EXPLANATORY NOTE

To provide the policy direction in the formulation of strategies and programs for the protection and sustainable management of forest lands and to reverse the loss of the country's forest cover which has dwindled to only 7.2 million hectares, the following features were provided in the bill:

- Adoption of the Sustainable Forest Ecosystems Management (SFEM) strategy as the overarching policy framework for all plans and programs in the forestry sector
- Adoption of the river basins and component watersheds as basic planning units in forest resource management
- Recognition of the administrative jurisdiction of Local Government Unit (LGU) and ancestral domain as the basic management unit in forestry
- Acknowledgement of the need to empower the local communities and indigenous people, supported by multi-sector participation as the principal strategy
- Prioritization of the protection and rehabilitation of forest ecosystems
- Identification as priority measures the regeneration and/or restoration of natural forests and tree planting of indigenous species to expand forest cover
- Underscoring of good governance as a necessary condition for effective, efficient, and sustainable forest ecosystems management, development, and conservation

In view of the above, I am requesting for the immediate passage of this bill.

DIVINA GRACE C. YU  
1st District, Zamboanga del Sur
AN ACT PROVIDING FOR THE PROTECTION, REHABILITATION, AND SUSTAINABLE MANAGEMENT OF FOREST ECOSYSTEM AND FOR OTHER PURPOSES

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

CHAPTER 1
BASIC FORESTRY POLICIES

SECTION 1. Short Title. This Act shall be known as the “Sustainable Forest Management Act of 2019.”

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

(a) Permanency of Forest Land. The specific limits of forest lands shall be fixed, delineated and demarcated on the ground and thereafter, shall not be altered except through an Act of Congress.
(b) **Forest Resources to Promote the Common Good.** The use and conservation of forest lands and the resources therein shall bear social, ecological, biological and economic functions, responsibility, and accountability to promote the common good of the present and future generations;

(c) **Climate Change Mitigation or Adaptation.** The mitigation of or adaptation to climate change shall be vital components in the conservation, management, protection and development of forest lands and natural resources;

(d) **Good Governance.** Good governance shall be practiced in the management, conservation, protection, and development of forest lands and the resources therein.

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

i. **Categorization of Forest Lands.** Forest lands shall be categorized as protection or production forest lands in order to guide managers on the intent of development and to obtain the most beneficial use for common good.

ii. **Watershed as the Basic Forest Land Management Unit.** Protection and production forest lands shall be partitioned and planned into forest management units based on natural topographic and hydrologic boundaries and shall consider the watershed continuum approach which adopts a holistic inter-relationship between the upstream and downstream areas in order to carry-out efficiently the rational ecological treatment of the entire landscape from the mountain down to the coast.

iii. **Community-Based Forest Management (CBFM) Founded on Empowerment of Local Communities and Indigenous People with Multi-Sectoral Participation and Support.** Vesting access rights and responsibilities to forest-dependent local communities and indigenous peoples to undertake sustainable conservation, protection, management, and development of forest ecosystems shall have precedence over other strategies. CBFM shall have the support of Department, the National Commission on Indigenous Peoples (NCIP) and the
LGUs. The participation of the private and other sectors in the CBFM shall be encouraged and promoted in conformity with pertinent regulations;

iv. *Protection and Rehabilitation of Forest Ecosystem as Priority Concerns.* The protection of forest ecosystem, as well as rehabilitation through reforestation and afforestation of the degraded forest ecosystem, shall be given priority to mitigate climate change, improve and conserve biodiversity, enhance ecosystem functions and services, and provide long-term economic benefits;

v. *Recognition of the Indigenous Peoples’ Sustainable Forest Management Practices.* The management of forest lands in ancestral lands and domains shall recognize and promote the sustainable forest management practices of the indigenous people;

vi. *Security of Tenure of Stakeholders.* Pursuant to the principles of sustainable and multi-use forest management and equitable access to forest resources, a secured tenure shall be guaranteed to stakeholders concerned;

vii. *Investment and Public-Private Partnership.* Investments and public-private partnership shall be harnessed through favorable incentives that promote the acceleration of the conservation and development of the forest lands and the resources therein; and

viii. *Professionalism in Forest Service.* A dynamic professional and people-oriented forest service shall be established and fully supported by the government.

SEC. 3. *Scope and Coverage.* The provisions of this Act shall apply to all forest lands and forest resources found therein: Provided, That all forests and forest resources found in protected areas established under the National Integrated Protected Areas System (NIPAS) shall be sustainably managed and developed following the provisions of Republic Act No. 7586 or the NIPAS Act of 1992: Provided further, That the rights of indigenous cultural communities or indigenous peoples to their ancestral lands and domains shall be respected, and all such lands within ancestral
domains and ancestral land claims shall be managed and developed in accordance with this Act and the provisions of RA No. 8371 or the Indigenous Peoples Rights Act (IPRA) of 1997.

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

SEC. 4. Definition of Terms. As used in this Act, the term:

(a) *Adaptation* shall refer to the adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities.

(b) *Afforestation* shall refer to the planting of trees or the artificial establishment of forest in areas that were not previously forested.

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

(d) *Ancestral Domain* shall refer to all areas generally belonging to indigenous cultural communities or indigenous peoples (ICCs/ IPs) as defined in RA No. 8371.

(e) *Ancestral Lands* shall refer to lands occupied, possessed and utilized by members of the ICCs/IPs as defined in RA 8371.

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

(g) **Chain-of-Custody (CoC)** shall refer to the path that forest products take from the forest to the consumer, including all manufacturing, transformation and distribution links.

(h) **Climate Change** shall refer to a change in climate that can be identified by changes in the mean and/or variability of its properties and that persists for an extended period, typically decades or longer, whether due to natural variability or as a result of human activity.

(i) **Communal Forest** shall refer to a tract of forestland set aside and established for and under the protection, administration, and management of a city, municipality, or barangay as a source of wood material for fuel, shelter, and manufactured products; as source of water for the community; and as an area for ecotourism and/or environmental protection or socio-economic projects of local government units consistent with sustainable development.

(j) **Co-management** shall refer to the process of management in which government shares power with resource users, with each given specific rights and responsibilities relating to information and decision-making.

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

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

(m) **Co-production Agreement** shall refer to an agreement or contract, entered into by and between a qualified person and the government, for the former to develop, utilize and manage consistent with the principles of sustainable development, land or portion of forestland wherein both parties agree to provide inputs and share the products or equivalent cash value.
(n) **Criteria and Indicators** shall refer to the set of management tools to describe and assess a forest state or situation that should be met to comply with sustainable forest management.

(o) **Degraded Forests** shall refer to all forest lands containing less than five (5) square meters in basal area per hectare of all tree species with diameters at breast height or diameter above buttress of less than sixty-five (65) centimeters.

(p) **Delimitation** shall refer to the establishment of permanent boundaries between forest lands, national parks/protected areas and agricultural lands as a result of demarcation.

(q) **Delineation** shall refer to the establishment of boundaries between forest lands, national parks/protected areas and agricultural lands as a result of a conduct of site investigation, reconnaissance and field verification in accordance with the criteria set by the Department.

(r) **Demarcation** shall refer to the establishment of boundaries using visible markers, monuments or known natural features/landmarks, among others, as result of the actual ground delineation.

(s) **Denuded Forest Lands** shall refer to forest lands that are devoid of forest tree cover.

(t) **Department** shall refer to the Department of Environment and Natural Resources

(ii) **Downstream Forest-based Industry** shall refer to any industry other than the primary processing plants that uses timber or other forest products as its raw materials or inputs to produce higher value added forest products like furnitures, handicrafts and the like.

(v) **Ecosystem** shall refer to living communities, the environment they live in, and their interactions.
(w) Ecotourism shall refer to a nature-based activity managed by the local community
with government support whose primary goals are conservation and enhancement
of natural resources while providing economic benefits to the local community
without endangering the socio-cultural practices of its people.

(x) Environmental Impact Assessment (ELA) shall refer to the process of predicting
the likely environmental consequences of implementing a project or undertaking
and designing the appropriate preventive, mitigating, or enhancement measures.

(y) Environmental Impact Statement (EIS) System shall refer to the organization,
administration, and procedures that have been institutionalized pursuant to
Presidential Decree No. 1586 for purposes of assessing the significance of the
effects of any project or undertaking on the quality of the physical, biological, and
social-economic environment and designing the appropriate mitigating and
enhancement measures.

(z) Expropriation shall refer to the act of buying back by the State when public interest
so requires, of forest areas under private or non-state ownership, subject to just
compensation.

(aa) Forest shall refer to an ecosystem or an assemblage of ecosystems dominated by
trees and other woody vegetation; a community of plants and animals interacting
with one another and its physical environment. A forest may be natural or
established by man as in plantation.

(bb) Forest Auditing shall refer to the systematic, documented verification process of
objectively obtaining and evaluating audit evidence to determine whether
specified activities, events, conditions, management systems, or information
conform with SFEM principles, criteria, and indicators.

(cc) Forest Certification shall refer to the Department system of certifying forest
management units (FMU) as fully satisfying the forest certification standards
consisting of the SFEM principles, criteria, and indicators based on third-party
initial forest auditing leading to the award of a forest certificate to the FMU and subsequent annual forest audit to assess the maintenance of the forest certificate.

(dd) **Forest Charges** shall refer to the levy imposed and collected by the government on naturally growing timber and other forest products cut, harvested, or gathered from the forest lands and from Alienable and Disposable (A&D) lands.

(ee) **Forest-Based Industries** shall refer to various industries that are dependent on raw materials or products derived from forests such as, but not limited to, wood, rattan, bamboo, vines, latex, resins, saps, essences, fruits, flowers, or wild flora and fauna.

(ff) **Forest Ecosystem** shall refer to a dynamic complex of plant, animal and microorganism communities and their abiotic environment interacting as a functional unit where trees are a key component system. Humans, with their cultural, economic and environmental needs are integrated therein.

(gg) **Forest Ecosystem Goods and Services** shall refer to goods and services provided by a forest ecosystem including provisioning services (such as food, fresh water, bio-chemicals, wood, fiber, fodder, and energy), supporting natural processes (such as biodiversity maintenance, pollination, soil formation and nutrient cycling, water infiltration, production of atmospheric oxygen, and enhancement of microclimate), regulating environmental processes (such as water flow regime and soil erosion regulation, carbon and climate regulation, natural hazards protection, air quality regulation, and pest and disease regulation), and sustaining cultures (such as cultural identity and integrity, spiritual values, aesthetic and recreational values, ecotourism and local knowledge systems).

(hh) **Forest Lands** shall refer to lands of the public domain that have been classified as such and all unclassified lands of the public domain. This excludes national parks, mineral lands and agricultural lands.

(ii) **Forest Line** shall refer to the boundary on the ground between the forest lands and other lands of the public domain.
(jj) **Forest Management Unit (FMU)** shall refer to a clearly defined forest area, managed under a set of objectives and according to a long-term management plan.

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

(ll) **Forest Plantation or Plantation Forest** shall refer to a forest stand established by planting and/or seeding in the process of afforestation and reforestation. The stand is either of introduced species, or indigenous species, or their combination.

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

(nn) **Forest Resources** shall refer to all resources whether biomass, such as plants and animals including its by-products and derivatives which can be raw material assets that can produce more value-added products, or non-biomass such as soil, water, scenery, as well as the intangible services and values present in forest lands or in other lands devoted for forest purposes.

(oo) **Grazing Land** shall refer to a portion of the public domain which has been set aside, in view of the suitability of its topography and vegetation, for the raising of livestock.

(pp) **Indicator** shall refer to a quantitative, qualitative or descriptive attribute that, when periodically measured or monitored, indicates the direction of change of sustainable forest management.
(qq) **Indigenous Peoples (IP)** shall refer to a group of people or tribe of indigenous Filipinos as defined or described under the Indigenous Peoples Rights Act (RA 8371).

(rr) **Industrial Forest Plantation** shall refer to any tract of land planted mainly to timber-producing species including rubber and/or non-timber species such as rattan, bamboo and palm, primarily to supply the raw material requirements of wood or related processing plants.

(ss) **Joint Venture Agreement** shall refer to an agreement or contract, as specified on the Constitution, where a company is established by the contractor and the government with both parties having equity shares and sharing in equity earnings.

(tt) **Kaingin** shall refer to forest lands which has been subjected to unsustainable shifting and/or slash-and-burn cultivation.

(uu) **Managed Forest** shall refer to a forestland under a deliberate system of protection, rehabilitation, and development, which include utilization of resources, to ensure the continuous production of desired forest products and/or services and the conservation of soil, water, wildlife, and other natural resources therein.

(vv) **Mitigation** in the context of climate change, shall refer to human intervention to address anthropogenic emissions by sources and removals by sinks of all Green House Gases (GHGs), including ozone depleting substances and their substitutes.

(ww) **Multiple-use** shall refer to the harmonized utilization of land, soil, water, wildlife, recreation value, grass and timber of forest lands.

(xx) **National Park** shall refer to the land of public domain classified as such in the 1987 Philippine Constitution which includes all areas under the National Integrated Protected Areas System (NIPAS): pursuant to RA 7586, primarily set aside and designated for the conservation of native plants and animals, their associated habitats and cultural diversity.
Natural Forest shall refer to forests composed of indigenous trees not planted by man, whose structure, functions, and dynamics have been largely the result of natural succession processes.

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

Old growth forest shall refer to forest which have never been subject to human disturbance or has been so little affected by hunting, gathering and tree cutting that its natural structure, function and dynamics have not undergone any changes that exceed the elastic capacity of the ecosystem.

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

Person shall refer to a natural as well as juridical person, including local forest-based communities or indigenous peoples organized in accordance with law or custom.

Production Sharing Agreement shall refer to an agreement in accord with the Constitution wherein the government grants the contractor the exclusive right to conduct development and utilization activities within a specified area of the forest lands and it (the government) shares in the production whether in kind or in value as owner of forest lands and/or product therein. The contractor provides all the necessary financing, technology, management and personnel.

Protected Area shall refer to the identified portions of land and water set aside by reasons of their unique physical and biological significance, managed to enhance biological diversity and protected against destructive human exploitation.

Protection shall refer to the act or activities of shielding from injury or destruction as to maintain the state of health and integrity of the forestland and its resources.
(ggg) REDD Plus shall refer to a broad range of actions to reduce emissions from deforestation and forest degradation (REDD), including the conservation of carbons stocks, sustainable management of forests and enhancement of forest carbon stocks.

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

(iii) Rehabilitation shall refer to the reforestation and afforestation activities including mechanical measures such as contouring and terracing.

(iii) Residual or Second Growth Forest shall refer to a forest, subsequent to the cutting or harvesting the then old growth forest, and which there is more or less adequate volume of the desired species of trees for development, management and future harvest.

(ikk) Restoration shall refer to the bringing back of the forestland to its original state in terms of species composition, structure, function and productivity.

(iii) Restoration zones shall refer to the area where restoration activities are conducted and where the original vegetation shall be restored.

(mmm) River Basin shall refer to the portion of land drained by a river and its tributaries, encompassing the entire land surface dissected and drained by many streams and creeks that flow downhill into one another, and eventually into one river, the final destination of which is an estuary or an ocean.

(nnn) Secretary shall refer to the Secretary of the Department of Environment and Natural Resources (DENR).

(ooo) Selection System shall refer to the systematic removal of mature, over-mature and defective trees in such a manner that leave adequate number and volume of healthy residual tress of desired species necessary to assure future crop of timber and forest cover for the protection and conservation of soil, water, and wildlife.
(ppp) **Silvicultural Practices** shall refer to any action by man to further improve or enhance the stand growth as a whole or of the single tree for future use such as, but not limited to, assisted natural regeneration and tree surgery.

(qqq) **Sustainable Development** shall refer to the meeting of the needs of the present generation without compromising the ability of the future generations to meet their own needs.

(rrr) **Sustainable Forest Ecosystem Management (SFEM) or Sustainable Forest Management (SFM)** shall refer to the process of ecosystem-based management of forest to achieve one or more clearly specified objectives of management with regard to production of continuous flow of desired forest products and environmental services without undue reduction of its inherent values and future productivity and without undesirable effects on the physical and social environment.

(sss) **Tenure** shall refer to a privilege given by Department to a qualified person or juridical entity to manage and utilize forest lands and the resources found therein, in accordance with the modalities prescribed in the Philippine Constitution.

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

(uuu) **Upper River Basin** (URB) shall refer to the portion of a major river basin that extends from the ridge dividing it from other basins down to a point where the gradient of the river has decreased to less than about 8%, the gradient below the level at which erosion becomes deposition, which generally has several tributaries, and whose catchments are referred to as watersheds.

(vvv) **Uplands** shall refer to land areas located on slopes of more than 18%. 
(www) **Vulnerability Assessment** shall refer to an analysis of the relationship between natural and anthropogenic hazards and river basins and watershed. It identifies the strength and weaknesses of the recipient subject in relation to the identified hazard.

(www) **Vulnerable Areas** shall refer to areas in danger of being adversely affected by gradual or sudden changes in climate, including the physical and biological components as well as the socio-economic status of communities therein.

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

(www) **Watershed Continuum** shall refer to an area consisting of the watershed and its divide including its connection from the headwaters to the reef;

(www) **Watershed Ecosystems Management (WEM) or Watershed Continuum Management (WCM)** shall refer to a management system that shall provide the optimum social, cultural, economic, and environmental benefits to the greatest number of people particularly those living in, adjacent to, or downstream of, individual watershed areas, while maintaining the biological and cultural heritage of the country. It is based on the following guiding principles: ecological sustainability, social and cultural sustainability, economic sustainability and institutional sustainability;

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

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

**CHAPTER II**
FOREST LANDS

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

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

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

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

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

SEC. 7. Sub-Classification of Forest Lands. The forest lands shall be subclassified into the following categories according to primary use:

(a) **Protection forest lands** shall consist of all mossy and old-growth forests; freshwater, swamps, and marshes; all areas along the bank of rivers and streams, and the shores of the seas and lakes throughout their entire length and within a
zone of three (3) meters in urban areas, twenty (20) meters in agricultural areas, and forty (40) meters in forest areas, along their margins which are subject to the easement of public use in the interest of recreation, navigation, floatage, fishing and salvage shall also be sub-classified as protection forest lands. All extractive activities such as, but not limited to, logging and mining are banned in protection forest lands: Provided, That the provisions of the IPRA shall be respected: Provided further, That restoration zones shall be designated in areas surrounding or adjacent to protection forest lands and, thereafter, shall become part of protection forest lands.

(b) Production forest lands shall be all forest lands not sub-classified as protection forest lands as defined in this Section, and shall be devoted to the production of timber and/or non-forest products or the establishment of industrial tree plantations, tree farms, communal forests, agro-forestry, grazing, or as multiple-use forests including water-based energy areas such as but not limited to hydro and geothermal power generation areas: Provided, That, together with pockets of areas referred to in (a) of this Section, if present, production forest lands shall be managed and developed as part of forest management units (FMUs) in accordance with the Department-approved management plans based on sustainable forest management. Provided further: That ancestral domains located within production forest lands shall be governed by IPRA law.

CHAPTER III
ADMINISTRATION AND PLANNING FOR SUSTAINABLE MANAGEMENT OF FOREST LANDS

SEC. 8. Jurisdiction and Control of Forest Lands and Forest Resources.
The Department shall be the primary agency responsible for the conservation, management, development and utilization of all forest lands and the unclassified lands of the public domain including all the resources found therein. In coordination with LGUs and other government agencies, the Department shall ensure that forest lands and unclassified lands of the public domain are managed, conserved, developed, utilized, and protected consistent with the policies and strategies promulgated in this
Act. The utilization and development of forest lands and unclassified lands of the public domain including the natural resources therein shall be undertaken in accordance with Department-approved management plans: Provided, That management plans for protected areas shall be prepared in accordance with the provisions of the NIPAS Act.

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

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

SEC. 11. **Forest Lands Under Management of other Agencies.** Forest lands or portions thereof which have been placed by law under the administration and management of other government agencies or private power/water utilities service providers, shall be included in the partitioning of forest lands into appropriate categories consistent with the purpose of the assigned forest lands as provided for in Section 7 of this Act, and shall remain under the administration and management of the agency or utilities service provider concerned: Provided, That the Department shall exercise oversight power over FMU planning, management, utilization and assessment of all forest resources in these areas. All such agencies or service providers shall be guided by the CBFM strategy as described in Section 2 of this Act, and shall be encouraged and supported by the Department.

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

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

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

(b) River Basin Master Plans. River Basin Master Plans shall be in accord with the Master Plan for the Forestry Sector and shall focus on enhancing the delivery of various forest ecosystems services in the river basin, with emphasis on: (i) enhancing forest ecosystems adaptation to and mitigation of climate change; (ii) ecosystem-based adaptation that implements a range of strategies for the management, conservation and restoration of forest ecosystems to provide services that enable people to adapt to the impacts of climate change; and (iii) provision of multiple co-benefits, such as conservation of biodiversity, enhancement of carbon stocks for mitigating climate change, supplying of water and various economic products, and generation of livelihood and income for local communities, by means
of ecosystem-based adaptation measures. The River Basin Master Plans shall be 
prepared every five years by the concerned Regional Office(s) of the Department in 
collaboration with the Regional Development Councils and other stakeholders and 
submitted to the Department Secretary for approval.

c) **FMU Management Plans.** As co-managers of the FMU, LGUs, or the private 
sector and other stakeholders concerned, following a Department-prescribed 
template, shall be responsible in preparing a five-year FMU Management Plan 
under the supervision of accredited registered private forester(s) and in accord with 
the River Basin Master Plan for approval of the concerned Department regional 
office.

d) **Annual Operations Plans.** To facilitate implementation of the FMU Management 
Plan, a detailed annual operations plan in accord with the FMU management plan 
shall be prepared by the FMU concerned under the supervision of accredited 
registered private forester(s). The FMU management and operations plans shall 
conform to the Department’s Criteria and Indicators for sustainable forest 
ecosystem management.

CHAPTER IV
SUSTAINABLE FOREST ECOSYSTEM MANAGEMENT 
PROGRAMS AND OPERATIONS

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

SEC. 15. Carbon Sequestration and Storage. As part of climate change
mitigation and adaptation measures and to enhance ecosystems services, carbon
sequestration and storage shall be included in the Forestry Master Plan, River Basin
Master Plans, Management Framework Plans, FMU Management Plans, and Annual
Operations Plans. The Department shall provide support to FMU managers in
implementing operations that increase carbon sequestration and storage such as
Payment for Environmental Services (PES), as well as the applicable financing made
available for the purpose. Payment for Environmental Services, REDD Plus, and other
sources shall be accessed to provide financing for carbon sequestration and storage
activities of FMU operators. The Department, in collaboration with the Climate
Change Commission, shall formulate the regulations governing carbon trading.

SEC. 16. Ecotourism. FMU management shall enhance and conserve the
ecotourism values found in forest lands. Timber harvesting for whatever purposes,
commercial-scale collection of non-timber forest products, farming, grazing,
aquaculture, and infrastructure development shall be prohibited in Ecotourism Zones
of the FMU, except as part of the tourism development program of the FMU and as
indicated in the approved FMU Management Plan. Design and construction of
tourism infrastructures shall be in accord with enhancement of the natural
characteristics and/or attraction of the site.

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

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

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

SEC. 20. Mangrove Development and Management. Rehabilitation of degraded mangrove forests through afforestation/reforestation/enrichment planting of appropriate mangrove species shall be intensified. Fishery production in duly designated Mangrove Production Zones shall promote productivity of fishery resources and shall be accomplished without cutting the naturally growing mangroves. Establishment of new mangrove plantations in tandem with fishpond development (aqua-silviculture) may be allowed in Mangrove Production Zones provided that not more than 20% of areas to be developed shall be devoted to fishpond farming activities. The mangrove plantations established within the aqua-silviculture projects may be permitted to be selectively harvested for domestic purposes only on a sustainable basis as deemed appropriate and that the privilege to harvest shall be granted only to the private individual, group of individuals, or entity which established and developed the said plantations as previously authorized through an approved contract or agreement for the purpose. Provided, That harvesting shall be limited to mangroves that are part of the Timber Management Zones and Non-Timber Production Zones of the FMU as indicated in the approved FMU Management Plan: Provided further, That the cutting of mangrove trees and other associated plants within duly-designated Mangrove Protection Zones whether naturally growing or planted is strictly prohibited.
SEC. 21. **Mining in Forest Lands.** Mining shall not be allowed in protection forest lands as an imperative measure in enhancing the protection and conservation of various forest ecosystems services. In production forest lands, the consent of the tenure holder and Department approval shall be obtained: *Provided,* That mined-out areas shall be immediately rehabilitated.

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

SEC. 23. **Forest Protection.** Protection of forest lands against land-use conversion, illegal extraction of forest products, fire, pests and diseases, invasive species, chemicals, climate-induced causes, and other agents of forest destruction shall be included in the Forestry Master Plan, River Basin Master Plans, FMU Management Plans, and Annual Operations Plans.

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

**CHAPTER V**

**UTILIZATION OF FOREST RESOURCES**

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

forest products shall be based on the principle of sustainability and in consideration of
the conservation of soil, water, and biodiversity and enhancement of carbon stocks as
mentioned in this Act. In addition, the Department approval for harvesting trees shall
be subject to the conduct of a forest inventory and mapping of harvestable trees,
including Chain-of-Custody (CoC) numbering of harvestable trees as mentioned in
Section 35 of this Act, and reporting to the Department for the updating of the
Department’s database on harvested trees.

SEC. 27. Management and Utilization of Forest Resources Within Forest
Lands. Extraction of timber and non-timber forest products, and agricultural crops,
their by-products and derivatives, whether from natural forest, planted, or raised
through application of appropriate silvicultural and/or agro-forestry practices, from
forest lands, shall require a prior permit, agreement, or clearance that are deemed
necessary and appropriate by the Department as recommended by the Forest
Management Bureau (FMB): Provided, That extraction of timber and non-timber
forest products, agricultural crops, their by-products and derivatives from areas
covered by Certificate of Ancestral Domain Titles (CADT) or Certificate of Ancestral
Land Claims (CALC) shall be governed by R.A. No. 8371. The transport of these
forest products from forest lands, including those from the area of the Indigenous
Cultural Communities and Indigenous Peoples covered by CADT or CALC, shall be
covered by a chain-of-custody (CoC) certificate issued by the FMU management.
Relevant information in the CoC shall be transmitted to the Department’s on-line
database at least one (1) week prior to the actual transporting as provided for in
Section 35 of this Act.

Any extraction of forest resources considered as endangered, threatened,
vulnerable, and other restriction shall be done in coordination and consultation with,
and clearance from the Protected Areas and Wildlife Bureau (PAWB): Provided, That
any declaration of endangered, threatened, vulnerable, and other restricted species
shall be approved jointly with the Forest Management Bureau.
SEC. 28. Management and Utilization of Forest Resources Within Titled Lands. All forest resources planted or raised within titled lands belong to the owner of the land, who shall have the right to sell, contract, convey, or dispose of the same without the necessity of any clearance from the Department: Provided, That government shall provide the appropriate incentives provided under Section 46.

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

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

SEC. 30. Transport of Forest Products and Confiscated Forest Products. Transport of timber and non-timber forest products that do not carry a CoC number and is not supported by CoC documentation, as provided for in Section 35 of this Act, shall be prohibited. Timber and non-timber forest products that do not carry a CoC number shall be considered as coming from illegal sources and subject to confiscation.

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

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

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

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

SEC. 34. *Importation and Sale of Logs and Other Forest and Wood Products.* Logs, lumber, and other forest- and wood-based products may be imported to the country subject to the registration requirements of the Department and to the tariff and duties under the Tariff and Customs Code and quarantine regulations. Any product manufactured or remanufactured out of imported forest and wood materials shall be allowed to be sold in the domestic or international market subject to compliance with grading rules and standards by the licensed finished wood product exporter.
CHAPTER VI
MONITORING AND CONTROL OF FOREST MANAGEMENT
AND UTILIZATION

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

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

SEC. 37. *Forestry Information System (FIS).* The Department shall establish a forestry information system which shall consist of comprehensive up-to-date information on the physical, social, economic, biological, and environmental components of the country’s forest lands and forest resources. It shall include a resource monitoring system to enable the Department and its field offices to track the utilization, movement or transfer of forest-based goods and services from the source to their end users. The Department shall conduct forest resource inventory at least once every five (5) years to ensure effective management.

SEC. 38. *Conflict Resolution.* Parties from within an FMU and between or among FMUs shall be encouraged to resolve conflicts related to forest management, development, protection, conservation, and utilization between or among themselves. Conflicts that cannot be resolved internally shall be reported for adjudication and resolution by the Department. Conflicts that cannot be resolved by the Department to the satisfaction of the parties in conflict shall, after exhausting all administrative remedies, be submitted to the proper Courts for resolution.
CHAPTER VII
SUPPORT SYSTEMS

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

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

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

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

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

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

SEC. 43. **Forestry Extension Services.** With support from LGUs, NGOs, media and other organizations, the Philippine Information Agency (PIA), the Department of Education (DepEd), state owned and private universities and colleges, the Department shall formulate a nationwide program for sustained public information and advocacy campaign for forest and natural resources conservation, sustainable forest development and on climate change. Adequate and sustainable funds to implement research, technology development and transfer programs shall be provided by each of the aforementioned agencies and institutions under the General Appropriations Act.

SEC. 44. **Strengthening of the Forest Management Sector.** In order to effectively implement the provisions of this Act, the Forest Management Bureau (FMB) shall be transformed into a line bureau of the Department with functions clearly defined and enumerated under the implementing rules and regulations of this Act.
CHAPTER VIII
SYSTEM OF INCENTIVES

SEC. 45. *Incentives for Engaging in Forest Development.* Incentives as provided for by existing laws such as the National Internal Revenue Code, as amended and Executive Order 226 or the Omnibus Investment Code, among other laws, shall be extended to encourage qualified persons, natural or juridical, to engage in forest management activities.

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

(a) Expenses incurred in complying with the requirements of this Act shall be allowed as deductible expenses for income tax purposes subject to the provisions of the National Internal Revenue Code of 1997, as amended: Provided, That the deduction shall only apply to the taxable period when the expenses were incurred; Incentives granted to registered domestic enterprise under the Investment Priorities Plan (IPP);

(b) Exemption from the payment of forest charges imposed under the provisions of this Act,

(c) Amounts expended by the agreement holder in the development and operation of a forest plantation prior to the commercial harvest shall be regarded as ordinary and necessary expenses or as capital expenditure;

(d) The Board of Investments (BOI) shall classify forest plantations as pioneer and preferred areas of investment under its annual priority plan subject to the pertinent rules and regulations;

(e) The tenure holder shall be given priority to access credit assistance being granted by Government-owned, -controlled and/or -supported financial institutions;
(f) Upon the premature termination of the tenure instrument at no fault of the holder, all
depreciable permanent and semi-permanent improvements such as roads, buildings,
and nurseries including the planted and standing trees and other forest crops
introduced and to be retained in the area shall be properly evaluated and the holder
shall be entitled to a fair compensation thereof, the amount of which shall be mutually
agreed upon by both the Department and the tenure holder, and in case of
disagreement between them, by arbitration through a mutually acceptable and
impartial third party adjudicator.

SEC. 47. Incentives for Forest-Based Industries. To enable forest-based
industries to be more efficient, competitive, and economically viable, the following
incentives are hereby granted in addition to those already provided by existing laws:

(a) All processing plants or mills shall be assisted by the Department in
identifying sources of raw materials;

(b) All processing plants or mills shall be granted operating permits for five
(5) years renewable for another five (5) years, provided that permits for
processing plants owned or operated by holders of forest management
agreements or contracts shall be co-terminus with said agreements or
contracts;

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

(d) The Department shall promote and strengthen the linkages among
corporate, family-based, and community-based industries.
SEC. 48. **Rewards for Informants.** A percentage of the value of confiscated materials shall be used as rewards for informants, including Department personnel. Additional rewards may be provided to personnel of the Department, in addition to those provided under the Government Service Insurance System (GSIS) or Workmen’s Compensation Law. They shall also be entitled to free legal assistance should legal cases be filed against them in the performance of official duties.

**CHAPTER IX**

**FOREST CHARGES, FEES, AND SHARING**

SEC. 49. **Fees, and Government Shares for the Utilization, Exploitation, Occupation, Possession of, and Activities Within Forest Lands.** The Department shall prescribe appropriate fees and government shares for the different kinds of utilization, exploitation, occupation, possession, or activities within forest lands: Provided, That payment of or collection of such fees and government shares shall be waived for parties/industries mandated by law to manage, conserve, develop and protect forest lands and forest resources found therein, except administrative fees for the filing and processing of applications for the issuance and renewal of licenses, permits, and agreements: Provided further, That watershed administrators and/or service contractors that have forest management agreements with the Department shall also be entitled to a waiver of fees, except administrative fees.

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

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

**Charges on Firewood, Branches, and Other Recoverable Wood Wastes of Timber.** There shall be collected forest charges of ten percent (10%) of the actual FOB market price on each cubic meter of firewood cut in natural forest, branches and other recoverable wood wastes of timber, such as timber ends, tops and stumps, when used as raw materials for the manufacture of finished products.

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

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

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

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

**SEC. 51. Fees for Administrative Services Rendered by the Department.** Fees shall be collected for various services rendered by personnel of the Department in
connection with their duties and responsibilities as may be requested by interested 
parties, including but not limited, to surveying, mapping and other similar service 
activities: Provided, That administrative fees shall be waived for services rendered to 
local communities or indigenous peoples in the preparation of their management plans 
including timber/other resources inventory on farmers’ land: Provided, Further, That 
fees collected pursuant to this Section shall be deposited in the local Department 
ofices as trust funds.

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

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

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

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

APPROPRIATIONS AND FINANCIAL SUPPORT

SEC. 54. Appropriations. The Secretary of the Department of Environment and Natural Resources shall include in the Department’s program and issue such rules and regulations for the implementation of the provisions of this Act, the initial funding of which shall be charged against the current year’s appropriations of the Department and thereafter included in the annual General Appropriations Act. For local government units, the funding requirements shall be taken from their internal revenue allotment (IRA) and other LGU income.

SEC. 55. Sustainable Forest Ecosystems Development Fund (SFEDF). A Sustainable Forest Ecosystems Development Fund (SFEDF) to be administered by the Department as a special account in the National Treasury is hereby established to provide sustainable funds for forest protection, reforestation and forest development and management, including the rehabilitation and preservation of watershed areas, CBFM program, information and educational campaigns as well as scholarship programs and policy research. At least fifty percent (50%) of the forest charges and government share in all products removed from the forest lands, rentals, proceeds from sales of confiscated forest products including conveyances, fines and penalties, and administrative fees collected shall be set aside for the buildup of the SFEDF. The fund may be augmented by grants, donations, endowment from various sources, domestic or foreign, for purposes related to their functions and other innovative funding mechanisms such as securitization of forest assets, among others.

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

CHAPTER XI

OFFENSES AND PENALTIES
SEC. 56. Harvesting, Gathering and/or Collecting Timber or Other Forest Products Without Authority. Harvesting, cutting, gathering, collecting, or removing timber or other forest products from any forestland, or naturally grown timber inside alienable and disposable land without authority from the Secretary or found to possess the same without pertinent required legal documents shall be punished by imprisonment ranging from prison mayor minimum period to reclusion temporal minimum period and/or a fine equivalent to ten (10) times the value of the said forest product taken: Provided, That in the case of partnerships, associations or corporations, the president, managing partner, and general manager shall be held liable; and if such officer is an alien, he/she shall, in addition to the penalty, be deported without further proceedings on the part of the Bureau of Immigration and Deportation. Offenders who are public officials shall be deemed automatically dismissed from office and permanently disqualified from holding any elective or appointive position in the government.

If the market value of the timber or other forest products is more than Five Hundred Thousand Pesos (Php500,000.00), the offender shall be guilty of economic sabotage and the imposable penalty shall be reclusion perpetua, in addition to the payment of the fine equivalent to ten (10) times the value of said timber or forest product, and other subsidiary penalties as prescribed above.

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

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

SEC. 57. Illegal Cutting as an Act of Economic Sabotage. Any of the acts enumerated in the preceding Section when committed by any group, through
organized and systematic manner, for commercial purposes, shall constitute an act of economic sabotage punishable with reclusion perpetua.

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

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

SEC. 58. Use of Illegally Cut Timber in Government Infrastructure Projects. The use of illegally cut naturally grown timber in government infrastructure projects shall be sufficient cause for the imposition of penalties provided in Section 56 on harvesting of forest products without authority, and Section 57, on illegal cutting as an economic sabotage, including the withholding of the payment to the harvesting contractor.

SEC. 59. Damage to Residual Trees. To ensure the sustainability of the natural forests, adequate number of residual trees and phenotypically superior mother trees shall be marked, to be retained as part of the managed forests and as the future timber crop, before any harvesting operation shall commence. Any marked residual tree that is 30% or more damaged during such operation is subject to a fine equivalent to four (4) times the regular forest charges and reduction of future allowable harvest to compensate for residual losses.

SEC. 60. Grazing Livestock on Forest Lands Without a Permit. Any person found to have caused the grazing of livestock in forest lands and grazing lands without an authority under a lease or permit to graze, upon conviction, shall be penalized with imprisonment of not less than two (2) years nor more than four (4) years and a fine equivalent to ten times the regular shares due in addition to confiscation of the livestock and all improvements introduced in the area in favor of the government: Provided, That in case the offender is a corporation, partnership, or
association, the officer or director thereof who directly caused or ordered such shall be liable. In case the offender is a public officer or employee, he/she shall in addition to the above penalties, be deemed automatically dismissed from office and permanently disqualified from holding any elective or appointive position in the government service.

SEC. 61. Unlawful Occupation or Destruction of Forest Lands. Any person who, without authority from the Secretary, enters and occupies or possesses, or engages in kaingin or slash-and-burn farming and related activities for own private use or for others, any forest land or grazing land, or in any manner destroys such forestland or part thereof, or causes any damage to the timber stands and other forest product found therein, or assists, aids or abets another person to do so, or sets a fire, or negligently permits a fire to be set therein, or refuses lawful orders to vacate the area when ordered to do so shall, upon conviction, be punished with penalties in the amount of not less than One Hundred Thousand Pesos (P100,000.00) nor more than Five Hundred Thousand Pesos (P500,000.00) and imprisonment of not less than six (6) years and one (1) day nor more than twelve (12) years for each offense: Provided, That in the case of an offender found guilty of kaingin or slash-and-burn farming, the penalty shall be imprisonment of not less than ten (10) years nor more than twelve (12) years and a fine equivalent to ten times the regular forest charges due on the forest products destroyed without prejudice to payment of the full cost of rehabilitation of the occupied areas as determined by the Department: Provided further, That the maximum of the penalty prescribed herein shall be imposed upon the offender who repeats the same offense, and double the maximum penalty upon the offender who commits the same offense for the third time or more.

In all cases, the court shall further order the eviction of the offender from the area occupied and the forfeiture to the government of all improvements made therein, including all vehicles, domestic animals and equipment of any kind used in the commission of the offense. If not suitable for use by the Department, said improvements, vehicles, domestic animals and equipment shall be sold at public auction, the proceeds from which shall accrue to the SFEDF.
If the offender is an alien, he/she shall be deported after serving his sentence and payment of fines, without any further proceedings. An offender who is a government officer or employee, shall, in addition to the above penalties, be deemed automatically dismissed from office and permanently disqualified from holding any elective or appointive position in the government service.

SEC. 62. **Illegal Conversion of City or Municipal Parks, Communal Forests, and Tree Parks in Subdivisions.** Any person found to have converted or caused the conversion of a city or municipal park or communal forest, or tree parks within subdivisions established pursuant to Section 24 herein and Section 2 of Presidential Decree No. 953, requiring the planting of trees in certain places, into other uses including the construction of permanent buildings therein, or in any manner destroys or causes any damage to the timber stands and other forest product found therein, or assists, aids or abets another person to do so, or sets a fire, or negligently permits a fire to be set therein, upon conviction, shall be penalized by imprisonment of six (6) years and one (1) day to twelve (12) years or a fine of not less than One Hundred Thousand (P100,000.00) nor more than Five Hundred Thousand (P500,000.00), or both fine and imprisonment at the discretion of the Court. The offender shall likewise be imposed a fine equivalent to ten times the commercial value of the forest products destroyed without prejudice to payment of the full cost of rehabilitation of the areas as determined by the Department: **Provided further,** That the maximum of the penalty prescribed herein shall be imposed upon the offender who repeats the same offense, and double the maximum penalty upon the offender who commits the same offense for the third time or more. The court shall further order the forfeiture to the government of all improvements made therein, including all vehicles, domestic animals, and equipment of any kind used in the commission of the offense. If not suitable for use by the Department, said improvements, vehicles, domestic animals and equipment shall be sold at public auction, the proceeds from which shall accrue to the SFEDE.

An offender who is a government officer or employee, in addition to the above penalties, upon conviction shall be deemed automatically dismissed from office and permanently disqualified from holding any elective or appointive position in the government service.
SEC. 63. *Misdeclaration or Falsification of Reports on Forest Resource Inventory, Scaling, and Survey by a Government Official or Employee.* Any public officer or employee who knowingly misdeclares or falsifies reports pertaining to forest resource inventory, scaling, survey, and other similar activity which are contrary to the criteria and standards established in the rules and regulations promulgated by the Secretary shall, after an appropriate administrative proceeding, be dismissed from the service with prejudice to re-employment. Upon conviction by a court of competent jurisdiction, the same public officer or employee shall further suffer an imprisonment of not less than eight (8) years nor more than twelve (12) years and a fine of not less than One Hundred Thousand Pesos (P100,000.00) nor more than Five Hundred Thousand Pesos (P500,000.00). The inventory, survey, scale, classification, and similar reports referred herein shall be rendered null and avoid.

SEC. 64. *Unlawful Operation of Wood Processing Plants and Downstream Forest-Based Industries.* Any person operating a wood processing plant or downstream forest-based industry without authority from the Secretary shall, upon conviction by a court of competent jurisdiction, be punished by imprisonment of not less than eight (8) years nor more than twelve (12) years and a fine of not less than Five Hundred Thousand Pesos (P 500,000.00) and confiscation of the wood processing plant and complementary equipment in favor of the government. The Department shall promulgate the necessary guidelines, subject to the provision of this Act, that will define the terms and conditions including the responsibility for a person who will operate and is operating a wood processing plant and/or other downstream forest based industries.

SEC. 65. *Prohibition on the Issuance of Tax Declaration on Forest Lands.* Any local government official or employee who issues a tax declaration for any purpose on any part of forest lands shall, upon conviction, be penalized with imprisonment for a period of not less than four (4) years nor more than eight (8) years and a fine of not less than One Hundred Thousand Pesos (P 100,000.00) nor more than Five Hundred Thousand Pesos (P 500,000.00) and perpetual disqualification from holding an elective or appointive office.
SEC. 66. *Unlawful Possession of Implements and Devices Used by Forest Officers.* Any person found possessing or using implements and devices used by forest officers shall be penalized with imprisonment of not less than eight (8) years nor more than twelve (12) years and a fine of not less than One Hundred Thousand Pesos (P100,000.00) nor more than Five Hundred Thousand Pesos (P500,000.00) in addition to the confiscation of such implements and devices and the automatic cancellation of any license agreement, license, lease or permit.

Any forest officer who willingly allows unauthorized person(s) to use these implements and devices under one’s care shall be penalized with imprisonment of not less than six (6) years and one (1) day to no more than twelve (12) years and a fine of not less than One hundred thousand pesos (P100,000.00) nor more than Five Hundred Thousand Pesos (P500,000.00). In addition, the forest officer shall be dismissed from the service with prejudice to reinstatement and with perpetual disqualification from holding an elective or appointive position.

SEC. 67. *Unauthorized Introduction of Logging Tools and Equipment Inside Forest Lands.* It shall be unlawful for any person or entity to possess, bring, or introduce any logging tools or equipment inside forest lands without prior authority from the Secretary or his duly authorized representative. Any person found guilty of illegal possession of said logging tools or equipment shall be liable to imprisonment of six (6) years and one (1) day to twelve (12) years or a fine of not less than One Hundred Thousand Pesos (P100,000.00) nor more than Five Hundred Thousand Pesos (P500,000.00) or both imprisonment and fine at the discretion of the court, and confiscation of said logging tools and equipment in favor of the government.

SEC. 68. *Non-Payment and Non-Remittance of Forest Charges.* Any person who fails to pay the amount due and payable as forest charges to the government shall not be allowed to transport, convey, sell, nor use the timber or forest product. Moreover, failure to pay within thirty (30) days upon assessment of forest charges shall be a ground for confiscation of the said timber or forest product in favor of the government. Any person who fails or refuses to remit to the proper authorities said forest charges collectible pursuant to the provisions of this Act or the National
internal Revenue Code, as amended, or who delays, obstructs or prevents the same, or
who orders, causes or effects the transfer or diversion of the funds for purposes other
than those specified in said Acts shall, upon conviction, be imprisoned for not less
than six (6) years nor more than twelve (12) years and fined from One Hundred
Thousand Pesos (P100,000.00) to Five Hundred Thousand Pesos (P500,000.00) in
addition to the payment of the assessed forest charges. If the offender is a
corporation, partnership, or association, the officers and directors thereof shall be
liable.

SEC. 69. Institution of Criminal Action by Forest Officers. Any forest officer
shall arrest even without a warrant any person who has committed or is about to
commit, or is committing in his presence any of the offenses defined in this chapter.
The tools, animals, equipment and conveyances used in committing the offense, and
the forest products cut, gathered, taken or possessed by the offender in the process of
committing the offense shall also be seized and confiscated in favor of the
government. The arresting forest officer shall thereafter deliver within twenty-four
(24) hours from the time of arrest or seizure both the offender and the confiscated
forest products, conveyances, tools and equipment, or the documents pertaining to the
same, and file the proper complaint with the appropriate official designated by law to
conduct preliminary investigation and file information in court. If the arrest and
seizure are made in the forest far from authorities designated by law to conduct
preliminary investigations, the delivery to and filing of the complaint with the latter
shall be done within a reasonable time sufficient for ordinary travel from the place of
arrest to the place of delivery. The seized forest products, materials, conveyances,
tools and equipment shall be immediately disposed of in accordance with the
regulations promulgated by the Secretary.

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

SEC. 70. **Liability of Custodian of Confiscated Forest Products.** Any public
officer who fails to produce the timber or forest products, including tools,
conveyances, equipment, and devices in his custody pursuant to a seizure or
confiscation made thereon, or who shall appropriate, take, misappropriate, or shall
permit another person to take such timber forest products wholly or partially, shall
suffer the penalty provided for in malversation of Public Funds or Property, of the
Revised Penal Code. In addition, the said public officer shall be dismissed from
service with prejudice to reinstatement and with perpetual disqualification from
holding any elective or appointive office.

SEC. 71. **Citizen’s Suit.** Any citizen may file an appropriate civil, criminal, or
administrative action in the proper court against:

(a) Any person who violates or fails to comply with the provisions of this Act or its
implementing rules and regulations;

(b) The Department or other implementing agencies with respect to orders, rules and
regulations issued inconsistent with this Act;

(c) Any public officer who willfully or grossly neglects to perform an action specifically
enjoined as a duty by this Act or its implementing rules and regulations; or abuses his
authority in the performance of his duty; or in any manner improperly performs his
duties under this Act or its implementing rules and regulations. However, no suit can
be filed until after thirty (30) days notice has been given to the public officer or the
alleged violator concerned and no appropriate action has been taken.
CHAPTER XII
ADMINISTRATIVE PROVISIONS

SEC. 72. Development of Mechanisms for Private Sector Participation in Forest Management. The Secretary is hereby authorized to adopt appropriate mechanisms to strengthen private sector participation in forest management, which shall include the accreditation of a national organization of private investors including those for profit, non-government organizations and people's organizations. The accredited national organization shall assist the Department in the formulation and review of relevant policies to ensure the contribution of the forestry sector to the national economy and sustainable development. It shall also assist the Department in evaluating applications for forest management agreements, monitoring the performance of holders of commercial tenure instruments, ensuring the local supply of timber and wood products, providing producers with access to local and international markets; enhancing various ecosystems services, and ensuring the maintenance of high conservation values.

SEC. 73. Administrative Authority of the Secretary or his Duly Authorized Representative to Order Confiscation. In all cases of violations of this Act or other forest laws, rules, and regulations, the Secretary or his duly authorized representative may order the confiscation of forest products illegally harvested, cut, gathered, removed or possessed or abandoned, and all conveyances used either by land, water, or air as well as all machinery, equipment, implements, and tools used in the commission of the offense and to dispose of the same in accordance with pertinent laws, regulations, or policies on the matter.

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

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

SEC. 74. *Administrative Authority of the Secretary to Impose Fines.* In all
cases of violations of this Act and other forest laws, rules and regulations where fine
is the principal penalty, the Secretary, after consultation with the forest-based
industries affected, is hereby authorized to impose administratively the penalty
consisting of the amount and the schedules of the fine which shall be officially
published in a national newspaper of general circulation.

SEC. 75. *Authority of Forest Officers.* When in the performance of their
official duties, forest officers or other government officials or employees duly
authorized by the Secretary shall have free entry into areas covered by a contract,
agreement, license, lease or permit. Forest officers are authorized to inspect and to
open closed vans suspected to contain illegally harvested, collected or transported
forest product: *Provided,* That it is done in the presence of the shipper or consignee or
two (2) responsible public officials in the locality. Forest officers are authorized to
administer oath, take acknowledgment in official matters connected with the functions
of their office, or take testimony in official investigations conducted under the
authority of this Act and the implementing rules and regulations issued by the
Secretary pursuant thereof.

SEC. 76. *Visitorial Functions.* The Secretary or his duly authorized
representative shall, from time to time, investigate, inspect, and examine records and
other documents except bank records related to the operation of any person granted
the privilege, contract, or agreement to utilize forest resources to determine
compliance with the terms and conditions stipulated in the grant, contract or
agreement, this Act, and pertinent laws, rules, and regulations.

SEC. 77. *Authority of the Secretary to Revert Lands Needed for Forest
Purposes.* When the national interest so demands, the Secretary is hereby authorized,
through any available legal remedies, to revert lands currently used for agricultural
production or other purposes into forest uses or for biodiversity conservation.
SEC. 78. *Protection to Witnesses in Cases Involving Violation of Forestry Laws*. Witnesses to violations of this Act or other forestry laws and regulations, including the immediate members of the family of said witnesses shall be given protection, security and benefit, subject to the provisions of Republic Act No. 6981, otherwise known as "The Witness Protection, Security and Benefit Act" and its implementing rules and regulations.

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

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

SEC. 81. *Congressional Oversight Committee*. There is hereby created a Congressional Oversight Committee to oversee the implementation of this Act composed of seven (7) members from the Senate Committee on Environment and Natural Resources and seven (7) members from the House of Representatives Committee on Natural Resources.

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

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

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

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

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