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DENR Administrative Order

No. 30
Series of 2004

SUBJECT : Revised Rules and Regulations Governing the Socialized Industrial Forest Management Program

Pursuant to Executive Order No. 192 dated 10 June 1987, Executive Order No. 263 dated 19 July 1995, PD 705, as amended, Executive Order No. 278 dated 25 July 1987, and in line with the policy of the Government to ensure the development and management of forest lands and resources on a sustainable basis, promote equitable access to natural resources, provide for a wholesome and healthful natural environment, and promote economic well-being of the people, DENR Administrative Order No. 24, Series of 1996 is hereby amended as follows:

Section 1. Basic Policy. It is the policy of the DENR to ensure the equitable access to, and sharing of benefits from, natural resources development and utilization by providing opportunities to a wider segment of society to participate actively in forest resources development. In line with this policy, the DENR shall provide security of tenure to the participants in forest development through the issuance of **Socialized Industrial Forest Management Agreements (SIFMA)** under the **Socialized Industrial Forest Management Program (SIFMP)**.

As an incentive for the participation of a greater sector of the citizenry in the development of forests, the privilege to benefit from forest crops produced from areas developed by them, which shall consist primarily of timber, non-timber forest products, fruits from tree orchards, and other cash crops that may be interplanted. Under the SIFMP, the general welfare of society shall be enhanced through the resulting on-site and off-site environmental enhancement effects of forest cover restoration and the production of forest-based goods and services.

Section 2. Objectives. The **Socialized Industrial Forest Management Program (SIFMP)** is expected to result in:

- 2.1 Increased supply of timber and other forest products, including food;
 - 2.2 Accelerated reforestation and rehabilitation of the country's open and denuded forest lands and the effective protection of existing natural forests;
 - 2.3 Conservation of soil and water, biodiversity and enhancement of environmental conditions in general;
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- 2.4 The generation of additional sources of income and livelihood and catalyze the improvement in economic wellbeing of the people in the uplands; and
- 2.5 Provide more equitable access to forest lands and resources.

Section 3. Definition of Terms. The following terms are to be understood and interpreted as follows for purposes of this Order:

- 3.1 **Socialized Industrial Forest Management Agreement (SIFMA)** refers to an agreement entered into by and between a natural or juridical person and the DENR wherein the latter grants to the former the right to develop, utilize and manage a small tract of forest land, consistent with the principles of sustainable development.
- 3.2 **SIFMA Holder** refers to a qualified person who has entered into a Socialized Industrial Forest Management Agreement with the DENR.
- 3.3 **Socialized Industrial Forest Plantation (SIFP)** refers to a tract of land planted primarily to trees and other products to support manufacturing and processing facilities and/or to supply wood, food and biomass energy [requirement] sources;
- 3.4 **Brushland** refers to land which is predominantly covered with shrubs or short, stunted trees;
- 3.5 **Open and Denuded Land** refers to land that was formerly forested but which has been depleted of natural forest cover and is predominantly covered by grasses, herbaceous species or bare soil.
- 3.6 **DENR** refers to the Department of Environment and Natural Resources;
- 3.7 **Secretary** refers to the DENR Secretary;
- 3.8 **FMB** refers to the Forest Management Bureau
- 3.9 **RED** refers to the DENR Regional Executive Director
- 3.10 **RTD** refers to the Regional Technical Director for Forestry.
- 3.11 **PENRO** refers to the Provincial Environment and Natural Resources Office.
- 3.12 **CENRO** refers to the Community Environment and Natural Resources Office.
- 3.13 **LGU** refers to a Local Government Unit.

3.14 **NGO** refers to a Non-Governmental Organization.

Section 4. Areas Available for SIFMA. SIFMAs may cover all grasslands, brushlands and open and denuded forest lands suitable as production forest under the jurisdiction of the DENR, including those within government reforestation projects; areas not comprising the initial component of, or areas that are not otherwise to be classified under, the National Integrated Protected Areas System (NIPAS); areas not covered by Certificate of Ancestral Domain/Land Claims (CADC/CALC), Certificate of Ancestral Domains/Land Title (CADT/CALT); areas not covered by prior vested rights, licenses, permits or management agreements; provided, that areas subject of vested rights, licenses, permits or management agreements may be made available for SIFMA by prior express and written agreement of the holder of such claim or right; provided, further, that areas covered by pending applications for Certificates of Ancestral Domain/Land Claim shall not be open to applications for SIFMA until the National Commission on Indigenous Peoples (NCIP) shall have denied or rejected with prejudice such application for CADC/CALC; provided, finally, that areas that are currently occupied based on a legal claim shall likewise not be open to applications for SIFMA without the prior express and written agreement of the occupant or until the legal claim shall have been resolved.

Section 5. Size of the Area. The area that may be awarded in a SIFMA under this program is as follows:

For individual /single family — 1 to 20 hectares

For association, partnership or cooperative — over 20 hectares to 500 hectares

Section 6. Selection and Publication of SIFMA Sites.

- 6.1 CENROs shall identify areas suitable and available for SIFMA sites within their respective areas of responsibility using DENR control maps, Comprehensive Land Use Plans of LGU(s) concerned, and other relevant secondary references. The areas so identified shall be within potential or declared production forest areas, preferably but not necessarily in contiguous blocks. The CENRO should verify that the areas so identified are not covered by pending applications for, or covered by, existing forestry tenurial and/or forest use instruments, nor falling under the exclusions provided for in Sec. 4 above.
- 6.2 The technical description and the preliminary map of the identified site(s) shall be forwarded to the RED, who shall then organize a composite team from representatives of the Regional Office, PENRO, CENRO and the LGU(s) concerned. The composite team shall validate on the ground the suitability of the area in terms of biophysical characteristics, the presence or absence of socio-economic considerations that may impede or promote the full development of the area(s) under SIFMA, including the



determination of the presence or absence of valid land claims and forest occupants. The team shall also undertake consultations with adjoining communities. The final output of the work of the composite team is the final determination of: (1) the metes and bounds of the SIFMA area, defined by the technical description and final map at a scale of 1:20,000 and geo-referenced to the Philippine Reference System (PRS 92); (2) request for indorsement by the LGU(s) Sanggunian(s) concerned, and; (3) indorsement to the RED for approval of the SIFMA area.

6.3 For purposes of LGU indorsement, where the area falls within one barangay, the Sangguniang Barangay shall indorse; where an area falls across more than one barangay, the indorsement shall be from the Sangguniang Bayan/Sangguniang Panglunsod or all the Sangguniang Barangays concerned; and where the area falls across more than one municipality/city, the indorsement shall be from the Sangguniang Panlalawigan or the all the Sangguniang Bayan concerned.

6.4 After the approval of the site by the RED, copies of the map with the technical description of the area shall be furnished the Forest Management Bureau, the PENRO concerned, and the CENRO concerned, for purposes of recording such site in the SIFMA Registry which shall be maintained at the Forest Management Bureau, the DENR Regional Office, the PENRO and the CENRO concerned. The LGU(s) concerned shall likewise be furnished the same map and technical description.

Section 7. Qualified Applicants. The following individuals and organizations who meet the following qualifications may participate in the program:

7.1 Individuals/single family units who are Filipino citizens, of legal age and preferably residents of the municipality where the area is located. Actual occupants of the area will be given priority.

7.2 Cooperatives, associations, and partnerships whose members are Filipino citizens and residents of the province where the SIFMA site is located, and duly registered with the Cooperative Development Authority, Department of Trade and Industry, or Securities and Exchange Commission, as the case may be.


Section 8. Disqualified Applicants. The following are disqualified to participate:

- 8.1 Individuals, partnerships, cooperatives and associations who have been previously issued Tree Farm Lease Agreements (TFLAs), Industrial Forest Management Agreements (IFMAs) or other permits/licenses that were canceled due to their inability to comply with the provisions of the contract including the failure to develop their areas into the prescribed land use provided for under the agreement, permit or license awarded to them.
- 8.2 Individuals, partnerships, cooperatives and associations any of whose officers have proven derogatory records such as but not limited to: (a) violations of anti-dummy laws; (b) tax evasions; (c) illegal logging/smuggling; (d) unauthorized transfer or subcontracting of forest permits/licenses; and (e) members of cooperatives or associations holding forestry permits, licenses, agreements, lease or contracts but not able to comply with the terms and conditions thereof;
- 8.3 The holder of any subsisting forestry permit, license, lease, contract, or management agreement.

Section 9. Assignment of Management Responsibility.

The DENR shall assign responsibility to manage forest lands through the issuance of a SIFMA which shall have a duration of 25 years renewable for another 25 years. The DENR shall award SIFMA areas on a first-come, first-served basis. It shall be issued in the name of the applicant, provided, that in case of married individuals, it shall be issued in the names of both spouses.

The SIFMA may be transferred, conveyed or sold, in whole or in part, to any person, cooperative or association qualified to participate under the program in accordance with Sections 7 and 8 hereof, subject to the approval of the PENRO, in the case of an individual or family, or the RED, in the case of a cooperative or association. Provided, that the twenty (20) ha. limit for individuals and single family units or the 500 ha. limit for cooperatives and associations is not exceeded. The transferee shall assume the rights and obligations stipulated under the original SIFMA and shall commit to the continuance of the SIFMA into the remaining years of the Agreement. The document of transfer, conveyance or sale shall be notarized and copies forwarded to the FMB, RED, PENRO, CENRO and concerned LGUs. Likewise, in case of cancellation of the SIFMA, copies of the order of cancellation shall be furnished the aforementioned offices.



Section 10. Application Requirements. Application for a SIFMA shall be filed with the CENRO concerned in the prescribed format shown in Annex "A" of this Order, together with the following:

- 10.1 A non-refundable application fee in the amount of P1.00 per hectare or fraction thereof, which, in any case, shall not be lower than TWO HUNDRED AND FIFTY PESOS (P250.00).
- 10.2 Location and sketch map of the area applied for
- 10.3 For individuals/family units
 - 10.3.1 Community Tax Certificate
 - 10.3.2 Certified copy of birth certificate
- 10.4 For cooperatives, partnerships, associations:
 - 10.4.1 Certified true copy of the Certificate of Registration with the Cooperative Development Authority (CDA), Department of Trade and Industry or the Securities and Exchange Commission (SEC)
 - 10.4.2 In the case of cooperatives and associations, the list of duly elected officers and members and their addresses, duly certified by the Board or Association Secretary, and resolution/minutes of meeting, duly certified by the Board or Association Secretary, indicating the cooperative's or association's intent in participating in the program.
 - 10.4.3 In the case of partnerships, a joint undertaking by the partners indicating their intent to participate in the program.
- 10.5 An Indicative Development Plan hereof shall be jointly prepared by the SIFMA applicant and DENR staff, the latter to be designated by the PENRO or CENRO. The Indicative Development Plan shall include the strategies or schemes that the applicant will undertake to generate sufficient financial resources to develop the area. This indicative plan shall likewise serve as the Initial Environmental Examination report for purposes of the environmental impact assessment process, and the development guide for the area.

Section 11. Processing of Applications.

- 11.1 Filing of application. The applicant shall file the duly filled-up application form with the CENRO which has jurisdiction over the area applied for, together with all the requirements provided for in Section 10 above.
- 11.2 Evaluation of application. The Receiving Office of the CENRO shall evaluate the completeness of the submitted requirements based on Section 10 above. If the requirements are complete, the application shall be stamped with the date and time of receipt and recorded in the Incoming

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Logbook of the Receiving Office. In case the requirements are not complete, the application shall be immediately returned informing the applicant of the deficiencies; for mailed applications with incomplete requirements, these shall be mailed back to the applicant within five (5) days from receipt, likewise indicating in writing the deficiencies in the application.

All perfected applications shall be pooled together, with each application clearly bearing the date and time of receipt, and indorsed to the En Banc Evaluation group created by the RED to evaluate all SIFMA applications as provided for in the next subsection.


A team composed of representatives from the CENRO, PENRO, Regional Office and LGUs and Central Office as the case may be, together with the applicant, shall conduct a final verification, survey and/or inventory of the area. The verification shall be conducted not to exceed 5 working days. The team shall submit report with specific recommendations to the RED within five (5) days after completion of the field work.

- 11.3 En Banc Evaluation. An en banc evaluation group composed of representatives from the CENRO and PENRO concerned, and staff of the Regional Forest Management Service, the Protected Areas, Wildlife and Coastal Zone Management Service, officially designated by the RED, and staff of the regional office of the Environmental Management Bureau designated by the EMB Regional Director, shall convene at least every fifteen (15) days to evaluate and decide on the merits of all applications for SIFMA forwarded to it by the various CENROs within the Region. Other relevant offices of the DENR, including from the Forest Management Bureau may be called upon to participate in the proceedings of the en banc evaluation group when the RED determines the need for the participation of those offices.

The en banc evaluation group shall evaluate the merits of each application on a first-in first-out basis. The basis of evaluation shall be the feasibility of the proposed approaches to restore, in the shortest time possible, the forest/vegetative cover of the area, and the feasibility of the proposed financing strategies/schemes.

The en banc group shall decide the winning application, and officially endorse the application to the RED, through the RTD for Forestry, for awarding of the SIFMA. All other non-winning applications shall be returned in writing to the respective applicants.

- 11.4 Award of the SIFMA

The Office of the RED shall refer the winning application to the National Commission on Indigenous Peoples (NCIP) for the issuance of 

certification precondition and/or free and prior informed consent (FPIC). Upon receipt of the necessary certification from NCIP, the RED shall approve and award the SIFMA. Copies of the approved SIFMA shall be furnished the FMB, PENRO, CENRO, and the LGU(s) concerned.

Section 12. Minimum Terms and Conditions of the Agreement. The SIFMA shall contain the following minimum terms and conditions.

- 12.1 A provision for SIFMA holders to furnish the necessary management, technology and financial services necessary for the development and management of the area;
- 12.2 A provision for consultation and arbitration with respect to the interpretation of the SIFMA;
- 12.3 A provision prohibiting the conversion of the area into other land uses not authorized under the SIFMA;
- 12.4 A provision for pollution prevention and mitigation, and environmental protection measures, particularly on measures to prevent the degradation of soil and water resources;
- 12.5 A provision for the rehabilitation of the open and denuded areas and the protection of existing natural forest vegetation;
- 12.6 A provision for an effective monitoring scheme to be implemented by the Department which shall include, but will not be limited to, the periodic assessment of the SIFMA holder's program in developing the area, provided, that the area awarded shall be fully planted within three (3) years from the date of the award;
- 12.7 A provision integrating gender concerns in the implementation of the Agreement to include equitable participation of women and youth in project activities and enjoyment of the fruits thereof;
- 12.8 A provision for the protection of workers' rights;
- 12.9 A commitment to community development;
- 12.10 A provision for the SIFMA holder to plant forest tree species, which may include rubber and/or non-timber economically valuable species such as rattan, bamboo, etc., in not less than 60% of the area, for fruit trees in not less than 30% of the area, and that the remaining plantable areas shall be devoted for agricultural crops, preferably permanent agricultural crops, for food production purposes. All planted trees, crops and products therefrom shall be owned by the SIFMA holder.



- 12.11 A provision for the SIFMA holder to keep areas with slopes 50 percent or higher and strips of land at least 20 meters in width bordering rivers and streams permanently under tree cover; and
- 12.12 A provision not to plant or introduce exotic species which are untested in Philippine conditions, unless clearance is given by DENR.

Section 13. Incentives to the SIFMA Holder. All SIFMA holders shall be entitled to the following incentives:

- 13.1 All planted trees, crops and products therefrom belong to the SIFMA holder who shall have the right to harvest, sell and utilize such trees and crops, except those retained for environmental protection purposes;
- 13.2 Export of logs, lumber and other forest products harvested from the SIFMA shall be allowed by the DENR in accordance with the government allocation system;
- 13.3 All plantation products derived from the SIFMA area shall be exempted from payment of forest charges;
- 13.4 Entitlement to appropriate and reasonable compensation for the developments in the area, in case of cancellation of the SIFMA without cause or for public interest;
- 13.5 Participants of this program who are actual occupants shall be given priority in the event rules, regulations or laws in the future shall allow a more permanent tenurial arrangement;
- 13.6 No restrictions on the use of the SIFMA and the improvements in the SIFMA area as collateral for obtaining loans for the improvement of the SIFMA area, provided, that there is prior approval of the issuing authority of the SIFMA; and
- 13.7 Technical assistance should SIFMA holders wish to confederate into a larger organization.

Section 14. Government Share. The government share under the SIFMA shall be in the form of products/benefits derived from the execution of the SIFMA, to wit:

- 14.1 Environmental enhancement through the protection and rehabilitation of steep and/or eroded slopes, riverbanks and streambanks and residual forests; conservation of natural forests through the complementation of naturally growing timber with plantation forest; accelerated revegetation and regeneration of open areas and increased carbon sequestration capability of trees;

- 14.2 Trees planted for protection purposes which will not be harvested but maintained by the SIFMA holder as government's share (e.g. in areas 50 percent in slope or over, along riverbanks and streambanks, etc.);
- 14.3 Generation of employment;
- 14.4 Trails and access road development and improvement;
- 14.5 Increased production of fuelwood, food and other non-wood products;
- 14.6 Ready and steady supply of raw materials for wood-dependent industries;
- 14.7 Protection of soil, water, wildlife and existing natural forest resources;
- 14.8 Income taxes paid by the SIFMA holder, and
- 14.9 Rentals for the use of the land which shall be free from the first to the fifth year of the SIFMA, P 300.00 per hectare or fraction thereof from the sixth to the tenth year, and P 500.00 per hectare or fraction thereof for every year thereafter, subject to future adjustments upon review.

Section 15. Integration of Socialized Industrial Forest Management Agreement Holders into Larger Organizations.

SIFMA holders shall be encouraged to confederate into cooperatives, associations and/or federations to enable them to avail of the benefits of economies of scale.

The DENR, in collaboration with other government agencies, shall work for the necessary technical assistance, capacity building through skills training, and organizational management, as well as linkaging for access to markets and social services, livelihood and financing.

The DENR shall explore ways and means to develop incentives for Socialized Industrial Forest Management Agreement (SIFMA) holders to transfer control over the management of their awarded areas to their employees and to actual forest occupants thereof.

Section 16. Grounds for Cancellation. The SIFMA may be canceled or revoked on any of the following grounds:

- 16.1 Failure of the SIFMA holder to develop the area within three (3) years;
- 16.2 The SIFMA holder has been found to be a dummy;

- 16.3 The holder has transferred the rights over the area to another person without the knowledge and concurrence of the DENR;
- 16.4 Conversion by the holder of the area or any part thereof to any land use other than that of tree farming and the planting of allowable crops;
- 16.5 The holder has allowed the entry of other persons into the area for the purpose of building residential houses;
- 16.6 The holder cuts or allows cutting of naturally grown trees within or adjacent to the SIFMA area;
- 16.7 The holder refuses any duly authorized forest officer or duly authorized governmental official entry into the SIFMA premises or into any other improvement introduced and used for the purpose of SIFMA execution;
- 16.8 The SIFMA was obtained through fraud or misrepresentation or by false or misleading statements;
- 16.9 Conviction of the holder for the violation of pertinent provisions of the Labor Code of the Philippines and other relevant labor laws;
- 16.10 Violation by the holder of any of the terms and conditions of the SIFMA or of any of the pertinent provisions of forestry laws, rules and regulations;
- 16.11 Abandonment of the area;
- 16.12 Failure to pay rentals or other required fees;
- 16.13 Voluntary surrender of the SIFMA;
- 16.14 When public interest so requires.

Section 17. Monitoring, Evaluation and Reporting.

- 17.1 Reporting System -- All SIFMAs issued must be registered with the FMB within fifteen (15) days from issuance. The Forest Management Bureau shall develop a performance monitoring and reporting system for all SIFMA operations to be accomplished by the CENRO.

The PENRO shall analyze and consolidate the report and submit the same to the FMB through the RED with comments and recommendations on policy and program implementation.

The FMB shall prepare and submit regular consolidated reports to the Secretary.

- 17.2 Site Monitoring and Evaluation --- A team composed of representatives of the concerned LGU, an NGO, and the CENRO, with the latter as team leader, shall regularly monitor and evaluate the progress of the SIFMA within the CENRO jurisdiction. The status indicator shall include, among others, the following:
- 17.2.1 Seedling production by species;
 - 17.2.2 Area and date planted by species;
 - 17.2.3 Environmental protection and mitigating measures;
 - 17.2.4 Progress maps showing the area planted by year, including the species planted;
 - 17.2.5 Photographs of development work;
 - 17.2.6 Issues and problems in the implementation and recommendation to improve the project implementation.

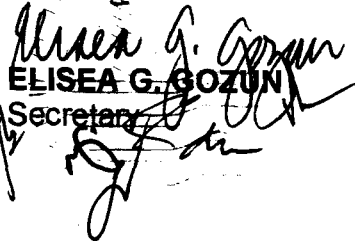
Section 18. Program Management. The Program shall be managed and implemented through the following DENR Offices:

- 18.1 The FMB shall be the National Coordinating Office of the Program and it shall have the following functions and responsibilities:
- 18.1.1 To develop, formulate and recommend policies, rules and regulations related to program development and implementation;
 - 18.1.2 To coordinate the implementation and execution of the SIFM Program;
 - 18.1.3 To evaluate program implementation and update the DENR Senior Management by providing periodic reports on activities and accomplishments of the program;
 - 18.1.5 To establish institutional linkages with other government and non-government agencies as appropriate at the national level to improve program implementation; and
 - 18.1.6 To keep complete and systematic files of, and updated information on all SIFMAs issued and other pertinent documents related to the program.
- 18.2 The RED, assisted by the RTD for Forestry, shall be responsible for the effective implementation of the program in the region, and shall approve SIFMA application, issued cancellation orders, and approve transfers of the SIFMA for areas up to 500 hectares. The Forest Resources Development Division shall act as the regional repository of all data and information. The RED shall submit periodic reports to the Secretary, through the FMB, on program implementation including SIFMA monitoring and evaluation.
- 18.3 The PENRO shall be responsible for the effective implementation of the program in the province. Likewise, the PENRO shall evaluate periodic reports submitted by the CENRO and forward the same, together with the findings and recommendation, to the RED. The PENRO shall maintain a data base for all SIFMAs within the province.

18.4 The CENRO shall be directly responsible for implementing the Program within its jurisdiction, in coordination with other concerned government and non-government units. The CENRO shall be further responsible for site identification, processing of SIFMA applications, and monitoring and evaluation of the program implementation. The CENRO shall submit periodic reports thereon to the PENRO for evaluation.

Section 19. Repealing Clause. This Order repeals DAO No. 24, series of 1996, and amends all other orders or sections thereof which are inconsistent herewith.

Section 20. Effectivity. This order shall take effect 15 days upon publication in a newspaper of general circulation.


ELISEA G. GOZUN
Secretary

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