to ensure  
26 that infrastructure projects within the Sierra Madre Mountain Range are  
27 planned, designed, constructed, and maintained in a manner that is  
28 environmentally sustainable, climate-resilient, and compatible with ecosystem  
29 conservation objectives. Such guidelines shall require the consideration of  
30 ecological connectivity, avoidance of critical habitats where practicable,  
31 incorporation of appropriate mitigation measures, including wildlife crossings  
32 and habitat restoration, and compliance with applicable environmental laws and  
33 the Philippine Environmental Impact Statement (EIS) System;  
34
- 35 (g) **Transition Program.** A phased implementation program to facilitate the  
36 adoption of the Sierra Madre Master Plan by national government agencies,  
37 local government units, PAMBs, ICCs/IPs, and other stakeholders, including  
38 institutional coordination, capacity-building, technical assistance, and policy  
39 harmonization measures;  
40
- 41 (h) **Rationalization and Relocation of Incompatible Land Uses and**  
42 **Occupancies.** A program for the gradual rationalization, relocation, or  
43 resettlement of settlements, facilities, and other land uses determined to be  
44 incompatible with the Sierra Madre Master Plan, including Integrated Forest  
45 Management Agreement (IFMA) areas, where warranted and consistent with  
46 existing laws, subject to due process, adequate consultation, the rights of  
47 affected communities and Indigenous Peoples, and the resettlement and  
48 relocation policies provided under this Act;

- 1 (i) **Responsible Mineral Resource Transition.** A strategy for the gradual  
2 phase-out of mining activities within ecologically critical areas of the Sierra  
3 Madre Mountain Range, consistent with existing mining agreements, vested  
4 rights, due process, environmental laws, and the objectives of biodiversity  
5 conservation, watershed protection, ecosystem restoration, and sustainable  
6 development. The strategy shall include measures for mine rehabilitation,  
7 environmental restoration, livelihood transition, and just transition mechanisms  
8 for affected workers and communities;  
9
- 10 (j) **Ecosystem-Service, Beneficiary, and Sector-Dependency Accounts.**  
11 Accounts prepared consistently with Republic Act No. 11995 showing  
12 ecosystem extent, condition, service supply, service use, beneficiaries, sectoral  
13 dependency, economic contribution, avoided loss, replacement cost,  
14 degradation, and restoration;  
15
- 16 (k) **Sierra Madre Nature Credit and Nature-Finance Program.** Approved  
17 credit categories and methodologies; project and developer eligibility;  
18 baselines; validation and verification; credit issuance, transfer, and retirement;  
19 reversal and buffer rules; Covered Enterprises; annual Nature Credit Purchase  
20 Obligations; long-term nature credit purchase agreements; and rules  
21 preventing double counting and the use of nature credits to excuse prohibited  
22 harm;  
23
- 24 (l) **Restoration and Environmental Liability Program.** Procedures for  
25 ecological-loss, full-restoration-cost, and interim-public-loss assessment;  
26 restoration orders; performance security; on-site and affected-area restoration;  
27 registered third-party delivery; continuing monitoring; independent verification;  
28 and liability for nonperformance;  
29
- 30 (m) **Results and Accountability Framework.** For each major outcome,  
31 the baseline, target, responsible entity, lawful rights holder, cost, funding  
32 source, deadline, verification method, payment rule, and consequence for  
33 failure, together with public reporting on avoided degradation, ecosystem  
34 condition, connectivity, resilience, service delivery, buyer compliance,  
35 investment mobilized, and revenues received by lawful rights holders and  
36 stewards;  
37
- 38 (n) **Resilience Deficit and Priority Investment Map.** Identifying areas where  
39 ecological degradation or insufficient natural and built infrastructure creates  
40 significant climate, disaster, water-security, or economic risks;  
41
- 42 (o) **High-Value Resilience Zones.** Including priority watersheds, headwaters,  
43 floodplains, wetlands, riparian corridors, slopes, coastal ecosystems, and  
44 downstream beneficiary areas;  
45

1 (p) **Nature-Based Solutions Investment Portfolio.** Identifying priority  
2 restoration and resilience interventions, estimated ecological outcomes,  
3 investment requirements, implementation arrangements, and potential sources  
4 of financing;

5  
6 (q) **Early Warning System Network Plan.** Identifying priority locations,  
7 technology requirements, institutional responsibilities, community participation  
8 mechanisms, and interoperability standards; and  
9

10 (r) **Ecosystem-Service Beneficiary Map.** Identifying downstream and adjacent  
11 cities, municipalities, utilities, economic zones, infrastructure operators,  
12 industries, and other sectors materially dependent upon Sierra Madre  
13 ecosystem services.  
14

15 **Sec. 27. Harmonization, Interface, and Integration with Existing Plans.** All  
16 local CLUPs, Regional Development Plans, and other sectoral plans affecting the Sierra  
17 Madre shall be harmonized with the adopted Sierra Madre Master Plan. Affected  
18 agencies and LGUs must coordinate with the Authority when preparing, reviewing, or  
19 revising their plans, incorporating the ecological considerations such as connectivity,  
20 biodiversity, and disaster risk from the Sierra Madre Master Plan. Existing local plans  
21 inconsistent with the Sierra Madre Master Plan shall be reviewed and, to the extent  
22 permitted by law, amended within a reasonable period. This ensures that local  
23 autonomy is exercised in alignment with national environmental objectives and the  
24 duty to protect the Sierra Madre.  
25

## 26 **Article VI** 27 **Enhanced Enforcement Mechanisms** 28

29 **Sec. 28. Sierra Madre Environmental Enforcement System (SMEES).** An  
30 integrated enforcement system is hereby established for the Sierra Madre,  
31 institutionalizing a whole-of-government, whole-of-society approach. The SMEES shall  
32 coordinate national oversight with regional operations and community-based actions  
33 to prevent, detect, and prosecute environmental crimes and illegal resource activities  
34 in the range.  
35

36 **Sec. 29. Structure of SMEES.** The SMEES shall consist of:  
37

38 (a) **National Coordinating Council.** Chaired by DENR, this council provides  
39 strategic command. Members include heads of PNP, AFP, National Bureau of  
40 Investigation (NBI), Department of Justice (DOJ), and Bureau of Customs  
41 (BOC). The council formulates national enforcement strategies, ensures  
42 inter-agency coordination, allocates resources, and issues directives for  
43 operations in the Sierra Madre;

1       **(b) Regional Enforcement Task Forces.** Established in key Sierra Madre  
2       regions, each task force includes DENR field officers, PNP, including maritime  
3       and environmental units, specialized AFP units, and LGU representatives.  
4       These task forces plan and execute joint enforcement raids, intelligence  
5       sharing, and rapid responses to violations within their jurisdictions, guided  
6       by the council's strategies; and

7       **(c) Local Rapid Response Units (LRRUs).** At the barangay or municipality  
8       level, community-based teams are organized composed of forest rangers,  
9       barangay officials, and trained representatives of Indigenous Peoples. LRRUs  
10      act as frontline defenders: monitoring forests, reporting illegal activities, and  
11      conducting initial patrols under the oversight of the regional task forces.

12  
13      **Sec. 30. Anti-Illegal Logging Task Force.** A specialized Anti-Illegal Logging Task  
14      Force (AILTF) is created under the SMEES. This unit focuses on timber syndicates and  
15      trafficking networks. Key activities include: intelligence surveillance to identify culprits;  
16      permanent and mobile checkpoints on logging routes; mobile ground patrols and aerial  
17      reconnaissance of forests; coordination with courts for expedited search warrants; and  
18      maintaining a shared database of offenders, seized logs, and enforcement outcomes.  
19      Successful models like interagency aids have shown that coordinated action is  
20      essential to stop chainsaw mills before they move stolen timber out of the mountains.

21  
22      **Sec. 31. Use of Innovative Technologies and Geospatial Information**  
23      **Systems.** The Authority, in coordination with concerned national government  
24      agencies, LGUs, and enforcement units, shall adopt and utilize modern, science-based,  
25      and innovative technologies to strengthen environmental monitoring, law  
26      enforcement, planning, research, and decision-making within the Sierra Madre  
27      Mountain Range.

28  
29      Such technologies shall include, but not be limited to, remote sensing and Geographic  
30      Information Systems (RS/GIS), satellite-based forest and land cover monitoring with  
31      near real-time alerts, Unmanned Aerial Vehicles (UAVs) or drones, Global Positioning  
32      System (GPS) technologies, automated weather stations (AWS), artificial intelligence-  
33      assisted analytics, and other appropriate digital tools for environmental monitoring,  
34      biodiversity assessment, forest protection, disaster risk reduction and management,  
35      permit verification, evidence gathering, and reporting.

36  
37      The Philippine Space Agency (PhilSA), in coordination with the Authority, the DENR,  
38      and NAMRIA, shall serve as the principal technical partner for space-based Earth  
39      observation under this section. The Authority shall provide the geographic coverage,  
40      Sierra Madre Master Plan zones, no-go areas, ecological corridors, Ecosystem-Service  
41      Catchments, restoration sites, and other monitoring questions required for  
42      implementation. The DENR, NAMRIA, LGUs, PAMBs, and other responsible agencies  
43      shall provide available forest classifications, project boundaries, permits, tenurial  
44      instruments, and other reference data needed to interpret observed change.

45  
46      Using available government, commercial, or open satellite data and appropriate  
47      remote-sensing and geospatial methods, PhilSA shall produce: (a) baseline and time-  
48      series information on forest extent, forest type, tree-cover density, and land cover;

1 (b) change-detection products showing reforestation, forest recovery, deforestation,  
2 degradation, fire scars, and material changes in vegetation condition; and (c) mapped  
3 alerts on new roads, clearings, structures, quarrying or mining footprints, land  
4 conversion, and other observable signs of economic activity or encroachment within  
5 forests, no-go areas, corridors, catchment protection areas, and registered restoration  
6 sites.

7  
8 PhilSA shall transmit to the Authority: (a) quarterly hotspot reports, to the extent  
9 technically feasible, identifying the location, extent, timing, and confidence level of  
10 detected changes and the areas requiring priority verification; and (b) an annual Sierra  
11 Madre Earth Observation Assessment describing forest-cover trends, restoration  
12 progress, recurring degradation hotspots, observed encroachment patterns, data  
13 limitations, and recommended monitoring priorities. The reports and underlying non-  
14 sensitive geospatial layers shall be integrated into the Sierra Madre Data and  
15 Monitoring System in interoperable and machine-readable form.

16  
17 Satellite-derived information shall be used for planning, performance monitoring,  
18 inspection targeting, and enforcement intelligence. A satellite alert or classification  
19 shall not, by itself, establish that an activity is unlawful or identify the person  
20 responsible. The DENR, the relevant LGU or PAMB, the Authority, or another legally  
21 competent body shall validate material alerts through permit checks, higher-resolution  
22 analysis, field inspection, or other evidence before imposing a sanction or taking final  
23 enforcement action. Public disclosure shall protect sensitive ecological information,  
24 Indigenous knowledge, personal data, and information restricted for lawful security or  
25 enforcement purposes.

26  
27 The Authority shall provide for the agreed cost of recurring PhilSA products, data  
28 acquisition, secure storage, and technical integration in its annual budget and inter-  
29 agency program, subject to appropriations and applicable budgeting rules. PhilSA  
30 products shall include confidence levels, cloud or data limitations, and version  
31 information. The DENR and NAMRIA shall retain responsibility for official forest, land-  
32 classification, and base-map records within their respective mandates.

33  
34 All geospatial, environmental, ecological, and monitoring data generated or collected  
35 pursuant to this Act shall be integrated into the Sierra Madre Data and Monitoring  
36 System established under this Act and shall be interoperable with and integrated into  
37 relevant national geospatial and environmental information platforms maintained by  
38 the DENR, the National Mapping and Resource Information Authority (NAMRIA), the  
39 DOST, the Department of Information and Communications Technology (DICT), and  
40 other concerned government agencies, in accordance with existing laws, standards,  
41 and data-sharing protocols.

42  
43 The Authority shall promote data standardization, interoperability, secure information  
44 sharing, and public accessibility of non-sensitive environmental information to support  
45 evidence-based policymaking, coordinated enforcement, environmental planning,  
46 climate resilience, disaster risk reduction and management, and transparency, subject  
47 to applicable laws on data privacy, national security, and access to information.  
48

1 **Sec. 32. Two-Tier Monitoring, Reporting, and Verification System.** The  
2 Authority shall establish a two-tier Monitoring, Reporting and Verification system  
3 consisting of:  
4

5 (a) **Macro-scale monitoring**, utilizing satellite imagery, remote sensing,  
6 GIS, hydrological and climate models, automated sensors, and other  
7 appropriate technologies; and

8 (b) **Community-scale monitoring**, utilizing trained local monitors,  
9 Indigenous Peoples, community organizations, eco-rangers, and other qualified  
10 stakeholders to ground-truth ecological and resilience outcomes.  
11

12 Data generated through community monitoring shall be integrated with the Authority's  
13 official monitoring system subject to validation and applicable data-protection  
14 safeguards.  
15

16 **Sec. 33. Community-Based Enforcement.** Local communities and ICCs/IPs are  
17 recognized as key partners. They may be deputized as Forest Protection Stewards  
18 with authority to report and assist in enforcement, consistent with their rights. They  
19 shall receive training, equipment like GPS and cameras, and incentives such as  
20 livelihood support, and hazard pay to participate. The Government shall provide legal  
21 protection for citizen informants against intimidation, following examples like barangay  
22 forest watch systems.  
23

24 **Sec. 34. Legal Services and Coordination with Environmental Courts.** The  
25 Authority shall establish and maintain a Legal Office, headed by a qualified legal  
26 officer, to provide legal advice and representation in the exercise of its powers and  
27 functions, including the institution or defense of actions, the preparation of legal  
28 opinions, the conduct of administrative proceedings, and the enforcement of this Act  
29 and other applicable environmental laws.  
30

31 The Authority may, when necessary and subject to existing laws, rules, and  
32 regulations, engage the services of retained counsel or other legal experts to assist in  
33 the prosecution or defense of cases involving the Authority or matters affecting the  
34 Sierra Madre Mountain Range, without prejudice to the powers and functions of the  
35 Office of the Solicitor General (OSG) as the principal law office of the Government.  
36

37 The Authority shall closely coordinate with the DOJ, the National Prosecution Service,  
38 the O, law enforcement agencies, and the judiciary, including courts designated to  
39 hear environmental cases under existing laws and rules, to strengthen the  
40 investigation, prosecution, and adjudication of violations of environmental and natural  
41 resources laws affecting the Sierra Madre Mountain Range. The Authority may provide  
42 technical, scientific, and documentary assistance, including expert testimony and other  
43 forms of litigation support, in accordance with applicable laws, rules, and procedures.  
44

**Sec. 35. Resettlement and Relocation.** The Authority shall, in coordination with the DHSUD, concerned local government units (LGUs), the National Housing Authority (NHA), the Department of Social Welfare and Development (DSWD), the NCIP, and other concerned agencies, formulate and implement policies and programs for the humane, orderly, and sustainable resettlement or relocation of qualified occupants within areas covered by this Act, whenever such resettlement or relocation is necessary for environmental protection, disaster risk reduction, public safety, ecosystem restoration, or the implementation of approved management plans.

Any resettlement or relocation undertaken pursuant to this Act shall:

- (a) Be carried out only after adequate consultation with the affected persons and communities, and, where applicable, with the FPIC of ICCs/IPs in accordance with RA 8371, otherwise known as the Indigenous Peoples' Rights Act of 1997;
- (b) Comply with Republic Act No. 7279, otherwise known as the *Urban Development and Housing Act of 1992, as amended, Republic Act No. 7586, as amended by Republic Act No. 11038, and other applicable laws, rules, and regulations*;
- (c) Ensure the provision of adequate relocation sites, access to basic services, livelihood opportunities, and other appropriate social support measures; and
- (d) Respect the rights of legitimate occupants, ICCs/IPs, and other affected stakeholders, and shall not result in arbitrary or forced eviction.

Nothing in this Act shall be construed to authorize the Authority to undertake eviction or demolition except in accordance with existing laws and upon compliance with the requirements of due process.

**Sec. 36. Incentives and Protection for Enforcers.** All personnel engaged in Sierra Madre enforcement, from national, LGU, and deputized community forces, shall receive appropriate incentives and safeguards. This includes hazard pay or risk allowances commensurate with field duties, access to legal and medical assistance, and insurance coverage for injury or death in the line of duty.

## **Article VII**

### **Protection, Conservation, and Sustainable Development Programs**

**Sec. 37. Guiding Principles.** All programs under this Article shall be guided by constitutional and international principles: intergenerational equity, the precautionary and public trust doctrines, and the polluter-pays principle. The Sierra Madre is declared an inviolable ecological zone; its protection is as much a human rights issue as an environmental one.

**Sec. 38. Forest Protection and Management.** The Authority shall enforce strict forest governance:

- 1 (a) **No-logging in Primary Forests.** All logging, road-building for extraction, and  
2 forest conversion in primary old-growth forests are absolutely prohibited. Only  
3 scientifically justified removals like for research or severe pest control may be  
4 allowed by special authority. This reflects findings that even small disturbances  
5 in intact forest can undermine the Sierra Madre's role as storm shield.
- 6 (b) **Criminalization of Illegal Logging.** Illegal logging of any forest within the  
7 Sierra Madre like harvesting, transport, and possession or trade of timber  
8 without proper permit, shall be punished by severe penalties: imprisonment of  
9 six (6) to twelve (12) years; fines from ₱1,000,000 to ₱10,000,000; forfeiture  
10 of equipment and vehicles used; and permanent disqualification from public  
11 office if the offender is an official. These penalties are without prejudice to  
12 penalties under Republic Act No. 9175 or the Illegal Logging Act.
- 13
- 14 (c) **Sierra Madre Forest Protection Corps.** The Authority shall organize a  
15 special Forest Protection Corps, trained and deputized to work with the PNP  
16 and AFP in forest patrols and enforcement. This corps will carry out joint  
17 operations, establish rapid response teams, and assist in disaster monitoring.  
18 Their creation addresses gaps in manpower and ensures forest protection is  
19 sustained.
- 20
- 21 (d) **Technology-Assisted Monitoring.** Mandatory use of satellite imagery,  
22 drone surveillance, and artificial intelligence (AI)-assisted forest analytics shall  
23 be integrated into enforcement. Real-time alerts shall trigger patrols. A public  
24 website or dashboard may be established so communities and NGOs can also  
25 monitor alerts, similar to citizen science platforms.
- 26
- 27 (e) **Restoration Obligation.** Any individual, company, or government entity  
28 found responsible for forest destruction, through illegal logging or conversion,  
29 shall be ordered to undertake full ecological restoration of the affected area at  
30 their own expense. Restoration standards shall achieve ecological equivalence,  
31 specifically similar forest structure and species diversity, and be supervised by  
32 the Authority and DENR. Failure to restore shall be an additional offense, liable  
33 to fines or injunctions.
- 34

35 **Sec. 39. Biodiversity Conservation.** To safeguard endemic and endangered  
36 species:

37

- 38 a. All hunting, capture, killing, or trade of threatened and or endemic species is  
39 strictly prohibited.
- 40 b. Violators shall face imprisonment of six (6) to ten (10) years and fines of  
41 ₱500,000 to ₱5,000,000. Corporate offenders may have licenses revoked and  
42 be blacklisted. These penalties are in addition to those under the Wildlife Act  
43 or RA 9147.
- 44 c. The Authority shall establish wildlife rescue and rehabilitation centers in or  
45 near the Sierra Madre, for injured or confiscated animals and exotics, and  
46 encourage captive breeding of critically endangered species.

- 1 d. **Critical habitat designation.** Key habitats such as breeding grounds,  
2 nesting sites, spawning rivers, among others, not already in PAs shall be  
3 designated as critical and strictly protected.
- 4 e. **Ecological corridors.** The Authority will, in coordination with DENR, formally  
5 establish corridors identified in the Sierra Madre Master Plan and enforce no-  
6 development buffers along them, recognizing that species from the famed  
7 Philippine Eagle to lowland fishes rely on such connectivity.
- 8 f. **Liability for Biodiversity Damage.** Parties causing loss of biodiversity  
9 including habitat destruction or pollution, shall be liable for ecological  
10 damages.
- 11

12 Compensation shall at minimum cover full restoration costs and the value of lost  
13 ecosystem services, as determined by scientific assessment, consistent with  
14 watershed valuation studies.

15

16 **Sec. 40. Strict Regulation of Mining, Quarrying, and Other Extractive**  
17 **Activities.** All commercial and non-commercial extractive activities within the Sierra  
18 Madre Mountain Range shall be subject to the highest standards of environmental  
19 protection and sustainable resource management, without prejudice to the powers of  
20 the DENR under existing laws.

21

- 22 (a) **Commercial and Non-Commercial Extractive Activities.** Commercial  
23 mining, quarrying, sand and gravel extraction, earth extraction, and other  
24 extractive activities undertaken for profit or commercial purposes shall be  
25 subject to the requirements of this Act and all applicable environmental,  
26 mining, and natural resources laws. Non-commercial extraction of minerals,  
27 sand, gravel, rocks, and other naturally occurring materials intended solely for  
28 personal, household, subsistence, cultural, or community use, and not for sale  
29 or commercial distribution, may be allowed only in areas not otherwise  
30 prohibited by law and subject to such rules, limitations, and safeguards as may  
31 be prescribed by the Authority, in coordination with the DENR and concerned  
32 LGUs.
- 33

- 34 (b) **Landscape-Scale and Cumulative Impacts under the Philippine EIS**  
35 **System.** For all proposed commercial extractive projects covered by the  
36 Philippine Environmental Impact Statement (EIS) System, the DENR or the  
37 EMB shall ensure that the environmental impact assessment, at the level of  
38 detail appropriate to the project and site, evaluates the direct, indirect,  
39 induced, cumulative, and long-term environmental, social, and economic  
40 impacts of the proposed activity on forest ecosystems, watersheds,  
41 biodiversity, ecological connectivity, climate and disaster resilience, ecosystem  
42 services, indigenous cultural communities, and affected local communities.
- 43

44 The Authority shall transmit to the DENR or the EMB the applicable Sierra Madre  
45 Master Plan maps, ecological limits, management zones, corridor and  
46 catchment data, carrying-capacity information, and adopted scientific  
47 standards, and may participate as a resource agency in scoping and technical  
48 review. The DENR or the EMB shall retain responsibility for EIA scoping, impact

assessment, public participation, technical review, and the ECC decision. No separate Cumulative Environmental Impact Assessment or Authority-issued ecological impact clearance shall be required under this Act.

(c) **Strict Liability.** Operators of commercial extractive industries shall be held strictly liable, regardless of fault or negligence, for any environmental damage, habitat degradation, pollution, or loss of biodiversity resulting from their activities, without prejudice to applicable civil, criminal, and administrative liabilities under existing laws.

(d) **Rehabilitation and Environmental Guarantee Fund.** No commercial mining or quarry permit shall be issued without proof of a Rehabilitation and Environmental Guarantee Fund, rehabilitation bond, or equivalent financial security sufficient to cover the full cost of site restoration, environmental remediation, and post-closure monitoring, as determined by the DENR and the Authority. Such fund or bond shall be maintained throughout the life of the project and may be forfeited or utilized by the government should the operator fail to undertake the required rehabilitation.

(e) **Suspension and Revocation.** Any commercial extractive operation that causes significant environmental damage, violates the terms and conditions of its ECC, permit, or other environmental authorization, or poses an imminent threat to public health, public safety, or ecological integrity shall be subject to the immediate suspension or revocation of its permit, without prejudice to the imposition of other administrative, civil, or criminal sanctions provided by law.

(f) **Penalties.** Any person, corporation, partnership, association, government-owned or controlled corporation, or public official found guilty of violating this Section shall, in addition to any penalties provided under existing environmental and mining laws, suffer imprisonment of eight (8) years to fifteen (15) years, a fine of Five Million Pesos (₱5,000,000.00) to Fifty Million Pesos (₱50,000,000.00), and the mandatory closure of the commercial extractive operation. Where the offender is a juridical entity, the responsible officers shall be held personally liable, without prejudice to the suspension or revocation of the entity's permits, licenses, or authority to operate in accordance with law.

**Sec. 41. Protected Area Expansion.** The Authority shall work with DENR, LGUs, and Indigenous communities to identify additional areas for formal protection under the NIPAS. This includes:

- a. Recommending new protected areas to Congress for inclusion in E-NIPAS, especially areas that complete ecological corridors or buffer existing parks;
- b. Recognizing ICCAs. Formally recognizing ICCAs within ancestral domains, granting them legal protection equivalent to PAs under IPRA (RA 8371) and strengthening community rights to manage these areas;
- c. Designating buffer zones around core reserves, regulated by local ordinances, to minimize edge effects; and

- d. Regulating ecotourism by carrying-capacity. The Authority shall set maximum visitor limits, require permits, and enforce standards like waste management, to ensure tourism is truly sustainable.

**Sec. 42. Ecosystem Restoration and Rehabilitation.** The Authority shall launch science-based restoration programs:

- a. ***Native Species Restoration.*** All restoration must use indigenous tree species suited to local ecology. Exotic plantation forests are discouraged in protection zones.
- b. ***Assisted Natural Regeneration (ANR).*** Where feasible, priority will be given to ANR techniques like fencing, weeding, enrichment planting, among others, as a cost-effective way to recover degraded forests naturally.
- c. ***Agroforestry and Landscape Re-greening.*** Promote agroforestry like integrating trees with crops or livestock on denuded lands to restore soil and provide livelihoods. Support farmers with training, seedlings, and market access for agroforestry products such as coffee, fruit, rattan, among others.
- d. ***Liability for Restoration.*** Entities such as companies, communities, and government, failing to meet court- or Authority-ordered restoration shall be fined and potentially blacklisted from future projects, similar to environmental compliance penalties under RA 9275 or Clean Water Act and RA 9003, Solid Waste Act.

**Sec. 43. Ecosystem Connectivity and Fragmentation.** The fragmentation of habitats undermines biodiversity and ecosystem services, and violates the State's duty under Article II, Section 16. The Authority shall implement the following measures to preserve and restore connectivity:

- a. ***Biodiversity Corridors.*** Identify and formally establish wildlife corridors such as connecting forest fragments, riparian zones, and elevational gradients, among others as protected areas. These corridors shall be managed to allow species migration and climate-driven range shifts. The Authority shall coordinate their integration into local land use plans.
- b. ***Avoidance and Infrastructure Planning.*** All proponents shall demonstrate avoidance of core forests, critical habitats, corridors, riparian systems, and irreplaceable ecosystems. Require that all new infrastructure such as roads, bridges, and power lines in the Sierra Madre be planned to avoid habitat fragmentation. Projects that would bisect core forests or corridors are prohibited unless absolutely unavoidable for overriding public interest. If no alternative exists, the proponent shall minimize harm and fully restore the affected ecosystem and service flows, including through wildlife crossings and habitat restoration. Prohibited or irreversible harm shall not be approved or offset. Departments like DPWH must submit proof of compliance like corridor gap analyses before project approval.

- 1 c. **Conformity with the Sierra Madre Master Plan.** No conversion of land or  
2 fragmenting project within the Sierra Madre shall receive final approval without  
3 a Sierra Madre Master Plan Conformity Certificate issued by the Authority. The  
4 Authority shall determine only whether the proposed location, land use, and  
5 development footprint conform with the applicable management zone,  
6 ecological limits, no-go areas, biodiversity corridors, watershed and catchment  
7 protections, permitted and prohibited uses, and development standards  
8 established by the Sierra Madre Master Plan and this Act. The Authority shall  
9 deny the certificate if irreversible fragmentation is likely.
- 10
- 11 d. **The Authority shall not conduct a separate environmental impact**  
12 **assessment, prescribe an environmental management plan,**  
13 **determine the environmental acceptability of the project, or issue an**  
14 **Ecological Impact Clearance.** Assessment of direct, indirect, induced,  
15 cumulative, and long-term project impacts; alternatives; avoidance, mitigation,  
16 and rehabilitation measures; public participation; technical review; and the ECC  
17 decision shall remain with the DENR or the EMB under the Philippine EIS  
18 System. The Authority shall transmit the certificate, applicable maps,  
19 standards, and written findings directly to the DENR or the EMB and other  
20 concerned agencies.
- 21 (f) **Strict Liability and Environmental Cost.** Any person or entity causing  
22 habitat fragmentation or corridor destruction shall be held strictly liable for the  
23 full restoration cost, interim public loss, continuing monitoring, and  
24 independent verification. Upon conviction, penalties include six (6) to twelve  
25 (12) years imprisonment and fines of ₱1,000,000 to ₱15,000,000, plus  
26 mandatory ecosystem restoration at full cost, including a multi-year monitoring  
27 plan. Permits and licenses of offending projects shall be suspended or revoked,  
28 without prejudice to higher penalties under existing environmental laws. The  
29 Authority shall assess such costs through an approved methodology and may  
30 require a performance bond, escrow, or other financial assurance sufficient to  
31 cover nonperformance and reversal.
- 32
- 33 (g) **Restoration and Rehabilitation of Fragmented Ecosystems.** The  
34 Authority shall implement corridor restoration projects: reforesting deforested  
35 buffers, removing barriers including old roads and fences, where possible, and  
36 rehabilitating streams. All LGUs in the Sierra Madre must integrate these  
37 corridors and connectivity goals into their CLUPs and ordinances, subject to  
38 Authority review. The responsible proponent shall restore the impacted site and  
39 affected area under an approved plan. Where the Authority determines that  
40 qualified third-party delivery will achieve more effective recovery, the  
41 proponent may finance a registered nature-project developer operating in the  
42 affected area, and payments shall be released only upon independently verified  
43 milestones and results. A proponent undertaking restoration itself shall be  
44 subject to the same registration, monitoring, disclosure, verification, and  
45 nonperformance rules. Restoration under this subsection shall not generate  
46 compensatory credits usable against unrelated harm.
- 47

- 1 (h) **Citizen Enforcement.** Any citizen may petition for enforcement of this  
2 connectivity provision, including through environmental legal remedies like Writ  
3 of Kalikasan and continuing mandamus, consistent with prevailing  
4 environmental laws. Citizen suits to stop fragmenting projects shall be  
5 encouraged, and environmental courts shall expedite such cases.  
6

7 **Sec. 44. Sustainable Livelihood and Economic Development.** The Authority  
8 shall foster green rural economies, an economic system in non-urban areas that is  
9 low-carbon, resource-efficient, and socially inclusive:

- 10 a. **Agroforestry and Non-Timber Enterprises.** Encourage agroforestry  
11 including coffee, cacao, fruit trees under canopy, to boost farm income while  
12 restoring forests, and develop community enterprises for sustainable non-  
13 timber forest products such as rattan, honey, pandan, and medicinal plants.  
14  
15 b. **Eco-Tourism and Cultural Heritage.** Promote eco-tourism like trekking,  
16 birdwatching, and cultural tourism in a manner that respects carrying capacities  
17 and benefits local communities. Develop tourism zones in peripheral areas,  
18 outside strict zones, with strict guidelines and visitor limits.  
19  
20 c. **Community Participation in the Sierra Madre Nature Credit System.**  
21 Assist upland communities, Indigenous Peoples, and lawful tenure holders to  
22 participate as registered nature-project developers under Section 65, so that  
23 watershed protection, afforestation, and erosion-control outcomes they deliver  
24 are independently verified, issued as Sierra Madre Nature Credits, and paid for  
25 by the downstream water utilities, irrigation districts, and other Covered  
26 Enterprises that depend on those services.  
27  
28 d. **Support to ICCs/IPs and Communities.** Give priority technical and  
29 financial assistance to ICCs/IPs and upland farmers to implement these  
30 programs, recognizing their role as custodians of the Sierra Madre.  
31

32 **Sec. 45. Ecologically Compatible and Climate-Resilient Infrastructure.** All  
33 infrastructure proposed within or materially affecting the Sierra Madre shall comply  
34 with the Sierra Madre Master Plan, applicable ecological limits, the avoidance  
35 hierarchy, and strict environmental and climate standards:  
36

- 37 a. Projects must undergo the rigorous EIA process under the Philippine EIS  
38 System and secure a Sierra Madre Master Plan Conformity Certificate  
39 confirming that the proposed location, land use, and development footprint  
40 conform with the Sierra Madre Master Plan, incorporating green design like  
41 bioengineering, and energy efficiency.  
42 b. Any project causing prohibited harm or irreversible ecological damage to an  
43 irreplaceable ecosystem, including clearcutting of critical forest and  
44 destruction of coral reefs, is prohibited. Lawfully unavoidable damage shall  
45 create a direct duty to restore the affected ecosystem and service flows, in  
46 addition to all ECC conditions, and environmental cost shall include ecological  
47 loss, full restoration cost, and interim public loss.

- c. All proposals must include a Climate Risk and Adaptation Assessment (CRA) to ensure infrastructure is climate-proof like flood-proof bridges and slope stabilization for roads.
- d. All proponents shall provide the restoration, monitoring, and financial assurance required by the ECC, this Act, and other applicable laws before final project approval, procurement, or funding.

The Sierra Madre Master Plan Conformity Certificate shall not constitute an EIA or ECC. The Authority shall provide its official maps, ecological limits, corridor and catchment data, and adopted standards to the DENR or the EMB, but the DENR or the EMB shall independently conduct the environmental review and determine whether to issue, condition, or deny the ECC.

Restoration may be undertaken by the proponent under continuing monitoring and independent verification or, when approved by the Authority, by a registered nature-project developer in the affected area. Third-party payment shall be results-based and shall not discharge the proponent until verified restoration outcomes are delivered and maintained. The purchase or retirement of unrelated Sierra Madre Nature Credits shall not substitute for this duty.

**Sec. 46. Research, Innovation, and Knowledge Systems.** The Authority shall promote an evidence-based management culture:

- a. **Research Partnerships.** Forge partnerships with academic institutions, research institutes, and NGOs to conduct biodiversity surveys, climate vulnerability studies, and pilot projects on restoration or eco-techniques. Encourage joint fact-finding missions in high-risk sites.
- b. **Centralized Ecological Database.** Expand the data system (Sec. 6(h)) into an open-access portal where researchers and planners can access environmental data such as species lists, deforestation rates, and climate data.
- c. **Indigenous and Local Knowledge.** Integrate scientific research with indigenous knowledge systems. Support documentation of traditional forest management practices and ancestral narratives, and incorporate them into adaptation strategies.

**Sec. 47. Citizen Suits and Accountability.** To strengthen enforcement:

- (a) **Citizen Suits.** Any Filipino, including future generations, may sue to enforce any provision of this Act. This includes filing Writs of Kalikasan for massive environmental damage and continuing mandamus, to compel agencies to act.
- (b) **Public Officer Liability.** Any government official who willfully fails to implement this Act or grossly neglects the Sierra Madre shall be administratively, civilly, and criminally liable. This includes failing to coordinate with the Authority, issuing contrary permits, or conspiring with violators.

1 **Sec. 48. Harmonization with Other Laws.** This Article shall be implemented in  
2 harmony with existing environmental laws such as PD 705, RA 9175, RA 9147, RA  
3 11038, among others. In case of conflicting standards, the most stringent provision  
4 for environmental protection shall prevail.  
5

6 **Article VIII**  
7 **Integration of Protected Areas**  
8

9 **Sec. 49. Sierra Madre Protected Area Network (SMPAN).** All protected areas,  
10 protected landscapes and seascapes, critical habitats, and other conservation areas  
11 within the Sierra Madre Mountain Range shall be managed as an integrated Sierra  
12 Madre Protected Area Network (SMPAN) under a landscape-scale conservation  
13 approach to strengthen ecological connectivity, biodiversity conservation, and climate  
14 resilience. The management regime for the Network shall promote the  
15 interconnectivity of ecological corridors among protected areas and other key  
16 biodiversity areas to ensure the long-term ecological integrity of the Sierra Madre  
17 Mountain Range. Coordinated planning, zoning, monitoring, and enforcement shall be  
18 undertaken to prevent conservation leakage and to enhance the effectiveness of  
19 protected area management.  
20

21 In particular:

22 (a) The Authority, in coordination with the DENR-Biodiversity Management  
23 Bureau (BMB), DENR-Regional Offices (2, 3, and 4-A), PAMBs, concerned  
24 local government units, ICCs/IPs, and other stakeholders, shall establish,  
25 restore, and maintain a network of ecological corridors linking fragmented  
26 protected areas and other critical habitats to facilitate wildlife movement,  
27 gene flow, and climate-induced species migration, including those of  
28 threatened and endemic species such as the Philippine Eagle; and  
29

30 (b) The Authority shall utilize geospatial technologies, biodiversity  
31 assessments, and scientific data to identify ecological bottlenecks and  
32 habitat fragmentation between the northern, central, and southern Sierra  
33 Madre ranges, and shall prioritize the restoration and reconnection of these  
34 ecological corridors through appropriate conservation and habitat  
35 restoration measures.  
36

37 **Sec. 50. Role of Protected Area Management Boards (PAMBs).** Existing PAMBs  
38 remain the primary site managers of their respective PAs. The Authority and the  
39 PAMBs shall harmonize their management plans and health indicators with the existing  
40 set standards. The Authority shall provide technical support and standardize metrics  
41 to measure conservation success uniformly across SMPAN.  
42

43 **Sec. 51. Recognition of Local Conservation Areas.** The Authority shall work to  
44 formally integrate non-legislated Local Conservation Areas (LCAs) and Other Effective  
45 Area-Based Conservation Measures (OECMs) into the broader network. This includes:  
46

- 1 (a) **Pathway to Protected Areas under NIPAS.** Facilitating proposals for LCAs,  
2 managed by LGUs or ICCs/IPs, to be incorporated into the protected areas  
3 under NIPAS, providing technical and legal support.  
4 (b) **Legal Protection of Community Forests.** Grant legal protection to  
5 community-managed forests as buffer zones around core PAs, recognizing  
6 their role in stopping encroachment and invasive species.  
7

8 **Sec. 52. Unified Management and Monitoring Protocol.** The Authority shall, in  
9 coordination with the DENR, the BMB, PAMBs, and other concerned agencies, establish  
10 and maintain a unified management and monitoring protocol for all areas within the  
11 SMPAN to promote standardized data collection, interoperability, evidence-based  
12 decision-making, and coordinated enforcement.  
13

14 The Protocol shall include, but not be limited to, the following:  
15

- 16 (a) The establishment of a Sierra Madre Integrated Environmental Information  
17 System, which may include a Sierra Madre Digital Twin or other appropriate  
18 geospatial and digital technologies, as a centralized platform integrating  
19 available ecological, biodiversity, climate, hydrological, carbon, land use,  
20 and environmental threat data from protected areas and other conservation  
21 sites within the Network;  
22  
23 (b) The adoption and integration of existing and future government-approved  
24 biodiversity and protected area monitoring systems and technologies,  
25 including, where appropriate, the Spatial Monitoring and Reporting Tool  
26 (SMART), Protected Area Information System (PAIS), Biodiversity  
27 Monitoring System (BMS), ArcGIS, and other comparable platforms, to  
28 facilitate patrol planning, biodiversity monitoring, incident reporting,  
29 geospatial analysis, and information sharing among the Authority, DENR,  
30 PAMBs, law enforcement agencies, and other concerned stakeholders; and  
31  
32 (c) The development of interoperable standards and protocols for data  
33 collection, validation, storage, analysis, and sharing to ensure  
34 transparency, synchronized monitoring and enforcement, and the effective  
35 management of ecological corridors and protected areas across the Sierra  
36 Madre Mountain Range;  
37  
38 (d) **Ecosystem and Sector Accounts.** The integration of ecosystem extent,  
39 condition, service-supply, service-use, beneficiary, sector-dependency,  
40 economic-contribution, avoided-loss, degradation, and restoration  
41 accounts prepared in coordination with the PSA, the DENR, and other  
42 responsible agencies under Republic Act No. 11995;  
43

- 1 (e) **Sierra Madre Nature Credit Registry.** A publicly accessible registry of  
2 registered developers and projects, lawful tenure or rights-holder consent,  
3 baselines, approved methodologies, validation and verification reports,  
4 issued, transferred, and retired Sierra Madre Nature Credits, Covered  
5 Enterprises, Nature Credit Purchase Obligation assessments, Nature Credit  
6 Compliance Clearances, restoration orders, payments, benefit allocation,  
7 reversals, and enforcement actions;  
8  
9 (f) **Integrity and Access.** Unique serial numbers, controls against double  
10 issuance and double claiming, independent registry audit, secure  
11 interoperability with relevant government systems, and lawful safeguards  
12 for personal data, sensitive ecological information, and Indigenous  
13 knowledge;  
14  
15 (g) **Public Dashboard.** Watershed- and corridor-level disclosure of baselines,  
16 targets, ecological condition, service delivery, obligated demand, capital  
17 mobilized, restoration performance, and revenues allocated under tenurial  
18 and stewardship arrangements; and  
19  
20 (h) **Data Governance and Cybersecurity.** The Authority shall adopt data-  
21 classification, access-control, retention, correction, breach-notification,  
22 business-continuity, and cybersecurity rules consistent with Republic Act  
23 No. 10173 and applicable government security standards. Public disclosure  
24 shall not reveal personal data, trade secrets, sensitive locations of  
25 threatened species, protected Indigenous knowledge, or information  
26 whose release would create a material enforcement or security risk. A  
27 person affected by an enterprise or project record shall have a documented  
28 procedure to seek correction without altering the audit trail.  
29

30 These measures shall promote data-driven conservation, strengthen inter-agency  
31 coordination, and prevent localized management gaps from undermining the  
32 ecological integrity of the Sierra Madre Protected Area Network.  
33

## 34 **Article IX**

### 35 **Penal Provisions and Administrative Sanctions**

36  
37 **Sec. 53. Violations of Unified Protocol.** Any person or entity found guilty of  
38 violating the zoning or protection protocols established by this Act such a illegal  
39 occupancy of strict zones and bypassing corridors, shall be liable for:  
40

- 41 a. A restoration fine of ₱500,000 to ₱10,000,000 per violation, depending on  
42 severity. In cases involving primary forests or critical habitats, the maximum  
43 fine shall accrue daily until restoration begins.  
44  
45 b. Mandatory execution of an Authority-approved restoration plan to achieve  
46 ecological equivalence in the damaged area, supervised by the Authority and  
47 the relevant PAMB.  
48

**Sec. 54. Liability of Public Officials.** Any public official or employee who willfully fails to enforce the protocols required under this Act, including ignoring monitoring data or approving illegal permits, commits gross neglect of duty or grave misconduct, shall be liable in accordance with the following procedures:

With respect to the Administrator, the Board may exercise disciplinary authority, including removal for cause, upon a majority vote of the members of the Board who actually took part in the investigation and deliberation, consistent with Republic Act No. 10149 and subject to existing Civil Service laws, rules and regulations.

With respect to other officials and employees of the Authority, disciplinary proceedings shall be conducted in accordance with the Civil Service rules on administrative cases.

**Sec. 55. Obstruction of Scientific Monitoring.** Any person who willfully damages, tampers with, or obstructs forest monitoring equipment such as satellite cameras, LiDAR stations, and telemetry collars, shall face one (1) to three (3) years imprisonment and a ₱1,000,000 fine, plus civil liability for replacing the equipment.

**Sec. 56. Strategic Lawsuits Against Public Participation (SLAPP).** Any lawsuit filed with the intent to harass or intimidate persons enforcing this Act, including environmental defenders and officials, shall be declared a SLAPP. Such suits must be dismissed outright, and the defendant shall recover double damages plus attorney's fees from the filer. This encourages public participation and protects citizens' right to petition for environmental protection.

**Sec. 57. Graduated Penalty Escalation Matrix.** In addition to specific penalties provided in this Act and existing environmental laws, violations shall be subject to a graduated penalty system based on (1) severity of environmental damage, (2) scale of operation, (3) presence of aggravating circumstances, and (4) repetition of offense:

**(a) Classification of Violations**

1. **Minor Violations** – procedural or first-time infractions with minimal ecological impact;
2. **Major Violations** – activities causing measurable environmental degradation such as forest clearing and pollution discharge;
3. **Grave Violations** – large-scale, organized, or irreversible damage such as destruction of primary forest, critical habitats, or watersheds.

**(b) Escalation of Penalties**

1. **First Offense:** Base penalty under this Act;
2. **Second Offense:** Fine increased by 100% and imprisonment increased by one (1) to two (2) years;
3. **Third and Subsequent Offenses:** Fine increased by 200%, maximum imprisonment imposed, and permanent disqualification from engaging in any activity within the Sierra Madre.

**(c) Aggravating Circumstances, warranting maximum penalties**

1. Commission by a syndicate or corporation;

2. Involvement of public officials or abuse of authority;
3. Occurrence within Strict Protection Zones or critical habitats;
4. Use of heavy equipment or destructive technology; and
5. Obstruction of enforcement or destruction of evidence.

**(d) Corporate Liability.** Corporate officers who knowingly allowed or failed to prevent violations shall be held solidarily liable. Penalties include license revocation, blacklisting from government contracts, and forfeiture of assets used in the commission of the offense.

**(e) Daily Accrual of Fines.** For continuing violations, fines shall accrue daily until full cessation and commencement of restoration, as certified by the Authority.

## **Article X**

### **Police and Enforcement Powers; Immunity and Indemnification**

**Sec. 58. Police and Enforcement Powers.** In the exercise of its police and enforcement powers under this Act, the Authority shall coordinate with and may deputize or enlist, subject to existing laws, rules, and regulations, the Armed Forces of the Philippines (AFP), as frontliners in the performance of public safety, security, environmental protection, and law enforcement functions within the Sierra Madre Mountain Range.

The Authority may likewise request the assistance of the Philippine National Police (PNP), the National Bureau of Investigation (NBI), the Department of Environment and Natural Resources (DENR), local government units (LGUs), and other concerned government agencies, which shall, to the extent permitted by law, extend the necessary assistance in the implementation and enforcement of this Act.

Subject to existing budgeting, accounting, and auditing laws, rules, and regulations, a portion of the fees, charges, fines, and other revenues collected by the Authority, as may be determined by the Board, may be allocated to the AFP for the utilization of personnel and the acquisition, operation, and maintenance of equipment, assets, and other resources necessary for the effective enforcement of this Act within the Sierra Madre Mountain Range.

Consistent with the continuing protection, conservation, rehabilitation, management, and maintenance of the Sierra Madre Mountain Range, the AFP shall likewise coordinate with the PNP for the effective implementation and enforcement of this Act.

**Sec. 59. Protection from Personal Liability.** The members of the Board of Directors, the Administrator, officers, and employees of the Authority, including the AFP and PNP personnel assigned to exercise police and enforcement powers under this Act, shall not be held personally liable for any civil, criminal, or administrative action arising from any act performed or omitted in the lawful exercise of their official duties and functions, unless such act or omission is attended by willful misconduct, evident bad faith, gross negligence, or is otherwise contrary to law.

**Sec. 60. Indemnification and Legal Assistance.** The Authority shall indemnify the members of the Board of Directors, the Administrator, officers, employees, and the AFP and PNP personnel assigned to exercise police and enforcement powers under this Act against any liability, loss, claim, demand, damage, deficiency, cost, or expense arising from the lawful performance of their official duties and functions, unless such liability results from willful misconduct, evident bad faith, gross negligence, or a willful violation of this Act or other applicable laws.

The Authority shall provide legal representation or legal assistance and may advance reasonable litigation costs and expenses, including attorney's fees and other necessary legal expenses, subject to existing budgeting, accounting, and auditing laws, rules, and regulations, to the members of the Board of Directors, the Administrator, officers, employees, and the AFP and PNP personnel assigned to exercise police and enforcement powers under this Act in connection with any civil, criminal, administrative, or other action or proceeding instituted against them by reason of, or in connection with, the exercise of their powers or the performance of their duties under this Act.

The legal protection provided under this section shall not apply to any action or proceeding initiated by the Authority against any member of the Board of Directors, the Administrator, officer, employee, or assigned enforcement personnel for acts committed in violation of this Act or other applicable laws.

Any member of the Board of Directors, the Administrator, officer, employee, or assigned enforcement personnel who resigns, retires, transfers to another government agency, or is otherwise separated from the service shall continue to be entitled to the legal protection and indemnification provided under this section with respect to acts or omissions performed in good faith during his or her tenure with the Authority.

In the event of a settlement or compromise, indemnification shall be limited to matters covered by such settlement or compromise upon the written advice of legal counsel that the person seeking indemnification did not commit willful misconduct, evident bad faith, or gross negligence.

The Authority may advance the costs and expenses incurred in defending any action or proceeding upon receipt of a written undertaking by, or on behalf of, the person concerned to reimburse the Authority should it be finally determined by a court of competent jurisdiction or other competent authority that such person is not entitled to indemnification under this Act.

## **Article XI**

### **Indigenous Peoples' Participation and Global Standards**

**Sec. 61. Recognition of Rights and Customary Governance.** The State reaffirms full recognition of ICCs/IPs' rights over their Ancestral Domains within the Sierra Madre.

Customary laws and practices of ICCs/IPs shall be respected and integrated into management plans. Tribal communities may exercise their customary governance and enforcement, provided they align with the objectives of this Act and respect agreed conservation standards.

**Sec. 62. Co-Management and Self-Determination.** ICCs/IPs shall be partners and co-managers of conservation in their territories. The Authority shall formally recognize ICCAs as management zones, where indigenous institutions lead conservation efforts with support from government agencies. This co-management shall be consistent with IPRA, ensuring autonomy and benefit-sharing.

**Sec. 63. Adoption of Global Conservation Standards.** The Authority shall implement adaptive, landscape-level governance in accordance with international best practices:

1. **Landscape-Level Governance.** Policies and management shall transcend administrative boundaries, focusing on ecological units;
2. **Ridge-to-Reef (R2R) Management.** Emphasize hydrological linkages. Upland forest protection shall be coordinated with coastal and fisheries management, recognizing the Sierra Madre's role in watershed regulation and marine ecosystem health;
3. **Adaptive Management.** The Authority shall periodically review policies using the latest science like climate projections and biodiversity assessments, and adjust strategies accordingly; and
4. **Nature-Based Solutions (NbS).** Priority shall be given to ecosystem-based adaptation and mitigation such as restoration to prevent floods and mangrove restoration for storm buffering. The Authority shall draw lessons from global examples where NbS have effectively enhanced resilience.

NbS investment shall be guided by the principle that natural infrastructure should be evaluated as a functional component of disaster-risk reduction and water-security infrastructure, and not merely as an environmental or conservation activity.

## **Article XII**

### **Financing Mechanisms and Incentives**

**Sec. 64. Sierra Madre Fund.** A special Sierra Madre Fund is created, managed by the Authority, solely to finance its statutory public-good and market-governance functions under this Act, including ecosystem accounting; preparation and review of the Sierra Madre Master Plan; scientific research and public data; methodology and safeguards development; operation and security of the Registry; independent audits; market-integrity supervision; monitoring and enforcement systems; public consultation; and training, standard tools, and general capacity support offered on equal terms to Indigenous Peoples, communities, lawful tenure holders, project developers, investors, and Covered Enterprises. Initial capitalization and sources include:

1. Annual appropriations from the national budget;

2. Ten percent (10%) of environmental charges or fees collected by LGUs within the Sierra Madre such as, but not limited to restoration fees and watershed charges;
3. Penalties, forfeitures, and restoration recoveries when lawfully assigned to the Fund;
4. Grants, donations, and technical-assistance funds from local and international agencies or partners, restricted to the non-project purposes stated in this section;
5. Net income of the Authority lawfully transferred after providing for approved operating costs and reserves; and
6. Other lawful non-project sources. Fees and the Market Administration Charge collected under Section 10 shall first be recorded as corporate operating revenue of the Authority and shall not automatically accrue to the Fund.

The Fund shall not originate, design, develop, construct, implement, own, operate, manage, finance, invest in, underwrite, or guarantee a project eligible or expected to seek registration, Sierra Madre Nature Credits, a Sierra Madre Master Plan Conformity Certificate, or another Authority decision. It shall not acquire an ownership, revenue, repayment, security, or credit interest in such a project. A grant received by the Authority may be used for standards, accounts, public data, Registry infrastructure, safeguards, training, or other non-project functions authorized by this section. Project-specific grants or investments shall be made directly by the donor or financier to an eligible proponent, or administered by another legally competent and operationally independent institution, and shall not pass through the Authority's project-selection or credit-issuance functions.

Private payments for Sierra Madre Nature Credits shall be transmitted through an approved settlement or escrow arrangement directly to the lawful credit owner, registered developer, and other entitled parties in accordance with the Registry and applicable tenurial instruments. Such payments shall not accrue to the Fund except for an expressly disclosed fee or Market Administration Charge authorized by Section 10.

No expenditure shall be released without an identified baseline, target, responsible entity, delivery schedule, and verification method. All expenditures from the Fund shall be audited and subject to transparency rules, and all public funds shall remain subject to COA audit, government accounting, procurement, and disclosure laws.

#### **Sec. 65. Sierra Madre Nature Credit System and Conservation Incentives.**

There is hereby established a compliance-enabled system through which eligible protection, restoration, and long-term stewardship results within the Sierra Madre Mountain Range are independently verified, issued as Sierra Madre Nature Credits, purchased by Covered Enterprises, and retired to satisfy Nature Credit Purchase Obligations.

Sierra Madre Nature Credits may represent independently verified ecological and climate-resilience outcomes, including watershed protection, flood attenuation, landslide-risk reduction, sediment retention, water-security improvement, restoration of wetlands and riparian systems, ecological restoration, avoided degradation, biodiversity conservation, ecological connectivity, and qualifying Early Warning System services.

A Nature Credit representing a resilience outcome shall specify the measurable outcome, geographic area or Ecosystem-Service Catchment, baseline, methodology, duration, beneficiaries, monitoring requirements, verification requirements, and applicable safeguards.

Resilience-related Nature Credits shall not be interchangeable with credits representing a different ecosystem service unless an approved methodology establishes equivalence for the same service flow, beneficiary group, geographic area, and compliance purpose.

a. **Promotion Branding.** Private investors who finance Sierra Madre conservation such as restoration projects, corridor restoration, and sustainable agroforestry, shall be eligible for income tax credits of up to 50% of their investment. This is to encourage corporate stewardship of the landscape.

b. **Ecosystem-Service Catchments and Covered Enterprises.** For each material ecosystem service, the Authority shall delineate the Ecosystem-Service Catchment and publish a map and beneficiary schedule identifying the cities, municipalities, economic zones, industrial estates, utility service areas, and other locations that receive or depend on that service. The Authority shall use these maps to identify the revenue-generating enterprises and locators that must undergo a Covered Enterprise assessment. An enterprise shall be finally designated as a Covered Enterprise only upon evidence that it receives a material, measurable, and geographically traceable direct or indirect economic benefit from, or that its revenue-producing operations are materially dependent on, the specified service. During the initial implementation period, Covered Enterprise assessments shall be limited to water utilities and concessionaires; irrigation and agribusiness enterprises; hydropower and other energy operators; industrial estates and locators; tourism and real-estate enterprises; transport and other infrastructure operators; and other businesses whose revenues, assets, operations, or supply chains materially depend on water regulation, sediment retention, flood and landslide attenuation, climate regulation, biodiversity, connectivity, or related services. Location within a mapped catchment shall establish geographic eligibility for assessment but shall not, by itself, create a Nature Credit Purchase Obligation. Households, subsistence users, public schools and hospitals, non-revenue public services, and entities below materiality thresholds shall not be Covered Enterprises solely because they receive a general public benefit.

c. **Catchment and Sector-Dependency Assessment.** For each ecosystem service, the Authority shall determine the source ecosystem, physical service flow, geographic catchment, beneficiary class, materiality, and economic

consequence of impairment. The assessment shall consider: (1) quantity and criticality of service use; (2) revenue, value added, production, or assets demonstrably exposed; (3) additional operating or treatment cost; (4) replacement or substitute infrastructure cost; (5) risk-mitigation, insurance, and business-continuity cost; (6) avoided losses and service interruptions; (7) causal and geographic connection to the relevant ecosystem; and (8) enterprise size and capacity. The Authority shall coordinate with the PSA, NAMRIA, DENR, DILG, DHSUD, DTI, SEC, PEZA, and other economic-zone or sector authorities, utilities, and affected LGUs, and shall publish the maps, nonconfidential data, and methodology used. Monetary valuation shall not replace physical accounts, ecological limits, or protection of intrinsic and cultural values.

d. **Statutory Standards and Sector Rules.** A class may be covered only upon a public finding, supported by substantial evidence, that: (1) its revenue-producing activity has the nexus stated in subsection (b); (2) the applicable ecosystem service and service area can be measured with sufficient reliability; (3) the annual ecological outcome need is identified in the Sierra Madre Master Plan; (4) the allocation method is proportionate, administrable, and no more burdensome than reasonably necessary to advance that need; and (5) equivalent obligations under another national law are credited to prevent double compliance. Before effectivity, a sector rule shall undergo the procedure in Section 12 and obtain concurrence from the relevant sector regulator and the DOF as to regulatory and distributional impacts.

e. **Annual Nature Credit Purchase Obligation.** The Sierra Madre Master Plan shall state, separately for each ecosystem service, outcome class, and Ecosystem-Service Catchment, the annual quantity of Sierra Madre Nature Credits required to achieve watershed, corridor, and landscape targets. Quantities from different services or catchments shall not be combined into a single undifferentiated requirement. Each Covered Enterprise's Nature Credit Purchase Obligation shall be the lesser of: (1) its proportionate share of that approved need, calculated from dependency weights and measured benefit or exposure; and (2) its attributable share of the verified avoided-loss, replacement, treatment, risk-mitigation, and business-continuity cost associated with impairment of the relevant service over the compliance period, adjusted for enterprise size, capacity, and applicable rate regulation. The resulting obligation shall not exceed the enterprise's documented annual Ecosystem-Service Dependency value for the relevant service, that is, the amount that the enterprise would reasonably and efficiently incur during the same period to replace, treat, secure, insure against, or operate without the impaired service. This is the statutory maximum and may not be increased by the Board or the implementing rules and regulations. Congress may enact lower sector ceilings after considering pilot, affordability, and fiscal evidence. The formula shall not be based on gross revenue alone and shall state data sources, materiality thresholds, de minimis exclusions, sector weights, treatment of MSMEs, and correction for benefits already financed by the enterprise. Each enterprise shall receive a written assessment, access to supporting

1 nonconfidential data, and an opportunity to correct data and seek independent  
2 administrative review.

3  
4 f. ***Regulatory Character; Separation of Purchase Proceeds and Authority***  
5 ***Charges.*** A Nature Credit Purchase Obligation is a statutory conservation-  
6 performance obligation satisfied through the purchase and retirement of  
7 independently verified Sierra Madre Nature Credits rather than payment to the  
8 Authority. It is not an Authority fee, tax, permit to operate, or payment for  
9 permission to cause harm. The price of the credits shall pass through an  
10 approved escrow or settlement arrangement to entitled credit owners and  
11 project-delivery parties. Only the specific fee or Market Administration Charge  
12 authorized by Section 10 may be deducted or collected for the Authority, and  
13 it shall be separately shown in the transaction record. Any tax, special  
14 assessment, or cash collection for general public purposes shall require  
15 separate statutory authority.

16  
17 g. ***Consumer, Competition, and Affordability Safeguards.*** A regulated  
18 utility or concessionaire shall not automatically pass the obligation through to  
19 captive consumers. Any proposed rate recovery shall require approval by the  
20 competent sector regulator after proof of prudence, least-cost procurement,  
21 net ecosystem-service benefit, and protection of lifeline and basic-service users.  
22 The Authority and the Philippine Competition Commission shall monitor  
23 concentration, self-dealing, price manipulation, and barriers to participation by  
24 community and Indigenous projects.

25  
26 h. ***Eligible Nature Credits and Methodologies.*** Separate Sierra Madre Nature  
27 Credit classes may represent verified avoided degradation, improved ecosystem  
28 condition, watershed security, flood and landslide resilience, sediment  
29 retention, biodiversity, ecological connectivity, restoration, or carbon benefits.  
30 These classes are not interchangeable. A credit represents only the measured  
31 ecological outcome stated in its methodology and does not confer ownership  
32 of land, water, biodiversity, an ecosystem, sacred knowledge, or a cultural  
33 value. Every methodology shall specify the baseline, counterfactual, unit,  
34 project boundary, service class, eligible catchment, temporal matching,  
35 safeguards, additionality where applicable, durability, leakage, reversal, buffer  
36 or replacement mechanism, monitoring, uncertainty, and verification  
37 requirements, and shall undergo public consultation, independent scientific  
38 peer review, and periodic reassessment. A credit may satisfy an obligation only  
39 when its service class, catchment or approved connected area, vintage, and  
40 durability match the dependency on which the obligation was based. Cross-  
41 service substitution is prohibited; geographic substitution may be allowed only  
42 where an approved methodology demonstrates the same service flow and  
43 beneficiaries. Credits shall be issued only after independent ex post verification  
44 and recorded with unique serial numbers. An avoided-degradation methodology  
45 shall use a conservative, independently reviewed counterfactual, exclude  
46 protection already secured by an adequately enforced legal duty unless the  
47 methodology proves a financing gap material to performance, and discount  
48 uncertainty and reversal risk.

- 1 i. ***Project and Developer Eligibility.*** Before registration, a project shall  
2 demonstrate lawful tenure or a valid agreement with the lawful rights holder;  
3 PAMB approval where required; NCIP certification and FPIC where applicable;  
4 an approved methodology and baseline; environmental and social safeguards;  
5 a grievance mechanism; a benefit and revenue-allocation plan; and  
6 independent validation. The Authority and the Sierra Madre Fund are ineligible  
7 to act as project proponent, developer, investor, owner, or credit recipient.  
8 Registration shall not confer title, extinguish existing rights, or authorize  
9 disclosure of protected Indigenous knowledge. No unit shall be issued while a  
10 required permit, consent, or safeguard obligation is suspended or materially  
11 breached.
- 12
- 13 j. ***Purchase and Retirement.*** A Covered Enterprise shall satisfy its Nature  
14 Credit Purchase Obligation by purchasing and retiring eligible Sierra Madre  
15 Nature Credits through the Registry or an approved long-term nature credit  
16 purchase agreement. Procurement shall be competitive or demonstrably least-  
17 cost over the credit life, while allowing duly justified local, Indigenous,  
18 community, and small-developer participation measures. Forward  
19 commitments and milestone finance may be used to mobilize capital, but a  
20 credit may be used for compliance and final payment shall arise only upon  
21 verified delivery, except for disclosed risk-sharing arrangements approved by  
22 the Authority.
- 23
- 24 k. ***Ownership and Revenue Allocation.*** Initial ownership and entitlement shall  
25 follow existing tenurial instruments, ancestral-domain and customary rights,  
26 lawful stewardship agreements, and contracts with registered developers. The  
27 Authority shall record, but shall not unilaterally create or reallocate, proprietary  
28 rights. Indigenous Peoples, communities, and tenure holders shall not be  
29 deprived of rights or revenues without consent and, where applicable, FPIC. A  
30 project affecting an ancestral domain or a community-managed area shall have  
31 a community-approved benefit-sharing plan, adopted through the community's  
32 recognized decision process, stating collective and household benefits, project  
33 and verification costs, grievance procedures, disclosure rules, and protections  
34 against unauthorized use of Indigenous knowledge. Independent legal and  
35 technical assistance shall be made available before approval. LGUs and PAMBs  
36 may receive a share only for a documented lawful tenurial or stewardship  
37 contribution disclosed in the Registry. The Authority and the Fund shall receive  
38 no project or credit share; they may receive only the separately disclosed fees  
39 and Market Administration Charge authorized by Section 10.
- 40
- 41 l. ***No License to Harm.*** Purchase or retirement shall not authorize prohibited  
42 activity, replace an ECC or permit, excuse breach of an ECC condition, or satisfy  
43 a proponent's duty to avoid, minimize, and restore its own damage.  
44 Irreplaceable ecosystems, sacred and culturally restricted areas identified  
45 through lawful processes, prohibited harm, and legally required remediation are  
46 ineligible for compensatory offset credits. Mandatory restoration may receive  
47 results-based finance but shall be separately labelled and may not be used to  
48 compensate for another entity's harm.

1 m. ***Compliance Administration and Gatekeeper Agencies.*** The Authority  
2 shall have exclusive responsibility for identifying Covered Enterprises, issuing  
3 annual Nature Credit Purchase Obligation assessments, maintaining compliance  
4 accounts, validating credit retirement, issuing Nature Credit Compliance  
5 Clearances, and determining deficiencies. A Covered Enterprise shall obtain a  
6 Nature Credit Compliance Clearance for each compliance period. LGUs,  
7 economic-zone and locator authorities, concession-granting agencies, and  
8 sector regulators designated by sector rule shall serve as Compliance  
9 Gatekeeper Agencies and shall include the applicable clearance among the  
10 documentary requirements for final issuance or renewal of a business permit,  
11 locator registration, accreditation, concession, operating authority, or incentive.  
12 The Gatekeeper Agency shall confirm the clearance directly in the Registry  
13 before final action, but shall not recalculate the Nature Credit Purchase  
14 Obligation or determine whether a credit is valid.  
15

16 n. ***Authoritative Compliance Evidence.*** A Nature Credit Purchase Obligation  
17 shall be satisfied only when eligible, uniquely numbered Sierra Madre Nature  
18 Credits have been independently verified, validly acquired, and permanently  
19 retired against the Covered Enterprise's compliance account. A receipt, private  
20 certification, screenshot, or payment document not electronically confirmed by  
21 the Registry shall not constitute compliance. The Authority shall issue a digitally  
22 signed Nature Credit Compliance Clearance showing the enterprise identifier,  
23 compliance period, final Nature Credit Purchase Obligation, retired credit serial  
24 numbers, settlement reference, status, and validity period, capable of direct  
25 verification through secure system interoperability or a machine-readable code.  
26

27 o. ***Purchase and Settlement Channels.*** Sierra Madre Nature Credits may be  
28 purchased through an approved auction, marketplace, or exchange; a  
29 registered bilateral or long-term nature credit purchase agreement; or an  
30 approved pooled-purchase or aggregation facility. Payment shall be settled  
31 through an accredited bank, payment service provider, trust, or escrow  
32 arrangement interoperable with the Registry. Upon irrevocable settlement and  
33 retirement, the transaction record shall separately state the credit price, taxes,  
34 third-party service charges, and the Authority's applicable fee or Market  
35 Administration Charge. The credit price shall be distributed directly to the  
36 persons entitled under the registered ownership and revenue-allocation record;  
37 only the expressly authorized Authority charge shall be remitted as corporate  
38 operating revenue. Direct payment unsupported by Registry-confirmed  
39 settlement and credit retirement shall not satisfy a Nature Credit Purchase  
40 Obligation.  
41

42 p. ***Permit Integration and Due Process.*** No final adverse permit or operating-  
43 authority action shall be taken solely on the basis of an assessment subject to  
44 a timely correction request, motion for reconsideration, or administrative  
45 appeal. The Authority may issue a conditional clearance for an approved  
46 compliance plan or where immediate interruption would materially endanger an  
47 essential public service. Only a final, material, and uncured deficiency may  
48 trigger a Gatekeeper Agency's withholding of renewal or other proportionate

1 action within its lawful mandate. Essential services and captive consumers shall  
2 be protected from abrupt interruption and unauthorized cost pass-through.

- 3  
4 q. **Noncompliance.** Failure to purchase and retire a final assessed requirement  
5 shall result only in the administrative sanctions expressly stated in Section 73,  
6 imposed after notice and hearing, without prejudice to collection and judicial  
7 remedies. The implementing rules and regulations may prescribe procedure but  
8 shall not create a new offense, penalty, disqualification, or forfeiture.

9  
10 **Sec. 66. Enterprise Obligation.** In determining a Covered Enterprise's Nature  
11 Credit Purchase Obligation for resilience-related ecosystem services, the Authority  
12 shall consider, as applicable:

- 13  
14 (a) hydrological or ecosystem-service dependency;  
15 (b) land footprint and its effect on runoff, infiltration, erosion, or ecological  
16 connectivity;  
17 (c) economic and asset exposure to climate and ecosystem-service disruption;  
18 (d) location within a High-Value Resilience Zone or other identified risk area;  
19 (e) the enterprise's demonstrated contribution to or mitigation of the relevant  
20 ecological risk;  
21 (f) the enterprise's size, capacity, and ability to comply; and  
22 (g) benefits or resilience investments already financed or undertaken by the  
23 enterprise.

24  
25 The methodology shall be transparent, evidence-based, proportionate, and subject to  
26 public consultation and independent review.

27  
28 **Sec. 67. Compliance Pathways.** A Covered Enterprise may satisfy its Nature  
29 Credit Purchase Obligation through:

- 30 (a) Purchase and retirement of eligible Sierra Madre Nature Credits;  
31 (b) Direct investment in an approved Nature-Based Solution or ecosystem  
32 restoration project that satisfies an approved methodology and is  
33 independently verified;  
34 (c) Participation in a joint or pooled resilience investment with other Covered  
35 Enterprises, LGUs, lawful rights holders, Indigenous Peoples, communities, or  
36 qualified project developers; or  
37 (d) Investment in a qualifying Early Warning System or other digital resilience  
38 intervention capable of generating verified Nature Credits.

39 No direct investment shall constitute compliance unless the resulting ecological or  
40 resilience outcome has been independently verified and the corresponding Nature  
41 Credit has been validly issued and retired through the Registry.

42  
43 **Sec. 68. Qualifying Early Warning System Nature Credits.** The Authority may  
44 establish methodologies for issuing Sierra Madre Nature Credits for qualifying Early  
45 Warning Systems that produce measurable and independently verified resilience  
46 benefits.

47 The methodology shall consider, among others:

- 48 (a) capital and operating investment;

- (b) geographic coverage;
- (c) population and critical infrastructure protected;
- (d) hazard type and severity;
- (e) warning lead time;
- (f) system reliability and availability;
- (g) interoperability with government disaster-risk and early-warning systems; and
- (h) demonstrated avoided-loss or resilience benefit.

No credit shall be issued solely on the basis of installation or expenditure. Credits shall be based on verified performance and measurable resilience outcomes.

**Sec. 69. Audit and Accountability of the Sierra Madre Fund.** All funds of the Sierra Madre Fund shall be subject to strict auditing and accountability measures:

- a. The Commission on Audit (COA) shall conduct annual audits of the Fund, including all receipts, disbursements, and financial transactions;
- b. The Authority shall submit an annual financial and performance report to the President and Congress, which shall be made publicly accessible;
- c. All expenditures shall comply with government accounting and auditing rules, and shall be subject to transparency mechanisms, including publication on an official website; and
- d. Any misuse, diversion, or irregularity in the use of funds shall constitute a criminal offense punishable under this Act and other applicable laws.

**Sec. 70. Nature Credit Assurance and Market Integrity Audit.**

- (a) Independent validators and verifiers accredited by a competent national accreditation body, or recognized under transparent criteria consistent with applicable international conformity-assessment standards, shall determine whether registered projects and reported outcomes satisfy the approved baselines, methodologies, safeguards, additionality requirements where applicable, durability, and monitoring requirements. A validator shall not verify the same project. A verifier shall not provide project design, brokerage, or financing services to the project it audits. Personnel rotation, disclosure, and cooling-off rules shall apply.
- (b) An independent Registry and market-integrity audit, procured without participation by the office or personnel being audited, shall be conducted annually to test project eligibility, serial-number controls, credit issuance, ownership, transfers, purchases, retirement, reversals, restoration compliance, revenue allocation, cybersecurity, and double-counting risks. The audit provider shall submit the same report simultaneously to the Board's Market Integrity and Audit Committee, the congressional Oversight Committee, and the COA for information or action within their respective mandates.
- (c) The Authority shall publish an annual ecological-performance and market-integrity report containing material assurance and audit findings, corrective actions, suspended or cancelled credits, sanctions, and the status of

unresolved deficiencies. Sensitive ecological, personal, and Indigenous information shall be protected as provided by law.

- (d) Evidence of fraudulent credit issuance or verification, double claiming, false reporting, evasion of a Nature Credit Purchase Obligation, or diversion of nature-credit revenues shall be referred for the cancellation, restitution, disqualification, administrative sanction, or prosecution authorized by this Act and other applicable laws.

**Sec. 71. Climate Finance Integration and International Funding Alignment.**

The Authority shall actively pursue and integrate climate finance mechanisms to support conservation and resilience programs in the Sierra Madre.

For this purpose:

- a. The Authority is hereby authorized to access, receive, and administer grants or technical assistance from international climate finance institutions, including but not limited to the Green Climate Fund (GCF), Global Environment Facility (GEF), Adaptation Fund, and other multilateral or bilateral sources, only for the Sierra Madre Master Plan, ecosystem accounts, scientific research, methodologies, safeguards, public data, the Registry and information systems, market-integrity functions, training, and other non-project institutional purposes authorized by Sections 5 and 64. The Authority shall not use such funds to originate, develop, finance, invest in, own, construct, implement, operate, or guarantee a project that may seek a decision or Sierra Madre Nature Credits from the Authority;
- b. The Authority shall publish priority ecological and resilience outcomes, standard project requirements, public data, model agreements, and information on available climate-finance facilities. Independent project proponents, lawful rights holders, investors, LGUs, and competent implementing agencies may prepare and submit bankable programs directly to donors and financiers, aligned with nationally determined contributions (NDCs), climate adaptation priorities, and nature-based solutions frameworks. The Authority may provide neutral orientation and interagency coordination under Section 17, but shall not prepare, endorse, negotiate, or arrange finance for a particular program;
- c. All climate finance initiatives shall ensure transparency, accountability, and equitable benefit-sharing with local communities and Indigenous Peoples; and
- d. The Authority shall coordinate with the Climate Change Commission, Department of Finance, and other relevant agencies to ensure compliance with national climate finance policies and international obligations.

- 1 e. All climate-finance and carbon-related programs within the coverage of  
2 this Act shall be recorded in or interoperable with the Sierra Madre Nature  
3 Credit Registry and shall disclose baselines, ownership, corresponding  
4 adjustments where applicable, transfers, retirement, and benefit  
5 allocation to prevent double issuance, double use, and double claiming;  
6 f. Climate finance shall not displace a statutory Nature Credit Purchase  
7 Obligation unless the same Sierra Madre Nature Credit is lawfully  
8 purchased and retired for that obligation. Grants or concessional finance  
9 may reduce project cost but shall not extinguish the rights of lawful tenure  
10 holders or ecosystem stewards;  
11 g. Projects affecting ancestral domains or protected areas shall remain  
12 subject to the IPRA, FPIC, E-NIPAS, PAMB approval, and other applicable  
13 safeguards; and  
14 h. The Authority shall promote, in accordance with applicable laws, the use  
15 of blended finance and revenue-layering structures for eligible Sierra  
16 Madre conservation and resilience projects.

17 Such structures may combine, as appropriate:

- 18 (1) public appropriations and catalytic grants;  
19 (2) concessional or patient capital;  
20 (3) Nature Credit revenues;  
21 (4) carbon or other environmental-market revenues;  
22 (5) sustainable agroforestry and nature-positive livelihood revenues;  
23 (6) grants and official development assistance;  
24 (7) green bonds and other sustainable-finance instruments; and  
25 (8) private equity or commercial investment.  
26

27 The Authority shall publish model financing structures and standards for eligible  
28 projects but shall not act as project developer, investment adviser, broker, or  
29 financier of projects seeking registration or Nature Credits under this Act.  
30

### 31 **Article XIII** 32 **Prohibited Acts and Enforcement** 33

34 **Sec. 72. Prohibited Acts.** In addition to the acts prohibited under existing  
35 environmental and natural resources laws, the following acts are likewise prohibited  
36 within the Sierra Madre Mountain Range:  
37

- 38 1. **Unauthorized Land Conversion.** The conversion of forest lands to  
39 agricultural or other non-forest uses without the required authority under  
40 existing laws and, where applicable, without first securing a Sierra Madre  
41 Master Plan Conformity Certificate;  
42

2. **Destructive Extractive Activities.** The conduct of mining or commercial or non-commercial quarrying in a manner that causes significant or irreversible environmental damage, including, but not limited to, the destruction of old-growth forests, critical habitats, or watersheds, and the pollution or contamination of rivers and other water bodies;
3. **Introduction of Invasive Species.** The deliberate introduction, release, or propagation of non-native or invasive species of flora or fauna that harm native species, biodiversity, or ecosystem integrity;
4. **Unauthorized Commencement of Covered Works.** Beginning, financing, directing, or causing site clearing, tree cutting, grading, excavation, road opening, land development, construction, installation, expansion, or other physical works for a covered project before obtaining a valid Sierra Madre Master Plan Conformity Certificate or other Authority document expressly required by this Act, together with the ECC, PAMB approval, FPIC, tenure instrument, LGU permit, or sector authorization otherwise required by law. A permit issued by one institution shall not excuse the failure to obtain a separate certification, approval, or consent required by this Act or another law;
5. **Continuation after Notice or Order.** Continuing covered works after receipt of a lawful stop-work, cease-and-desist, suspension, or restoration order issued by the Authority, the DENR, a PAMB, an LGU, a court, or another competent body, or removing an official seal or obstruction placed to enforce that order; and
6. **False Compliance Evidence.** Knowingly submitting, using, altering, or causing the submission or use of a false Sierra Madre Master Plan Conformity Certificate, Nature Credit Compliance Clearance, registry record, electronic confirmation record, or other Authority document to obtain a permit, financing, procurement award, disbursement, or authority to proceed.

Emergency works strictly necessary to prevent an imminent threat to life or serious damage to essential public infrastructure shall not constitute an offense if the proponent gives notice to the Authority and the competent permitting agencies within twenty-four (24) hours, limits the work to the emergency, and submits to post-action review, restoration, and all other requirements of law.

### **Sec. 73. Penalties.**

- (a) **Administrative Compliance Violations.** Failure to file a required report, maintain an accurate account, timely purchase and retire a final assessed requirement, or comply with a procedural or Registry duty, without fraud or material ecological harm, shall be subject only to the administrative sanctions expressly provided in this Section after notice and hearing.

1 (b) **False Documents and Market Fraud.** A person who knowingly falsifies or  
2 alters an Authority certificate, compliance clearance, Registry record,  
3 verification report, or settlement confirmation; intentionally causes double  
4 issuance or double claiming; manipulates the Registry; or diverts credit  
5 revenues shall, upon conviction, be punished by imprisonment of two (2)  
6 years and one (1) day to six (6) years and a fine of not less than Five Hundred  
7 Thousand Pesos (₱500,000.00) nor more than Ten Million Pesos  
8 (₱10,000,000.00), or three (3) times the economic benefit obtained,  
9 whichever is higher, without prejudice to prosecution under another law  
10 carrying a higher penalty.

11  
12 (c) **Unauthorized Works Causing Material Ecological Harm.** Violators of  
13 Sec. 72 on prohibited acts who willfully begin or continue works without the  
14 required Authority document and other approvals, and thereby cause material  
15 ecological harm, shall, upon conviction, be punished by imprisonment of six  
16 (6) years and one (1) day to twelve (12) years and fines of ₱1,000,000 to  
17 ₱50,000,000, depending on the harm caused. The highest range shall apply  
18 only where the act affects an irreplaceable ecosystem, causes serious or  
19 irreversible harm, continues after a lawful stop-work order, or forms part of  
20 repeated or organized unlawful conduct. In addition, corporate offenders may  
21 have their business permits revoked by the issuing agency or a competent  
22 court, and their assets restrained only upon judicial order or express statutory  
23 authority, to cover rehabilitation costs. These penalties are in addition to other  
24 penalties under existing environmental laws.

25  
26 (d) **Responsible Officers.** Where the offender is a juridical entity, criminal  
27 liability shall attach only to an officer or employee who authorized, directed,  
28 knowingly participated in, or knowingly failed to prevent the offense despite  
29 a legal duty and actual capacity to do so. The court may order restitution,  
30 restoration, and forfeiture as authorized by law.

31  
32 (e) **Unauthorized Commencement of Covered Works.** Without prejudice to  
33 criminal prosecution and penalties under another law, a private person or  
34 juridical entity that violates Sec. 72 (4) shall, after notice and hearing, be  
35 subject to: (1) an immediate stop-work or cease-and-desist order; (2) an  
36 administrative fine of not less than One Hundred Thousand Pesos  
37 (₱100,000.00) nor more than Five Million Pesos (₱5,000,000.00), or three (3)  
38 times the documented economic benefit or compliance cost avoided,  
39 whichever is higher, plus not less than Fifty Thousand Pesos (₱50,000.00) nor  
40 more than Two Hundred Thousand Pesos (₱200,000.00) for each day the work  
41 continues after a lawful notice or order; (3) restoration of the affected  
42 ecosystem at full cost; (4) payment of interim public loss until verified  
43 recovery; and (5) forfeiture of the economic benefit obtained or compliance  
44 cost avoided, as determined by a court or other authority expressly  
45 empowered by law.

1 In fixing the administrative fine within the statutory range, the Authority shall  
2 consider the assessed ecological loss and interim public loss, area and  
3 ecological condition affected, sensitivity and irreplaceability, duration and  
4 reversibility of harm, economic benefit or avoided compliance cost,  
5 concealment, prior violations, cooperation, and timely restoration. The fine  
6 shall punish the violation and shall not replace restoration, compensation, or  
7 liability under another law.  
8

9 (f) **Assessment of Ecological Loss and Interim Public Loss.** The Authority  
10 shall determine ecological loss and interim public loss through published  
11 methodologies consistent with Republic Act No. 11995, official physical  
12 ecosystem accounts, and applicable DENR standards. The assessment shall  
13 identify the pre-impact baseline; extent and condition lost; affected ecosystem  
14 services and beneficiaries; full cost of site stabilization, rehabilitation,  
15 restoration, monitoring, and independent verification; reasonable  
16 replacement, treatment, disaster-risk, infrastructure-protection, and public-  
17 service costs; the period to verified recovery; uncertainty; and any irreversible  
18 loss. Monetary valuation shall support restoration and compensation but shall  
19 not make prohibited or irreplaceable harm permissible. The responsible person  
20 may contest the assessment through the procedure in subsection (k), and no  
21 item may be recovered twice under this Act or another law.  
22

23 (g) **Nature Credit Purchase Deficiency.** After a final assessment and notice  
24 and hearing, a Covered Enterprise that fails without lawful excuse to satisfy  
25 its Nature Credit Purchase Obligation shall pay the unpaid deficiency value,  
26 interest at the legal rate applicable to forbearance of money under the Civil  
27 Code and applicable Bangko Sentral ng Pilipinas issuances, and an  
28 administrative penalty not exceeding twenty-five percent (25%) of the  
29 deficiency value, taking into account gravity, duration, prior violations, good-  
30 faith correction, and capacity. The Authority may require a compliance plan  
31 and may recommend suspension from a benefit or procurement program only  
32 where the governing law of that program authorizes it.  
33

34 (h) **Market and Registry Violations.** Fraudulent credit issuance or verification;  
35 intentional double claiming; falsification or alteration of a Nature Credit  
36 Compliance Clearance, settlement confirmation, or registry record; submission  
37 of fabricated transaction evidence; use of a cancelled or previously retired  
38 nature credit; unauthorized registry access or manipulation; undisclosed self-  
39 dealing; diversion of nature credit revenues; or material violation of  
40 safeguards may result, after notice and hearing, in cancellation or suspension  
41 of registration or recognition, cancellation of invalid credits, restitution,  
42 disqualification for a period not exceeding five (5) years, and an administrative  
43 fine of not less than One Hundred Thousand Pesos (₱100,000.00) nor more  
44 than Five Million Pesos (₱5,000,000.00), or three (3) times the economic  
45 benefit obtained, whichever is higher. Criminal conduct shall be referred to  
46 the Department of Justice or other competent body.  
47

- 1 (i) **Restoration Nonperformance.** Failure to comply with a final restoration  
2 order may result in drawing on performance security, third-party performance  
3 at the responsible person's cost, recovery of full restoration cost and interim  
4 public loss, and an administrative fine of not less than Fifty Thousand Pesos  
5 (₱50,000.00) nor more than Five Hundred Thousand Pesos (₱500,000.00) for  
6 each day of unjustified delay after the final compliance deadline. The total fine  
7 shall not exceed three (3) times the assessed full restoration cost and interim  
8 public loss. Payment shall not extinguish the duty to restore.  
9
- 10 (j) **Disposition and Use of Collections.** Administrative fines imposed and  
11 collected by the Authority under this Act shall accrue to a restricted  
12 Enforcement, Restoration and Monitoring Account within the Sierra Madre  
13 Fund. Amounts recovered as restoration cost or interim public loss shall be  
14 separately accounted for and transferred or disbursed, as authorized by law,  
15 to the competent public body, lawful rights holder, or independently procured  
16 restoration provider responsible for restoring and monitoring the affected area  
17 and service flows, or to reimburse verified response or replacement costs. The  
18 Authority shall assess, order, monitor, and verify restoration but shall not act  
19 as project developer or acquire credits or project revenue from the remedial  
20 work. Collections that another law requires to accrue to the Integrated  
21 Protected Area Fund, a Protected Area Retained Income Account, or another  
22 dedicated public fund shall be remitted to that fund and shall not be diverted  
23 to the Sierra Madre Fund. The account may also finance inspections, scientific  
24 assessment, enforcement systems, and independent verification. It shall not  
25 be used for bonuses, performance incentives, or an enforcement quota, and  
26 projected fines shall not be treated as a regular operating-revenue target.  
27 Criminal fines, forfeitures, and court-awarded damages shall be disposed of  
28 as the court directs and as provided by this Act and other applicable laws. All  
29 receipts and disbursements shall be subject to budgeting, accounting, COA  
30 audit, and public-disclosure requirements.  
31
- 32 (k) **Procedure and Review.** No final administrative sanction shall be imposed  
33 without written notice of the charge, access to the nonconfidential record,  
34 reasonable opportunity to submit evidence and be heard, a decision by an  
35 impartial officer supported by substantial evidence, and written findings on  
36 liability and sanction. Where ongoing work presents an imminent threat of  
37 serious or irreversible harm, the Authority may issue an interim stop-work  
38 order effective immediately, provided that it gives the affected party a prompt  
39 opportunity to be heard and resolves whether to continue, modify, or lift the  
40 order within the period fixed by law or the IRR. Review shall lie with the  
41 Administrative Review Panel, without prejudice to judicial review. The IRR  
42 may prescribe procedure and penalty-adjustment rules but shall not create a  
43 new offense or sanction.  
44

- 1 (I) **Coordination of Restoration and Recovery.** Where the same injury is  
2 subject to an ECC condition, a DENR or PAMB restoration order, LGU action,  
3 or an Authority proceeding, the institutions shall designate a lead agency and,  
4 where practicable, issue a joint or coordinated restoration directive.  
5 Performance accepted for the same ecological injury shall be credited across  
6 orders, and no person shall pay or restore twice for the same item of injury.  
7 The arrangement shall preserve any stricter lawful requirement and each  
8 institution's enforcement jurisdiction.

9  
10 **Article XIV**  
11 **Transitory Provisions**  
12

13 **Sec. 74. DENR Coordination and Functional Delineation.** Consistent with  
14 Section 13 of this Act:

- 15 a. The DENR shall retain exclusive authority over environmental permitting  
16 systems, including ECCs; and  
17 b. The Authority shall adopt and apply the Sierra Madre Master Plan, issue  
18 Sierra Madre Master Plan Conformity Certificates, and provide the DENR or  
19 the EMB with the applicable official maps, ecological limits, management  
20 zones, corridor and catchment data, carrying-capacity information, and  
21 adopted scientific standards. The Authority shall exercise coordination and  
22 scientific evaluation functions complementary to DENR processes, but shall  
23 not conduct a separate environmental impact assessment, issue an  
24 Ecological Impact Clearance, or determine whether a project is  
25 environmentally acceptable under the Philippine EIS System.  
26 c. The proponent of a project covered by this Act shall obtain a Sierra Madre  
27 Master Plan Conformity Certificate from the Authority as an additional  
28 requirement for final action on its ECC application. The EMB may accept  
29 and evaluate the ECC application concurrently with the Authority's review,  
30 but the DENR or the EMB shall require the certificate and shall not issue or  
31 amend the final ECC, or take another final favorable action under the  
32 Philippine EIS System, until the Authority has transmitted the certificate  
33 and the DENR or the EMB has electronically confirmed that it is valid and  
34 current.  
35 d. The Sierra Madre Master Plan Conformity Certificate and its supporting  
36 written findings shall state the project and proponent identifiers, proposed  
37 location, land use, and development footprint; applicable management  
38 zone, ecological limits, no-go areas, corridors, catchment protections,  
39 permitted and prohibited uses, and development standards; conformity  
40 finding; validity period; and electronic confirmation reference. They shall  
41 be transmitted directly through an interoperable government system and  
42 shall form part of the ECC administrative record.  
43 e. The Sierra Madre Master Plan Conformity Certificate shall be an additional  
44 statutory prerequisite, not an ECC or substitute permit. The DENR shall  
45 independently exercise its authority under the Philippine EIS System and  
46 may impose stricter conditions, require further study, deny the ECC, or  
47 enforce environmental law. A valid certificate shall not compel ECC  
48 approval.

- 1 f. A Sierra Madre Master Plan Conformity Certificate shall not replace an ECC,  
2 PAMB approval, NCIP certification, FPIC, local permit, or other approval  
3 required by law. When standards overlap, the more protective applicable  
4 ecological requirement shall govern, without diminishing Indigenous  
5 Peoples' rights, lawful tenure, due process, or compensation required by  
6 law.  
7 g. The DENR, the Authority, and other agencies shall establish interoperable  
8 review, monitoring, and enforcement procedures, including shared data,  
9 joint inspections, restoration tracking, and referral of violations. The  
10 Authority may recommend suspension or cancellation, but the issuing  
11 agency shall exercise the corresponding statutory power and state its action  
12 in writing.

13  
14 **Sec. 75. Initial Organizational Setup and Phased Implementation.** Within one  
15 hundred eighty (180) days from effectivity, the Board shall approve the initial  
16 organizational structure, staffing pattern, and interim operational guidelines of the  
17 Authority.

18  
19 Implementation shall thereafter proceed in stages:

- 20  
21 a. Within one hundred eighty (180) days, appointment of the Board and the  
22 Administrator, approval of the organization and staffing pattern, adoption of  
23 conflict-of-interest and administrative-procedure rules, and execution of initial  
24 protocols with the DENR, PSA, NCIP, DILG, DHSUD, DOF, DBM, and GCG;  
25 b. Within twelve (12) months, publication of the initial ecological baseline,  
26 official-data plan, beneficiary and sector-dependency assessment framework,  
27 draft methodologies, safeguards, registry architecture, and pilot landscape  
28 selection; and  
29 c. Within eighteen (18) months, operation of independently evaluated voluntary  
30 or publicly procured pilots in at least three (3) distinct Ecosystem-Service  
31 Catchments, including at least one protected-area or ancestral-domain setting  
32 and more than one outcome class, covering registration, validation,  
33 verification, issuance, settlement, retirement, benefit allocation, reversal, and  
34 grievance procedures.

35  
36 No mandatory Nature Credit Purchase Obligation shall take effect until:

- 37  
38 (1) The applicable ecosystem-service and sector-dependency accounts are  
39 sufficiently reliable;  
40 (2) The Sierra Madre Master Plan identifies a quantified annual nature credit  
41 need;  
42 (3) At least two (2) qualified independent verification providers and a  
43 functioning Sierra Madre Nature Credit Registry are available;  
44 (4) Applicable PAMB, IPRA, FPIC, tenure, safeguards, grievance, review, and  
45 consumer-protection procedures are operational;  
46 (5) Adequate eligible credit supply and competition exist to avoid artificial  
47 scarcity;

- 1 (6) Accredited settlement arrangements and secure interoperability with  
2 designated Compliance Gatekeeper Agencies are operational; and  
3 (7) An independent readiness review, public consultation, and the  
4 concurrence required by Section 65 have been completed. The Authority  
5 shall publish the evidence and a reasoned readiness determination for  
6 each sector and service area.  
7

8 Existing projects, permits, tenures, and contracts shall be mapped during transition.  
9 New rules shall apply prospectively and upon material amendment, renewal, or  
10 extension, without prejudice to existing environmental duties, prohibited acts,  
11 emergency powers, and voluntarily assumed nature-credit obligations.  
12

13 A compulsory sector shall not commence merely because a statutory deadline has  
14 elapsed. If any readiness condition is not met, the Authority shall publish the  
15 deficiency, corrective program, cost, and revised review date. The independent  
16 readiness review shall include constitutional and fiscal characterization, sector  
17 affordability, supply concentration, verifier capacity, data protection, system security,  
18 and the demonstrated ability of gatekeeper agencies to prevent interruption of  
19 essential services.  
20

## 21 **Article XV** 22 **Congressional Oversight** 23

24 **Sec. 76. Congressional Oversight Committee on the Sierra Madre.** There is  
25 hereby created a Joint Congressional Oversight Committee to monitor and evaluate  
26 the implementation of this Act.  
27

28 The Committee shall be composed of the Chairpersons of the Committees on  
29 Government Corporations and Public Enterprises of the Senate of the Philippines and  
30 the Committee on Government Enterprises and Privatization of the House of  
31 Representatives; and Three (3) Members each legislative chamber, designated by  
32 their respective leaderships.  
33

34 The Committee shall have the following powers and functions:

- 35 a. Review the implementation of this Act and assess policy effectiveness;  
36 b. Conduct periodic hearings and require the submission of reports from the  
37 Authority and relevant agencies;  
38 c. Recommend remedial legislation or policy adjustments; and  
39 d. Ensure that funds appropriated under this Act are used efficiently and in  
40 accordance with law.  
41

42 The Authority shall submit an annual report to the Oversight Committee detailing  
43 accomplishments, financial status, enforcement outcomes, and ecological indicators,  
44 and containing:

- 45 (a) Ecosystem-account baselines and changes;  
46 (b) The status of binding ecological limits, zoning, and Sierra Madre Master Plan  
47 Conformity Certificates;

- (c) Covered sectors and Covered Enterprises, assessed Nature Credit Purchase Obligations, credit purchases, retirements, and deficiencies;
- (d) Registered projects, issued Sierra Madre Nature Credits, reversals, and market-integrity findings;
- (e) Ecological loss, restoration orders, third-party delivery, and self-restoration performance;
- (f) Public and private capital mobilized;
- (g) Nature credit revenues allocated by tenurial instrument, rights holder, developer, LGU, PAMB, and Fund;
- (h) Enforcement and sanctions; and (i) progress against five-, ten-, and twenty-five-year ecological, resilience, and stewardship-income targets.

**Sec. 77. Congressional Reporting Requirement.** The Authority shall also submit a quarterly progress report to Congress, through the said Committees stated in the preceding section. Within thirty (30) days after each quarter, the Authority shall submit and publish in machine-readable form a dashboard showing:

- a. Sierra Madre Master Plan Conformity Certificates, conditions, and denials;
- b. Changes in ecosystem condition and priority threats;
- c. Covered Enterprise assessments and Nature Credit Compliance Clearances;
- d. Registered projects and issued and retired Sierra Madre Nature Credits;
- e. Restoration obligations and delivery status;
- f. Public and private financing;
- g. Payments and tenure-based allocation;
- h. Enforcement actions;
- i. Complaints;
- j. Reversals; and
- k. corrective measures.

Personal data, sensitive ecological information, and protected Indigenous knowledge shall be withheld or aggregated as required by law.

## **Article XVI Final Provisions**

**Sec. 78. Performance Evaluation and Disclosure.** The Authority shall be subject to the Performance Evaluation System, including the Performance Scorecard, established by the Governance Commission for Government-Owned or -Controlled Corporations, and to the periodic evaluation and reportorial requirements under Republic Act No. 10149.

The Authority's Performance Scorecard shall include, with appropriate targets and weights:

- (a) Avoided degradation and reduced illegal conversion;
- (b) Improved ecosystem extent and condition;
- (c) Restored watersheds and ecological connectivity;
- (d) Reduced water, flood, landslide, and climate risk;

- (e) Verified ecosystem-service delivery;
- (f) Timely and legally sufficient Sierra Madre Master Plan Conformity Certificates;
- (g) Compliance by Covered Enterprises;
- (h) Private capital mobilized and cost per Sierra Madre Nature Credit;
- (i) Restoration-order performance and recovery of environmental cost;
- (j) Revenues received by Indigenous Peoples, communities, and lawful tenure holders; and
- (k) Market-integrity and public-disclosure performance.

The Authority shall likewise comply with the full-disclosure requirements of Republic Act No. 10149 by maintaining a website for the unrestricted public posting of the information enumerated therein. These requirements shall be in addition to, and shall be read in harmony with, the reporting, audit, and oversight provisions of this Act. The GCG, in consultation with the DENR, the PSA, the Authority, and independent scientific experts, shall ensure that ecological and market-integrity indicators are measurable, independently verifiable, and not satisfied solely by expenditure, meetings, reports, or enforcement activity.

**Sec. 79. Periodic Congressional Review.** This Act shall be subject to a comprehensive review by Congress every five (5) years from its effectivity, based on independently verified evidence, to assess its effectiveness, impact on biodiversity conservation, climate resilience, and governance efficiency.

The review shall determine whether:

- (a) The Sierra Madre Master Plan and Sierra Madre Master Plan Conformity Certificates control covered decisions;
- (b) Ecological limits and conflict rules are applied consistently by agencies, LGUs, PAMBs, and other institutions;
- (c) Ecosystem accounts identify service flows, beneficiaries, economic contribution, and public costs;
- (d) Statutory Nature Credit Purchase Obligations create predictable demand and mobilize private capital;
- (e) Protection, restoration, and stewardship have become financially and economically more competitive with conversion and extraction;
- (f) Obligated buyers comply without disproportionate burdens or evasion;
- (g) Actual damage is restored and environmental costs are recovered;
- (h) Outcomes are real, additional where required, durable, and free from double counting;
- (i) Revenues follow tenurial instruments, customary rights, and verified stewardship; and
- (j) Biodiversity, connectivity, water security, climate resilience, and disaster-risk indicators improve against the baseline. The Authority shall commission an independent evaluation at least six (6) months before each review.

1 Based on such review, Congress may amend, strengthen, or repeal provisions of this  
2 Act as necessary to respond to emerging environmental challenges and scientific  
3 developments, and may phase any mechanism on the basis of the evidence: *Provided*,  
4 That accrued rights, outstanding restoration liability, and the retirement of issued  
5 Sierra Madre Nature Credits shall be protected.

6  
7 **Sec. 80. Implementing Rules and Regulations (IRR).** Within one hundred  
8 eighty (180) days from effectivity, the Sierra Madre Authority, in consultation with the  
9 DENR, PSA, DEPDev, DOF, DBM, GCG, DILG, DHSUD, NCIP, DA, DTI, SEC, the  
10 Philippine Competition Commission, the Climate Change Commission, sector  
11 regulators, concerned LGUs and PAMBs, CSOs, and after meaningful participation by  
12 ICCs/IPs through their chosen institutions, business organizations, utilities, project  
13 developers, tenure holders, communities, validators, verifiers, and scientific  
14 institutions, shall promulgate the IRR of this Act. The IRR shall detail procedures for  
15 coordination, enforcement, plan adoption, and citizen suits under this Act, and shall  
16 further cover: coverage and boundaries; Sierra Madre Master Plan adoption and the  
17 Sierra Madre Master Plan Conformity Certificate procedure; PENCAS-aligned  
18 operational accounts; sector-dependency and beneficiary assessment; methodology  
19 approval and peer review; project and developer eligibility; tenure, PAMB, and FPIC  
20 interfaces; ownership and benefit allocation; registry, cybersecurity, and unique  
21 enterprise identifiers; validation, verification, issuance, transfer, and retirement;  
22 reversal and buffer rules; sector readiness and purchase assessment; Gatekeeper  
23 Agency designation and electronic business-permit or operating-authority verification;  
24 digital signatures, machine-readable certificates and clearances, application  
25 programming interfaces, and status fields; settlement-provider accreditation and  
26 transaction reconciliation; auction, bilateral, and pooled-purchase reporting; the fee  
27 schedule and Market Administration Charge authorized by Section 10, including payer,  
28 charging event, base, rate, exemptions, accounting, cost study, and adjustment of  
29 excess collections; cure periods and conditional clearances; least-cost procurement  
30 and consumer safeguards; restoration and financial assurance; Fund governance;  
31 complaints, enforcement, administrative adjudication, and appeals; public disclosure  
32 and protected information; transition; and independent review.

33  
34 Draft rules and the supporting legal, technical, regulatory-impact, and distributional  
35 analyses shall be published for at least forty-five (45) days before adoption, and the  
36 final rules shall contain a response to material comments. Nothing in the IRR may  
37 create an offense, penalty, tax, proprietary right, prohibited land use, or compulsory  
38 purchase beyond the standards and authority expressly provided by this Act.

39  
40 **Sec. 81. Separability Clause.** If any provision of this Act or its application to any  
41 person or circumstances is held unconstitutional or invalid, the remainder of the law  
42 or its application to other persons or circumstances shall not be affected.

1 **Sec. 82. Construction with Other Laws; Repealing Clause.**

2 (a) This Act shall be construed in harmony with Republic Act No. 8371, Republic  
3 Act No. 7586 as amended by Republic Act No. 11038, Republic Act No.  
4 11995, Republic Act No. 7160, Presidential Decree No. 1586, Republic Act  
5 No. 10149, and other environmental, Indigenous Peoples', local-  
6 government, public-finance, competition, data-protection, and corporate-  
7 governance laws.

8  
9 (b) The Sierra Madre Master Plan Conformity Certificate, nature-credit  
10 requirements, and restoration procedures created by this Act are additional  
11 statutory requirements within their stated scope. Nothing herein shall be  
12 construed to:

- 13 1. Dispense with an ECC, PAMB approval, tenure instrument, FPIC,  
14 NCIP certification, LGU action, or other approval required by law;  
15 2. Diminish ancestral-domain, customary, tenure, property, or due-  
16 process rights;  
17 3. Validate an act prohibited under another law; or  
18 4. Prevent an agency, PAMB, or LGU from applying a more protective  
19 standard within its lawful authority.

20  
21 (c) All laws, presidential decrees, executive orders, rules and regulations, or  
22 parts thereof expressly irreconcilable with a specific provision of this Act are  
23 hereby modified only to the extent of the inconsistency. No repeal of a  
24 protected right, criminal law, revenue measure, or agency mandate shall be  
25 implied.

26  
27 **Sec. 83. Effectivity.** This Act shall take effect fifteen (15) days after its publication  
28 in the Official Gazette or in two (2) newspapers of general circulation.

29  
30 *Approved,*