



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
KAGAWARAN NG KAPALIGIRAN AT LIKAS YAMAN



MEMORANDUM

FOR : **The Directors**
Legal Affairs Service
Policy and Planning Service
Climate Change Service

The Bureau Directors
Forest Management Bureau
Land Management Bureau
Environmental Management Bureau
Biodiversity Management Bureau
Ecosystems Research and Development Bureau

All Regional Executive Directors

FROM : **The Director**
Legislative Liaison Office

SUBJECT : **INVITATION TO THE 2ND REGULAR MEETING RE: BRIEFING BY THE FOUNDATION FOR ECONOMIC FREEDOM (FEF) AND INITIAL DELIBERATION OF BILLS ON TREE GROWING AGREEMENT ACT FROM THE SPECIAL COMMITTEE ON REFORESTATION OF THE HOUSE OF REPRESENTATIVES**

DATE : 16 November 2023

In reference to the electronic letter received by our Office, the Special Committee on Reforestation of the House of Representatives will hold its 2nd regular meeting on **29 November 2023, (Wednesday), 9:00 AM, at Speaker Manuel B. Villar Hall, South Wing Annex (SWA), Batasan Complex, House of Representatives** for the Briefing by the Foundation for Economic Freedom (FEF) and the initial deliberation on the following legislative measures:

Visayas Avenue, Diliman, Quezon City 1100, Philippines
www.denr.gov.ph

MEMO NO. 2023-992

A. Tree Growing Agreements Act

1. **HB No. 1163** - 'An Act to Promote Reforestation and to Increase Wood Production Through the Establishment of Tree Growing Agreements', authored by Rep. Joey Sarte Salceda;
2. **HB No. 4203** - 'An Act Promoting Reforestation and Increasing Wood Production Through the Establishment of Tree Growing Agreements', authored by Rep. Rufus B. Rodriguez; and
3. **HB No. 5474** - 'An Act to Promote Reforestation and to Increase Wood Production Through the Establishment of Tree Growing Agreements', authored by Rep. Ernesto "ERNIX" M. Dionisio, Jr.

In this regard, we request your comments on the abovementioned legislative measures and your **participation in the abovementioned meeting**. Kindly send them on or before **27 November 2023, at 5:00 PM** via email at denrlllo@denr.gov.ph. Further, kindly inform us of the name/s of the representative/s from your office who will participate in the meeting so we may include him/her/them as resource person/s.

Attached herewith are the Letter Invitation, Agenda, and the House Bills for your reference.


ROMIROSE B. PADIN

cc: Undersecretary for Special Concerns and Legislative Affairs



Republic of the Philippines
HOUSE OF REPRESENTATIVES
SPECIAL COMMITTEE ON REFORESTATION
3/F Ramon V. Mitra Building, Batasan Pambansa Complex,
Constitution Hills, Quezon City
Tel. Nos.: 8931.68.88/8931.50.01 loc. 7140
E-mail Add: committee.reforestation@house.gov.ph
Mobile Nos. 0976.146.9036 Desiree/0949.788.3473 Mark/0917.145.2596 landline

14 November 2023

HON. MARIA ANTONIA YULO LOYZAGA

Secretary

Department of Environment and Natural Resources (DENR)

DENR Bldg. Visayas Avenue, Diliman, Quezon City

Dear **Secretary Yulo Loyzaga**,

The Special Committee on Reforestation cordially invites you to a **Briefing** by the Foundation for Economic Freedom (FEF) and **initial deliberation** on **29 November 2023 (Wednesday), 9:00 AM**, at the **Speaker Manuel B. Villar Hall, South Wing Annex, Batasan Complex, House of Representatives**, Re:

A. Tree Growing Agreement Act

1. **HB No. 1163** – ‘An Act to Promote Reforestation and to Increase Wood Production Through the Establishment of Tree Growing Agreements’, authored by **Rep. Joey Sarte Salceda**;
2. **HB No. 4203** – ‘An Act Promoting Reforestation and Increasing Wood Production Through the Establishment of Tree Growing Agreements’, authored by **Rep. Rufus B. Rodriguez**; and
3. **HB No. 5474** – ‘An Act to Promote Reforestation and to Increase Wood Production Through the Establishment of Tree Growing Agreements’, authored by **Rep. Ernesto “ERNIX” M. Dionisio, Jr.**

We would highly appreciate your presence in the said hearing to hear your insights and comments on the above-cited measures.

Please **be advised** that the resource persons accompanied by at least (1) technical staff of your department who will attend the aforesaid meeting **must** submit the names earlier to the secretariat, preferably a week before 29 November 2023. This procedure is required to allow the entry of the confirmed resource persons and guests to the House of Representatives premises on the day of the meeting.

Should you have inquiries, kindly contact us through our mobile and landline numbers mentioned above.

Thank you.



Republic of the Philippines
HOUSE OF REPRESENTATIVES
SPECIAL COMMITTEE ON REFORESTATION
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E-mail Add: committee.reforestation@house.gov.ph
Mobile Nos. 0976.146.9036 Desiree/0949.788.3473 Mark/0917.145.2596 landline

Very truly yours,

ELEANOR C. BULUT-BEGTANG

Chairperson

Special Committee on Reforestation

FOR THE CHAIRPERSON:

Desiree A. Barrameda

DESIREE A. BARRAMEDA

Committee Secretary

Special Committee on Reforestation



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Second Regular Session

**2nd REGULAR MEETING OF THE
SPECIAL COMMITTEE ON REFORESTATION**

**29 November 2023 (Wednesday), 9:00 AM,
Speaker Manuel B. Villar Hall, South Wing Annex (SWA),
Batasan Complex, House of Representatives**

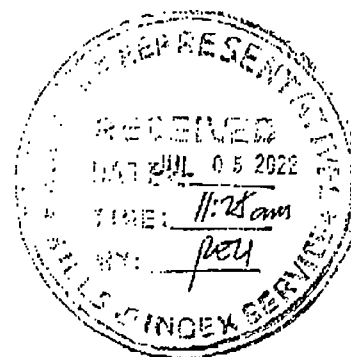
A G E N D A

- I. Call to Order/Roll Call
- II. Acknowledgement of Guests/Resource Persons
- III. Approval of Minutes of the previous meeting
- IV. Preliminary Remarks of **HONORABLE VICE-CHAIRPERSON ALFONSO V. UMALI, JR.**
- V. Briefing by the Foundation for Economic Freedom (FEF) Re: Tree Growing Agreements Act
- VI. Initial deliberation of the following measures:
 - A. Tree Growing Agreements Act
 1. **HB No. 1163** – ‘An Act to Promote Reforestation and to Increase Wood Production Through the Establishment of Tree Growing Agreements’, authored by **Rep. Joey Sarte Salceda**;
 2. **HB No. 4203** – ‘An Act Promoting Reforestation and Increasing Wood Production Through the Establishment of Tree Growing Agreements’, authored by **Rep. Rufus B. Rodriguez**; and
 3. **HB No. 5474** – ‘An Act to Promote Reforestation and to Increase Wood Production Through the Establishment of Tree Growing Agreements’, authored by **Rep. Ernesto “ERNIX” M. Dionisio, Jr.**
- VII. Other Matters
- VIII. Adjournment

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session

House Bill No. 1163



Introduced by Representative **JOEY SARTE SALCEDA**

**AN ACT
TO PROMOTE REFORESTATION AND TO INCREASE
WOOD PRODUCTION THROUGH THE ESTABLISHMENT
OF TREE GROWING AGREEMENTS**

EXPLANATORY NOTE

The Philippine forestry sector is in a dire situation. Forest cover is only at 7 million (m) hectares (ha) or 23% of the country's total land area. From 2013-2020, 73% of tree cover loss, at 64,445 ha annual average, is found in natural forests.¹ This is equivalent to 276 metric tons of CO₂e emissions. To worsen things, the country is one of the most vulnerable areas to adverse effects of climate change with an average of 20 typhoons annually, five of which are destructive. In terms of wood supply, the country is unable to meet its national wood requirements since 2006. From 2006-2020, there is an average deficit of 1.77m cubic meters of wood.² This increased to 2m cubic meters of wood in 2010-2019. Of the available wood supply, 83% are imported.³ The sector's contribution to the economy is minimal at an average of Php 2 billion or 0.04% from 2000-2021.⁴ Past and existing government reforestation and tree plantation programs are insufficient to provide for the growing wood demands of the country. Although the government has been encouraging the establishment of tree plantations, private sector is hesitant to go into tree farm and plantation development. A major culprit is the insecure property rights in forest lands (State-owned lands).

A solution is to guarantee the security of property rights in forest lands by:

- (1) establishing a Tree Growing Agreement (TGA) where the right to plant and harvest trees is respected;

¹ Global Forest Watch. "Tree cover loss in Philippines". Accessed on 12/12/2021 from www.gfw.org/forestwatch.org.

² Forest Management Bureau, "Plans and Programs for the Philippine Wood Industry." Lecture, Philippine Wood Expo 2019, Sofitel Hotel, Pasay City, October 21, 2019.

³ Department of Natural Resources, "Situational of Forestry Investment in the Philippines", Facebook, November 17, 2021, <https://www.facebook.com/DENROfficial/videos/1154495488408727>.

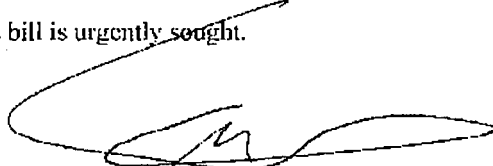
⁴ At constant 2018 prices. Philippine Statistics Authority (2021). National Accounts of the Philippines. Quezon City: Philippines Statistics Authority.

- (2) treating planted trees as personal property where they can be personally owned at the moment they are planted;
- (3) establishing a Tree Plantation Promotion and Policy Board to develop and implement policies that would promote tree farm and plantations;
- (4) appropriating royalties and government share based on stumpage value to relevant stakeholders such as the national government, local government units, the tenure holders, the indigenous peoples, and the Department of Environment and Natural Resources; and
- (5) providing incentives to TGA holders. This bill seeks to encourage tree planting more especially in the countryside.

The proposed measure is expected to contribute to increasing the country's forest cover and mitigating the ill-effects of climate change by preventing severe flooding, landslides, and soil erosion, and enhancing carbon absorption. It would also protect the conservation areas and biodiversity, prevent the emergence of zoonotic diseases such as COVID-19, support energy production & food security, and provide spaces for health, wellness, and recreation. Moreover, the untended 5.5m ha of production forest lands⁵ will be utilized in part or whole for tree farm/plantation development thereby increasing wood production. This is relevant in meeting the country's wood demand, generating employment especially in the uplands where insurgency is rampant, supporting government infrastructure programs, and developing agroforestry and downstream wood industries such as furniture and housing construction.

With the country's natural endowments, a tropical climate with rainfall distributed evenly, and with rich soil condition favorable for forests to flourish, and a young population, with majority of 70.62m people belonging to the working ages of 15 to 64⁶, that could serve as labor pool for tree planting maintenance, the Philippines possesses the capacity to become a booming forest superpower as it used to be in the 1950s-60s. The State recognizes the crucial role of the private sector as its partner in revitalizing the forestry sector following sustainable forest management principles.

In view of the foregoing, the approval of this bill is urgently sought.



JOEY SARTE SALCEDA

⁵ Philippine Forestry Statistics 2020," Forest Management Bureau, <https://drive.google.com/file/d/1zOIM24eUe3NV-q-18XNpc1qiNt8g7NZ19/view>.

⁶ Ben O. de Vera, "World Bank: Young population to boost PH economic development" *Philippine Daily Inquirer*, May 20, 2021, <https://business.inquirer.net/323229/world-bank-young-population-to-boost-ph-economic-development#:~:text=%E2%80%9CThe%20Philippines%20represents%20a%20young,million%20aged%2065%20and%20above.>

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session

House Bill No. 1163

Introduced by Representative JOEY SARTE SALCEDA

**AN ACT
TO PROMOTE REFORESTATION AND TO INCREASE
WOOD PRODUCTION THROUGH THE ESTABLISHMENT
OF TREE GROWING AGREEMENTS**

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

SECTION 1. *Short Title.* – This Act shall be known as the “Tree Growing Agreement Act.”

SEC. 2. *Declaration of Policy.* – It is the policy of the State to promote tree farm and tree plantation development to restore denuded forests of the public domain, mitigate the effects of climate change, increase wood supply, encourage green investments to increase livelihood opportunities in the countryside, and contribute to the overall socio-economic development and growth of the national economy.

SEC. 3. *Definition of Terms.* –

(a) *Crop* – is a plant or plant product that can be grown and harvested for profit or subsistence.

(b) *Forest block* – is an area of contiguous forest land measuring fifteen (15) seconds of latitude and fifteen (15) seconds of longitude at approximately 20.7 hectares per block.

(c) *Forest land* – includes the public forest, the permanent forest or forest reserves, forest reservations, and all other lands not classified as agricultural lands, mineral lands, and national parks.

(d) *Planted Tree* – a tree planted and raised by man.

(e) *Tree Farm* – refers to any small forest land or tract of land purposely planted to tree crops.

(f) *Tree Growing Agreement* – 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 plant and harvest trees in a tract of forest land.

(g) *Tree Plantation* – any tract of forest land purposely and extensively planted to timber crops primarily to supply the raw material requirements of existing or proposed processing plants and related industries.

SEC. 4. *Establishment of Tree Farms and Tree Plantations.* – The Department of Environment and Natural Resources (DENR) shall identify, survey and map areas suitable for the establishment of tree farms and tree plantations in forest lands. Such areas shall be called Tree Growing Agreement Areas or TGA areas. TGA areas for establishment shall be denuded and/or underutilized areas within forestlands, whether tenured or not, including ancestral lands/domains, identified as suitable for tree farming, tree plantation development, agroforestry, and other forestry and agroforestry-related economic activities. TGA establishment may be initiated by the DENR or through a request of interested parties.

SEC. 5. *Criteria for the Determination of Tree Growing Agreement Areas.* – The minimum requirements for suitability of the area for the TGA are:

(a) Soil quality should be suitable for tree plantation/tree farming, and agroforestry farming;

(b) Slope gradient should be below 50 percent, and elevation should be below 1000m above sea level (asl);

(c) Should not be prone to landslides or severe soil erosion; and

(d) Should not be identified as protected area.

SEC. 6. *Identification and Delineation of Tree Growing Agreement Areas.* – For purposes of identification and delineation of area for TGA, the DENR shall identify denuded, idle, and/or underutilized public forest that are either tenured or untenured. These identified areas of public forest shall be divided into meridional forest blocks of fifteen (15) seconds of latitude and fifteen (15) seconds of longitude at approximately 20.7 hectares per block. Such forest blocks shall be indicated in the maps publicly available in the Tree Growing Agreement Registry.

SEC. 7. *Tree Growing Agreement Registry.* – Forest lands that had been established by the DENR as TGA area shall be recorded and made available in a public registry to be maintained at the Provincial Environment and Natural Resources Office (PENRO) and supervised by the Forest Management Bureau (FMB). Such registry shall be accessible to the public through the internet and shall contain maps showing the location of all forest lands under TGA and shall also indicate forest lands that are already under an agreement as well as those still available for application of investors.

SEC. 8. *Allowable Activities for the Tree Growing Agreement.* – Allowable activities within the Tree Growing Agreement area shall be limited to:

(a) Tree Plantation/Farming

(b) Wood Processing/Establishment of Wood Processing Plants

(c) Agroforestry

(d) Forestry/Agroforestry-Based Ecotourism

SEC. 9. *Tree Growing Agreement.* – Interested parties whether natural or juridical, may enter into a Tree Growing Agreement for the development, sustainable utilization, and management of TGA areas and forest resources within the allotted TGA area.

The Agreement shall be for a minimum of two production cycles depending on the project as proposed in the development plan to be submitted to the DENR upon application for a TGA. The duration of the production cycle shall depend on the species intended to be planted as a main crop. Each cycle shall not exceed twenty-five years.

The Agreement may be renewed automatically at the option of the TGA holder for another minimum of two production cycles if the TGA holder has complied with the terms and conditions of the Agreement and with existing laws.

The TGA is transferrable to qualified transferees for value. The Agreement may not be cancelled except for cause and with due process by the DENR. The Agreement holder shall develop at least 30% of the area applied for in the first three (3) years and utilize seventy-five (75%) of the area within five (5) years upon issuance of the TGA. Ninety percent (90%) of the TGA area must be devoted to the primary timber or tree crop compatible to the ecological and biophysical characteristics of the area.

Processing of applications and awarding and issuance of TGA shall be accomplished at the Provincial Environment and Natural Resources Office (PENRO) of the DENR and completed within 120 days from the time the complete application is submitted.

Tree Growing Agreements shall be limited to a maximum of 25 forest blocks for individuals/families, 50 forest blocks, for partnerships and cooperatives, and 250 forest blocks for private and public corporations including local government units (LGUs) and government owned and controlled corporations (GOCCs).

SEC. 10. *Tenured Lands.* – Forest lands covered by existing tenurial instruments may be amended to be covered by the Tree Growing Agreement. Such amendment shall be applied for at the DENR.

Tenure holders who are no longer interested in their tenure may surrender their tenure to the DENR. They may also transfer such tenurial instrument to an interested party for conversion to TGA. Tenure holders who refuse to utilize or abandon their tenurial area may be subjected to compulsory inclusion after being notified.

A Notice of Inclusion under the TGA shall be issued by DENR to inform tenure holders of compulsory coverage of the whole or portion of their unutilized or abandoned tenured areas.

SEC. 11. *Qualifications of Applicants.* – Any natural or juridical person may apply for a Tree Growing Agreement. LGUs and GOCCs may also apply for the said Agreement.

Likewise, Agreement shall be awarded transparently and equitably to both foreign and domestic investors.

SEC. 12. *Certifications, Permits and Licenses.* – The DENR PENRO shall also coordinate with the Environmental Management Bureau (EMB), National Commission on Indigenous Peoples (NCIP), LGUs, and other government agencies for assistance in the expedited issuance of environmental permits, local permits, Certification Precondition (CP), and other permits.

SEC. 13. *Property Rights of TGA Holders.* – All planted trees, and other non-timber forestry and agroforestry products produced within TGA areas shall be considered as personal property even if they are still attached to the soil. They shall also be considered as personal property of the holder within the purview of Republic Act No. 11057, otherwise known as the Personal Property Security Act, and thus may be traded or may be a subject to commodity contract, mortgage contract, and other security arrangement.

All planted trees and other non-timber forestry and agroforestry products produced within the TGA areas shall be considered as crops.

SEC. 14. *Relaxation of Restrictions and Regulations.* – In order to promote investments and generate interest in forest related activities within the TGA areas, existing laws, executive issuances, local ordinances, rules and regulations are hereby repealed, amended, and modified accordingly for holders in order to:

(a) Exempt from the payment of forest charges and other fees for taxes that local government units may impose;

(b) Provide access to development loans from public financial institutions for farm and plantation developers;

(c) Provide insurance coverage of plantations and plantation development equipment by the Philippine Crop Insurance Corporation (PCIC);

(d) Provide tax free importation of plantation development equipment, including tree nursery facilities, pursuant to Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA);

(e) Allow the expenses incurred for plantation operations to be 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;

(f) Allow the expenses incurred in the development and operation of a tree plantation prior to the commercial harvest to be regarded as ordinary and necessary expenses or as capital expenditure;

(g) Prioritize access for tree farm and plantation developers to credit assistance from government owned, controlled and/or supported financial institutions;

(h) No inspection of harvested trees and other crops from TGA areas at check points;

(i) Allow acceptance of planted trees and crops as collateral for loans in government owned or controlled banks and other financial institutions;

(j) Allow only a one-time inspection by the DENR PENRO prior to harvest of planted trees leading to a single clearance for harvest, processing, transport and sale both local and international;

(k) Exempt established tree farms and plantations from logging bans for the duration of the Agreement;

(l) Allow logs, lumber and other finished wood products from TGA area to be exported without restrictions in volume;

(m) Allow exemption from payment of Advanced Value Added Tax (VAT). The VAT shall be paid only after logs have been delivered and payment received by plantation owners;

(n) Include tree farming and plantation development as pioneer areas of investment under the Strategic Investments Priority Plan of the government;

(o) Include tree farming and plantation development in tax incentives as may be provided by existing rules and regulations of different government agencies including but not limited the Department of Finance and Department of Trade and Industry; and

(p) Include tree farming and plantation development in other investment incentive packages available for agriculture and agroforestry-related industries.

Provided that, relevant incentives shall also apply to private tree plantations registered with the DENR.

SEC. 15. *Royalties and Government Share.* – Royalties and government share shall be based on the stumpage value of planted trees. Stumpage value shall be computed by the DENR using a formula developed with the approval of the Tree Plantation Promotion and Policy Board.

Royalties and government share shall be based on the 70% of gross revenues of the Agreement holder. The government shall get five percent (5%) royalty, the tenure holder for tenured lands shall get one percent (1%), the concerned LGU where the TGA area is located shall get five percent (5%), if there are indigenous peoples in the area, two percent (2%) shall be allotted to them, and the remaining two percent (2%) shall go to DENR's tree farm and plantation development programs and projects and carbon trading activities.

SEC. 16. *Dispute Resolution Mechanism.* – Disputes arising from conflicting claims and other controversies related to the issuance and the implementation of the TGA shall be resolved administratively in the first instance at the DENR.

Any and all disputes arising from the implementation of TGA may be submitted to arbitration in the Philippines in accordance with the relevant laws and policies. The process of arbitration shall be incorporated as a provision in the TGA that will be executed pursuant to

the provisions of this Act: Provided, that by mutual agreement, the parties may agree in writing to resort to alternative modes of dispute resolution.

SEC. 17. *Premature termination of the agreement.* – Upon the premature termination of the agreement at no fault of the holder, all depreciable permanent and semi-permanent improvements such as roads, buildings, and nurseries including the planted and standing trees and other forest crops, introduced and to be retained in the area, shall be properly evaluated and the holder shall be entitled to a fair compensation thereof, the amount of which shall be mutually agreed upon by both the DENR and the agreement holder, and in case of disagreement between them, by arbitration through a mutually acceptable and impartial third-party adjudicator.

SEC. 18. *Tree Plantation Promotion and Policy Board.* – The Tree Plantation Promotion and Policy Board, referred to as the Board, is hereby created which shall be the overall policy-development body for all forest lands identified for TGA. It shall be responsible for setting the strategic direction of programs and projects and in creating an enabling policy and institutional environment TGA areas.

The Board shall be composed of the following:

- (a) Secretary of Environment and Natural Resources as Chairperson;
- (b) Secretary of Trade and Industry as Co-Chairperson;
- (c) One representative from the wood producers;
- (d) One representative from the tree farmers;
- (e) One representative from the wood processors;
- (f) One representative from the furniture industry;
- (g) One representative from the construction industry; and
- (h) One representative from the professional organization of foresters.

The principal members of the Board may designate their respective alternates, who shall be the officials next-in-rank to them, and whose acts shall be considered the acts of their principals.

The presence of the Chairperson with four (4) other members of the Board shall constitute a quorum and a majority vote of the members present shall be necessary for the adoption of any issuance, order, resolution, decision or other act of the Board in the exercise of its functions. The Board shall act as a collegial body. In the conduct of meetings, the Chairperson shall not vote except to break a tie.

The Board shall act on any matter for its consideration not later than thirty (30) days from the date of submission thereof.

The members of the Board shall be entitled to honoraria based on existing government accounting and auditing rules and regulations. The DENR shall act as Secretariat to the Board.

SEC. 19. *Implementing Rules and Regulations.* – The FMB of DENR shall promulgate rules and regulations to carry out the provisions of this Act within 120 days from approval hereof.

SEC. 20. *Repealing Clause.* – All laws, decrees, executive order, executive issuances or letters of instruction, rules and regulations or any part thereof inconsistent with or contrary to the provisions of this Act are hereby deemed repealed, amended or modified accordingly.

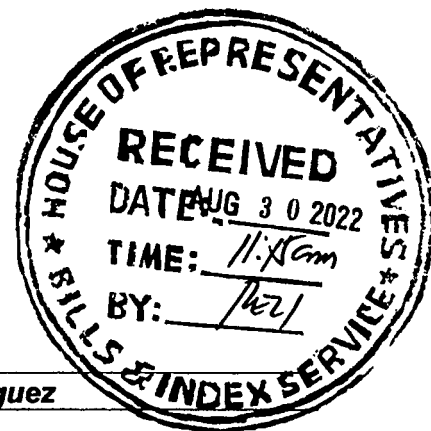
SEC. 21. *Separability Clause.* – If, for any reason or reasons, any part or parts of this Act shall be declared unconstitutional or invalid by any competent court, other parts of this Act not so declared shall continue to be in full force and effect.

SEC. 22. *Effectivity Clause.* – This Act shall take effect fifteen days (15) after its publication in two (2) newspapers of general education.

Approved.

NINETEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES



Introduced by Representative Rufus B. Rodriguez

House Bill No. 4203

EXPLANATORY NOTE

The Philippine forestry sector is in a dire situation. Forest cover is only at 7 million (m) hectares (ha) or 23% of the country's total land area. From 2013-2020, 73% of tree cover loss, at 64,445 ha annual average, is found in natural forests.¹ This is equivalent to 276 metric tons of CO₂ emissions. To worsen things, the country is one of the most vulnerable areas to adverse effects of climate change with an average of 20 typhoons annually, five of which are destructive. In terms of wood supply, the country is unable to meet its national wood requirements since 2006. From 2006-2020, there is an average deficit of 1.77m cubic meters of wood.² This increased to 2m cubic meters of wood in 2010-2019. Of the available wood supply, 83% are imported.³ The sector's contribution to the economy is minimal at an average of Php 2 billion or 0.04% from 2000-2021.⁴ Past and existing government reforestation and tree plantation programs are insufficient to provide for the growing wood demands of the country. Although the government has been encouraging the establishment of tree plantations, private sector is hesitant to go into tree farm and plantation development. A major culprit is the insecure property rights in forest lands (State-owned lands).

A solution is to guarantee the security of property rights in forest lands by: 1) establishing a Tree Growing Agreement (TGA) where the right to plant and harvest trees is respected; 2) treating planted trees as personal property where they can be personally owned at the moment they are planted; 3) establishing a Tree Plantation Advisory Council to serve as a national advisory council on tree farm and plantation development; 4) appropriating royalties and government share based on stumpage value to relevant stakeholders such as the national government, local government units, the tenure holders, the indigenous peoples, and the Department of Environment and Natural Resources; and 5) providing incentives to TGA holders. This bill seeks to encourage tree planting more especially in the countryside.

The proposed measure is expected to contribute to increasing the country's forest cover that would act as carbon sink, mitigating the ill-effects of climate change by preventing severe flooding, landslides, and soil erosion, and enhancing carbon absorption. It would also protect the conservation areas and biodiversity, prevent the emergence of zoonotic diseases such as COVID-19, support energy production & food security, and provide spaces for health, wellness, and recreation. Moreover, the untenured 5.5m ha of production forest lands⁵ will be utilized in part or whole for tree farm/plantation development thereby increasing wood production. This is relevant in meeting the country's wood demand, generating employment especially in the uplands where poverty and insurgency are rampant, supporting government infrastructure programs, and developing agroforestry and downstream wood industries such as furniture and housing construction.

¹ Global Forest Watch. "Tree cover loss in Philippines". Accessed on 12/12/ 2021 from www.globalforestwatch.org.

² Forest Management Bureau, "Plans and Programs for the Philippine Wood Industry." Lecture, Philippine Wood Expo 2019, Sofitel Hotel, Pasay City, October 21, 2019.

³ Department of Natural Resources, "Situationer of Forestry Investment in the Philippines", Facebook, November 17, 2021, <https://www.facebook.com/DENROfficial/videos/1154495488408727>.

⁴ At constant 2018 prices. Philippine Statistics Authority (2021). National Accounts of the Philippines. Quezon City: Philippines Statistics Authority.

⁵ Philippine Forestry Statistics 2020," Forest Management Bureau, <https://drive.google.com/file/d/1zOIM24aUeBNV-qH8XNpo1qiNt8g7NZ19/view>.

With the country's natural endowments, a tropical climate with rainfall distributed evenly, and with rich soil condition favorable for forests to flourish, and a young population, with 70.62m people belonging to the working ages of 15 to 64 years old⁶ that could serve as labor pool for tree planting maintenance, the Philippines possesses the capacity to become a booming forest superpower as it used to be in the 1950s-60s. The State recognizes the crucial role of the private sector as its partner in revitalizing the forestry sector following sustainable forest management principles.

In view of this, the early passage of this bill is sought.


RUFUS B. RODRIGUEZ

⁶ Ben O. de Vera, "World Bank: Young population to boost PH economic development" *Philippine Daily Inquirer*, May 20, 2021, <https://business.inquirer.net/323229/world-bank-young-population-to-boost-ph-economic-development#:~:text=%E2%80%9CThe%20Philippines%20represents%20a%20young,million%20age+d%2065%20and%20above.>

HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez

House Bill No. 4203

AN ACT
PROMOTING REFORESTATION AND INCREASING WOOD PRODUCTION THROUGH
THE ESTABLISHMENT OF TREE GROWING AGREEMENTS

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

SECTION 1. Short Title. This Act shall be known as the "Tree Growing Agreements Act."

SECTION 2. Declaration of Policy. It is the policy of the State to promote tree farm and tree plantation development to restore denuded forests of the public domain, mitigate the effects of climate change, increase wood supply, encourage green investments to increase livelihood opportunities in the countryside, and contribute to the overall socio-economic development and growth of the national economy.

SECTION 3. Definition of Terms.

- a. Carbon sequestration- is the process of removing carbon from the atmosphere and depositing it in a reservoir.
- b. Carbon trader- is a person or entity dealing with the buying, selling, brokering, exchanging, and trading of carbon credits.
- c. Carbon trading- also known as carbon emissions trading, is the use of a marketplace to buy and sell carbon credits that allow an entity to emit a certain amount of carbon dioxide.
- d. Crop - is a plant or plant product that can be grown and harvested for profit or subsistence.
- e. Forest block- is an area of contiguous forest land measuring fifteen (15) seconds of latitude and fifteen (15) seconds of longitude at approximately 20.7 hectares per block.
- f. Forest land- includes the public forest, the permanent forest or forest reserves, forest reservations, and all other lands not classified as agricultural lands, mineral lands, and national parks.
- g. Planted Tree- a tree planted and raised by man.
- h. Tree Farm- refers to any small forest land or tract of land purposely planted to tree crops.
- i. Tree Growing Agreement – 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 plant and harvest trees in a tract of forest land.
- j. Tree Plantation - any tract of forest land purposely and extensively planted to timber crops primarily to supply the raw material requirements of existing or proposed processing plants and related industries.

SECTION 4. Establishment of Tree Farms and Tree Plantations. The Department of Environment and Natural Resources (DENR) shall identify, survey and map areas suitable for the establishment of tree farms and tree plantations in forest lands. Such areas shall be called Tree Growing Agreement Areas or TGA areas. TGA areas for establishment shall be denuded

and/or underutilized areas within forestlands, whether tenured or not, including ancestral lands/domains, identified as suitable for tree farming, tree plantation development, agroforestry, and other forestry and agroforestry-related economic activities. TGA establishment may be initiated by the DENR or through a request of interested parties.

SECTION 5. *Criteria for the Determination of Tree Growing Agreement Areas.* The minimum requirements for suitability of the area for the TGA are:

- a. Soil quality should be suitable for tree plantation/tree farming, and agroforestry farming;
- b. Slope gradient should be below 50 percent, and elevation should be below 1000m above sea level (asl);
- c. Should not be prone to landslides or severe soil erosion; and
- d. Should not be identified as protected area.

SECTION 6. *Identification and Delineation of Tree Growing Agreement Areas.* For purposes of identification and delineation of area for TGA, the DENR shall identify denuded, idle, and/or underutilized public forest that are either tenured or untenured. These identified areas of public forest shall be divided into meridional forest blocks of fifteen (15) seconds of latitude and fifteen (15) seconds of longitude at approximately 20.7 hectares per block. Such forest blocks shall be indicated in the maps publicly available in the Tree Growing Agreement Registry.

SECTION 7. *Tree Growing Agreement Registry.* Forest lands that had been established by the DENR as TGA area shall be recorded and made available in a public registry to be maintained at the Provincial Environment and Natural Resources Office (PENRO) and supervised by the Forest Management Bureau (FMB). Such registry shall be accessible to the public through the internet and shall contain maps showing the location of all forest lands under TGA and shall also indicate forest lands that are already under an agreement as well as those still available for application of investors.

SECTION 8. *Allowable Activities for the Tree Growing Agreement.* Allowable activities within the Tree Growing Agreement area shall be limited to:

- a. Carbon trading activities
- b. Carbon sequestration and related activities
- c. Tree Plantation/Farming
- d. Wood Processing/Establishment of Wood Processing Plants
- e. Agroforestry
- f. Forestry/Agroforestry-Based Ecotourism

SECTION 9. *Tree Growing Agreement.* Interested parties whether natural or juridical, may enter into a Tree Growing Agreement for the development, sustainable utilization, and management of TGA areas and forest resources within the allotted TGA area.

The Agreement shall be for a minimum of two production cycles depending on the project as proposed in the development plan to be submitted to the DENR upon application for a TGA. The duration of the production cycle shall depend on the species intended to be planted as a main crop.

The Agreement may be renewed automatically at the option of the TGA holder for another minimum of two production cycles if the TGA holder has complied with the terms and conditions of the Agreement and with existing laws.

The TGA is transferrable to qualified transferees for value. The Agreement may not be cancelled except for cause and with due process by the DENR. The Agreement holder shall develop at least 30% of the area applied for in the first three (3) years and utilize seventy-five (75%) of the area within five (5) years upon issuance of the TGA.

Processing of applications and awarding and issuance of TGA shall be accomplished at the PENRO of the DENR and completed within 120 days from the time the complete application is submitted.

Tree Growing Agreements shall be limited to a maximum of five (5) forest blocks for individuals/families, 50 forest blocks, for partnerships and cooperatives, and 2,000 forest blocks for private and public corporations including local government units (LGUs) and government owned and controlled corporations (GOCCs).

SECTION 10. *Tenured Lands.* Forest lands covered by existing tenurial instruments may be amended to be covered by the Tree Growing Agreement. Such amendment shall be applied for at the DENR.

Tenure holders who are no longer interested in their tenure may surrender their tenure to the DENR. They may also transfer such tenurial instrument to an interested party for conversion to TGA. Tenure holders who refuse to utilize or abandon their tenurial area may be subjected to compulsory inclusion after being notified.

A Notice of Inclusion under the TGA shall be issued by DENR to inform tenure holders of compulsory coverage of the whole or portion of their unutilized or abandoned tenured areas.

SECTION 11. *Qualifications of Applicants.* Any natural or juridical person may apply for a Tree Growing Agreement. LGUs and GOCCs may also apply for the said Agreement. Likewise, Agreement shall be awarded transparently and equitably to both foreign and domestic investors.

SECTION 12. *Certifications, Permits and Licenses.* The DENR PENRO shall also coordinate with the Environmental Management Bureau (EMB), National Commission on Indigenous Peoples (NCIP), LGUs, and other government agencies for assistance in the expedited issuance of environmental permits, local permits, Certification Precondition (CP), and other permits.

SECTION 13. *Property Rights of TGA Holders.* All planted trees, and other non-timber forestry and agroforestry products produced within TGA areas shall be considered as personal property even if they are still attached to the soil. They shall also be considered as personal property of the holder within the purview of Republic Act No. 11057, otherwise known as the Personal Property Security Act, and thus may be traded or may be a subject to commodity contract, mortgage contract, and other security arrangement.

All planted trees and other non-timber forestry and agroforestry products produced within the TGA areas shall be considered as crops.

SECTION 14. *Investment Incentives.* In order to promote investments and generate interest in forest related activities within the TGA areas, existing laws, executive issuances, local ordinances, rules and regulations are hereby repealed, amended, and modified accordingly for TGA holders in order to:

- a. Provide access to development loans from public financial institutions for farm and plantation developers;
- b. Provide insurance coverage of plantations and plantation development equipment by the Philippine Crop Insurance Corporation (PCIC);
- c. Prioritize access for tree farm and plantation developers to credit assistance from government owned, controlled and/or supported financial institutions;
- d. Allow acceptance of planted trees and crops as collateral for loans in government-owned or controlled banks and other financial institutions;
- e. Allow only a one-time inspection by the DENR PENRO prior to harvest of planted trees leading to a single clearance for harvest, processing, transport and sale both local and international;
- f. Exempt established tree farms and plantations from logging bans for the duration of the Agreement;
- g. Allow logs, lumber and other finished wood products from TGA area to be exported without restrictions in volume;
- h. Include carbon trading and carbon sequestration activities in various investment

- and tax incentives;
- i. Include tree farming and plantation development as pioneer areas of investment under the Strategic Investments Priority Plan of the government;
 - j. Include tree farming and plantation development in tax incentives as may be provided by existing rules and regulations of different government agencies including but not limited the Department of Finance and Department of Trade and Industry; and
 - k. Include tree farming and plantation development in other investment incentive packages available for agriculture and agroforestry-related industries.

Provided that, relevant incentives shall also apply to private tree plantations registered with the DENR.

SECTION 15. *Tax Incentives.* The following tax incentives shall be applied to entities entering into TGA:

- a. Expenses incurred 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;
- b. Expenses incurred, including interest expense, 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 expenditures;
- c. Capital expenditures, development, maintenance, and operating costs for the first five years of the establishment of the plantation shall be exempted from taxation; and
- d. Tax-free import of tree nursery facilities, plantation development and wood processing equipment.
- e. Tree plantation operators shall be exempted from payment of Advanced Value Added Tax (VAT). The VAT shall be paid only after logs have been delivered and payment received by plantation owners.

SECTION 16. *Royalties and Government Share.* Royalties and government share shall be based on the stumpage value of planted trees. Stumpage value shall be computed by the DENR using a formula developed with the approval of the Tree Plantation Promotion and Policy Board.

Royalties and government share shall be based on the 70% of gross revenues of the Agreement holder. The government shall get five percent (5%) royalty, the tenure holder for tenured lands shall get one percent (1%), the concerned LGU where the TGA area is located shall get five percent (5%), if there are indigenous peoples in the area, two percent (2%) shall be allotted to them, and the remaining two percent (2%) shall go to DENR's tree farm and plantation development programs and projects and carbon trading activities.

SECTION 17. *Dispute Resolution Mechanism.* Disputes arising from conflicting claims and other controversies related to the issuance and the implementation of the TGA shall be resolved administratively in the first instance at the DENR.

Any and all disputes arising from the implementation of TGA may be submitted to arbitration in the Philippines in accordance with the relevant laws and policies. The process of arbitration shall be incorporated as a provision in the TGA that will be executed pursuant to the provisions of this Act: Provided, that by mutual agreement, the parties may agree in writing to resort to alternative modes of dispute resolution.

SECTION 18. *Premature termination of the agreement.* Upon the premature termination of the agreement at no fault of the holder, all depreciable permanent and semi-permanent improvements such as roads, buildings, and nurseries including the planted and standing trees and other forest crops, introduced and to be retained in the area, shall be properly evaluated and the holder shall be entitled to a fair compensation thereof, the amount

of which shall be mutually agreed upon by both the DENR and the agreement holder, and in case of disagreement between them, by arbitration through a mutually acceptable and impartial third-party adjudicator.

SECTION 19. *Tree Plantation Advisory Council.* The Tree Planation Advisory Council, referred to as the Council, is hereby created which shall act as a national advisory council in the development of policies related to tree farms and plantations.

The Council shall be composed of one representative each from:

- a. Department of Environment and Natural Resources;
- b. Department Of Trade Industry;
- c. Climate Change Commission;
- d. National Commission In Indigenous Peoples;
- e. Tree Farmers and People's Organizations;
- f. Carbon Traders;
- g. Professional Organization of Foresters; And
- h. Wood Producers and Processors.

The DENR Secretary shall organize and appoint members of the council. The DENR shall act as the secretariat of the council and provide logistical support.

SECTION 20. *Implementing Rules and Regulations.* The FMB of DENR shall promulgate rules and regulations to carry out the provisions of this Act within 120 days from approval hereof.

SECTION 21. *Repealing Clause.* All laws, decrees, executive order, executive issuances or letters of instruction, rules and regulations or any part thereof inconsistent with or contrary to the provisions of this Act are hereby deemed repealed, amended or modified accordingly.

SECTION 22. *Separability Clause.* If, for any reason or reasons, any part or parts of this Act shall be declared unconstitutional or invalid by any competent court, other parts of this Act not so declared shall continue to be in full force and effect.

SECTION 23. *Effectivity Clause.* This Act shall take effect fifteen days (15) after its publication in two (2) newspapers of general education

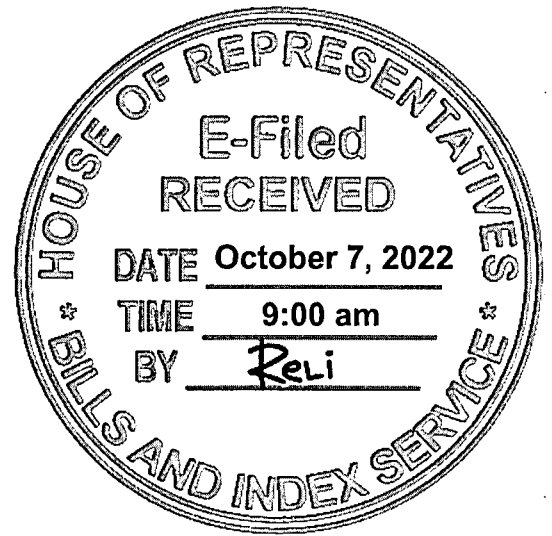
Approved,



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL No. 5474



Introduced by HONORABLE ERNESTO "ERNIX" M. DIONISIO, JR.

**AN ACT
TO PROMOTE REFORESTATION AND TO INCREASE WOOD PRODUCTION
THROUGH THE ESTABLISHMENT OF TREE GROWING AGREEMENTS**

EXPLANATORY NOTE

The Philippine forestry sector is in a dire situation. Forest cover is only at 7 million (m) hectares (ha) or 23% of the country's total land area. From 2013-2020, 73% of tree cover loss, at 64,445 ha annual average, is found in natural forests.¹ This is equivalent to 276 metric tons of CO₂ emissions. To worsen things, the country is one of the most vulnerable areas to adverse effects of climate change with an average of 20 typhoons annually, five of which are destructive. In terms of wood supply, the country is unable to meet its national wood requirements since 2006. From 2006-2020, there is an average deficit of 1.77m cubic meters of wood.² This increased to 2m cubic meters of wood in 2010-2019. Of the available wood supply, 83% are imported.³ The sector's contribution to the economy is minimal at an average of Php 2 billion or 0.04% from 2000-2021.⁴ Past and existing government reforestation and tree plantation

¹ Global Forest Watch. "Tree cover loss in Philippines". Accessed on 12/12/ 2021 from www.globalforestwatch.org.

² Forest Management Bureau, "Plans and Programs for the Philippine Wood Industry." Lecture, Philippine Wood Expo 2019, Sofitel Hotel, Pasay City, October 21, 2019.

³Department of Natural Resources, "Situationer of Forestry Investment in the Philippines", *Facebook*, November 17, 2021, <https://www.facebook.com/DENROfficial/videos/1154495488408727>.

⁴ At constant 2018 prices. Philippine Statistics Authority (2021). National Accounts of the Philippines. Quezon City: Philippines Statistics Authority.

programs are insufficient to provide for the growing wood demands of the country. Although the government has been encouraging the establishment of tree plantations, private sector is hesitant to go into tree farm and plantation development. A major culprit is the insecure property rights in forest lands (State-owned lands).

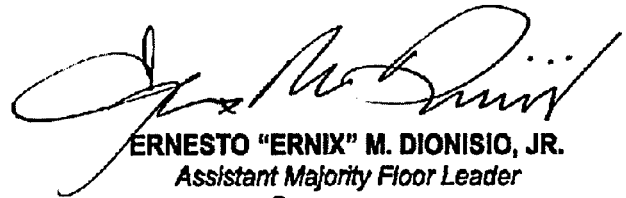
A solution is to guarantee the security of property rights in forest lands by: 1) establishing a Tree Growing Agreement (TGA) where the right to plant and harvest trees is respected; 2) treating planted trees as personal property where they can be personally owned at the moment they are planted; 3) establishing a Tree Plantation Advisory Council to serve as a national advisory council on tree farm and plantation development; 4) appropriating royalties and government share based on stumpage value to relevant stakeholders such as the national government, local government units, the tenure holders, the indigenous peoples, and the Department of Environment and Natural Resources; and 5) providing incentives to TGA holders. This bill seeks to encourage tree planting more especially in the countryside.

The proposed measure is expected to contribute to increasing the country's forest cover that would act as carbon sink, mitigating the ill-effects of climate change by preventing severe flooding, landslides, and soil erosion, and enhancing carbon absorption. It would also protect the conservation areas and biodiversity, prevent the emergence of zoonotic diseases such as COVID-19, support energy production & food security, and provide spaces for health, wellness, and recreation. Moreover, the untenured 5.5m ha of production forest lands⁵ will be utilized in part or whole for tree farm/plantation development thereby increasing wood production. This is relevant in meeting the country's wood demand, generating employment especially in the uplands where poverty and insurgency are rampant, supporting government infrastructure programs, and developing agroforestry and downstream wood industries such as furniture and housing construction.

⁵ Philippine Forestry Statistics 2020," Forest Management Bureau, <https://drive.google.com/file/d/1zOIM24aUeBNV-qH8XNpo1qiNt8g7NZ19/view>.

With the country's natural endowments, a tropical climate with rainfall distributed evenly, and with rich soil condition favorable for forests to flourish, and a young population, with 70.62m people belonging to the working ages of 15 to 64 years old⁶ that could serve as labor pool for tree planting maintenance, the Philippines possesses the capacity to become a booming forest superpower as it used to be in the 1950s-60s. The State recognizes the crucial role of the private sector as its partner in revitalizing the forestry sector following sustainable forest management principles.

In view of this, the early passage of this bill is sought.



ERNESTO "ERNIX" M. DIONISIO, JR.
Assistant Majority Floor Leader
Congressman
First Congressional District of Manila

⁶ Ben O. de Vera, "World Bank: Young population to boost PH economic development" *Philippine Daily Inquirer*, May 20, 2021, <https://business.inquirer.net/323229/world-bank-young-population-to-boost-ph-economic-development#:~:text=%E2%80%9CThe%20Philippines%20represents%20a%20young,million%20aged%2065%20and%20above.>



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL No. 5474

Introduced by HONORABLE ERNESTO "ERNIX" M. DIONISIO, JR.

AN ACT
TO PROMOTE REFORESTATION AND TO INCREASE WOOD PRODUCTION
THROUGH THE ESTABLISHMENT OF TREE GROWING AGREEMENTS

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

SECTION 1. Short Title. – This Act shall be known as the "Tree Growing Agreements Act."

SECTION 2. Declaration of Policy. – It is the policy of the State to promote tree farm and tree plantation development to restore denuded forests of the public domain, mitigate the effects of climate change, increase wood supply, encourage green investments to increase livelihood opportunities in the countryside, and contribute to the overall socio-economic development and growth of the national economy.

SECTION 3. Definition of Terms. –

- a. *Carbon sequestration* is the process of removing carbon from the atmosphere and depositing it in a reservoir.
- b. *Carbon trader* is a person or entity dealing with the buying, selling, brokering, exchanging, and trading of carbon credits.
- c. *Carbon trading* also known as carbon emissions trading, is the use of a marketplace to buy and sell carbon credits that allow an entity to emit a certain amount of carbon dioxide.
- d. *Crop* is a plant or plant product that can be grown and harvested for profit or subsistence.
- e. *Forest block* is an area of contiguous forest land measuring fifteen (15) seconds of latitude and fifteen (15) seconds of longitude at approximately

- 20.7 hectares per block.
- f. *Forest land* includes the public forest, the permanent forest or forest reserves, forest reservations, and all other lands not classified as agricultural lands, mineral lands, and national parks.
 - g. *Planted Tree* a tree planted and raised by man.
 - h. *Tree Farm* refers to any small forest land or tract of land purposely planted for tree crops.
 - i. *Tree Growing Agreement* refers to an agreement entered by and between a natural or juridical person and the DENR wherein the latter grants to the former the right to plant and harvest trees in a tract of forest land.
 - j. *Tree Plantation* any tract of forest land purposely and extensively planted to timber crops primarily to supply the raw material requirements of existing or proposed processing plants and related industries.

SECTION 4. *Establishment of Tree Farms and Tree Plantations.* – The Department of Environment and Natural Resources (DENR) shall identify, survey and map areas suitable for the establishment of tree farms and tree plantations in forest lands. Such areas shall be called Tree Growing Agreement Areas or TGA areas. TGA areas for establishment shall be denuded and/or underutilized areas within forestlands, whether tenured or not, including ancestral lands/domains, identified as suitable for tree farming, tree plantation development, agroforestry, and other forestry and agroforestry-related economic activities. TGA establishment may be initiated by the DENR or through a request of interested parties.

SECTION 5. *Criteria for the Determination of Tree Growing Agreement Areas.* – The minimum requirements for suitability of the area for the TGA are:

- a. Soil quality should be suitable for tree plantation/tree farming, and agroforestry farming;
- b. Slope gradient should be below 50 percent, and elevation should be below 1000m above sea level (asl);
- c. Should not be prone to landslides or severe soil erosion; and
- d. Should not be identified as protected area.

SECTION 6. *Identification and Delineation of Tree Growing Agreement Areas.* – For purposes of identification and delineation of area for TGA, the DENR shall identify denuded, idle, and/or underutilized public forest that are either tenured or untenured. These identified areas of public forest shall be divided into meridional forest blocks of fifteen (15) seconds of latitude and fifteen (15) seconds of longitude at approximately 20.7 hectares per block. Such forest blocks shall be indicated in the maps publicly available in the Tree Growing Agreement Registry.

SECTION 7. *Tree Growing Agreement Registry.* – Forest lands that had been established by the DENR as TGA area shall be recorded and made available in a public registry to be maintained at the Provincial Environment and Natural Resources

Office (PENRO) and supervised by the Forest Management Bureau (FMB). Such registry shall be accessible to the public through the internet and shall contain maps showing the location of all forest lands under TGA and shall also indicate forest lands that are already under an agreement as well as those still available for application of investors.

SECTION 8. Allowable Activities for the Tree Growing Agreement. – Allowable activities within the Tree Growing Agreement area shall be limited to:

- a. Carbon trading activities
- b. Carbon sequestration and related activities
- c. Tree Plantation/Farming
- d. Wood Processing/Establishment of Wood Processing Plants
- e. Agroforestry
- f. Forestry/Agroforestry-Based Ecotourism

SECTION 9. Tree Growing Agreement. – Interested parties whether natural or juridical, may enter into a Tree Growing Agreement for the development, sustainable utilization, and management of TGA areas and forest resources within the allotted TGA area.

The Agreement shall be for a minimum of two production cycles depending on the project as proposed in the development plan to be submitted to the DENR upon application for a TGA. The duration of the production cycle shall depend on the species intended to be planted as a main crop. Each cycle shall not exceed twenty-five years.

The Agreement may be renewed automatically at the option of the TGA holder for another minimum of two production cycles if the TGA holder has complied with the terms and conditions of the Agreement and with existing laws.

The TGA is transferrable to qualified transferees for value. The Agreement may not be cancelled except for cause and with due process by the DENR. The Agreement holder shall develop at least 30% of the area applied for in the first three (3) years and utilize seventy-five (75%) of the area within five (5) years upon issuance of the TGA. Ninety percent (90%) of the TGA area must be devoted to the primary timber or tree crop compatible to the ecological and biophysical characteristics of the area.

Processing of applications and awarding and issuance of TGA shall be accomplished at the Provincial Environment and Natural Resources Office (PENRO) of the DENR and completed within 120 days from the time the complete application is submitted.

Tree Growing Agreements shall be limited to a maximum of 25 forest blocks for individuals/families, 50 forest blocks, for partnerships and cooperatives, and 250 forest

blocks for private and public corporations including local government units (LGUs) and government-owned and controlled corporations (GOCCs).

SECTION 10. *Tenured Lands.* – Forest lands covered by existing tenurial instruments may be amended to be covered by the Tree Growing Agreement. Such amendment shall be applied for at the DENR.

Tenure holders who are no longer interested in their tenure may surrender their tenure to the DENR. They may also transfer such tenurial instrument to an interested party for conversion to TGA. Tenure holders who refuse to utilize or abandon their tenurial area may be subjected to compulsory inclusion after being notified.

A Notice of Inclusion under the TGA shall be issued by DENR to inform tenure holders of compulsory coverage of the whole or portion of their unutilized or abandoned tenured areas.

SECTION 11. *Qualifications of Applicants.* – Any natural or juridical person may apply for a Tree Growing Agreement. LGUs and GOCCs may also apply for the said Agreement. Likewise, Agreement shall be awarded transparently and equitably to both foreign and domestic investors.

SECTION 12. *Certifications, Permits and Licenses.* – The DENR PENRO shall also coordinate with the Environmental Management Bureau (EMB), National Commission on Indigenous Peoples (NCIP), LGUs, and other government agencies for assistance in the expedited issuance of environmental permits, local permits, Certification Precondition (CP), and other permits.

SECTION 13. *Property Rights of TGA Holders.* – All planted trees, and other non-timber forestry and agroforestry products produced within TGA areas shall be considered as personal property even if they are still attached to the soil. They shall also be considered as personal property of the holder within the purview of Republic Act No. 11057, otherwise known as the Personal Property Security Act, and thus may be traded or may be a subject to commodity contract, mortgage contract, and other security arrangement.

All planted trees and other non-timber forestry and agroforestry products produced within the TGA areas shall be considered as crops.

SECTION 14. *Relaxation of Restrictions and Regulations.* – In order to promote investments and generate interest in forest-related activities within the TGA areas, existing laws, executive issuances, local ordinances, rules and regulations are hereby repealed, amended, and modified accordingly for holders in order to:

- a. Provide access to development loans from public financial institutions for farm and plantation developers;

- b. Provide insurance coverage of plantations and plantation development equipment by the Philippine Crop Insurance Corporation (PCIC);
- c. Allow all the expenses incurred in the first five years of development, operation, and allowable activities within tree plantations to be regarded as ordinary and necessary expenses or as capital expenditure for taxation purposes;
- d. Prioritize access for tree farm and plantation developers to credit assistance from government-owned, controlled and/or supported financial institutions;
- e. Allow acceptance of planted trees and crops as collateral for loans in government-owned or controlled banks and other financial institutions;
- f. Allow only a one-time inspection by the DENR PENRO prior to harvest of planted trees leading to a single clearance for harvest, processing, transport and sale both local and international;
- g. Exempt established tree farms and plantations from logging bans for the duration of the Agreement;
- h. Allow logs, lumber and other finished wood products from TGA area to be exported without restrictions in volume;
- i. Include carbon trading and carbon sequestration activities in various investment and tax incentives;
- j. Include tree farming and plantation development as pioneer areas of investment under the Strategic Investments Priority Plan of the government;
- k. Include tree farming and plantation development in tax incentives as may be provided by existing rules and regulations of different government agencies including but not limited the Department of Finance and Department of Trade and Industry; and
- l. Include tree farming and plantation development in other investment incentive packages available for agriculture and agroforestry-related industries.

Provided that, relevant incentives shall also apply to private tree plantations registered with the DENR.

SECTION 15. *Royalties and Government Share.* – Royalties and government share shall be based on the stumpage value of planted trees. Stumpage value shall be computed by the DENR using a formula developed with the approval of the Tree Plantation Promotion and Policy Board.

Royalties and government share shall be based on the 70% of gross revenues of the Agreement holder. The government shall get five percent (5%) royalty, the tenure holder for tenured lands shall get one percent (1%), the concerned LGU where the TGA area is located shall get five percent (5%), if there are indigenous peoples in the area, two percent (2%) shall be allotted to them, and the remaining two percent (2%) shall go to DENR's tree farm and plantation development programs and projects and carbon trading activities.

SECTION 16. *Dispute Resolution Mechanism.* – Disputes arising from conflicting claims and other controversies related to the issuance and the implementation of the TGA shall be resolved administratively in the first instance at the DENR.

Any and all disputes arising from the implementation of TGA may be submitted to arbitration in the Philippines in accordance with the relevant laws and policies. The process of arbitration shall be incorporated as a provision in the TGA that will be executed pursuant to the provisions of this Act: Provided, that by mutual agreement, the parties may agree in writing to resort to alternative modes of dispute resolution.

SECTION 17. *Premature termination of the agreement.* – Upon the premature termination of the agreement at no fault of the holder, all depreciable permanent and semi-permanent improvements such as roads, buildings, and nurseries including the planted and standing trees and other forest crops, introduced and to be retained in the area, shall be properly evaluated and the holder shall be entitled to a fair compensation thereof, the amount of which shall be mutually agreed upon by both the DENR and the agreement holder, and in case of disagreement between them, by arbitration through a mutually acceptable and impartial third-party adjudicator.

SECTION 18. *Tree Plantation Advisory Council.* – The Tree Plantation Advisory Council, referred to as the Council, is hereby created which shall act as a national advisory council in the development of policies related to tree farms and plantations.

The Council shall be composed of one representative each from:

- a. Department of Environment and Natural Resources (DENR);
- b. Department Of Trade Industry (DTI);
- c. Climate Change Commission (CCC);
- d. National Commission In Indigenous Peoples (NCIP);
- e. Tree Farmers and People's Organizations;
- f. Carbon Traders ;
- g. Professional Organization of Foresters; And
- h. Wood Producers and Processors.

The DENR Secretary shall organize and appoint members of the council. The DENR shall act as the secretariat of the council and provide logistical support.

SECTION 19. *Implementing Rules and Regulations.* – The FMB of DENR shall promulgate rules and regulations to carry out the provisions of this Act within 120 days from approval hereof.

SECTION 20. *Repealing Clause.* – All laws, decrees, executive order, executive issuances or letters of instruction, rules and regulations or any part thereof inconsistent with or contrary to the provisions of this Act are hereby deemed repealed, amended or modified accordingly.

SECTION 21. *Separability Clause.* – If, for any reason or reasons, any part or parts of this Act shall be declared unconstitutional or invalid by any competent court, other parts of this Act not so declared shall continue to be in full force and effect.

SECTION 22. *Effectivity Clause.* – This Act shall take effect fifteen days (15) after its publication in two (2) newspapers of general education

Approved,



Republic of the Philippines
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NINETEENTH CONGRESS
First Regular Session

HOUSE BILL No. 5474



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**AN ACT
TO PROMOTE REFORESTATION AND TO INCREASE WOOD PRODUCTION
THROUGH THE ESTABLISHMENT OF TREE GROWING AGREEMENTS**

EXPLANATORY NOTE

The Philippine forestry sector is in a dire situation. Forest cover is only at 7 million (m) hectares (ha) or 23% of the country's total land area. From 2013-2020, 73% of tree cover loss, at 64,445 ha annual average, is found in natural forests.¹ This is equivalent to 276 metric tons of CO₂ emissions. To worsen things, the country is one of the most vulnerable areas to adverse effects of climate change with an average of 20 typhoons annually, five of which are destructive. In terms of wood supply, the country is unable to meet its national wood requirements since 2006. From 2006-2020, there is an average deficit of 1.77m cubic meters of wood.² This increased to 2m cubic meters of wood in 2010-2019. Of the available wood supply, 83% are imported.³ The sector's contribution to the economy is minimal at an average of Php 2 billion or 0.04% from 2000-2021.⁴ Past and existing government reforestation and tree plantation

¹ Global Forest Watch. "Tree cover loss in Philippines". Accessed on 12/12/ 2021 from www.globalforestwatch.org.

² Forest Management Bureau, "Plans and Programs for the Philippine Wood Industry." Lecture, Philippine Wood Expo 2019, Sofitel Hotel, Pasay City, October 21, 2019.

³Department of Natural Resources, "Situationer of Forestry Investment in the Philippines", *Facebook*, November 17, 2021, <https://www.facebook.com/DENROfficial/videos/1154495488408727>.

⁴ At constant 2018 prices. Philippine Statistics Authority (2021). National Accounts of the Philippines. Quezon City: Philippines Statistics Authority.

programs are insufficient to provide for the growing wood demands of the country. Although the government has been encouraging the establishment of tree plantations, private sector is hesitant to go into tree farm and plantation development. A major culprit is the insecure property rights in forest lands (State-owned lands).

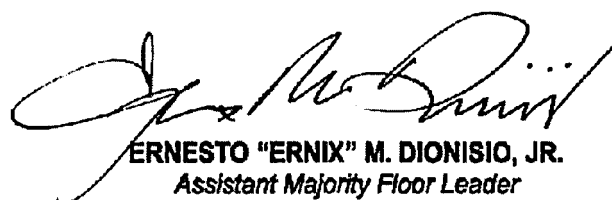
A solution is to guarantee the security of property rights in forest lands by: 1) establishing a Tree Growing Agreement (TGA) where the right to plant and harvest trees is respected; 2) treating planted trees as personal property where they can be personally owned at the moment they are planted; 3) establishing a Tree Plantation Advisory Council to serve as a national advisory council on tree farm and plantation development; 4) appropriating royalties and government share based on stumpage value to relevant stakeholders such as the national government, local government units, the tenure holders, the indigenous peoples, and the Department of Environment and Natural Resources; and 5) providing incentives to TGA holders. This bill seeks to encourage tree planting more especially in the countryside.

The proposed measure is expected to contribute to increasing the country's forest cover that would act as carbon sink, mitigating the ill-effects of climate change by preventing severe flooding, landslides, and soil erosion, and enhancing carbon absorption. It would also protect the conservation areas and biodiversity, prevent the emergence of zoonotic diseases such as COVID-19, support energy production & food security, and provide spaces for health, wellness, and recreation. Moreover, the untenured 5.5m ha of production forest lands⁵ will be utilized in part or whole for tree farm/plantation development thereby increasing wood production. This is relevant in meeting the country's wood demand, generating employment especially in the uplands where poverty and insurgency are rampant, supporting government infrastructure programs, and developing agroforestry and downstream wood industries such as furniture and housing construction.

⁵ Philippine Forestry Statistics 2020," Forest Management Bureau, <https://drive.google.com/file/d/1zOIM24aUeBNV-qH8XNpo1qiNt8g7NZ19/view>.

With the country's natural endowments, a tropical climate with rainfall distributed evenly, and with rich soil condition favorable for forests to flourish, and a young population, with 70.62m people belonging to the working ages of 15 to 64 years old⁶ that could serve as labor pool for tree planting maintenance, the Philippines possesses the capacity to become a booming forest superpower as it used to be in the 1950s-60s. The State recognizes the crucial role of the private sector as its partner in revitalizing the forestry sector following sustainable forest management principles.

In view of this, the early passage of this bill is sought.



ERNESTO "ERNIX" M. DIONISIO, JR.
Assistant Majority Floor Leader
Congressman
First Congressional District of Manila

⁶ Ben O. de Vera, "World Bank: Young population to boost PH economic development" *Philippine Daily Inquirer*, May 20, 2021, <https://business.inquirer.net/323229/world-bank-young-population-to-boost-ph-economic-development#:~:text=%E2%80%9CThe%20Philippines%20represents%20a%20young,million%20aged%2065%20and%20above.>



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL No. 5474

Introduced by HONORABLE ERNESTO "ERNIX" M. DIONISIO, JR.

AN ACT
TO PROMOTE REFORESTATION AND TO INCREASE WOOD PRODUCTION
THROUGH THE ESTABLISHMENT OF TREE GROWING AGREEMENTS

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

SECTION 1. *Short Title.* – This Act shall be known as the "Tree Growing Agreements Act."

SECTION 2. *Declaration of Policy.* – It is the policy of the State to promote tree farm and tree plantation development to restore denuded forests of the public domain, mitigate the effects of climate change, increase wood supply, encourage green investments to increase livelihood opportunities in the countryside, and contribute to the overall socio-economic development and growth of the national economy.

SECTION 3. *Definition of Terms.* –

- a. *Carbon sequestration* is the process of removing carbon from the atmosphere and depositing it in a reservoir.
- b. *Carbon trader* is a person or entity dealing with the buying, selling, brokering, exchanging, and trading of carbon credits.
- c. *Carbon trading* also known as carbon emissions trading, is the use of a marketplace to buy and sell carbon credits that allow an entity to emit a certain amount of carbon dioxide.
- d. *Crop* is a plant or plant product that can be grown and harvested for profit or subsistence.
- e. *Forest block* is an area of contiguous forest land measuring fifteen (15) seconds of latitude and fifteen (15) seconds of longitude at approximately

20.7 hectares per block.

- f. *Forest land* includes the public forest, the permanent forest or forest reserves, forest reservations, and all other lands not classified as agricultural lands, mineral lands, and national parks.
- g. *Planted Tree* a tree planted and raised by man.
- h. *Tree Farm* refers to any small forest land or tract of land purposely planted for tree crops.
- i. *Tree Growing Agreement* refers to an agreement entered by and between a natural or juridical person and the DENR wherein the latter grants to the former the right to plant and harvest trees in a tract of forest land.
- j. *Tree Plantation* any tract of forest land purposely and extensively planted to timber crops primarily to supply the raw material requirements of existing or proposed processing plants and related industries.

SECTION 4. *Establishment of Tree Farms and Tree Plantations.* – The Department of Environment and Natural Resources (DENR) shall identify, survey and map areas suitable for the establishment of tree farms and tree plantations in forest lands. Such areas shall be called Tree Growing Agreement Areas or TGA areas. TGA areas for establishment shall be denuded and/or underutilized areas within forestlands, whether tenured or not, including ancestral lands/domains, identified as suitable for tree farming, tree plantation development, agroforestry, and other forestry and agroforestry-related economic activities. TGA establishment may be initiated by the DENR or through a request of interested parties.

SECTION 5. *Criteria for the Determination of Tree Growing Agreement Areas.* – The minimum requirements for suitability of the area for the TGA are:

- a. Soil quality should be suitable for tree plantation/tree farming, and agroforestry farming;
- b. Slope gradient should be below 50 percent, and elevation should be below 1000m above sea level (asl);
- c. Should not be prone to landslides or severe soil erosion; and
- d. Should not be identified as protected area.

SECTION 6. *Identification and Delineation of Tree Growing Agreement Areas.* – For purposes of identification and delineation of area for TGA, the DENR shall identify denuded, idle, and/or underutilized public forest that are either tenured or untenured. These identified areas of public forest shall be divided into meridional forest blocks of fifteen (15) seconds of latitude and fifteen (15) seconds of longitude at approximately 20.7 hectares per block. Such forest blocks shall be indicated in the maps publicly available in the Tree Growing Agreement Registry.

SECTION 7. *Tree Growing Agreement Registry.* – Forest lands that had been established by the DENR as TGA area shall be recorded and made available in a public registry to be maintained at the Provincial Environment and Natural Resources

Office (PENRO) and supervised by the Forest Management Bureau (FMB). Such registry shall be accessible to the public through the internet and shall contain maps showing the location of all forest lands under TGA and shall also indicate forest lands that are already under an agreement as well as those still available for application of investors.

SECTION 8. Allowable Activities for the Tree Growing Agreement. – Allowable activities within the Tree Growing Agreement area shall be limited to:

- a. Carbon trading activities
- b. Carbon sequestration and related activities
- c. Tree Plantation/Farming
- d. Wood Processing/Establishment of Wood Processing Plants
- e. Agroforestry
- f. Forestry/Agroforestry-Based Ecotourism

SECTION 9. Tree Growing Agreement. – Interested parties whether natural or juridical, may enter into a Tree Growing Agreement for the development, sustainable utilization, and management of TGA areas and forest resources within the allotted TGA area.

The Agreement shall be for a minimum of two production cycles depending on the project as proposed in the development plan to be submitted to the DENR upon application for a TGA. The duration of the production cycle shall depend on the species intended to be planted as a main crop. Each cycle shall not exceed twenty-five years.

The Agreement may be renewed automatically at the option of the TGA holder for another minimum of two production cycles if the TGA holder has complied with the terms and conditions of the Agreement and with existing laws.

The TGA is transferrable to qualified transferees for value. The Agreement may not be cancelled except for cause and with due process by the DENR. The Agreement holder shall develop at least 30% of the area applied for in the first three (3) years and utilize seventy-five (75%) of the area within five (5) years upon issuance of the TGA. Ninety percent (90%) of the TGA area must be devoted to the primary timber or tree crop compatible to the ecological and biophysical characteristics of the area.

Processing of applications and awarding and issuance of TGA shall be accomplished at the Provincial Environment and Natural Resources Office (PENRO) of the DENR and completed within 120 days from the time the complete application is submitted.

Tree Growing Agreements shall be limited to a maximum of 25 forest blocks for individuals/families, 50 forest blocks, for partnerships and cooperatives, and 250 forest

blocks for private and public corporations including local government units (LGUs) and government-owned and controlled corporations (GOCCs).

SECTION 10. *Tenured Lands.* – Forest lands covered by existing tenurial instruments may be amended to be covered by the Tree Growing Agreement. Such amendment shall be applied for at the DENR.

Tenure holders who are no longer interested in their tenure may surrender their tenure to the DENR. They may also transfer such tenurial instrument to an interested party for conversion to TGA. Tenure holders who refuse to utilize or abandon their tenurial area may be subjected to compulsory inclusion after being notified.

A Notice of Inclusion under the TGA shall be issued by DENR to inform tenure holders of compulsory coverage of the whole or portion of their unutilized or abandoned tenured areas.

SECTION 11. *Qualifications of Applicants.* – Any natural or juridical person may apply for a Tree Growing Agreement. LGUs and GOCCs may also apply for the said Agreement. Likewise, Agreement shall be awarded transparently and equitably to both foreign and domestic investors.

SECTION 12. *Certifications, Permits and Licenses.* – The DENR PENRO shall also coordinate with the Environmental Management Bureau (EMB), National Commission on Indigenous Peoples (NCIP), LGUs, and other government agencies for assistance in the expedited issuance of environmental permits, local permits, Certification Precondition (CP), and other permits.

SECTION 13. *Property Rights of TGA Holders.* – All planted trees, and other non-timber forestry and agroforestry products produced within TGA areas shall be considered as personal property even if they are still attached to the soil. They shall also be considered as personal property of the holder within the purview of Republic Act No. 11057, otherwise known as the Personal Property Security Act, and thus may be traded or may be a subject to commodity contract, mortgage contract, and other security arrangement.

All planted trees and other non-timber forestry and agroforestry products produced within the TGA areas shall be considered as crops.

SECTION 14. *Relaxation of Restrictions and Regulations.* – In order to promote investments and generate interest in forest-related activities within the TGA areas, existing laws, executive issuances, local ordinances, rules and regulations are hereby repealed, amended, and modified accordingly for holders in order to:

- a. Provide access to development loans from public financial institutions for farm and plantation developers;

- b. Provide insurance coverage of plantations and plantation development equipment by the Philippine Crop Insurance Corporation (PCIC);
- c. Allow all the expenses incurred in the first five years of development, operation, and allowable activities within tree plantations to be regarded as ordinary and necessary expenses or as capital expenditure for taxation purposes;
- d. Prioritize access for tree farm and plantation developers to credit assistance from government-owned, controlled and/or supported financial institutions;
- e. Allow acceptance of planted trees and crops as collateral for loans in government-owned or controlled banks and other financial institutions;
- f. Allow only a one-time inspection by the DENR PENRO prior to harvest of planted trees leading to a single clearance for harvest, processing, transport and sale both local and international;
- g. Exempt established tree farms and plantations from logging bans for the duration of the Agreement;
- h. Allow logs, lumber and other finished wood products from TGA area to be exported without restrictions in volume;
- i. Include carbon trading and carbon sequestration activities in various investment and tax incentives;
- j. Include tree farming and plantation development as pioneer areas of investment under the Strategic Investments Priority Plan of the government;
- k. Include tree farming and plantation development in tax incentives as may be provided by existing rules and regulations of different government agencies including but not limited the Department of Finance and Department of Trade and Industry; and
- l. Include tree farming and plantation development in other investment incentive packages available for agriculture and agroforestry-related industries.

Provided that, relevant incentives shall also apply to private tree plantations registered with the DENR.

SECTION 15. *Royalties and Government Share.* – Royalties and government share shall be based on the stumpage value of planted trees. Stumpage value shall be computed by the DENR using a formula developed with the approval of the Tree Plantation Promotion and Policy Board.

Royalties and government share shall be based on the 70% of gross revenues of the Agreement holder. The government shall get five percent (5%) royalty, the tenure holder for tenured lands shall get one percent (1%), the concerned LGU where the TGA area is located shall get five percent (5%), if there are indigenous peoples in the area, two percent (2%) shall be allotted to them, and the remaining two percent (2%) shall go to DENR's tree farm and plantation development programs and projects and carbon trading activities.

SECTION 16. *Dispute Resolution Mechanism.* – Disputes arising from conflicting claims and other controversies related to the issuance and the implementation of the TGA shall be resolved administratively in the first instance at the DENR.

Any and all disputes arising from the implementation of TGA may be submitted to arbitration in the Philippines in accordance with the relevant laws and policies. The process of arbitration shall be incorporated as a provision in the TGA that will be executed pursuant to the provisions of this Act: Provided, that by mutual agreement, the parties may agree in writing to resort to alternative modes of dispute resolution.

SECTION 17. *Premature termination of the agreement.* – Upon the premature termination of the agreement at no fault of the holder, all depreciable permanent and semi-permanent improvements such as roads, buildings, and nurseries including the planted and standing trees and other forest crops, introduced and to be retained in the area, shall be properly evaluated and the holder shall be entitled to a fair compensation thereof, the amount of which shall be mutually agreed upon by both the DENR and the agreement holder, and in case of disagreement between them, by arbitration through a mutually acceptable and impartial third-party adjudicator.

SECTION 18. *Tree Plantation Advisory Council.* – The Tree Plantation Advisory Council, referred to as the Council, is hereby created which shall act as a national advisory council in the development of policies related to tree farms and plantations.

The Council shall be composed of one representative each from:

- a. Department of Environment and Natural Resources (DENR);
- b. Department Of Trade Industry (DTI);
- c. Climate Change Commission (CCC);
- d. National Commission In Indigenous Peoples (NCIP);
- e. Tree Farmers and People's Organizations;
- f. Carbon Traders ;
- g. Professional Organization of Foresters; And
- h. Wood Producers and Processors.

The DENR Secretary shall organize and appoint members of the council. The DENR shall act as the secretariat of the council and provide logistical support.

SECTION 19. *Implementing Rules and Regulations.* – The FMB of DENR shall promulgate rules and regulations to carry out the provisions of this Act within 120 days from approval hereof.

SECTION 20. *Repealing Clause.* – All laws, decrees, executive order, executive issuances or letters of instruction, rules and regulations or any part thereof inconsistent with or contrary to the provisions of this Act are hereby deemed repealed, amended or modified accordingly.

SECTION 21. *Separability Clause.* – If, for any reason or reasons, any part or parts of this Act shall be declared unconstitutional or invalid by any competent court, other parts of this Act not so declared shall continue to be in full force and effect.

SECTION 22. *Effectivity Clause.* – This Act shall take effect fifteen days (15) after its publication in two (2) newspapers of general education

Approved,