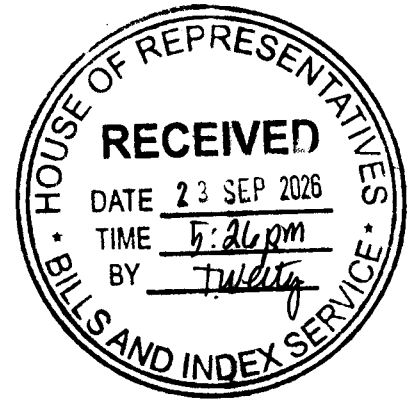


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
Second Regular Session

House Bill No. **11466**



Introduced by Representative Julius Cesar "Jay" V. Vergara

EXPLANATORY NOTE

The Sierra Madre is the longest mountain range in the Philippines, covering approximately 1.4 million hectares. A sanctuary of rich biodiversity, the Sierra Madre is home to some of the country's most unique and diverse flora and fauna. It spans ten provinces, namely Cagayan, Isabela, Nueva Vizcaya, Quirino, Aurora, Bulacan, Rizal, Laguna, Quezon, and our own province of Nueva Ecija. Nestled within this vast mountain range are the municipalities of Gabaldon, Bongabon, and Laur in the Third District of Nueva Ecija.

The Sierra Madre is best known for its role as the country's natural shield against tropical cyclones. Acting as a natural storm barrier, the mountain range slows down and weakens powerful winds and weather systems approaching from the Pacific Ocean, thereby reducing their destructive impact on lives, livelihoods, and infrastructure.

Despite its immense ecological importance, illegal logging, mining, quarrying, and other destructive activities continue to threaten the Sierra Madre. Existing laws and regulatory mechanisms have proven insufficient to provide the level of protection necessary to preserve and sustain its vital role in our environment.

Thus, we are proposing this measure to create the Sierra Madre Mountain Range Authority (SMMRA), which shall serve as the lead policy, planning, coordinating, and regulatory body for range-wide ecological governance, while preserving the lawful mandates of the Department of Environment and Natural Resources (DENR), local government units, Protected Area Management Boards, the National Commission on Indigenous Peoples, and other competent institutions. The SMMRA shall also formulate the Sierra Madre Ecological Integrity and Sustainable Development Master Plan, a comprehensive, science-based, and geospatially explicit 25-year plan that will establish ecological limits, management zones, no-go areas, permitted and prohibited uses, restoration priorities, measurable outcomes, investment requirements, and implementation responsibilities.

The proposed measure likewise aims to establish a Sierra Madre Nature Credit System, 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. The proposed measure also establishes the Sierra Madre Fund solely to finance the SMMRA's statutory public-good and market-governance functions.

Through this proposed legislation, we uphold our constitutional duty under Article II, Section 16 of the 1987 Philippine Constitution, which mandates the State to "protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature."

In view of the foregoing, the immediate approval and adoption of this measure are earnestly sought.



JULIUS CESAR "JAY" V. VERGARA
Third District of Nueva Ecija

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
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House Bill No. 11466

Introduced by Representative Julius Cesar "Jay" V. Vergara

1 AN ACT

2 STRENGTHENING THE PROTECTION, CONSERVATION, AND
3 SUSTAINABLE DEVELOPMENT OF THE SIERRA MADRE MOUNTAIN
4 RANGE, CREATING FOR THE PURPOSE THE SIERRA MADRE MOUNTAIN
5 RANGE AUTHORITY, DEFINING ITS POWERS AND FUNCTIONS, AND
6 PROVIDING FUNDS THEREFOR

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

7 ARTICLE I

8 General Provisions

9
10 **SECTION 1. Short Title.** This Act shall be known as the "Sierra Madre Mountain
11 Range Protection, Conservation, and Sustainable Development Act."
12

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

1
2 To achieve these ends, the State shall adopt a science-based, ecosystem-based, and
3 landscape-scale approach to management, integrating conservation, restoration, and
4 sustainable development. This includes applying ridge-to-reef planning, recognizing
5 the ecological and hydrological links among uplands, lowlands, rivers, and coastal
6 areas, and using nature-based solutions where appropriate to strengthen resilience.

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

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

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

32
33 Accordingly, the State shall: (a) establish binding ecological limits, no-go areas,
34 decision principles, and consistency requirements governing covered plans, zoning
35 ordinances, permits, projects, procurement, and public investment; (b) account for the
36 extent, condition, service flows, beneficiaries, and economic contribution of Sierra
37 Madre ecosystems in accordance with Republic Act No. 11995, or the Philippine
38 Ecosystem and Natural Capital Accounting System Act; (c) require Covered
39 Enterprises to satisfy Nature Credit Purchase Obligations proportionate to their
40 measured dependency on and benefit from Sierra Madre ecosystem services; (d)

1 require persons causing environmental damage to avoid harm and fully restore
2 affected ecosystems, independently of and in addition to compliance with the
3 Philippine Environmental Impact Statement System; and (e) direct Sierra Madre
4 Nature Credit revenues to lawful rights holders, registered nature-project developers,
5 and ecosystem stewards in accordance with existing tenurial instruments, customary
6 rights, and verified performance.

7
8 The avoidance hierarchy, precautionary principle, polluter-pays principle,
9 beneficiary-pays principle, ecological connectivity, intergenerational equity, and the
10 more protective applicable standard shall govern implementation. No purchase,
11 credit, or payment under this Act shall authorize prohibited activity, excuse
12 noncompliance with an Environmental Compliance Certificate, or compensate for
13 harm to an irreplaceable ecosystem that should have been avoided.

14
15 The Authority established under this Act shall harmonize, interface, and rationalize
16 the mandates, programs, and functions of national agencies, local government units,
17 and other stakeholders, thereby ensuring a coherent, integrated, and ecosystem-scale
18 governance framework. All policies and actions shall be evidence-based,
19 incorporating the latest scientific data on biodiversity, hydrology, and climate
20 impacts. The State shall likewise strengthen enforcement and penalties against illegal
21 activities like illegal logging, mining, wildlife trafficking, land conversion, and the
22 like, to deter destruction of this critical landscape.

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

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

10
11 **Sec. 4. Definition of Terms.** For purposes of this Act:

- 12
13 **a. *Additionality*** means an ecological, climate, water-security, or resilience
14 outcome that exceeds the applicable legal requirement, approved baseline,
15 and business-as-usual condition, except that verified performance of a
16 mandatory restoration obligation may be recognized only for results-based
17 payment and shall not generate an offset against other harm;
- 18 **b. *Affected Area*** means the site of impact and the connected watershed, river
19 basin, ecological corridor, or service area in which restoration is necessary to
20 recover the lost ecological functions and public benefits;
- 21 **c. *Biodiversity Offsets*** refers to strategic compensatory tools or projects that
22 mitigate the environmental impacts of human activities on biodiversity;
- 23 **d. *Biological Connectivity*** means the degree to which landscape features
24 facilitate or impede movement of organisms, genetic flow, and ecological
25 processes;
- 26 **e. *Carbon Credits*** refers to projects or areas that reduce or remove carbon
27 dioxide or other greenhouse gas emissions. These carbon credits are usually
28 bought voluntarily or obligatorily by organizations to compensate for their
29 emissions and help them meet climate goals;
- 30 **f. *Climate-Resilient Infrastructure*** refers to infrastructures that are able to
31 withstand and recover from natural hazards;
- 32 **g. *Covered Enterprise*** means a revenue-generating enterprise determined by
33 the Authority to receive a material direct or indirect economic benefit from
34 one or more Sierra Madre ecosystem services and therefore subject to a
35 Nature Credit Purchase Obligation under this Act;
- 36 **h. *Digital Twin*** refers a dynamic, virtual model of a physical object, process, or
37 system that uses real-time, bidirectional data synchronization to mirror its
38 counterpart's behavior, performance, and state;
- 39 **i. *Early Warning System or EWS*** refers to an integrated system of sensors,
40 telemetry, forecasting, communications, community alerts, automated

warning devices, and related digital infrastructure designed to provide timely information on floods, landslides, droughts, extreme rainfall, and other hazards;

j. Ecological Corridor refers to an undeveloped strip of habitat connecting two or more core natural areas, allowing free movement of wildlife and dispersal of plant species;

k. Ecological Loss means the measurable reduction in ecosystem extent, condition, function, connectivity, biodiversity, or service flow caused by an act, omission, project, or continuing impact, including the risk of reversal and the time required for recovery;

l. Ecosystem Account means a physical and, where appropriate, monetary account of ecosystem extent, condition, service supply, service use, beneficiaries, degradation, restoration, environmental protection expenditure, and economic contribution, prepared consistently with Republic Act No. 11995 and applicable official statistical standards;

m. Ecosystem-Service Beneficiary refers to a person, enterprise, utility, local government, economic zone, infrastructure operator, or other entity that materially benefits from or depends upon a Sierra Madre ecosystem service;

n. Ecosystem-Service Catchment means the scientifically delineated geographic area within which a specified Sierra Madre ecosystem service is generated, conveyed, or received. It may include the source ecosystem, hydrologic or ecological flow path, downstream or adjacent beneficiary area, and the cities, municipalities, economic zones, industrial estates, utility service areas, and other locations that materially receive or depend on the service;

o. Ecosystem-Service Dependency means the degree to which the operations, revenues, assets, supply chains, or business continuity of an enterprise or sector depend upon a specified ecosystem service, measured through service use, revenue exposure, avoided loss, replacement cost, risk-mitigation cost, and other approved indicators;

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

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

r. Green-Gray Infrastructure, also known as green-gray hybrid, refers to infrastructures wherein conservation and restoration are paired with the

selective use of conventional engineering approaches for climate change resiliency and adaptation benefits;

- s. **Health Index** refers to a composite, science-based and periodically updated metric used to assess the overall condition, integrity, and resilience of an ecosystem within the Sierra Madre Mountain Range. It shall integrate quantifiable indicators, including but not limited to: forest cover and quality, biodiversity status, water quality and availability, soil stability, carbon stock, and vulnerability to climate and disaster risks. The Health Index shall serve as a primary basis for planning, policy prioritization, resource allocation, performance evaluation, and public reporting under this Act;
- t. **High-Value Resilience Zone** refers to a geographically defined area identified through hydrological, ecological, climate, and disaster-risk assessment where investment in Nature-Based Solutions, ecosystem restoration, green infrastructure, or Early Warning Systems is expected to provide significant benefits for the protection of lives, communities, critical infrastructure, water security, biodiversity, or economic activity;
- u. **Interim Public Loss** means the value of ecosystem services and public benefits foregone from the time environmental damage occurs until full verified recovery, including increased water-treatment, disaster-risk, infrastructure-protection, livelihood, and public-service costs;
- v. **Irreplaceable Ecosystem** means an ecosystem, habitat, ecological corridor, primary or old-growth forest, critical watershed, cultural landscape, or other natural feature for which loss cannot be reliably restored within an ecologically meaningful period, as determined by law, the Sierra Madre Master Plan, or an approved scientific methodology;
- w. **Landscape-Scale Conservation Model** refers to the approach of protecting large and ecologically meaningful areas or biodiversity instead of mere individual species or isolated sites;
- x. **Nature Credit Compliance Clearance** means the digitally signed record issued by the Authority confirming that a Covered Enterprise has satisfied, or is not subject to, its Nature Credit Purchase Obligation for the stated compliance period;
- y. **Nature Credit Purchase Obligation** means the annual regulatory obligation of a Covered Enterprise to purchase and retire a prescribed 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;

- 1 **aa. NIPAS** refers to the National Integrated Protected Areas System established
2 under Republic Act No. 7586, as amended by Republic Act No. 11038, which
3 provides the legal framework for the establishment, classification, and
4 management of protected areas in the Philippines;
- 5 **bb. Other Effective Area-Based Conservation Measures** refers to geographical
6 sites or defined areas that are distinct from protected areas but are managed
7 in ways that yield positive, sustained, and long-term outcomes for
8 conservation;
- 9 **cc. Protected Area Management Board (PAMB)** refers to any local board created
10 under RA 7586 (NIPAS Act, as amended) or RA 11038 (E-NIPAS) for a
11 specific protected area;
- 12 **dd. Registered Nature-Project Developer** means a public, private, community,
13 or Indigenous entity, other than the Authority or the Sierra Madre Fund,
14 registered by the Authority to develop and deliver protection, restoration, or
15 long-term stewardship projects, with lawful tenure or a valid agreement
16 with the lawful tenure or rights holder and, where applicable, PAMB
17 approval and FPIC;
- 18 **ee. Resilience Deficit** refers to the quantified gap between the existing protective
19 capacity of an ecosystem, infrastructure system, or community and the level
20 of ecological, hydrological, or disaster resilience required to withstand
21 projected climate and disaster risks, as determined through approved
22 scientific and hydrological assessment;
- 23 **ff. Resilience Investment** refers to a verified financial, technical, or material
24 investment in an eligible Nature-Based Solution, ecosystem restoration,
25 green or green-gray infrastructure, Early Warning System, sustainable
26 watershed management activity, or other intervention that produces
27 measurable ecological, climate-adaptation, disaster-risk-reduction, or water-
28 security benefits;
- 29 **gg. Restoration** refers to the process of assisting the recovery of degraded,
30 damaged, or destroyed ecosystems to a stable, self-sustaining, and resilient
31 condition, approximating as closely as practicable their natural structure,
32 ecological functions, and biodiversity composition. It includes, but is not
33 limited to, restoration using native species, assisted natural regeneration,
34 habitat rehabilitation, soil and watershed stabilization, and the re-
35 establishment of ecological connectivity, consistent with science-based
36 standards and climate-resilient practices;
- 37 **hh. Retirement** means the permanent cancellation of a Sierra Madre Nature
38 Credit in the Sierra Madre Nature Credit Registry after purchase or use for
39 compliance, so that it cannot be sold, transferred, claimed, or counted again;

- 1 *ii. Ridge-to-Reef (R2R)* means an integrated approach that recognizes the
2 hydrological and biological links from upland forests (ridges) through
3 watersheds to coastal and marine ecosystems (reefs);
- 4 *jj. Sierra Madre Ecological Integrity and Sustainable Development Master*
5 *Plan*, hereinafter referred to as the “Sierra Madre Master Plan,” refers to the
6 comprehensive 25-year land-use and conservation plan developed under
7 this Act. It is the statutory, science-based, and geospatially explicit plan that
8 establishes the ecological limits, management zones, no-go areas, permitted
9 and prohibited uses, restoration priorities, measurable outcomes,
10 implementation responsibilities, and investment requirements governing
11 conservation and sustainable development across the Sierra Madre
12 Mountain Range;
- 13 *kk. Sierra Madre Master Plan Conformity Certificate* means the written
14 certificate issued by the Authority after a reasoned review, confirming only
15 that the proposed location, land use, and development footprint of a covered
16 plan, zoning action, project, procurement, or public investment conform
17 with the applicable management zone, ecological limits, no-go areas,
18 corridors, catchment protections, permitted and prohibited uses, and
19 development standards already established by the Sierra Madre Master Plan
20 and this Act. It is an additional statutory certification and is not an
21 environmental impact assessment, ECC, permit, clearance, tenure
22 instrument, consent, or authority to construct, operate, convert land, or use
23 natural resources;
- 24 *ll. Sierra Madre Mountain Range* refers to the contiguous upland area and
25 associated ecological zones of the Sierra Madre, from peak to reef;
- 26 *mm. Sierra Madre Nature Credit* means a uniquely identified, service-
27 specific, and geographically tagged unit of an independently verified
28 ecological outcome issued under an approved methodology. Each credit
29 shall state its outcome class, unit of measurement, Ecosystem-Service
30 Catchment or ecological area, vintage, durability period, and applicable use
31 restrictions. A credit in one outcome class shall not be treated as equivalent
32 to a different ecosystem service or used outside its approved geographic and
33 temporal scope;
- 34 *nn. Sierra Madre Nature Credit Registry* means the public electronic system
35 administered by the Authority for project registration, validation and
36 verification records, issuance, ownership, transfer, purchase, retirement,
37 reversal, Nature Credit Purchase Obligation compliance, benefit allocation,
38 and disclosure of Sierra Madre Nature Credits;
- 39 *oo. Tenurial Instrument* means a title, certificate, agreement, permit, lease,
40 stewardship contract, ancestral domain or ancestral land title, protected-area

tenure, or other lawful instrument recognizing possession, use, management, or stewardship rights over land or natural resources;

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

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

Other terms shall have the meanings given by existing environmental laws unless otherwise defined herein.

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

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

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

1. Department of National Defense-Armed Forces of the Philippines (DND - AFP);
2. Department of the Interior and Local Government (DILG);
3. Department of Human Settlements and Urban Development (DHSUD)
4. National Commission on Indigenous Peoples (NCIP);

5. Department of Science and Technology-Philippine Atmospheric, Geophysical and Astronomical Services Administration (DOST-PAGASA);
6. Department of Economy, Planning, and Development (DEPDEV);
7. Department of Public Works and Highway (DPWH);
8. Department of Energy (DOE); and
9. Climate Change Commission (CCC).

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

- (a) **Implementation Protocols.** The Authority and each concerned institution shall adopt binding implementation and data-sharing protocols that identify the decision sequence, documentary requirements, responsible offices, interoperable data, service standards, referral procedures, and escalation process. Each institution shall designate an accountable focal office and shall provide data and action records required by this Act, subject to lawful confidentiality;
- (b) **DENR and EMB.** The DENR shall retain the ECC, environmental, forestland, natural-resource, tenure, and enforcement powers conferred by existing law. The proponent of a covered project shall obtain a Sierra Madre Master Plan Conformity Certificate from the Authority as an additional statutory requirement. The EMB may receive and evaluate the ECC application concurrently with the Authority's review, but the DENR or EMB shall require the certificate and shall not issue the final ECC until the Authority has transmitted it and the DENR or EMB has confirmed its validity through the interoperable government system. The certificate confirms compliance only with this Act and the Sierra Madre Master Plan; it is not an ECC or substitute permit;
- (c) **PSA and PENCAS Agencies.** The PSA shall retain responsibility for official natural-capital statistics and accounts under Republic Act No. 11995. The Authority shall compile range-, watershed-, corridor-, project-, and beneficiary-level operational accounts using official standards and shall transmit validated data to the PSA, the DENR, and DEPDev;

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

17
18 (e) **PAMBs, DENR-BMB, and NCIP.** PAMB approval, protected-area
19 management plans, zoning, fees, clearances/permits, monitoring and
20 enforcement and the Integrated Protected Area Fund shall remain governed
21 by NIPAS and E-NIPAS. NCIP certification, ancestral-domain rights,
22 customary law, ADSDPPs, and FPIC shall remain mandatory. No Sierra
23 Madre Master Plan Conformity Certificate, Nature Credit Compliance
24 Clearance, project registration, or nature credit issuance shall substitute for
25 these approvals or diminish rights under Republic Act No. 8371;

26
27 (f) **Sector Compliance Gatekeepers.** An applicant for a covered accreditation,
28 concession, locator registration, operating authority, franchise endorsement,
29 or statutory incentive shall obtain from the Authority the applicable Sierra
30 Madre Master Plan Conformity Certificate, restoration-status certification, or
31 Nature Credit Compliance Clearance. The DPWH, DOE, DA, NIA, water
32 and utility regulators, economic-zone and locator authorities, concession-
33 granting agencies, and other institutions designated by sector rule shall
34 require the applicable Authority document before final issuance or renewal
35 and shall confirm its validity through the interoperable government system;

36
37 (g) **Electronic Transmission, Confirmation, and Fraud Prevention.** The
38 Authority shall transmit required certificates and clearances directly
39 through a secure service interoperable with the Philippine Business
40 Databank, the Central Business Portal, LGU electronic Business One-Stop

Shops, and relevant agency systems where legally and technically feasible. The receiving institution shall use the service to confirm authenticity and current status. A paper receipt, screenshot, or privately issued certificate shall not establish compliance. The Authority's digitally signed record shall show the enterprise or project identifier, covered decision, compliance period, status, validity period, and confirmation reference. Falsification or unauthorized alteration shall be subject to Section 73;

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

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

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

(k) **Watershed and Water Quality Management Area Coordination.** Where a river basin, watershed, water body, or interconnected ecological system within or materially dependent upon the Sierra Madre Mountain Range has been designated as a Water Quality Management Area under Republic Act No. 9275, the Authority shall coordinate with the DENR and the concerned Water Quality Management Area Governing Board to harmonize watershed protection, water-quality management, climate resilience, disaster-risk reduction, and ecosystem restoration programs.

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

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

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

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

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

8
9 The baseline shall include, where applicable, watershed condition, forest
10 cover, rainfall and hydrological data, flood and landslide susceptibility,
11 sedimentation, water availability, ecosystem-service flows, critical
12 infrastructure exposure, population vulnerability, and economic exposure.

13
14 The Authority shall periodically update the baseline using the best available
15 scientific and geospatial information and shall use its findings in the
16 formulation and implementation of the Sierra Madre Master Plan and in
17 determining priority areas for Nature-Based Solutions, ecosystem
18 restoration, Early Warning Systems, and Nature Credit investments;

19
20 (c) **Nature-Based Solutions-First Policy.** In the planning, design, financing,
21 procurement, and implementation of public works and other government
22 interventions principally intended for flood control, watershed protection,
23 water security, slope stabilization, erosion control, landslide mitigation,
24 coastal protection, and climate adaptation within the coverage of this Act,
25 the responsible government agency or LGU shall first undertake a Nature-
26 Based Solutions Feasibility Assessment.

27
28 Nature-Based Solutions, green infrastructure, or green-gray infrastructure
29 shall be prioritized where such interventions are technically feasible and
30 capable of achieving the applicable protection objectives.

31
32 Conventional gray infrastructure may be adopted, or combined with
33 Nature-Based Solutions, when the responsible agency demonstrates through
34 the feasibility assessment that Nature-Based Solutions alone are technically
35 infeasible, inadequate, or insufficient to meet the identified protection
36 objectives.

37
38 Nothing herein shall prohibit the use of hybrid green-gray infrastructure
39 where necessary to protect life, property, critical infrastructure, or essential
40 services;

1
2 (d) **Early Warning and Digital Resilience Systems.** The Authority shall
3 promote and facilitate the establishment and integration of Early Warning
4 Systems throughout the Sierra Madre Mountain Range and affected
5 downstream areas, including river gauges, rainfall and weather sensors,
6 telemetry networks, landslide and flood monitoring systems, automated
7 warning devices, community alert systems, and interoperable digital
8 platforms.

9 Priority shall be given to systems serving High-Value Resilience Zones,
10 highly vulnerable communities, critical infrastructure, major population
11 centers, and areas with significant downstream economic exposure.
12

13 Subject to approved methodologies and independent verification,
14 investments in qualifying Early Warning Systems may generate Sierra
15 Madre Nature Credits representing verified resilience outcomes;
16

17 (e) ***Policy, Plan, and Decision Alignment.*** Harmonize, interface, and integrate
18 national, regional, and local land-use and development plans affecting the
19 Sierra Madre. This includes aligning local Comprehensive Land Use Plans
20 (CLUPs), Regional Development Plans, Ancestral Domain Sustainable
21 Development and Protection Plan (ADSDPP) and sectoral plans with the
22 Sierra Madre Master Plan. All government entities and LGUs shall, within
23 their authorities, ensure consistency of their projects and ordinances with the
24 Sierra Madre Master Plan, to prevent fragmentation of policies and achieve
25 an integrated ridge-to-reef management approach; Provided, That the
26 Authority shall issue Sierra Madre Master Plan Conformity Certificates for
27 covered plans, zoning actions, projects, procurement, and public
28 investments, each supported by written findings; Provided, further, That no
29 such certificate shall replace any ECC, permit, PAMB approval, FPIC, or
30 other consent required by law;
31

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

14
15 (g) ***Ecosystem Connectivity and Conservation Corridors.*** The Authority shall
16 identify, delineate, establish, and maintain interconnected ecological
17 networks across the Sierra Madre Mountain Range to ensure genetic flow,
18 species movement, and long-term ecosystem resilience. Such networks shall
19 include, but not be limited to:

- 21 1. **Biodiversity Corridors.** Landscape-scale linkages connecting protected
22 areas, forest fragments, and critical habitats to enable wildlife movement
23 and ecological processes;
- 24 2. **Riparian Buffers.** Protected strips along rivers, streams, and water
25 bodies to maintain hydrological integrity, prevent erosion, and support
26 aquatic and terrestrial biodiversity;
- 27 3. **Key Biodiversity Areas (KBAs).** Sites of global or national significance
28 for biodiversity conservation, which shall be prioritized for strict
29 protection and integration into corridor planning;
- 30 4. **Buffer Zones.** Areas surrounding protected areas and critical habitats,
31 managed to provide an added layer of protection against external
32 pressures and incompatible land uses;
- 33 5. **Local Conservation Areas (LCAs).** Areas designated by local
34 government units for biodiversity conservation and sustainable resource
35 management, consistent with national standards; and
- 36 6. **Indigenous Peoples' and Community Conserved Areas (ICCAs).**
37 Territories conserved and managed by Indigenous Peoples and local
38 communities, recognized in accordance with customary laws,
39 governance systems, and applicable national policies.

1 The Authority is hereby empowered to declare and classify such corridors
2 and connectivity systems as Protected Critical Areas, subject to
3 appropriate management regimes, use restrictions, and conservation
4 standards.

5
6 (h) **Enforcement Coordination.** Lead and coordinate enforcement of
7 environmental and natural resource laws within the Sierra Madre. In
8 partnership and collaboration with the DENR, Philippine National Police
9 (PNP), Armed Forces, and other agencies, plan and execute intelligence-
10 driven operations against illegal logging, mining, wildlife trafficking, and
11 destructive land conversion. The Authority shall have no permitting
12 authority but shall support enforcement by providing information, logistical
13 support, and unified command as needed;

14
15 (i) **Climate Change, Disaster Risk Reduction, and Nature-Based Solutions.**
16 The Authority shall develop, integrate, and implement science-based and
17 climate-resilient programs for climate change adaptation and mitigation,
18 and disaster risk reduction and management, tailored to the Sierra Madre
19 Mountain Range.

20
21 *Provided,* That such programs shall prioritize watershed protection and
22 rehabilitation for flood attenuation and water security; the application of soil
23 and water conservation measures, including but not limited to slope
24 stabilization, erosion control, and assisted natural regeneration, to reduce
25 landslide risks; and the adoption of nature-based solutions (NbS), such as
26 restoration using native species, mangrove restoration in coastal zones, and
27 the protection of wetlands and natural floodplains, to buffer storm surges,
28 regulate hydrological flows, sequester carbon, and enhance ecosystem
29 resilience; *Provided, further,* That all interventions shall be consistent with
30 ecosystem-based management principles, climate science, and disaster risk
31 assessments, and shall be implemented in coordination with relevant
32 national agencies, local government units, and affected communities to
33 ensure effective protection of lives, livelihoods, and critical infrastructure;

- (j) ***Nature-Market Administration and Enabling Conditions.*** The Authority shall mobilize, generate, and manage funds to support conservation, restoration, and sustainable development initiatives within the Sierra Madre Mountain Range, including the establishment of a Sierra Madre Fund pursuant to Article XII; ***Provided,*** That it shall pursue and operationalize innovative financing mechanisms, including carbon credit schemes, green bonds, grants, and public-private partnerships, to augment available resources; ***Provided, further,*** That all funds shall be administered in a transparent, accountable, and auditable manner, with clear provisions for equitable community benefit-sharing, particularly for local communities and Indigenous Peoples directly contributing to conservation efforts. The Authority shall administer the Sierra Madre Fund solely for the institutional and public-good purposes allowed by Section 64; administer the Sierra Madre Nature Credit System; approve methodologies; register projects and developers; determine Covered Enterprise classes and Nature Credit Purchase Obligations; publish priority outcome needs and model long-term nature credit purchase agreements; and ensure transparent, auditable, and tenure-based allocation of revenues. The Authority shall enable, but shall not develop, finance, invest in, own, implement, or guarantee, nature-credit or infrastructure projects;
- (k) ***Data Management and Public Registry.*** Establish and maintain a centralized Sierra Madre Data and Monitoring System, incorporating all available and updated thematic datasets such as satellite imagery, biodiversity inventories, land use maps, and socio-economic data, among others. Make non-sensitive data accessible to stakeholders through a shared platform or digital twin for data integration. The Authority shall likewise maintain the Sierra Madre Nature Credit Registry containing ecosystem accounts, service flows, Covered Enterprises, projects, baselines, validation and verification reports, issued and retired nature credits, restoration orders, payments, ownership, and benefit allocation, subject to lawful protection of sensitive ecological, personal, and Indigenous knowledge;
- (l) ***Sustainable Livelihoods.*** Promote sustainable livelihood programs that are compatible with conservation such as agroforestry, eco-tourism, and non-timber forest products. Provide technical and financial support to communities, especially upland and Ips, for alternative income that reduces pressure on forests;

- 1 (m) ***Capacity-Building and Technical Support.*** Assist Protected Area
2 Management Boards, LGUs, and community groups by providing training
3 in conservation planning, landscape monitoring, and enforcement
4 techniques. Facilitate exchanges of best practices and science-based
5 management protocols;
- 6
- 7 (n) ***Integration of Indigenous Knowledge.*** Ensure that traditional ecological
8 knowledge and customary governance systems of ICCs/IPs are integrated
9 into conservation strategies. The Authority shall recognize ICCAs as integral
10 parts of the landscape, and support indigenous co-management models
11 consistent with IPRA;
- 12
- 13 (o) ***Sector Dependency and Compliance.*** Determine, after notice and
14 consultation, the revenue-generating sectors and enterprises materially
15 dependent on Sierra Madre ecosystem services; calculate annual Nature
16 Credit Purchase Obligations under Section 65; assess compliance; and
17 impose the administrative consequences authorized by this Act;
- 18
- 19 (p) ***Restoration Orders and Environmental Cost Assessment.*** After notice,
20 opportunity to be heard, and a decision supported by substantial evidence,
21 determine ecological loss, full restoration cost, and interim public loss; issue
22 restoration and performance-security requirements; approve on-site or
23 affected-area restoration plans; register third-party delivery arrangements;
24 and require continuing monitoring and independent verification. The
25 Authority may issue a time-limited interim order without prior hearing only
26 upon a written finding of imminent and serious ecological harm, subject to
27 prompt post-order review;
- 28
- 29 (q) ***Market Integrity.*** Accredite or recognize independent validators, verifiers,
30 and market auditors; prevent double issuance, double use, and double
31 claiming; establish rules on additionality, durability, leakage, reversal,
32 buffers, and retirement; suspend or cancel invalid Sierra Madre Nature
33 Credits; and resolve administrative disputes, without prejudice to judicial
34 remedies;
- 35

- 1 (r) **Tenure and Rights Safeguards.** Recognize ownership of Sierra Madre
2 Nature Credits and entitlement to their revenues according to existing
3 tenurial instruments, customary rights, and valid stewardship agreements;
4 require the consent of lawful rights holders; secure FPIC where applicable;
5 and ensure that registration of a credit does not create or transfer title to land
6 or natural resources;
7
- 8 (s) **Market Participant Support and Interagency Coordination.** Maintain a
9 neutral support window that publishes standards, public data, standard
10 forms, and lawful tenure and approval pathways; provides general training
11 and nonbinding pre-application orientation; convenes recorded interagency
12 meetings; and tracks complete applications against published service
13 standards. The window shall not originate, select, endorse, design, finance,
14 invest in, develop, implement, or manage a project; prepare or materially
15 revise a participant's methodology, baseline, monitoring plan, credit
16 application, or financial model; arrange financing; guarantee eligibility or
17 issuance; or substitute for a tenure instrument, permit, PAMB approval,
18 NCIP certification, or FPIC reserved by law to another institution;
19
- 20 (t) **Inter-Agency Implementation.** Enter into data-sharing, implementation,
21 and enforcement arrangements with the DENR, PSA, PhilSA, NAMRIA,
22 DEPDev, DOF, DTI, DHSUD, DILG, NCIP, Climate Change Commission,
23 GCG, LGUs, PAMBs, and other agencies necessary to implement this Act;
24 and
25
- 26 (u) **Others.** Perform other functions necessary to achieve the objectives of this
27 Act.
28

29 **Sec. 8. Emergency Environmental Management.** Whenever the President determines
30 that conditions within the Sierra Madre Mountain Range constitute an environmental
31 emergency or ecological crisis requiring immediate and coordinated government
32 intervention, the President may, upon the recommendation of the Authority, direct all
33 departments, bureaus, offices, agencies, instrumentalities of the Government,
34 including government-owned or -controlled corporations, to undertake such
35 measures as may be necessary and lawful to protect, rehabilitate, restore, and secure
36 the Sierra Madre Mountain Range, consistent with the Constitution and existing laws.
37

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

5
6 **Sec. 9. Sierra Madre as Critical Natural Foundation for National Security.** The Sierra
7 Madre Mountain Range is hereby declared a critical natural foundation essential to
8 national security, disaster risk reduction, and climate resilience.

9
10 Recognizing its function as one of the country's longest natural barrier against
11 typhoons, storm surges, flooding, and landslides, the State shall prioritize its
12 protection as a matter of national survival and public safety.

13
14 Accordingly:

- 15
- 16 a. All policies, plans, and programs affecting the Sierra Madre shall consider
17 national security implications, particularly in relation to disaster risk
18 reduction and protection of life, property, and critical foundation;
 - 19 b. The Authority shall coordinate with the National Disaster Risk Reduction and
20 Management Council (NDRRMC), Department of National Defense (DND),
21 and other relevant agencies to integrate ecosystem-based disaster risk
22 reduction strategies into national security planning; and
 - 23 c. Any activity that significantly weakens the ecological integrity of the Sierra
24 Madre and increases disaster vulnerability shall be deemed contrary to
25 national security and may be subject to prohibition or heightened regulatory
26 scrutiny under this Act.

27
28 **Sec. 10. Corporate Powers of the Authority.** In addition to the powers granted
29 elsewhere in this Act, the Authority shall have the following corporate powers to
30 fulfill its mandate:

- 31
- 32 a. To adopt a corporate name and seal, and to sue or be sued in its name.;
 - 33 b. To enter into contracts and agreements, including data-sharing agreements,
34 public-private partnerships, and agreements for technical assistance or
35 financing;
 - 36 c. To acquire, hold, and dispose of property (real and personal) as necessary,
37 subject to applicable laws and respect for private and communal rights;
 - 38 d. To borrow funds and issue bonds (subject to law) to support its programs;
 - 39 e. To administer the Sierra Madre Fund in accordance with Section 64 of this
40 Act; and

- 1 f. To perform any act necessary or incidental to carry out its purposes,
2 including issuing implementing rules and regulations.

3
4 The Authority may impose and retain the following charges:

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

23
24 For a sale or transfer for value that is recorded or settled through the Sierra Madre
25 Nature Credit System, the Authority may collect a separately itemized Market
26 Administration Charge not exceeding two percent (2%) of the gross monetary
27 consideration, exclusive of taxes and separately disclosed bank, escrow, payment-
28 service, or privately operated platform charges. The Board shall set a lower actual rate
29 when sufficient to recover the reasonable cost of operating, securing, auditing, and
30 supervising the Registry and market. The charge shall not apply to the original
31 issuance of a credit unless that issuance forms part of a sale, and the rules may reduce
32 or waive it for Indigenous Peoples, community projects, smallholders, and
33 noncommercial transfers. No private platform or settlement provider may represent
34 its own service charge as an Authority fee.

35
36 All charges shall be published before they take effect and shall state the payer,
37 charging event, base, rate or amount, exemptions, and disposition of proceeds. The
38 Board shall approve the schedule after a public hearing, a documented cost and
39 market-impact study, and review by the DOF, DBM, and GCG and, for exchange or
40 marketplace functions, the SEC. Projected collections from the fees and the Market

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

7
8 Fee and Market Administration Charge collections shall constitute corporate
9 operating revenue of the Authority, subject to budgeting, treasury, accounting, COA
10 audit, and public-disclosure laws. They shall be separately accounted for from the
11 price of Sierra Madre Nature Credits and from funds due to lawful rights holders,
12 registered developers, and project-delivery parties. Nothing in this section authorizes
13 the Board or the implementing rules to impose a tax, special assessment, or percentage
14 levy for general revenue. Any charge intended to raise money beyond the reasonable
15 cost of regulation and market administration must be expressly imposed by Congress,
16 including its rate, base, and disposition.

17
18 The Sierra Madre Nature Credit Registry shall be the authoritative legal record of
19 project status, issuance, ownership, transfer, purchase, and retirement. The Authority
20 may establish, procure, authorize, or interoperate with an electronic auction,
21 marketplace, or exchange platform, subject to applicable SEC, financial-market,
22 procurement, competition, data, and consumer-protection laws. The implementing
23 rules shall define the respective responsibilities of the Authority and participating
24 service providers, including approval, oversight, disclosure, settlement, audit, and
25 protection of confidential regulatory information.

26
27 The same regulatory cost shall not be recovered through more than one fee or charge.
28 The annual cost study shall allocate each operating cost to a stated service, disclose
29 any cross-subsidy, and reconcile collections against actual expenditure. Sustained
30 excess collections shall be credited or refunded where practicable and shall result in
31 an automatic rate reduction in the following schedule.

32
33 The Authority shall not act as exchange operator, broker, dealer, clearing member,
34 settlement counterparty, or custodian of participant funds. Trading, clearing, custody,
35 and settlement shall be performed by qualified external providers under applicable
36 SEC, BSP, banking, payment-system, procurement, and competition laws. The
37 Authority shall maintain the official Registry, approve interoperability, and supervise
38 compliance with this Act.

39
40 **Article III**

Governing Board

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

1. The Executive Secretary, as *ex officio* Chairperson;
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

1 private-sector representative may participate in general rulemaking affecting a sector
2 or beneficiary class, provided the representative's interests are disclosed. No member
3 may participate in a firm-specific assessment, project registration, issuance,
4 procurement, enforcement, appeal, or other adjudicatory matter involving the
5 member, or the member's employer, client, principal, affiliate, or a business
6 organization represented by the member. No independent expert may, during service,
7 act as a developer, validator, verifier, broker, or exchange operator in the system.
8 Recusals and the reasons therefor shall be entered in the minutes and public registry.

9
10 A majority of all voting members shall constitute a quorum. Adoption or material
11 amendment of the Sierra Madre Master Plan, ecological limits, nature credit purchase
12 rules, methodologies, or fee schedules shall require the affirmative vote of at least two-
13 thirds (2/3) of all voting members. Other matters shall require a majority of the
14 members present where a quorum exists. Minutes shall identify attendance, votes,
15 recusals, dissents, and the evidentiary basis for decisions, and shall be published,
16 subject to lawful confidentiality.

17
18 For a matter requiring recusal, the disqualified member shall not be counted in
19 determining the quorum or required vote for that matter, provided that at least one-
20 half of all voting members who are not disqualified participate. If recusals prevent a
21 lawful decision, the matter shall be referred to an ad hoc panel of qualified alternates
22 selected under published rules, with the same disclosure and independence
23 requirements.

24
25 The *ex officio* members of the Board may designate their respective alternates who shall
26 be the officials next-in-rank to them and whose acts shall be considered the acts of
27 their principals.

28
29 Appointive Directors or members of the board who are not *ex officio* shall be appointed
30 by the President of the Philippines from a shortlist prepared by the Governance
31 Commission for Government-Owned or -Controlled Corporations.

32
33 No elective official shall be appointed or designated as a member of the Board or serve
34 in any capacity thereon.

35
36 All members of the Board shall be qualified by the *Fit and Proper Rule* as determined
37 by the Governance Commission for Government-Owned or -Controlled Corporations,
38 in consultation and coordination with the relevant government agencies, and as
39 approved by the President. Due regard shall be given to integrity, experience,
40 education, training, and competence.

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

8
9 **Sec. 12. Functions of the Board.** The Board shall exercise policy-making and oversight
10 functions including:

- 11
12 a. Approving and adopting the Sierra Madre Master Plan, including the ecological
13 limits, management zones, targets, and consistency rules, and any major policy
14 frameworks, ensuring they align with national laws and development goals;
15
- 16 b. Issuing broad policy directions and guidelines without interfering in day-to-day
17 operations or the lawful authority of other agencies;
18
- 19 c. Ensuring alignment and harmonization of policies, plans, and programs across
20 agencies and LGUs affecting the Sierra Madre, to avoid duplication and conflict;
21
- 22 d. Conducting periodic reviews (at least annually) of the Authority's programs and
23 major activities, and recommending improvements or legislative measures as
24 needed;
25
- 26 e. Approving ecosystem-accounting and sector-dependency frameworks
27 consistent with Republic Act No. 11995;
28
- 29 f. Approving methodologies and integrity standards for Sierra Madre Nature
30 Credits;
31
- 32 g. Approving rules of general application on Covered Enterprise classes,
33 materiality thresholds, and dependency weights within the formula and limits
34 fixed by Section 65, but not determining the obligation of an identified
35 enterprise;
36
- 37 h. Approving registry, settlement, fee, and revenue-allocation rules;
38
- 39 i. Appointing the Administrative Review Panel and ensuring its decisional
40 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 forty-five (45) 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 risk justifying immediate effect.

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

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

6
7 The members of the Board of Directors shall receive *per diems*, allowances, and other
8 incentives as may be determined by the Governance Commission for Government-
9 Owned or -Controlled Corporations (GCG) pursuant to its authority to fix per diems,
10 allowances, and other incentives of the Governing Boards of GOCCs. Members of the
11 Board shall not be entitled to retirement benefits as such members.

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

31
32 The Authority shall, however, exclusively exercise the range-wide functions created
33 by this Act, including adoption and enforcement of the Sierra Madre Master Plan and
34 ecological floors; issuance of Sierra Madre Master Plan Conformity Certificates;
35 operational ecosystem and sector-dependency accounting; nature-market
36 methodologies and safeguards; project and developer registration; issuance and
37 retirement of Sierra Madre Nature Credits; assessment of Nature Credit Purchase
38 Obligations; maintenance of the Sierra Madre Nature Credit Registry; ecological-loss
39 and restoration assessment; and market-integrity enforcement.

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

8
9 Existing agencies, LGUs, and PAMBs shall exercise their respective powers subject to
10 these requirements as additional statutory conditions. A permit or tenure issued by
11 another institution shall not be deemed a Sierra Madre Master Plan Conformity
12 Certificate or market registration. Conversely, a Sierra Madre Master Plan Conformity
13 Certificate or project registration shall not constitute the underlying permit, tenure,
14 consent, or FPIC.

15
16 Disagreements shall be resolved through the conflict rules in Section 25. Nothing in
17 this Act shall diminish Indigenous Peoples' rights, PAMB powers under E-NIPAS, the
18 DENR's ECC authority, lawful tenure, or due process. The more protective applicable
19 ecological standard shall govern where requirements overlap.

20
21 **Article IV**
22 **Administration of the Authority**
23

1 **Sec. 14. Administrator of the Authority.** The Authority shall be headed by an
2 Administrator who shall act as Chief Executive Officer and shall be responsible for the
3 day-to-day administration and management of the Authority. The Administrator shall
4 not be a member of the Board. Notwithstanding Section 18 of Republic Act No. 10149,
5 the Administrator shall not be elected from the Board. The Administrator shall be
6 appointed by the President of the Philippines from a shortlist prepared by the
7 Governance Commission for Government-Owned or -Controlled Corporations under
8 the *Fit and Proper Rule* and the qualifications in Section 15 of this Act. The
9 Administrator shall be subject to the disciplinary powers of the Board and may be
10 removed by the Board for cause, upon a majority vote of the members of the Board
11 who actually took part in the investigation and deliberation, subject to Republic Act
12 No. 10149, relevant GCG issuances, and existing civil service laws, rules and
13 regulations. The term of office of the Administrator shall be for five (5) years, and the
14 Administrator may be reappointed once, unless sooner removed for cause and after
15 due process: Provided, however, That the Administrator shall continue to hold office
16 until the successor is duly appointed. Appointment to any vacancy shall be only for
17 the unexpired term of the predecessor. The Board shall conduct an annual
18 performance review of the Administrator against the approved scorecard but shall not
19 direct the disposition of a particular registration, compliance, restoration, or
20 enforcement case except through the review procedures established by this Act.

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

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

7
8 **Sec. 16. Compensation and Benefits.** The Administrator and all officers and
9 employees of the Authority shall receive compensation and benefits in accordance
10 with the Compensation and Position Classification System developed by the
11 Governance Commission for Government-Owned or -Controlled Corporations,
12 pursuant to Republic Act No. 10149.

13
14 **Sec. 17. Powers and Functions of the Administrator.** The Administrator shall have
15 the following duties:

- 16
17 a. ***Policy and Planning:*** Submit to the Board the policies and measures necessary
18 to carry out this Act; oversee execution of Board-approved policies, plans, and
19 programs;
20
21 b. ***Administration:*** Direct and supervise the day-to-day operations and internal
22 administration of the Authority, delegating duties to other officers as
23 appropriate, subject to Board rules;
24
25 c. ***Organization and Staffing:*** Develop and submit the Authority's
26 organizational structure and staffing pattern to the GCG, Civil Service
27 Commission, and Department of Budget and Management;
28
29 d. ***Appointments:*** Appoint officials and employees, up to and including rank of
30 division head, within the approved organizational chart; and
31
32 e. ***Other Duties:*** Perform such other powers and duties as the Board may vest
33 from time to time.
34

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

10
11 A Sierra Madre Market Participant Support and Tenure Coordination Window is
12 hereby established to: (1) publish ecological maps, applicable standards, priority
13 outcome needs, and available lawful tenure pathways; (2) provide general pre-
14 application orientation, training, standard forms, model stewardship and benefit-
15 allocation clauses, and access to public data; (3) identify the DENR tenure, PAMB
16 approval, NCIP process, FPIC, LGU permit, and other authorizations ordinarily
17 required for a stated project type; (4) convene recorded, nonbinding pre-application
18 conferences and joint agency meetings; and (5) track complete applications against
19 published service standards. These services shall be offered under published criteria
20 and fees on equal terms.

21
22 The Window shall not select or endorse a project, prepare or materially revise a project
23 design, methodology, baseline, monitoring plan, credit application, financial model,
24 or investment memorandum, negotiate financing or benefit allocation for a
25 participant, guarantee project eligibility or credit issuance, or act as the participant's
26 agent, adviser, broker, developer, arranger, or fiduciary. Information provided by the
27 Window shall be nonbinding and shall not prejudice an independent application or
28 enforcement decision.

29
30 The DENR shall remain the issuing authority for forestland, protected areas and
31 natural-resource tenure instruments. Upon receipt of a complete application
32 supported by a Sierra Madre Master Plan Conformity Certificate, the DENR shall act
33 within the period prescribed in the implementing rules and regulations and state in
34 writing the reasons for approval, conditions, or denial. PAMB, NCIP, FPIC, and LGU
35 approvals shall remain separately required where applicable. Failure to act within a
36 service period shall trigger escalation and public reporting but shall not constitute
37 deemed approval.

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
16 Service;
- 17 g. A Methodologies, Standards, and Safeguards Service;
- 18 h. A Registry, Issuance, and Market Integrity Service;
- 19 i. A Beneficiary Assessment and Compliance Service;
- 20 j. A Restoration Liability, Monitoring, and Enforcement Service;
- 21 k. A Market Participant Support and Interagency Coordination Service;
- 22 l. An Internal Audit, Information Security, and Data Protection Service;
- 23 and
- 24 m. A Clearances and Certifications Service.

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

1 The staffing pattern shall identify positions exercising rulemaking, quasi-judicial,
2 registry, financial, scientific, participant-support, and enforcement responsibilities
3 and shall prescribe qualifications and conflict-of-interest safeguards appropriate to
4 each function. The offices responsible for Master Plan conformity, beneficiary
5 assessment, Registry and issuance, enforcement, and administrative review shall have
6 separate personnel, records, reporting lines, and decision authority. The
7 Administrative Review Panel shall have fixed terms, protection from direction in
8 individual cases, and no operational responsibility for the decision under review.
9 Independent validators, verifiers, and market-service providers shall not be selected
10 or supervised by personnel responsible for supporting the same project or participant.

11
12 The specific number of personnel for each service unit shall be determined in the
13 staffing pattern approved by the GCG. The Administrator may be assisted by such
14 Assistant Administrators as may be authorized under the approved organizational
15 structure. Any Assistant Administrator shall act as Administrator in the absence or
16 temporary incapacity of the Administrator, until a new Administrator is duly
17 appointed.

18
19 **Sec. 19. Location of Central Office.** The principal or Central Office of the Authority
20 shall be located in Region II (Cagayan Valley). The Authority shall establish regional,
21 field, provincial, or satellite offices in such other areas within the Sierra Madre
22 Mountain Range as deemed necessary for the effective and efficient performance of
23 its powers and functions, subject to existing laws, rules and regulations, and the
24 availability of funds.

25
26 **Sec. 20. Merit System.** All officials and employees of the Authority shall be appointed
27 on the basis of merit, fitness, and competence, in accordance with the Civil Service
28 laws, rules and regulations, and consistent with the Compensation and Position
29 Classification System established by the Governance Commission for Government-
30 Owned or -Controlled Corporations.

31
32 Recruitment, selection, appointment, transfer, promotion, and separation of
33 personnel, including contractual and casual employees, shall be governed by such
34 Civil Service rules and by the merit system established by the Authority in
35 coordination with the Civil Service Commission and the GCG: Provided, That the
36 Authority's merit system shall be submitted to the Civil Service Commission and the
37 GCG for review and approval prior to implementation.

38
39 **Sec. 21. Initial Capitalization.** An initial start-up fund of Five Hundred Million Pesos
40 (₱500,000,000.00) is hereby authorized to be appropriated from the National Treasury

to cover the organizational and operational requirements of the Authority, including the establishment and initial operation of its Central Office in Region II (Cagayan Valley) and satellite offices in Region III (Central Luzon) and Region IV-A (CALABARZON), the acquisition of office equipment and information and communications technology (ICT) systems, the hiring of initial personnel, and other necessary start-up expenditures.

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

Within one hundred eighty (180) days from the effectivity of this Act, the Authority, the DBM, the DOF, and the GCG shall submit to the congressional Oversight Committee a five-year establishment and operating plan covering staffing, regional presence, ecosystem accounts, PhilSA and geospatial services, Registry development, cybersecurity, independent verification capacity, administrative review, monitoring, and enforcement. Annual appropriations and the pace of mandatory implementation shall be aligned with that plan and with the readiness requirements of Section 75.

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

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

9
10 **Article V**
11 **Sierra Madre Master Plan**
12

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

19
20 The Sierra Madre Master Plan shall integrate, among others, land use and
21 development planning; biodiversity conservation; watershed and ridge-to-reef
22 ecosystem management; climate change adaptation and mitigation; disaster risk
23 reduction and management; sustainable livelihoods; infrastructure compatibility; and
24 the traditional ecological knowledge, customary governance systems, and sustainable
25 resource management practices of ICCs/IPs, consistent with RA 8371, otherwise
26 known as the "Indigenous Peoples' Rights Act of 1997." The Authority shall likewise
27 recognize ICCAs and support indigenous co-management approaches consistent with
28 applicable laws.

29
30 The Sierra Madre Master Plan shall harmonize and integrate national, regional, and
31 local development and land use plans affecting the Sierra Madre Mountain Range,
32 including Comprehensive Land Use Plans (CLUPs), Regional Development Plans
33 (RDPs), ADSDPPs, protected area management plans, and other relevant sectoral
34 plans, to ensure policy coherence and an integrated ridge-to-reef management
35 approach.
36

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

6
7 The Sierra Madre Master Plan shall expressly identify binding ecological limits, no-go
8 areas, permissible uses, restoration priorities, and decision rules. Harmonization shall
9 be governed by ecological integrity, precaution, avoidance before mitigation, polluter
10 pays, beneficiary pays, connectivity, intergenerational equity, the more protective
11 applicable standard, and respect for ancestral domains, customary law, tenurial
12 rights, and FPIC.

13
14 The Sierra Madre Master Plan shall be reviewed at least once every three (3) years and
15 may be updated earlier, whenever necessary, to incorporate advances in scientific
16 knowledge, respond to fortuitous events and environmental emergencies, address
17 emerging threats, or reflect significant changes in ecological, climatic, or socio-
18 economic conditions.

19
20 **Sec. 24. Landscape Zoning System.** The Sierra Madre Master Plan shall establish a
21 Landscape Zoning System that operationalizes the statutory classes under this Act
22 and shall be spatially organized into the following broad management groupings: (a)
23 Core Zone; (b) Sustainable Use Zone; (c) Buffer Zone; and (d) Special Management
24 Zone. The zoning system shall guide conservation, protection, restoration, sustainable
25 resource use, settlement, development, and disaster-risk management throughout the
26 Sierra Madre Mountain Range.

27
28 The Landscape Zoning System shall use the following statutory classes: (1) Strict
29 Protection and Irreplaceable Ecosystem Zones; (2) Ecological Corridor and
30 Connectivity Zones; (3) Watershed and Catchment Protection Zones; (4) Restoration
31 and Recovery Zones; (5) Sustainable Production and Community Stewardship Zones;
32 and (6) Existing Settlement and Compatible Development Zones. The Sierra Madre
33 Master Plan may create subzones only within these classes and for the purposes stated
34 in this Act. The Master Plan shall likewise identify the corresponding broad
35 management grouping and applicable subzone for each geographically delineated
36 area.

37
38 **1. Core Zone.** The Core Zone shall comprise areas requiring the highest level of
39 ecological protection and shall include the following statutory classes and
40 corresponding areas: (a) Strict Protection and Irreplaceable Ecosystem Zones;

(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.

1 Zoning shall be based on the latest available geospatial data, sound science, hazard
2 assessments, and relevant Indigenous and local knowledge.

3
4 Any modification of the Core Zone or Special Management Zone shall be undertaken
5 only to improve the management response to the conservation and protection needs
6 of the Sierra Madre Mountain Range and shall be supported by updated geospatial
7 data, sound scientific and technical assessment, and appropriate stakeholder
8 consultation. Any modification shall remain consistent with existing laws and the
9 rights of ICCs/IPs, LGUs, PAMBs, and other lawful rights holders.

10
11 A no-go designation may be made only for primary or old-growth forest, critical
12 habitat, an irreplaceable ecosystem, a legally protected strict-protection zone, a critical
13 water-source area, an ecological corridor whose loss would materially sever
14 connectivity, or an area where credible evidence shows that the proposed class of
15 activity presents a serious risk of irreversible ecological harm that cannot be avoided
16 through location or design. Each designation shall identify the legal and scientific
17 basis, map the affected parcels, address existing lawful rights and uses, and follow the
18 notice, consultation, review, transition, and compensation requirements of this Act
19 and other applicable law.

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

37
38 The initial geographic coverage shall be shown in an official georeferenced map
39 attached to this Act as Annex A. It shall include the Sierra Madre Mountain system
40 and the watersheds, ecological corridors, and source ecosystems physically connected

1 to it. A beneficiary city, municipality, or business location outside the mountain
2 boundary may be included in an Ecosystem-Service Catchment only for beneficiary
3 accounting and Nature Credit Purchase Obligation assessment; such inclusion shall
4 not, by itself, subject all land within that locality to Sierra Madre land-use zoning. A
5 boundary may be corrected for technical mapping error after public notice and
6 consultation, but a material expansion of the mountain-range coverage shall require
7 an Act of Congress.

8
9 **Sec. 25. Consistency with the Sierra Madre Master Plan.**

10 (a) Upon adoption, the Sierra Madre Master Plan and the ecological limits, no-go
11 areas, and decision standards expressly authorized by this Act shall constitute
12 national environmental policy and the minimum ecological floor, and shall
13 bind all national agencies, government-owned or -controlled corporations,
14 and LGUs. All their plans, programs, projects, and activities affecting the
15 Sierra Madre must be aligned with the Sierra Madre Master Plan. This
16 alignment shall be reflected in their development investment plans, CLUPs,
17 zoning ordinances, and procurement of projects. To ensure coherence,
18 agencies and LGUs shall coordinate with the Authority during plan
19 formulation, and inconsistent plans shall be reviewed for amendment to
20 conform with the Sierra Madre Master Plan. Nothing herein shall diminish
21 existing powers of agencies or LGUs, but inter-agency coordination is
22 required to integrate objectives. Failure to align with the Sierra Madre Master
23 Plan shall be grounds for review by appropriate oversight bodies. the Sierra
24 Madre Master Plan shall not create a prohibited use, take private property, or
25 impair a vested right except to the extent and through the procedure
26 authorized by this Act or another law.

27
28 (b) No covered action shall be finally approved, funded, procured, or
29 implemented without a Sierra Madre Master Plan Conformity Certificate
30 issued by the Authority. The certificate shall determine only whether the
31 proposed location, land use, and development footprint conform with the
32 applicable management zone, ecological limits, no-go areas, corridors,
33 catchment protections, permitted and prohibited uses, and development
34 standards established by the Sierra Madre Master Plan and this Act. It shall
35 be supported by written findings and shall not assess project-specific
36 environmental impacts or determine environmental acceptability under the
37 Philippine EIS System.

- (c) National agencies, GOCCs, and LGUs shall retain their lawful mandates, including land-use planning, zoning, and permitting powers, but shall exercise them subject to this Act as a subsequent national law. LGUs may adopt standards more protective than the Sierra Madre Master Plan. Within a protected area, the PAMB-approved protected area management plan shall remain the controlling site-level instrument for zoning, permitted uses, and permits under Republic Act No. 7586, as amended by Republic Act No. 11038. A Sierra Madre Master Plan provision that changes or adds a site-level zone, permitted use, or management restriction within a protected area shall require PAMB concurrence before adoption. The Authority may determine whether an action conforms with the range-wide ecological floor, corridor, and catchment requirements established directly by this Act, but it shall not rezone the protected area or substitute its certificate for PAMB approval. For ancestral domains, ADSDPPs, customary governance, rights under Republic Act No. 8371, and FPIC shall be respected and shall not be displaced by a Sierra Madre Master Plan Conformity Certificate.
- (d) Where applicable plans or standards conflict, the Authority shall first seek a written harmonization agreement. In the absence of agreement, the stricter applicable ecological requirement shall govern only where that requirement is established by this Act, another law, or a duly adopted rule within delegated standards and is imposed by the institution legally competent to administer it. The Authority shall issue a written decision stating the record, scientific evidence, controlling legal provision, proportionality of the requirement, and modification necessary for consistency. It shall have no power to enact, amend, or repeal an LGU zoning ordinance, PAMB plan, ADSDPP, or agency rule.
- (e) An affected agency, LGU, PAMB, ICC/IP governance institution, rights holder, or project proponent shall receive notice, access to the nonconfidential record, and a reasonable opportunity to present evidence. A motion for reconsideration may be filed with the Administrative Review Panel within fifteen (15) days; the Panel shall decide within thirty (30) days through written findings supported by substantial evidence. Final administrative decisions shall be subject to judicial review under applicable law.

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

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

- (a) **Watershed and Ridge-to-Reef Management.** An integrated watershed and ridge-to-reef management strategy covering upland forests, watersheds, river systems, wetlands, estuaries, mangroves, and coastal ecosystems to maintain ecological connectivity, water security, and biodiversity. Such strategy shall include measures for watershed rehabilitation, slope stabilization, soil and water conservation, erosion control, flood mitigation, landslide risk reduction, and the protection and restoration of downstream ecosystems;
- (b) **Biodiversity Corridors and Ecological Connectivity.** The identification, establishment, protection, and management of biodiversity corridors, Key Biodiversity Areas (KBAs), riparian corridors, wildlife movement corridors, and other ecological networks necessary to maintain genetic exchange, species movement, ecosystem functions, and long-term landscape resilience;
- (c) **Climate Change Adaptation, Disaster Risk Reduction, and Nature-Based Solutions.** Strategies integrating climate change adaptation and mitigation, disaster risk reduction and management, ecosystem-based adaptation, and nature-based solutions, including forest and watershed restoration, carbon sequestration, green infrastructure, natural flood management, mangrove rehabilitation, and the application of climate science in planning and decision-making;

- (d) **Sustainable Livelihood and Community Development.** Programs promoting environmentally sustainable livelihoods, including agroforestry, ecotourism, sustainable agriculture, non-timber forest product enterprises, ecosystem restoration employment, conservation incentives, and other nature-positive economic activities. Such programs shall prioritize ICCs/IPs, upland communities, local resource-dependent communities, and other qualified beneficiaries through capacity-building, access to finance, technology transfer, market development, and enterprise support;
- (e) **Transfer of Development Rights (TDR).** A policy framework for the voluntary transfer of development rights from environmentally critical or ecologically sensitive areas to appropriate receiving areas, subject to applicable laws, local land use plans, and implementing guidelines adopted by the Authority in coordination with the concerned national government agencies and local government units;
- (f) **Infrastructure Compatibility Guidelines.** Standards and criteria to ensure that infrastructure projects within the Sierra Madre Mountain Range are planned, designed, constructed, and maintained in a manner that is environmentally sustainable, climate-resilient, and compatible with ecosystem conservation objectives. Such guidelines shall require the consideration of ecological connectivity, avoidance of critical habitats where practicable, incorporation of appropriate mitigation measures, including wildlife crossings and habitat restoration, and compliance with applicable environmental laws and the Philippine Environmental Impact Statement (EIS) System;
- (g) **Transition Program.** A phased implementation program to facilitate the adoption of the Sierra Madre Master Plan by national government agencies, local government units, PAMBs, ICCs/IPs, and other stakeholders, including institutional coordination, capacity-building, technical assistance, and policy harmonization measures;
- (h) **Rationalization and Relocation of Incompatible Land Uses and Occupancies.** A program for the gradual rationalization, relocation, or resettlement of settlements, facilities, and other land uses determined to be incompatible with the Sierra Madre Master Plan, including Integrated Forest Management Agreement (IFMA) areas, where warranted and consistent with existing laws, subject to due process, adequate consultation, the rights of affected communities and Indigenous Peoples, and the resettlement and relocation policies provided under this Act;

- (i) **Responsible Mineral Resource Transition.** A strategy for the gradual phase-out of mining activities within ecologically critical areas of the Sierra Madre Mountain Range, consistent with existing mining agreements, vested rights, due process, environmental laws, and the objectives of biodiversity conservation, watershed protection, ecosystem restoration, and sustainable development. The strategy shall include measures for mine rehabilitation, environmental restoration, livelihood transition, and just transition mechanisms for affected workers and communities;
- (j) **Ecosystem-Service, Beneficiary, and Sector-Dependency Accounts.** Accounts prepared consistently with Republic Act No. 11995 showing ecosystem extent, condition, service supply, service use, beneficiaries, sectoral dependency, economic contribution, avoided loss, replacement cost, degradation, and restoration;
- (k) **Sierra Madre Nature Credit and Nature-Finance Program.** Approved credit categories and methodologies; project and developer eligibility; baselines; validation and verification; credit issuance, transfer, and retirement; reversal and buffer rules; Covered Enterprises; annual Nature Credit Purchase Obligations; long-term nature credit purchase agreements; and rules preventing double counting and the use of nature credits to excuse prohibited harm;
- (l) **Restoration and Environmental Liability Program.** Procedures for ecological-loss, full-restoration-cost, and interim-public-loss assessment; restoration orders; performance security; on-site and affected-area restoration; registered third-party delivery; continuing monitoring; independent verification; and liability for nonperformance;
- (m) **Results and Accountability Framework.** For each major outcome, the baseline, target, responsible entity, lawful rights holder, cost, funding source, deadline, verification method, payment rule, and consequence for failure, together with public reporting on avoided degradation, ecosystem condition, connectivity, resilience, service delivery, buyer compliance, investment mobilized, and revenues received by lawful rights holders and stewards
- (n) **Resilience Deficit and Priority Investment Map.** Identifying areas where ecological degradation or insufficient natural and built infrastructure creates significant climate, disaster, water-security, or economic risks;

- (o) **High-Value Resilience Zones.** Including priority watersheds, headwaters, floodplains, wetlands, riparian corridors, slopes, coastal ecosystems, and downstream beneficiary areas;
- (p) **Nature-Based Solutions Investment Portfolio.** Identifying priority restoration and resilience interventions, estimated ecological outcomes, investment requirements, implementation arrangements, and potential sources of financing;
- (q) **Early Warning System Network Plan.** Identifying priority locations, technology requirements, institutional responsibilities, community participation mechanisms, and interoperability standards; and
- (r) **Ecosystem-Service Beneficiary Map.** Identifying downstream and adjacent cities, municipalities, utilities, economic zones, infrastructure operators, industries, and other sectors materially dependent upon Sierra Madre ecosystem services.

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

Article VI

Enhanced Enforcement Mechanisms

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

Sec. 29. Structure of SMEES. The SMEES shall consist of:

- 1 **(a) National Coordinating Council.** Chaired by DENR, this council provides
2 strategic command. Members include heads of PNP, AFP, National Bureau
3 of Investigation (NBI), Department of Justice (DOJ), and Bureau of Customs
4 (BOC). The council formulates national enforcement strategies, ensures
5 inter-agency coordination, allocates resources, and issues directives for
6 operations in the Sierra Madre;
- 7 **(b) Regional Enforcement Task Forces.** Established in key Sierra Madre
8 regions, each task force includes DENR field officers, PNP, including
9 maritime and environmental units, specialized AFP units, and LGU
10 representatives. These task forces plan and execute joint enforcement raids,
11 intelligence sharing, and rapid responses to violations within their
12 jurisdictions, guided by the council's strategies; and
- 13 **(c) Local Rapid Response Units (LRRUs).** At the barangay or municipality level,
14 community-based teams are organized composed of forest rangers,
15 barangay officials, and trained representatives of Indigenous Peoples.
16 LRRUs act as frontline defenders: monitoring forests, reporting illegal
17 activities, and conducting initial patrols under the oversight of the regional
18 task forces.

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

29
30 **Sec. 31. Use of Innovative Technologies and Geospatial Information Systems.** The
31 Authority, in coordination with concerned national government agencies, LGUs, and
32 enforcement units, shall adopt and utilize modern, science-based, and innovative
33 technologies to strengthen environmental monitoring, law enforcement, planning,
34 research, and decision-making within the Sierra Madre Mountain Range.

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

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

Using available government, commercial, or open satellite data and appropriate remote-sensing and geospatial methods, PhilSA shall produce: (a) baseline and time-series information on forest extent, forest type, tree-cover density, and land cover; (b) change-detection products showing reforestation, forest recovery, deforestation, degradation, fire scars, and material changes in vegetation condition; and (c) mapped alerts on new roads, clearings, structures, quarrying or mining footprints, land conversion, and other observable signs of economic activity or encroachment within forests, no-go areas, corridors, catchment protection areas, and registered restoration sites.

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

Satellite-derived information shall be used for planning, performance monitoring, inspection targeting, and enforcement intelligence. A satellite alert or classification shall not, by itself, establish that an activity is unlawful or identify the person responsible. The DENR, the relevant LGU or PAMB, the Authority, or another legally

competent body shall validate material alerts through permit checks, higher-resolution analysis, field inspection, or other evidence before imposing a sanction or taking final enforcement action. Public disclosure shall protect sensitive ecological information, Indigenous knowledge, personal data, and information restricted for lawful security or enforcement purposes.

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

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

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

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

- (a) **Macro-scale monitoring**, utilizing satellite imagery, remote sensing, GIS, hydrological and climate models, automated sensors, and other appropriate technologies; and
- (b) **Community-scale monitoring**, utilizing trained local monitors, Indigenous Peoples, community organizations, eco-rangers, and other qualified stakeholders to ground-truth ecological and resilience outcomes.

1 Data generated through community monitoring shall be integrated with the
2 Authority's official monitoring system subject to validation and applicable data-
3 protection safeguards.

4
5 **Sec. 33. Community-Based Enforcement.** Local communities and ICCs/IPs are
6 recognized as key partners. They may be deputized as Forest Protection Stewards
7 with authority to report and assist in enforcement, consistent with their rights. They
8 shall receive training, equipment like GPS and cameras, and incentives such as
9 livelihood support, and hazard pay to participate. The Government shall provide legal
10 protection for citizen informants against intimidation, following examples like
11 barangay forest watch systems.

12
13 **Sec. 34. Legal Services and Coordination with Environmental Courts.** The Authority
14 shall establish and maintain a Legal Office, headed by a qualified legal officer, to
15 provide legal advice and representation in the exercise of its powers and functions,
16 including the institution or defense of actions, the preparation of legal opinions, the
17 conduct of administrative proceedings, and the enforcement of this Act and other
18 applicable environmental laws.

19
20 The Authority may, when necessary and subject to existing laws, rules, and
21 regulations, engage the services of retained counsel or other legal experts to assist in
22 the prosecution or defense of cases involving the Authority or matters affecting the
23 Sierra Madre Mountain Range, without prejudice to the powers and functions of the
24 Office of the Solicitor General (OSG) as the principal law office of the Government.

25
26 The Authority shall closely coordinate with the DOJ, the National Prosecution Service,
27 the O, law enforcement agencies, and the judiciary, including courts designated to
28 hear environmental cases under existing laws and rules, to strengthen the
29 investigation, prosecution, and adjudication of violations of environmental and
30 natural resources laws affecting the Sierra Madre Mountain Range. The Authority
31 may provide technical, scientific, and documentary assistance, including expert
32 testimony and other forms of litigation support, in accordance with applicable laws,
33 rules, and procedures.

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

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

6
7 **Sec. 38. Forest Protection and Management.** The Authority shall enforce strict forest
8 governance:

9
10 (a) **No-logging in Primary Forests.** All logging, road-building for extraction, and
11 forest conversion in primary old-growth forests are absolutely prohibited.
12 Only scientifically justified removals like for research or severe pest control
13 may be allowed by special authority. This reflects findings that even small
14 disturbances in intact forest can undermine the Sierra Madre's role as storm
15 shield.

16 (b) **Criminalization of Illegal Logging.** Illegal logging of any forest within the
17 Sierra Madre like harvesting, transport, and possession or trade of timber
18 without proper permit, shall be punished by severe penalties: imprisonment of
19 six (6) to twelve (12) years; fines from ₱1,000,000 to ₱10,000,000; forfeiture of
20 equipment and vehicles used; and permanent disqualification from public
21 office if the offender is an official. These penalties are without prejudice to
22 penalties under Republic Act No. 9175 or the Illegal Logging Act.

23
24 (c) **Sierra Madre Forest Protection Corps.** The Authority shall organize a special
25 Forest Protection Corps, trained and deputized to work with the PNP and AFP
26 in forest patrols and enforcement. This corps will carry out joint operations,
27 establish rapid response teams, and assist in disaster monitoring. Their creation
28 addresses gaps in manpower and ensures forest protection is sustained.

29
30 (d) **Technology-Assisted Monitoring.** Mandatory use of satellite imagery, drone
31 surveillance, and artificial intelligence (AI)-assisted forest analytics shall be
32 integrated into enforcement. Real-time alerts shall trigger patrols. A public
33 website or dashboard may be established so communities and NGOs can also
34 monitor alerts, similar to citizen science platforms.

- 1 (e) **Restoration Obligation.** Any individual, company, or government entity
2 found responsible for forest destruction, through illegal logging or conversion,
3 shall be ordered to undertake full ecological restoration of the affected area at
4 their own expense. Restoration standards shall achieve ecological equivalence,
5 specifically similar forest structure and species diversity, and be supervised by
6 the Authority and DENR. Failure to restore shall be an additional offense, liable
7 to fines or injunctions.

8
9 **Sec. 39. Biodiversity Conservation.** To safeguard endemic and endangered species:
10

- 11 a. All hunting, capture, killing, or trade of threatened and or endemic species is
12 strictly prohibited.
13 b. Violators shall face imprisonment of six (6) to ten (10) years and fines of
14 ₱500,000 to ₱5,000,000. Corporate offenders may have licenses revoked and be
15 blacklisted. These penalties are in addition to those under the Wildlife Act or
16 RA 9147.
17 c. The Authority shall establish wildlife rescue and rehabilitation centers in or
18 near the Sierra Madre, for injured or confiscated animals and exotics, and
19 encourage captive breeding of critically endangered species.
20 d. **Critical habitat designation.** Key habitats such as breeding grounds, nesting
21 sites, spawning rivers, among others, not already in PAs shall be designated
22 as critical and strictly protected.
23 e. **Ecological corridors.** The Authority will, in coordination with DENR,
24 formally establish corridors identified in the Sierra Madre Master Plan and
25 enforce no-development buffers along them, recognizing that species from the
26 famed Philippine Eagle to lowland fishes rely on such connectivity.
27 f. **Liability for Biodiversity Damage.** Parties causing loss of biodiversity
28 including habitat destruction or pollution, shall be liable for ecological
29 damages.
30

31 Compensation shall at minimum cover full restoration costs and the value of lost
32 ecosystem services, as determined by scientific assessment, consistent with watershed
33 valuation studies.
34

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

1 (a) **Commercial and Non-Commercial Extractive Activities.** Commercial mining,
2 quarrying, sand and gravel extraction, earth extraction, and other extractive
3 activities undertaken for profit or commercial purposes shall be subject to the
4 requirements of this Act and all applicable environmental, mining, and natural
5 resources laws. Non-commercial extraction of minerals, sand, gravel, rocks,
6 and other naturally occurring materials intended solely for personal,
7 household, subsistence, cultural, or community use, and not for sale or
8 commercial distribution, may be allowed only in areas not otherwise
9 prohibited by law and subject to such rules, limitations, and safeguards as may
10 be prescribed by the Authority, in coordination with the DENR and concerned
11 LGUs.

12
13 (b) **Landscape-Scale and Cumulative Impacts under the Philippine EIS System.**

14 For all proposed commercial extractive projects covered by the Philippine
15 Environmental Impact Statement (EIS) System, the DENR or the EMB shall
16 ensure that the environmental impact assessment, at the level of detail
17 appropriate to the project and site, evaluates the direct, indirect, induced,
18 cumulative, and long-term environmental, social, and economic impacts of the
19 proposed activity on forest ecosystems, watersheds, biodiversity, ecological
20 connectivity, climate and disaster resilience, ecosystem services, indigenous
21 cultural communities, and affected local communities.

22
23 The Authority shall transmit to the DENR or the EMB the applicable Sierra
24 Madre Master Plan maps, ecological limits, management zones, corridor and
25 catchment data, carrying-capacity information, and adopted scientific
26 standards, and may participate as a resource agency in scoping and technical
27 review. The DENR or the EMB shall retain responsibility for EIA scoping,
28 impact assessment, public participation, technical review, and the ECC
29 decision. No separate Cumulative Environmental Impact Assessment or
30 Authority-issued ecological impact clearance shall be required under this Act.

31
32 (c) **Strict Liability.** Operators of commercial extractive industries shall be held
33 strictly liable, regardless of fault or negligence, for any environmental damage,
34 habitat degradation, pollution, or loss of biodiversity resulting from their
35 activities, without prejudice to applicable civil, criminal, and administrative
36 liabilities under existing laws.

37
38 (d) **Rehabilitation and Environmental Guarantee Fund.** No commercial mining
39 or quarry permit shall be issued without proof of a Rehabilitation and
40 Environmental Guarantee Fund, rehabilitation bond, or equivalent financial

1 security sufficient to cover the full cost of site restoration, environmental
2 remediation, and post-closure monitoring, as determined by the DENR and
3 the Authority. Such fund or bond shall be maintained throughout the life of
4 the project and may be forfeited or utilized by the government should the
5 operator fail to undertake the required rehabilitation.
6

7 (e) **Suspension and Revocation.** Any commercial extractive operation that causes
8 significant environmental damage, violates the terms and conditions of its
9 ECC, permit, or other environmental authorization, or poses an imminent
10 threat to public health, public safety, or ecological integrity shall be subject to
11 the immediate suspension or revocation of its permit, without prejudice to the
12 imposition of other administrative, civil, or criminal sanctions provided by
13 law.
14

15 (f) **Penalties.** Any person, corporation, partnership, association, government-
16 owned or controlled corporation, or public official found guilty of violating
17 this Section shall, in addition to any penalties provided under existing
18 environmental and mining laws, suffer imprisonment of eight (8) years to
19 fifteen (15) years, a fine of Five Million Pesos (₱5,000,000.00) to Fifty Million
20 Pesos (₱50,000,000.00), and the mandatory closure of the commercial extractive
21 operation. Where the offender is a juridical entity, the responsible officers shall
22 be held personally liable, without prejudice to the suspension or revocation of
23 the entity's permits, licenses, or authority to operate in accordance with law.
24

25 **Sec. 41. Protected Area Expansion.** The Authority shall work with DENR, LGUs, and
26 Indigenous communities to identify additional areas for formal protection under the
27 NIPAS. This includes:
28

- 29 a. Recommending new protected areas to Congress for inclusion in E-NIPAS,
30 especially areas that complete ecological corridors or buffer existing parks;
- 31 b. Recognizing ICCAs. Formally recognizing ICCAs within ancestral domains,
32 granting them legal protection equivalent to PAs under IPRA (RA 8371) and
33 strengthening community rights to manage these areas;
- 34 c. Designating buffer zones around core reserves, regulated by local ordinances,
35 to minimize edge effects; and
- 36 d. Regulating ecotourism by carrying-capacity. The Authority shall set maximum
37 visitor limits, require permits, and enforce standards like waste management,
38 to ensure tourism is truly sustainable.
39

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

- 3
- 4 a. ***Native Species Restoration.*** All restoration must use indigenous tree species
5 suited to local ecology. Exotic plantation forests are discouraged in protection
6 zones.
- 7
- 8 b. ***Assisted Natural Regeneration (ANR).*** Where feasible, priority will be given to
9 ANR techniques like fencing, weeding, enrichment planting, among others, as
10 a cost-effective way to recover degraded forests naturally.
- 11
- 12 c. ***Agroforestry and Landscape Re-greening.*** Promote agroforestry like
13 integrating trees with crops or livestock on denuded lands to restore soil and
14 provide livelihoods. Support farmers with training, seedlings, and market
15 access for agroforestry products such as coffee, fruit, rattan, among others.
- 16
- 17 d. ***Liability for Restoration.*** Entities such as companies, communities, and
18 government, failing to meet court- or Authority-ordered restoration shall be
19 fined and potentially blacklisted from future projects, similar to environmental
20 compliance penalties under RA 9275 or Clean Water Act and RA 9003, Solid
21 Waste Act.
- 22

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

27

- 28 a. ***Biodiversity Corridors.*** Identify and formally establish wildlife corridors such
29 as connecting forest fragments, riparian zones, and elevational gradients,
30 among others as protected areas. These corridors shall be managed to allow
31 species migration and climate-driven range shifts. The Authority shall
32 coordinate their integration into local land use plans.

- 1 b. **Avoidance and Infrastructure Planning.** All proponents shall demonstrate
2 avoidance of core forests, critical habitats, corridors, riparian systems, and
3 irreplaceable ecosystems. Require that all new infrastructure such as roads,
4 bridges, and power lines in the Sierra Madre be planned to avoid habitat
5 fragmentation. Projects that would bisect core forests or corridors are
6 prohibited unless absolutely unavoidable for overriding public interest. If no
7 alternative exists, the proponent shall minimize harm and fully restore the
8 affected ecosystem and service flows, including through wildlife crossings and
9 habitat restoration. Prohibited or irreversible harm shall not be approved or
10 offset. Departments like DPWH must submit proof of compliance like corridor
11 gap analyses before project approval.
- 12
- 13 c. **Conformity with the Sierra Madre Master Plan.** No conversion of land or
14 fragmenting project within the Sierra Madre shall receive final approval
15 without a Sierra Madre Master Plan Conformity Certificate issued by the
16 Authority. The Authority shall determine only whether the proposed location,
17 land use, and development footprint conform with the applicable management
18 zone, ecological limits, no-go areas, biodiversity corridors, watershed and
19 catchment protections, permitted and prohibited uses, and development
20 standards established by the Sierra Madre Master Plan and this Act. The
21 Authority shall deny the certificate if irreversible fragmentation is likely.
- 22
- 23 d. **The Authority shall not conduct a separate environmental impact**
24 **assessment, prescribe an environmental management plan, determine the**
25 **environmental acceptability of the project, or issue an Ecological Impact**
26 **Clearance.** Assessment of direct, indirect, induced, cumulative, and long-term
27 project impacts; alternatives; avoidance, mitigation, and rehabilitation
28 measures; public participation; technical review; and the ECC decision shall
29 remain with the DENR or the EMB under the Philippine EIS System. The
30 Authority shall transmit the certificate, applicable maps, standards, and
31 written findings directly to the DENR or the EMB and other concerned
32 agencies.

1 (f) **Strict Liability and Environmental Cost.** Any person or entity causing habitat
2 fragmentation or corridor destruction shall be held strictly liable for the full
3 restoration cost, interim public loss, continuing monitoring, and independent
4 verification. Upon conviction, penalties include six (6) to twelve (12) years
5 imprisonment and fines of ₱1,000,000 to ₱15,000,000, plus mandatory
6 ecosystem restoration at full cost, including a multi-year monitoring plan.
7 Permits and licenses of offending projects shall be suspended or revoked,
8 without prejudice to higher penalties under existing environmental laws. The
9 Authority shall assess such costs through an approved methodology and may
10 require a performance bond, escrow, or other financial assurance sufficient to
11 cover nonperformance and reversal.

12
13 (g) **Restoration and Rehabilitation of Fragmented Ecosystems.** The Authority
14 shall implement corridor restoration projects: reforesting deforested buffers,
15 removing barriers including old roads and fences, where possible, and
16 rehabilitating streams. All LGUs in the Sierra Madre must integrate these
17 corridors and connectivity goals into their CLUPs and ordinances, subject to
18 Authority review. The responsible proponent shall restore the impacted site
19 and affected area under an approved plan. Where the Authority determines
20 that qualified third-party delivery will achieve more effective recovery, the
21 proponent may finance a registered nature-project developer operating in the
22 affected area, and payments shall be released only upon independently verified
23 milestones and results. A proponent undertaking restoration itself shall be
24 subject to the same registration, monitoring, disclosure, verification, and
25 nonperformance rules. Restoration under this subsection shall not generate
26 compensatory credits usable against unrelated harm.

27
28 (h) **Citizen Enforcement.** Any citizen may petition for enforcement of this
29 connectivity provision, including through environmental legal remedies like
30 Writ of Kalikasan and continuing mandamus, consistent with prevailing
31 environmental laws. Citizen suits to stop fragmenting projects shall be
32 encouraged, and environmental courts shall expedite such cases.

33
34 **Sec. 44. Sustainable Livelihood and Economic Development.** The Authority shall
35 foster green rural economies, an economic system in non-urban areas that is low-
36 carbon, resource-efficient, and socially inclusive:

37 a. **Agroforestry and Non-Timber Enterprises.** Encourage agroforestry including
38 coffee, cacao, fruit trees under canopy, to boost farm income while restoring
39 forests, and develop community enterprises for sustainable non-timber forest
40 products such as rattan, honey, pandan, and medicinal plants.

b. *Eco-Tourism and Cultural Heritage*. Promote eco-tourism like trekking, birdwatching, and cultural tourism in a manner that respects carrying capacities and benefits local communities. Develop tourism zones in peripheral areas, outside strict zones, with strict guidelines and visitor limits.

c. **Community Participation in the Sierra Madre Nature Credit System**. Assist upland communities, Indigenous Peoples, and lawful tenure holders to participate as registered nature-project developers under Section 65, so that watershed protection, afforestation, and erosion-control outcomes they deliver are independently verified, issued as Sierra Madre Nature Credits, and paid for by the downstream water utilities, irrigation districts, and other Covered Enterprises that depend on those services.

d. *Support to ICCs/IPs and Communities*. Give priority technical and financial assistance to ICCs/IPs and upland farmers to implement these programs, recognizing their role as custodians of the Sierra Madre.

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

a. Projects must undergo the rigorous EIA process under the Philippine EIS System and secure a Sierra Madre Master Plan Conformity Certificate confirming that the proposed location, land use, and development footprint conform with the Sierra Madre Master Plan, incorporating green design like bioengineering, and energy efficiency.

b. Any project causing prohibited harm or irreversible ecological damage to an irreplaceable ecosystem, including clearcutting of critical forest and destruction of coral reefs, is prohibited. Lawfully unavoidable damage shall create a direct duty to restore the affected ecosystem and service flows, in addition to all ECC conditions, and environmental cost shall include ecological 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.

1
2 The Sierra Madre Master Plan Conformity Certificate shall not constitute an EIA or
3 ECC. The Authority shall provide its official maps, ecological limits, corridor and
4 catchment data, and adopted standards to the DENR or the EMB, but the DENR or
5 the EMB shall independently conduct the environmental review and determine
6 whether to issue, condition, or deny the ECC.

7
8 Restoration may be undertaken by the proponent under continuing monitoring and
9 independent verification or, when approved by the Authority, by a registered nature-
10 project developer in the affected area. Third-party payment shall be results-based and
11 shall not discharge the proponent until verified restoration outcomes are delivered
12 and maintained. The purchase or retirement of unrelated Sierra Madre Nature Credits
13 shall not substitute for this duty.

14
15 **Sec. 46. Research, Innovation, and Knowledge Systems.** The Authority shall promote
16 an evidence-based management culture:

- 17
18 **a. Research Partnerships.** Forge partnerships with academic institutions,
19 research institutes, and NGOs to conduct biodiversity surveys, climate
20 vulnerability studies, and pilot projects on restoration or eco-techniques.
21 Encourage joint fact-finding missions in high-risk sites.
22 **b. Centralized Ecological Database.** Expand the data system (Sec. 6(h)) into an
23 open-access portal where researchers and planners can access environmental
24 data such as species lists, deforestation rates, and climate data.
25 **c. Indigenous and Local Knowledge.** Integrate scientific research with
26 indigenous knowledge systems. Support documentation of traditional forest
27 management practices and ancestral narratives, and incorporate them into
28 adaptation strategies.

29
30 **Sec. 47. Citizen Suits and Accountability.** To strengthen enforcement:

- 31
32 **(a) Citizen Suits.** Any Filipino, including future generations, may sue to enforce
33 any provision of this Act. This includes filing Writs of Kalikasan for massive
34 environmental damage and continuing mandamus, to compel agencies to act.
35
36 **(b) Public Officer Liability.** Any government official who willfully fails to
37 implement this Act or grossly neglects the Sierra Madre shall be
38 administratively, civilly, and criminally liable. This includes failing to
39 coordinate with the Authority, issuing contrary permits, or conspiring with
40 violators.

1
2 **Sec. 48. Harmonization with Other Laws.** This Article shall be implemented in
3 harmony with existing environmental laws such as PD 705, RA 9175, RA 9147, RA
4 11038, among others. In case of conflicting standards, the most stringent provision for
5 environmental protection shall prevail.
6

7 **Article VIII**
8 **Integration of Protected Areas**
9

10 **Sec. 49. Sierra Madre Protected Area Network (SMPAN).** All protected areas,
11 protected landscapes and seascapes, critical habitats, and other conservation areas
12 within the Sierra Madre Mountain Range shall be managed as an integrated Sierra
13 Madre Protected Area Network (SMPAN) under a landscape-scale conservation
14 approach to strengthen ecological connectivity, biodiversity conservation, and climate
15 resilience. The management regime for the Network shall promote the
16 interconnectivity of ecological corridors among protected areas and other key
17 biodiversity areas to ensure the long-term ecological integrity of the Sierra Madre
18 Mountain Range. Coordinated planning, zoning, monitoring, and enforcement shall
19 be undertaken to prevent conservation leakage and to enhance the effectiveness of
20 protected area management.
21

22 In particular:

- 23 (a) The Authority, in coordination with the DENR-Biodiversity Management
24 Bureau (BMB), DENR-Regional Offices (2, 3, and 4-A), PAMBs, concerned
25 local government units, ICCs/IPs, and other stakeholders, shall establish,
26 restore, and maintain a network of ecological corridors linking fragmented
27 protected areas and other critical habitats to facilitate wildlife movement,
28 gene flow, and climate-induced species migration, including those of
29 threatened and endemic species such as the Philippine Eagle; and
30
31 (b) The Authority shall utilize geospatial technologies, biodiversity
32 assessments, and scientific data to identify ecological bottlenecks and
33 habitat fragmentation between the northern, central, and southern Sierra
34 Madre ranges, and shall prioritize the restoration and reconnection of these
35 ecological corridors through appropriate conservation and habitat
36 restoration measures.
37

1 **Sec. 50. Role of Protected Area Management Boards (PAMBs).** Existing PAMBs
2 remain the primary site managers of their respective PAs. The Authority and the
3 PAMBs shall harmonize their management plans and health indicators with the
4 existing set standards. The Authority shall provide technical support and standardize
5 metrics to measure conservation success uniformly across SMPAN.
6

7 **Sec. 51. Recognition of Local Conservation Areas.** The Authority shall work to
8 formally integrate non-legislated Local Conservation Areas (LCAs) and Other
9 Effective Area-Based Conservation Measures (OECMs) into the broader network. This
10 includes:
11

- 12 (a) ***Pathway to Protected Areas under NIPAS.*** Facilitating proposals for LCAs,
13 managed by LGUs or ICCs/IPs, to be incorporated into the protected areas
14 under NIPAS, providing technical and legal support.
- 15 (b) ***Legal Protection of Community Forests.*** Grant legal protection to community-
16 managed forests as buffer zones around core PAs, recognizing their role in
17 stopping encroachment and invasive species.
18

19 **Sec. 52. Unified Management and Monitoring Protocol.** The Authority shall, in
20 coordination with the DENR, the BMB, PAMBs, and other concerned agencies,
21 establish and maintain a unified management and monitoring protocol for all areas
22 within the SMPAN to promote standardized data collection, interoperability,
23 evidence-based decision-making, and coordinated enforcement.
24

25 The Protocol shall include, but not be limited to, the following:
26

- 27 (a) The establishment of a Sierra Madre Integrated Environmental Information
28 System, which may include a Sierra Madre Digital Twin or other
29 appropriate geospatial and digital technologies, as a centralized platform
30 integrating available ecological, biodiversity, climate, hydrological, carbon,
31 land use, and environmental threat data from protected areas and other
32 conservation sites within the Network;
33

- (b) The adoption and integration of existing and future government-approved biodiversity and protected area monitoring systems and technologies, including, where appropriate, the Spatial Monitoring and Reporting Tool (SMART), Protected Area Information System (PAIS), Biodiversity Monitoring System (BMS), ArcGIS, and other comparable platforms, to facilitate patrol planning, biodiversity monitoring, incident reporting, geospatial analysis, and information sharing among the Authority, DENR, PAMBs, law enforcement agencies, and other concerned stakeholders; and
- (c) The development of interoperable standards and protocols for data collection, validation, storage, analysis, and sharing to ensure transparency, synchronized monitoring and enforcement, and the effective management of ecological corridors and protected areas across the Sierra Madre Mountain Range;
- (d) **Ecosystem and Sector Accounts.** The integration of ecosystem extent, condition, service-supply, service-use, beneficiary, sector-dependency, economic-contribution, avoided-loss, degradation, and restoration accounts prepared in coordination with the PSA, the DENR, and other responsible agencies under Republic Act No. 11995;
- (e) **Sierra Madre Nature Credit Registry.** A publicly accessible registry of registered developers and projects, lawful tenure or rights-holder consent, baselines, approved methodologies, validation and verification reports, issued, transferred, and retired Sierra Madre Nature Credits, Covered Enterprises, Nature Credit Purchase Obligation assessments, Nature Credit Compliance Clearances, restoration orders, payments, benefit allocation, reversals, and enforcement actions;
- (f) **Integrity and Access.** Unique serial numbers, controls against double issuance and double claiming, independent registry audit, secure interoperability with relevant government systems, and lawful safeguards for personal data, sensitive ecological information, and Indigenous knowledge;
- (g) **Public Dashboard.** Watershed- and corridor-level disclosure of baselines, targets, ecological condition, service delivery, obligated demand, capital mobilized, restoration performance, and revenues allocated under tenurial and stewardship arrangements; and

1 (h) **Data Governance and Cybersecurity.** The Authority shall adopt data-
2 classification, access-control, retention, correction, breach-notification,
3 business-continuity, and cybersecurity rules consistent with Republic Act
4 No. 10173 and applicable government security standards. Public disclosure
5 shall not reveal personal data, trade secrets, sensitive locations of
6 threatened species, protected Indigenous knowledge, or information
7 whose release would create a material enforcement or security risk. A
8 person affected by an enterprise or project record shall have a documented
9 procedure to seek correction without altering the audit trail.

10
11 These measures shall promote data-driven conservation, strengthen inter-agency
12 coordination, and prevent localized management gaps from undermining the
13 ecological integrity of the Sierra Madre Protected Area Network.

14
15 **Article IX**
16 **Penal Provisions and Administrative Sanctions**
17

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

- 21
22 a. A restoration fine of ₱500,000 to ₱10,000,000 per violation, depending on
23 severity. In cases involving primary forests or critical habitats, the maximum
24 fine shall accrue daily until restoration begins.
25
26 b. Mandatory execution of an Authority-approved restoration plan to achieve
27 ecological equivalence in the damaged area, supervised by the Authority and
28 the relevant PAMB.
29

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

34
35 With respect to the Administrator, the Board may exercise disciplinary authority,
36 including removal for cause, upon a majority vote of the members of the Board who
37 actually took part in the investigation and deliberation, consistent with Republic Act
38 No. 10149 and subject to existing Civil Service laws, rules and regulations.
39

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

4
5 **Sec. 55. Obstruction of Scientific Monitoring.** Any person who willfully damages,
6 tampers with, or obstructs forest monitoring equipment such as satellite cameras,
7 LiDAR stations, and telemetry collars, shall face one (1) to three (3) years
8 imprisonment and a ₱1,000,000 fine, plus civil liability for replacing the equipment.

9
10 **Sec. 56. Strategic Lawsuits Against Public Participation (SLAPP).** Any lawsuit filed
11 with the intent to harass or intimidate persons enforcing this Act, including
12 environmental defenders and officials, shall be declared a SLAPP. Such suits must be
13 dismissed outright, and the defendant shall recover double damages plus attorney's
14 fees from the filer. This encourages public participation and protects citizens' right to
15 petition for environmental protection.

16
17 **Sec. 57. Graduated Penalty Escalation Matrix.** In addition to specific penalties
18 provided in this Act and existing environmental laws, violations shall be subject to a
19 graduated penalty system based on (1) severity of environmental damage, (2) scale of
20 operation, (3) presence of aggravating circumstances, and (4) repetition of offense:

21
22 **(a) Classification of Violations**

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

29
30 **(b) Escalation of Penalties**

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

37
38 **(c) Aggravating Circumstances, warranting maximum penalties**

- 39 1. Commission by a syndicate or corporation;
40 2. Involvement of public officials or abuse of authority;
41 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.

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

8
9 **Sec. 60. Indemnification and Legal Assistance.** The Authority shall indemnify the
10 members of the Board of Directors, the Administrator, officers, employees, and the
11 AFP and PNP personnel assigned to exercise police and enforcement powers under
12 this Act against any liability, loss, claim, demand, damage, deficiency, cost, or expense
13 arising from the lawful performance of their official duties and functions, unless such
14 liability results from willful misconduct, evident bad faith, gross negligence, or a
15 willful violation of this Act or other applicable laws.

16
17 The Authority shall provide legal representation or legal assistance and may advance
18 reasonable litigation costs and expenses, including attorney's fees and other necessary
19 legal expenses, subject to existing budgeting, accounting, and auditing laws, rules,
20 and regulations, to the members of the Board of Directors, the Administrator, officers,
21 employees, and the AFP and PNP personnel assigned to exercise police and
22 enforcement powers under this Act in connection with any civil, criminal,
23 administrative, or other action or proceeding instituted against them by reason of, or
24 in connection with, the exercise of their powers or the performance of their duties
25 under this Act.

26
27 The legal protection provided under this section shall not apply to any action or
28 proceeding initiated by the Authority against any member of the Board of Directors,
29 the Administrator, officer, employee, or assigned enforcement personnel for acts
30 committed in violation of this Act or other applicable laws.

31
32 Any member of the Board of Directors, the Administrator, officer, employee, or
33 assigned enforcement personnel who resigns, retires, transfers to another government
34 agency, or is otherwise separated from the service shall continue to be entitled to the
35 legal protection and indemnification provided under this section with respect to acts
36 or omissions performed in good faith during his or her tenure with the Authority.

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

5
6 The Authority may advance the costs and expenses incurred in defending any action
7 or proceeding upon receipt of a written undertaking by, or on behalf of, the person
8 concerned to reimburse the Authority should it be finally determined by a court of
9 competent jurisdiction or other competent authority that such person is not entitled to
10 indemnification under this Act.

11 12 Article XI

13 Indigenous Peoples' Participation and Global Standards

14
15 **Sec. 61. Recognition of Rights and Customary Governance.** The State reaffirms full
16 recognition of ICCs/IPs' rights over their Ancestral Domains within the Sierra Madre.

17
18 Customary laws and practices of ICCs/IPs shall be respected and integrated into
19 management plans. Tribal communities may exercise their customary governance and
20 enforcement, provided they align with the objectives of this Act and respect agreed
21 conservation standards.

22
23 **Sec. 62. Co-Management and Self-Determination.** ICCs/IPs shall be partners and co-
24 managers of conservation in their territories. The Authority shall formally recognize
25 ICCAs as management zones, where indigenous institutions lead conservation efforts
26 with support from government agencies. This co-management shall be consistent with
27 IPRA, ensuring autonomy and benefit-sharing.

28
29 **Sec. 63. Adoption of Global Conservation Standards.** The Authority shall implement
30 adaptive, landscape-level governance in accordance with international best practices:

- 31 1. **Landscape-Level Governance.** Policies and management shall transcend
32 administrative boundaries, focusing on ecological units;
- 33 2. **Ridge-to-Reef (R2R) Management.** Emphasize hydrological linkages. Upland
34 forest protection shall be coordinated with coastal and fisheries management,
35 recognizing the Sierra Madre's role in watershed regulation and marine
36 ecosystem health;
- 37 3. **Adaptive Management.** The Authority shall periodically review policies using
38 the latest science like climate projections and biodiversity assessments, and
39 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.

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

12
13 Private payments for Sierra Madre Nature Credits shall be transmitted through an
14 approved settlement or escrow arrangement directly to the lawful credit owner,
15 registered developer, and other entitled parties in accordance with the Registry and
16 applicable tenurial instruments. Such payments shall not accrue to the Fund except
17 for an expressly disclosed fee or Market Administration Charge authorized by Section
18 10.

19
20 No expenditure shall be released without an identified baseline, target, responsible
21 entity, delivery schedule, and verification method. All expenditures from the Fund
22 shall be audited and subject to transparency rules, and all public funds shall remain
23 subject to COA audit, government accounting, procurement, and disclosure laws.

24
25 **Sec. 65. Sierra Madre Nature Credit System and Conservation Incentives.** There is
26 hereby established a compliance-enabled system through which eligible protection,
27 restoration, and long-term stewardship results within the Sierra Madre Mountain
28 Range are independently verified, issued as Sierra Madre Nature Credits, purchased
29 by Covered Enterprises, and retired to satisfy Nature Credit Purchase Obligations.

30
31 Sierra Madre Nature Credits may represent independently verified ecological and
32 climate-resilience outcomes, including watershed protection, flood attenuation,
33 landslide-risk reduction, sediment retention, water-security improvement, restoration
34 of wetlands and riparian systems, ecological restoration, avoided degradation,
35 biodiversity conservation, ecological connectivity, and qualifying Early Warning
36 System services.

37 A Nature Credit representing a resilience outcome shall specify the measurable
38 outcome, geographic area or Ecosystem-Service Catchment, baseline, methodology,
39 duration, beneficiaries, monitoring requirements, verification requirements, and
40 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,

1 treatment of MSMEs, and correction for benefits already financed by the
2 enterprise. Each enterprise shall receive a written assessment, access to
3 supporting nonconfidential data, and an opportunity to correct data and seek
4 independent administrative review.

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

17 g. ***Consumer, Competition, and Affordability Safeguards.*** A regulated utility or
18 concessionaire shall not automatically pass the obligation through to captive
19 consumers. Any proposed rate recovery shall require approval by the
20 competent sector regulator after proof of prudence, least-cost procurement, net
21 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 h. ***Eligible Nature Credits and Methodologies.*** Separate Sierra Madre Nature
26 Credit classes may represent verified avoided degradation, improved
27 ecosystem condition, watershed security, flood and landslide resilience,
28 sediment retention, biodiversity, ecological connectivity, restoration, or carbon
29 benefits. These classes are not interchangeable. A credit represents only the
30 measured ecological outcome stated in its methodology and does not confer
31 ownership of land, water, biodiversity, an ecosystem, sacred knowledge, or a
32 cultural value. Every methodology shall specify the baseline, counterfactual,
33 unit, project boundary, service class, eligible catchment, temporal matching,
34 safeguards, additionality where applicable, durability, leakage, reversal, buffer
35 or replacement mechanism, monitoring, uncertainty, and verification
36 requirements, and shall undergo public consultation, independent scientific
37 peer review, and periodic reassessment. A credit may satisfy an obligation only
38 when its service class, catchment or approved connected area, vintage, and
39 durability match the dependency on which the obligation was based. Cross-
40 service substitution is prohibited; geographic substitution may be allowed only

1 where an approved methodology demonstrates the same service flow and
2 beneficiaries. Credits shall be issued only after independent ex post verification
3 and recorded with unique serial numbers. An avoided-degradation
4 methodology shall use a conservative, independently reviewed counterfactual,
5 exclude protection already secured by an adequately enforced legal duty unless
6 the methodology proves a financing gap material to performance, and discount
7 uncertainty and reversal risk.

8 i. ***Project and Developer Eligibility.*** Before registration, a project shall
9 demonstrate lawful tenure or a valid agreement with the lawful rights holder;
10 PAMB approval where required; NCIP certification and FPIC where
11 applicable; an approved methodology and baseline; environmental and social
12 safeguards; a grievance mechanism; a benefit and revenue-allocation plan; and
13 independent validation. The Authority and the Sierra Madre Fund are
14 ineligible to act as project proponent, developer, investor, owner, or credit
15 recipient. Registration shall not confer title, extinguish existing rights, or
16 authorize disclosure of protected Indigenous knowledge. No unit shall be
17 issued while a required permit, consent, or safeguard obligation is suspended
18 or materially breached.

19 j. ***Purchase and Retirement.*** A Covered Enterprise shall satisfy its Nature Credit
20 Purchase Obligation by purchasing and retiring eligible Sierra Madre Nature
21 Credits through the Registry or an approved long-term nature credit purchase
22 agreement. Procurement shall be competitive or demonstrably least-cost over
23 the credit life, while allowing duly justified local, Indigenous, community, and
24 small-developer participation measures. Forward commitments and milestone
25 finance may be used to mobilize capital, but a credit may be used for
26 compliance and final payment shall arise only upon verified delivery, except
27 for disclosed risk-sharing arrangements approved by the Authority.

28 k. ***Ownership and Revenue Allocation.*** Initial ownership and entitlement shall
29 follow existing tenurial instruments, ancestral-domain and customary rights,
30 lawful stewardship agreements, and contracts with registered developers. The
31 Authority shall record, but shall not unilaterally create or reallocate,
32 proprietary rights. Indigenous Peoples, communities, and tenure holders shall
33 not be deprived of rights or revenues without consent and, where applicable,
34 FPIC. A project affecting an ancestral domain or a community-managed area
35 shall have a community-approved benefit-sharing plan, adopted through the
36 community's recognized decision process, stating collective and household
37 benefits, project and verification costs, grievance procedures, disclosure rules,
38 and protections against unauthorized use of Indigenous knowledge.
39 Independent legal and technical assistance shall be made available before
40 approval. LGUs and PAMBs may receive a share only for a documented lawful

tenurial or stewardship contribution disclosed in the Registry. The Authority and the Fund shall receive no project or credit share; they may receive only the separately disclosed fees and Market Administration Charge authorized by Section 10.

- l. ***No License to Harm.*** Purchase or retirement shall not authorize prohibited activity, replace an ECC or permit, excuse breach of an ECC condition, or satisfy a proponent's duty to avoid, minimize, and restore its own damage. Irreplaceable ecosystems, sacred and culturally restricted areas identified through lawful processes, prohibited harm, and legally required remediation are ineligible for compensatory offset credits. Mandatory restoration may receive results-based finance but shall be separately labelled and may not be used to compensate for another entity's harm.

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

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

- o. ***Purchase and Settlement Channels.*** Sierra Madre Nature Credits may be purchased through an approved auction, marketplace, or exchange; a registered bilateral or long-term nature credit purchase agreement; or an

1 approved pooled-purchase or aggregation facility. Payment shall be settled
2 through an accredited bank, payment service provider, trust, or escrow
3 arrangement interoperable with the Registry. Upon irrevocable settlement and
4 retirement, the transaction record shall separately state the credit price, taxes,
5 third-party service charges, and the Authority's applicable fee or Market
6 Administration Charge. The credit price shall be distributed directly to the
7 persons entitled under the registered ownership and revenue-allocation record;
8 only the expressly authorized Authority charge shall be remitted as corporate
9 operating revenue. Direct payment unsupported by Registry-confirmed
10 settlement and credit retirement shall not satisfy a Nature Credit Purchase
11 Obligation.

- 12 p. ***Permit Integration and Due Process.*** No final adverse permit or operating-
13 authority action shall be taken solely on the basis of an assessment subject to a
14 timely correction request, motion for reconsideration, or administrative appeal.
15 The Authority may issue a conditional clearance for an approved compliance
16 plan or where immediate interruption would materially endanger an essential
17 public service. Only a final, material, and uncured deficiency may trigger a
18 Gatekeeper Agency's withholding of renewal or other proportionate action
19 within its lawful mandate. Essential services and captive consumers shall be
20 protected from abrupt interruption and unauthorized cost pass-through.
- 21 q. ***Noncompliance.*** Failure to purchase and retire a final assessed requirement
22 shall result only in the administrative sanctions expressly stated in Section 73,
23 imposed after notice and hearing, without prejudice to collection and judicial
24 remedies. The implementing rules and regulations may prescribe procedure
25 but shall not create a new offense, penalty, disqualification, or forfeiture.

26
27 **Sec. 66. Enterprise Obligation.** In determining a Covered Enterprise's Nature Credit
28 Purchase Obligation for resilience-related ecosystem services, the Authority shall
29 consider, as applicable:

- 30
31 (a) hydrological or ecosystem-service dependency;
32 (b) land footprint and its effect on runoff, infiltration, erosion, or ecological
33 connectivity;
34 (c) economic and asset exposure to climate and ecosystem-service disruption;
35 (d) location within a High-Value Resilience Zone or other identified risk area;
36 (e) the enterprise's demonstrated contribution to or mitigation of the relevant
37 ecological risk;
38 (f) the enterprise's size, capacity, and ability to comply; and
39 (g) benefits or resilience investments already financed or undertaken by the
40 enterprise.

1
2 The methodology shall be transparent, evidence-based, proportionate, and subject to
3 public consultation and independent review.

4
5 **Sec. 67. Compliance Pathways.** A Covered Enterprise may satisfy its Nature Credit
6 Purchase Obligation through:

- 7 (a) Purchase and retirement of eligible Sierra Madre Nature Credits;
8 (b) Direct investment in an approved Nature-Based Solution or ecosystem
9 restoration project that satisfies an approved methodology and is
10 independently verified;
11 (c) Participation in a joint or pooled resilience investment with other Covered
12 Enterprises, LGUs, lawful rights holders, Indigenous Peoples, communities, or
13 qualified project developers; or
14 (d) Investment in a qualifying Early Warning System or other digital resilience
15 intervention capable of generating verified Nature Credits.

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

19
20 **Sec. 68. Qualifying Early Warning System Nature Credits.** The Authority may
21 establish methodologies for issuing Sierra Madre Nature Credits for qualifying Early
22 Warning Systems that produce measurable and independently verified resilience
23 benefits.

24 The methodology shall consider, among others:

- 25 (a) capital and operating investment;
26 (b) geographic coverage;
27 (c) population and critical infrastructure protected;
28 (d) hazard type and severity;
29 (e) warning lead time;
30 (f) system reliability and availability;
31 (g) interoperability with government disaster-risk and early-warning systems; and
32 (h) demonstrated avoided-loss or resilience benefit.

33
34 No credit shall be issued solely on the basis of installation or expenditure. Credits shall
35 be based on verified performance and measurable resilience outcomes.

36
37 **Sec. 69. Audit and Accountability of the Sierra Madre Fund.** All funds of the Sierra
38 Madre Fund shall be subject to strict auditing and accountability measures:

- 39 a. The Commission on Audit (COA) shall conduct annual audits of the Fund,
40 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
3 Nature Credit Registry and shall disclose baselines, ownership,
4 corresponding adjustments where applicable, transfers, retirement, and
5 benefit allocation to prevent double issuance, double use, and double
6 claiming;
7 f. Climate finance shall not displace a statutory Nature Credit Purchase
8 Obligation unless the same Sierra Madre Nature Credit is lawfully
9 purchased and retired for that obligation. Grants or concessional finance
10 may reduce project cost but shall not extinguish the rights of lawful tenure
11 holders or ecosystem stewards;
12 g. Projects affecting ancestral domains or protected areas shall remain
13 subject to the IPRA, FPIC, E-NIPAS, PAMB approval, and other
14 applicable safeguards; and
15 h. The Authority shall promote, in accordance with applicable laws, the use
16 of blended finance and revenue-layering structures for eligible Sierra
17 Madre conservation and resilience projects.
18 Such structures may combine, as appropriate:
19 (1) public appropriations and catalytic grants;
20 (2) concessional or patient capital;
21 (3) Nature Credit revenues;
22 (4) carbon or other environmental-market revenues;
23 (5) sustainable agroforestry and nature-positive livelihood
24 revenues;
25 (6) grants and official development assistance;
26 (7) green bonds and other sustainable-finance instruments; and
27 (8) private equity or commercial investment.
28

29 The Authority shall publish model financing structures and standards for eligible
30 projects but shall not act as project developer, investment adviser, broker, or
31 financier of projects seeking registration or Nature Credits under this Act.
32

33 Article XIII 34 Prohibited Acts and Enforcement 35

36 **Sec. 72. Prohibited Acts.** In addition to the acts prohibited under existing
37 environmental and natural resources laws, the following acts are likewise prohibited
38 within the Sierra Madre Mountain Range:
39

- 1 1. **Unauthorized Land Conversion.** The conversion of forest lands to
2 agricultural or other non-forest uses without the required authority under
3 existing laws and, where applicable, without first securing a Sierra Madre
4 Master Plan Conformity Certificate;
5
- 6 2. **Destructive Extractive Activities.** The conduct of mining or commercial or
7 non-commercial quarrying in a manner that causes significant or irreversible
8 environmental damage, including, but not limited to, the destruction of old-
9 growth forests, critical habitats, or watersheds, and the pollution or
10 contamination of rivers and other water bodies;
11
- 12 3. **Introduction of Invasive Species.** The deliberate introduction, release, or
13 propagation of non-native or invasive species of flora or fauna that harm
14 native species, biodiversity, or ecosystem integrity;
15
- 16 4. **Unauthorized Commencement of Covered Works.** Beginning, financing,
17 directing, or causing site clearing, tree cutting, grading, excavation, road
18 opening, land development, construction, installation, expansion, or other
19 physical works for a covered project before obtaining a valid Sierra Madre
20 Master Plan Conformity Certificate or other Authority document expressly
21 required by this Act, together with the ECC, PAMB approval, FPIC, tenure
22 instrument, LGU permit, or sector authorization otherwise required by law.
23 A permit issued by one institution shall not excuse the failure to obtain a
24 separate certification, approval, or consent required by this Act or another
25 law;
26
- 27 5. **Continuation after Notice or Order.** Continuing covered works after receipt
28 of a lawful stop-work, cease-and-desist, suspension, or restoration order
29 issued by the Authority, the DENR, a PAMB, an LGU, a court, or another
30 competent body, or removing an official seal or obstruction placed to enforce
31 that order; and
32
- 33 6. **False Compliance Evidence.** Knowingly submitting, using, altering, or
34 causing the submission or use of a false Sierra Madre Master Plan Conformity
35 Certificate, Nature Credit Compliance Clearance, registry record, electronic
36 confirmation record, or other Authority document to obtain a permit,
37 financing, procurement award, disbursement, or authority to proceed.
38

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.

(b) **False Documents and Market Fraud.** A person who knowingly falsifies or alters an Authority certificate, compliance clearance, Registry record, verification report, or settlement confirmation; intentionally causes double issuance or double claiming; manipulates the Registry; or diverts credit revenues shall, upon conviction, be punished by imprisonment of two (2) years and one (1) day to six (6) years and a fine of not less than Five Hundred Thousand Pesos (P500,000.00) nor more than Ten Million Pesos (P10,000,000.00), or three (3) times the economic benefit obtained, whichever is higher, without prejudice to prosecution under another law carrying a higher penalty.

(c) **Unauthorized Works Causing Material Ecological Harm.** Violators of Sec. 72 on prohibited acts who willfully begin or continue works without the required Authority document and other approvals, and thereby cause material ecological harm, shall, upon conviction, be punished by imprisonment of six (6) years and one (1) day to twelve (12) years and fines of P1,000,000 to P50,000,000, depending on the harm caused. The highest range shall apply only where the act affects an irreplaceable ecosystem, causes serious or irreversible harm, continues after a lawful stop-work order, or forms part of repeated or organized unlawful conduct. In addition, corporate offenders may have their business permits revoked by the issuing agency or a competent court, and their assets restrained only upon judicial order or express statutory authority, to cover rehabilitation costs. These penalties are in addition to other penalties under existing environmental laws.

- (d) **Responsible Officers.** Where the offender is a juridical entity, criminal liability shall attach only to an officer or employee who authorized, directed, knowingly participated in, or knowingly failed to prevent the offense despite a legal duty and actual capacity to do so. The court may order restitution, restoration, and forfeiture as authorized by law.
- (e) **Unauthorized Commencement of Covered Works.** Without prejudice to criminal prosecution and penalties under another law, a private person or juridical entity that violates Sec. 72 (4) shall, after notice and hearing, be subject to: (1) an immediate stop-work or cease-and-desist order; (2) an administrative fine of not less than One Hundred Thousand Pesos (₱100,000.00) nor more than Five Million Pesos (₱5,000,000.00), or three (3) times the documented economic benefit or compliance cost avoided, whichever is higher, plus not less than Fifty Thousand Pesos (₱50,000.00) nor more than Two Hundred Thousand Pesos (₱200,000.00) for each day the work continues after a lawful notice or order; (3) restoration of the affected ecosystem at full cost; (4) payment of interim public loss until verified recovery; and (5) forfeiture of the economic benefit obtained or compliance cost avoided, as determined by a court or other authority expressly empowered by law. In fixing the administrative fine within the statutory range, the Authority shall consider the assessed ecological loss and interim public loss, area and ecological condition affected, sensitivity and irreplaceability, duration and reversibility of harm, economic benefit or avoided compliance cost, concealment, prior violations, cooperation, and timely restoration. The fine shall punish the violation and shall not replace restoration, compensation, or liability under another law.
- (f) **Assessment of Ecological Loss and Interim Public Loss.** The Authority shall determine ecological loss and interim public loss through published methodologies consistent with Republic Act No. 11995, official physical ecosystem accounts, and applicable DENR standards. The assessment shall identify the pre-impact baseline; extent and condition lost; affected ecosystem services and beneficiaries; full cost of site stabilization, rehabilitation, restoration, monitoring, and independent verification; reasonable replacement, treatment, disaster-risk, infrastructure-protection, and public-service costs; the period to verified recovery; uncertainty; and any irreversible loss. Monetary valuation shall support restoration and compensation but shall not make prohibited or irreplaceable harm permissible. The responsible person may contest the assessment through the procedure in subsection (k), and no item may be recovered twice under this Act or another law.

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

11 (h) **Market and Registry Violations.** Fraudulent credit issuance or verification;
12 intentional double claiming; falsification or alteration of a Nature Credit
13 Compliance Clearance, settlement confirmation, or registry record;
14 submission of fabricated transaction evidence; use of a cancelled or previously
15 retired nature credit; unauthorized registry access or manipulation;
16 undisclosed self-dealing; diversion of nature credit revenues; or material
17 violation of safeguards may result, after notice and hearing, in cancellation or
18 suspension of registration or recognition, cancellation of invalid credits,
19 restitution, disqualification for a period not exceeding five (5) years, and an
20 administrative fine of not less than One Hundred Thousand Pesos
21 (₱100,000.00) nor more than Five Million Pesos (₱5,000,000.00), or three (3)
22 times the economic benefit obtained, whichever is higher. Criminal conduct
23 shall be referred to the Department of Justice or other competent body.

24
25 (i) **Restoration Nonperformance.** Failure to comply with a final restoration
26 order may result in drawing on performance security, third-party
27 performance at the responsible person's cost, recovery of full restoration cost
28 and interim public loss, and an administrative fine of not less than Fifty
29 Thousand Pesos (₱50,000.00) nor more than Five Hundred Thousand Pesos
30 (₱500,000.00) for each day of unjustified delay after the final compliance
31 deadline. The total fine shall not exceed three (3) times the assessed full
32 restoration cost and interim public loss. Payment shall not extinguish the duty
33 to restore.

1 (j) **Disposition and Use of Collections.** Administrative fines imposed and
2 collected by the Authority under this Act shall accrue to a restricted
3 Enforcement, Restoration and Monitoring Account within the Sierra Madre
4 Fund. Amounts recovered as restoration cost or interim public loss shall be
5 separately accounted for and transferred or disbursed, as authorized by law,
6 to the competent public body, lawful rights holder, or independently
7 procured restoration provider responsible for restoring and monitoring the
8 affected area and service flows, or to reimburse verified response or
9 replacement costs. The Authority shall assess, order, monitor, and verify
10 restoration but shall not act as project developer or acquire credits or project
11 revenue from the remedial work. Collections that another law requires to
12 accrue to the Integrated Protected Area Fund, a Protected Area Retained
13 Income Account, or another dedicated public fund shall be remitted to that
14 fund and shall not be diverted to the Sierra Madre Fund. The account may
15 also finance inspections, scientific assessment, enforcement systems, and
16 independent verification. It shall not be used for bonuses, performance
17 incentives, or an enforcement quota, and projected fines shall not be treated
18 as a regular operating-revenue target. Criminal fines, forfeitures, and court-
19 awarded damages shall be disposed of as the court directs and as provided by
20 this Act and other applicable laws. All receipts and disbursements shall be
21 subject to budgeting, accounting, COA audit, and public-disclosure
22 requirements.

23 (k) **Procedure and Review.** No final administrative sanction shall be imposed
24 without written notice of the charge, access to the nonconfidential record,
25 reasonable opportunity to submit evidence and be heard, a decision by an
26 impartial officer supported by substantial evidence, and written findings on
27 liability and sanction. Where ongoing work presents an imminent threat of
28 serious or irreversible harm, the Authority may issue an interim stop-work
29 order effective immediately, provided that it gives the affected party a prompt
30 opportunity to be heard and resolves whether to continue, modify, or lift the
31 order within the period fixed by law or the IRR. Review shall lie with the
32 Administrative Review Panel, without prejudice to judicial review. The IRR
33 may prescribe procedure and penalty-adjustment rules but shall not create a
34 new offense or sanction.
35

- 1 (l) **Coordination of Restoration and Recovery.** Where the same injury is subject
2 to an ECC condition, a DENR or PAMB restoration order, LGU action, or an
3 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 Section 13
14 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
19 or the EMB with the applicable official maps, ecological limits,
20 management zones, corridor and catchment data, carrying-capacity
21 information, and adopted scientific standards. The Authority shall exercise
22 coordination and scientific evaluation functions complementary to DENR
23 processes, but shall not conduct a separate environmental impact
24 assessment, issue an Ecological Impact Clearance, or determine whether a
25 project is 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
30 review, but the DENR or the EMB shall require the certificate and shall not
31 issue or amend the final ECC, or take another final favorable action under
32 the Philippine EIS System, until the Authority has transmitted the
33 certificate and the DENR or the EMB has electronically confirmed that it is
34 valid and 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

be transmitted directly through an interoperable government system and shall form part of the ECC administrative record.

- e. The Sierra Madre Master Plan Conformity Certificate shall be an additional statutory prerequisite, not an ECC or substitute permit. The DENR shall independently exercise its authority under the Philippine EIS System and may impose stricter conditions, require further study, deny the ECC, or enforce environmental law. A valid certificate shall not compel ECC approval.
- f. A Sierra Madre Master Plan Conformity Certificate shall not replace an ECC, PAMB approval, NCIP certification, FPIC, local permit, or other approval required by law. When standards overlap, the more protective applicable ecological requirement shall govern, without diminishing Indigenous Peoples' rights, lawful tenure, due process, or compensation required by law.
- g. The DENR, the Authority, and other agencies shall establish interoperable review, monitoring, and enforcement procedures, including shared data, joint inspections, restoration tracking, and referral of violations. The Authority may recommend suspension or cancellation, but the issuing agency shall exercise the corresponding statutory power and state its action in writing.

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

Implementation shall thereafter proceed in stages:

- a. Within one hundred eighty (180) days, appointment of the Board and the Administrator, approval of the organization and staffing pattern, adoption of conflict-of-interest and administrative-procedure rules, and execution of initial protocols with the DENR, PSA, NCIP, DILG, DHSUD, DOF, DBM, and GCG;
- b. Within twelve (12) months, publication of the initial ecological baseline, official-data plan, beneficiary and sector-dependency assessment framework, draft methodologies, safeguards, registry architecture, and pilot landscape selection; and
- c. Within eighteen (18) months, operation of independently evaluated voluntary or publicly procured pilots in at least three (3) distinct Ecosystem-Service Catchments, including at least one protected-area or ancestral-domain setting

Article XV
Congressional Oversight

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

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

The Committee shall have the following powers and functions:

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

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

- (a) Ecosystem-account baselines and changes;
- (b) The status of binding ecological limits, zoning, and Sierra Madre Master Plan 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.

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

- 5
- 6 a. Sierra Madre Master Plan Conformity Certificates, conditions, and denials;
- 7 b. Changes in ecosystem condition and priority threats;
- 8 c. Covered Enterprise assessments and Nature Credit Compliance Clearances;
- 9 d. Registered projects and issued and retired Sierra Madre Nature Credits;
- 10 e. Restoration obligations and delivery status;
- 11 f. Public and private financing;
- 12 g. Payments and tenure-based allocation;
- 13 h. Enforcement actions;
- 14 i. Complaints;
- 15 j. Reversals; and
- 16 k. corrective measures.
- 17

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

20

21 **Article XVI**

22 **Final Provisions**

23

24 **Sec. 78. Performance Evaluation and Disclosure.** The Authority shall be subject to the
25 Performance Evaluation System, including the Performance Scorecard, established by
26 the Governance Commission for Government-Owned or -Controlled Corporations,
27 and to the periodic evaluation and reportorial requirements under Republic Act No.
28 10149.

29

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

- 32
- 33 (a) Avoided degradation and reduced illegal conversion;
- 34 (b) Improved ecosystem extent and condition;
- 35 (c) Restored watersheds and ecological connectivity;
- 36 (d) Reduced water, flood, landslide, and climate risk;
- 37 (e) Verified ecosystem-service delivery;
- 38 (f) Timely and legally sufficient Sierra Madre Master Plan Conformity
- 39 Certificates;
- 40 (g) Compliance by Covered Enterprises;

and more than one outcome class, covering registration, validation, verification, issuance, settlement, retirement, benefit allocation, reversal, and grievance procedures.

No mandatory Nature Credit Purchase Obligation shall take effect until:

- (1) The applicable ecosystem-service and sector-dependency accounts are sufficiently reliable;
- (2) The Sierra Madre Master Plan identifies a quantified annual nature credit need;
- (3) At least two (2) qualified independent verification providers and a functioning Sierra Madre Nature Credit Registry are available;
- (4) Applicable PAMB, IPRA, FPIC, tenure, safeguards, grievance, review, and consumer-protection procedures are operational;
- (5) Adequate eligible credit supply and competition exist to avoid artificial scarcity;
- (6) Accredited settlement arrangements and secure interoperability with designated Compliance Gatekeeper Agencies are operational; and
- (7) An independent readiness review, public consultation, and the concurrence required by Section 65 have been completed. The Authority shall publish the evidence and a reasoned readiness determination for each sector and service area.

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

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

- (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 eighty
8 (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
24 verification; digital signatures, machine-readable certificates and clearances,
25 application programming interfaces, and status fields; settlement-provider
26 accreditation and transaction reconciliation; auction, bilateral, and pooled-purchase
27 reporting; the fee schedule and Market Administration Charge authorized by Section
28 10, including payer, charging event, base, rate, exemptions, accounting, cost study,
29 and adjustment of excess collections; cure periods and conditional clearances; least-
30 cost procurement and consumer safeguards; restoration and financial assurance; Fund
31 governance; complaints, enforcement, administrative adjudication, and appeals;
32 public disclosure 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.

1 **Sec. 81. Separability Clause.** If any provision of this Act or its application to any
2 person or circumstances is held unconstitutional or invalid, the remainder of the law
3 or its application to other persons or circumstances shall not be affected.
4

5 **Sec. 82. Construction with Other Laws; Repealing Clause.**
6

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

13
14 (b) The Sierra Madre Master Plan Conformity Certificate, nature-credit
15 requirements, and restoration procedures created by this Act are additional
16 statutory requirements within their stated scope. Nothing herein shall be
17 construed to:

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

25
26 (c) All laws, presidential decrees, executive orders, rules and regulations, or
27 parts thereof expressly irreconcilable with a specific provision of this Act
28 are hereby modified only to the extent of the inconsistency. No repeal of a
29 protected right, criminal law, revenue measure, or agency mandate shall be
30 implied.
31

32 **Sec. 83. Effectivity.** This Act shall take effect fifteen (15) days after its publication in
33 the Official Gazette or in two (2) newspapers of general circulation.
34

35 *Approved,*