

**Administrative Order
No. 36
March 3, 1987**

SUBJECT: Rules and Regulations Governing the Implementation of Community Based Contract Reforestation and the Issuance of Woodlot Lease Agreements in the Central Visayas (Region VII)

Pursuant to the Loan Agreement between the Republic of the Philippines and the International Bank for Reconstruction and Development dated February 7, 1984 covering the Central Visayas Regional Project; to the new contract reforestation initiatives launched by the Department of Natural Resources (DNR); and to Ministry Administrative Order No. 1, Series of 1986, dated 13, March 1986, the following rules and regulations are hereby promulgated for implementation of Community-Based Contract Reforestation and the issuance of Woodlot Lease Agreements in Region VII.

**ARTICLE I
POLICY, OBJECTIVES AND DEFINITION OF TERMS**

Section 1. Basic Policy - Consistent with the national objectives of social justice, economic equity and human resource development, it is the policy of government to democratize the disposition of forest resources and public forest lands; achieve equitable distribution of the benefits derived from forest resources; and develop the upland occupants and their communities into active and prosperous participants in the national economic recovery program.

Section 2. Program Concept - The scheme hereinafter referred to is a forest resources development program which, through Community-Based Contract Reforestation and the issuance of Woodlot Lease Agreements, will enable forest occupants to derive livelihood from the planting, maintenance, harvesting and utilization of forest trees, fruit trees and minor forest products planted by them in public forest lands.

Section 3. Objectives - The objectives of the program are to:

- 3.1 Improve the quality of life of that sector of the rural population living within or adjacent to public forest lands;
- 3.2 Develop the members of the sector identified in 3.1 above into effective forest resource managers by raising their level of understanding, skills and capabilities in forest resources management;

- 3.3 Attain a condition of balanced, optimum and sustainable productivity of agricultural and forest resources; and
- 3.4 Develop conditions under which man lives in productive and enjoyable harmony with his environment.

Section 4. Definition of Terms

- 4.1 **Community Based Contract Reforestation** - refers to a situation wherein a contract is entered into by and between (a) associations and/or individuals and (b) the government, in which the former agree to perform specific tasks related to forest establishment such as reforestation, enrichment planting and the like, while the latter pays the former for implementing such tasks.
- 4.2 **Contractor** - is the holder of a Community-Based Reforestation Contract.
- 4.3 **Community Protection Forests** - are forests of natural origin or established artificially in forest lands set aside by the government for the protection of water supply, wildlife, flora and fauna and are not subject to any form of unauthorized exploitation.
- 4.4 **Community Production Forests** - are forests established, developed and maintained in public forest lands for the production of commercial timber, fruit trees, short term crops and other minor forest products.
- 4.5 **Woodlots** - for purposes of this Order, are defined as areas of man-made forest established through a Community-Based Reforestation Contract and patches of natural forest, wherein the Government will grant utilization privileges to qualified lessees, subject to applicable BFD rules, regulations and procedures including this Order.
- 4.6 **Woodlot Lease Agreement** - is an instrument issued by the Government granting individuals and associations, security of tenure and utilization rights for 25 years, renewable for a similar period, over community production forests areas within a Woodlot; and which instrument may also include provisions whereby lessees agree to develop, manage and maintain community protection forests without payment from the Government.

- 4.7 **Project Participant** - is a forest occupant or any person occupying lands within the boundaries of a government-sponsored or government-approved rural development project and/or a community forest management association or cooperative duly recognized by the Bureau of Forest Development (BFD) Region VII.
- 4.8 **Project Areas** - are the sites of government-sponsored and/or government-approved development projects within the Central Visayas.
- 4.9 **On-Farm Areas** - are public lands under actual cultivation which are available for issuance of, or are already covered by, stewardship contracts.
- 4.10 **Off-Farm Areas** - are lands that are in need of reforestation but are not occupied and therefore not subject to the issuance of Stewardship Contracts (CSC).
- 4.11 **Areas Under Actual Cultivation** - as used in this Order, this applies to lands currently occupied by either CSC holders or non-CSC holders, specifically in reference to portions of their farm areas which are not under fallow.
- 4.12 **Project Manager** - is the senior officer based in the project area of a government-sponsored or government-approved rural development project, either directly employed by the project and/or designated by duly authorized officers (e.g. a District Forester given responsibility for management of an ISF project).

ARTICLE II COMMUNITY-BASED CONTRACT REFORESTATION

Section 5. Forest Lands Available for Community-Based Contract Reforestation - Community-Based Contract Reforestation may be conducted in any forest lands inside project areas except in on-farm areas, areas covered by permits, licenses and leases prior to the effectivity of this Order, and such areas as may hereinafter be closed to contract reforestation.

Section 6. Reforestation Contract - Reforestation in off-farm areas may be undertaken through a contract to be entered into by and between qualified project participants and the Department of Natural Resources (DNR) through the Bureau of Forest Development (BFD) upon recommendation of the Barangay Development Council with concurrence of the Project Manager.

A reforestation contract shall have a maximum duration of five (5) years, subject to the availability of government funds for Community-Based Contract Reforestation, after which any and all rights to improvements made in the area by the contractor shall automatically belong to the Government.

Section 7. Who May Apply - Any of the following project participants may apply for a reforestation contract:

- 7.1 Head of family
- 7.2 Duly recognized associations or cooperatives of project participants
- 7.3 Other civic or religious organizations in the project area
- 7.4 Barangay Development Councils in the project area

However, priority shall be given to individuals or associations who are already adopters of improved on-farm technologies such as soil and water conservation and agro-forestry.

Section 8. Size of Contract Areas - For individuals, the size of contract reforestation areas shall not exceed one hundred (100) per cent of the total area under actual cultivation for non-holders of CSC's, and shall not exceed fifty (50) per cent of the total area under stewardship contract for CSC holders, at the time of applications.

In the case of associations or cooperatives, the allowable size of contract reforestation areas shall be computed based on the following formula:

$$A = 50\% \text{ of } CA + 100\% \text{ AC}$$

where A = contract reforestation area

CA = total combined area occupied by association/ cooperative members under CSC

AC = total combined area of actual cultivation by association/cooperative members at the time of application not covered by CSC

However, the foregoing limitations shall not preclude the awarding of subsequent contracts for reforestation of additional lands after initial areas shall have been fully developed as certified by the BFD Region VII Regional Director.

Section 9. Application - The District Forester or his authorized representatives shall, upon request by applicants, assist in the preparation of applications and development plans for implementing Contract Reforestation. For an application to be given due course, the prescribed application forms shall be accomplished and filed with the BFD together with the following requirements:

9.1 For Individuals

9.1.1 Certificate from the District Forester that the applicant is a bona-fide project participant;

9.1.2 Certification from the District Forester that the applicant, has adopted soil and water conservation technologies in his on-farm area;

9.2 For duly organized associations, cooperatives, civic or religious groups -

9.2.1 Certification from the District Forester that not less than ninety percent (90%) of all members of the applicant association, cooperative, civic or religious group are bona-fide project participants;

9.2.2 Certification from the District Forester that majority of the members and all incumbent officers have adopted soil and water conservation technology in their on-farm areas;

9.2.3 Original copy of Resolution by the applicant identifying its duly-authorized representative or representatives to sign applications and other documents required for implementing Contract Reforestation.

9.3 For a Barangay Development Council (BDC)

9.3.1 Certification from the District Forester that all officers are bona fide project participants

9.3.2 Certification from the District Forester that all incumbent BDC Officers have adopted soil and water conservation technology in their on-farm areas;

9.3.3 Original copy of approved Minutes of BDC resolution identifying its duly-authorized representative or representatives to sign applications and other documents required for implementing Contract Reforestation.

Section 10. Privileges, Benefits and Incentives - A contract shall entitle the holder to the following privileges:

- 10.1 No filing fee and performance bond shall be imposed on applications for Community-Based Contractual Reforestation;
- 10.2 During the duration of the contract, secondary short term crops may be raised in the area under contract by the Contractor who shall have the right to harvest, transport, sell, convey or dispose of the said secondary crops in a manner he sees fit; **provided**, that no timber or forest products shall be cut and gathered other than thinning removed for silvicultural purposes, the extent of which shall not reduce planting density (i.e. trees/ha) to a number less than that prescribed in the Contract.
- 10.3 Free technical and legal assistance, educational materials, and training in forestation/agro reforestation and on-farm agroforestry technology.

Section 11. Obligations of the Contractor - The contractor shall strictly observe the following:

- 11.1 To be familiar with the boundaries of his area so that he does not encroach in the area of another nor allow anybody to encroach in his own;
- 11.2 To protect the area under contract against man-made, man-caused disturbances or destructions;
- 11.3 To do no timber cutting, unnecessary underbrushing, clearing, burning or other activities not consistent with the purposes of the contract;
- 11.4 To follow as closely as possible the appropriate schedule for planting, maintenance and improvement;
- 11.5 Not to sub-contract, convey or transfer to others the areas under his contract or any part thereof.

Section 12. Limitations Under a Community-Based Reforestation Contract -

- 12.1 A contract shall be non-transferable.

- 12.2 In fulfilling the terms of the contract, the contractor shall not conduct activities which are in violation of the prescribed management or operations plan as provided in the Contract, said plan is to be prepared with assistance from the District Forester or his authorized representatives upon request by the Contractor.

ARTICLE III ISSUANCE OF WOODLOT LEASE AGREEMENT

Section 13. Management of Woodlots - The management and improvement of woodlots reforested through Community-Based Contract Reforestation shall be the direct responsibility of Woodlot Lessees, with technical assistance provided by the District Forester or his authorized representative.

A reasonable amount of Lease Holders' income from woodlot operations shall be invested in the development and maintenance of forest/fruit tree plantations and community protection forests, this amount to be determined through consultation between Lease Holders and the BFD and included in the terms and conditions of Woodlot Lease Agreements or subsequent amendments thereto.

Section 14. Forest Lands Available for Woodlot Development - The following areas may be made available for Woodlot Lease Agreements;

- 14.1 Off-farm areas reforested through Community-Based Reforestation Contracts;
- 14.2 Isolated patches of natural forests, or stands of naturally growing trees surrounded by areas developed through Contract Reforestation or contiguous thereto; **provided**, that cutting, harvesting or utilization of the same shall be conducted in a manner consistent with the principles of sustained yield management as prescribed in BFD rules, regulations and procedures;
- 14.3 Specific areas in forest lands mentioned in Sec. 5 hereof.

Section 15. Woodlot Lease Agreement - The authorization to utilize and manage resources contained within a woodlot may be allowed under a lease issued by the BFD Region VII Regional Director, upon recommendation of the Project Manager, the Barangay Development Council or the District Forester, and in compliance with the requirements prescribed herein.

A Woodlot Lease Agreement shall have a duration of twenty five (25) years, renewable for a similar period; **provided**, that the terms and conditions stipulated in the lease and applicable laws and regulations are properly complied with.

Section 16. Who May Apply - The following persons may apply:

- 16.1 Interested and qualified holders of Community-Based Reforestation Contracts shall have priority to obtain a lease to utilize and manage woodlots in their respective reforested areas, excepting those holders of reforestation contracts in areas set aside exclusively for development and maintenance of community protection forests. The priority herein granted must however, be availed of within a period of two (2) years from the expiry of the reforestation contract, otherwise the area shall be declared open to any of the qualified project participants mentioned in Sec. 7 hereof.

Section 17. Application Requirements - The District Forester or his authorized representatives shall, upon request by applicants, assist in the preparation of applications and management plans for Woodlot Lease Agreements. For an application to be given due course, the prescribed application form shall be accomplished by the applicant and filed with the BFD together with the requirements mentioned in Sec. 9 hereof and the following additional requirements.

- 17.1 Certification of satisfactory performance as reforestation contractor attested by the District Forester;
- 17.2 Original copy of an approved resolution to apply for Woodlot Lease Agreement in the case of associations and civic/religious organizations;
- 17.3 Original copy of approved resolution (in the case of associations, cooperatives, civic/religious organizations) or duly notarized affidavit/commitment notice or Promissory Note (in the case of individuals), to set aside a certain reasonable amount of income derived from the Woodlot (in cash or its equivalent), for the development and maintenance of community protection forests and infrastructures, this amount to be specified to the extent this is feasible in the Woodlot Lease Agreement.
- 17.4 For associations, cooperatives and civic/religious organizations, a copy of a Certificate of Registration with a duly authorized government agency.

Section 18. Size of Woodlot - The extent of forest lands which may be the subject of a Woodlot Lease Agreement shall be limited to that which a lessee may effectively develop, as determined from time to time by the BFD Region VII Regional Director, upon the recommendation of the District Forester, considering the production cycle and the lessee's capacity to develop, protect and manage the area; **provided**, that in consonance with the policy of government to promote social equity by diffusing the benefits derivable from natural resources, manageable-sized woodlots shall be allocated to as many project participants as possible.

Section 19. Progressive Leasing - Subject to relevant legal limitations and to the provisions of Sec. 16 hereof, more than one lease may be issued to each qualified project participant.

Section 20. Obligations of the Lessee - The lessee shall strictly observe the following:

- 20.1 To be familiar with the boundaries of his woodlot area so that he does not encroach in the areas of another nor allow anybody to encroach in his area.
- 20.2 To protect his woodlot against man-made or man-caused destruction.
- 20.3 To implement the terms and conditions of the Woodlot Lease Agreement and management plan thereof, and to refrain from unauthorized cutting, underbrushing, clearing, burning or gathering of products.
- 20.4 To maintain books of accounts and records of activities pertinent to development, management and utilization of his woodlot.
- 20.5 Starting from the time of harvest, to set aside a certain amount of the income derived from the woodlot for the development and maintenance of community protection forests and of infrastructure established in the barangay in which the lessee resides.

Section 21. Privileges, Benefits and Incentives - A Woodlot Lease Agreement shall entitle the holder to the following privileges:

- 21.1 No filing fee or performance bond shall be imposed on applications for Woodlot Lease Agreement.

- 21.2 Forest tree, fruit tree, short term crop and minor forest products raised within the Woodlot shall belong to the lessee who shall have the right to sell, harvest, transport, convey or dispose of said products in a manner he sees fit, in accordance with existing laws, rules and regulations.

Section 22. Grounds for Cancellation or Suspension of Reforestation Contracts and/or Woodlot Lease Agreement - The BFD Region VII Regional Director, upon recommendation of the District Forester, may cancel or suspend a Community-Based Reforestation Contract/Woodlot Lease Agreement for any of the following grounds:

22.1 Grounds for Suspension

22.1.1 If the contract/lease was obtained through fraud, misrepresentation or omission of material facts at the time of application.

22.1.2 Failure of a contractor/lessee to settle any account embodied in the contract/lease agreement, within a reasonable period after demand, or violation of provisions in the National Internal Revenue Code pertinent to forest products.

22.1.3 Abandonment of the area, or failure to exercise the privileges granted under the contract/lease within four (4) months from the issuance of the contract/lease agreement after being notified in writing of its neglect by the BFD.

22.2 Grounds for Cancellation

22.2.1 Violation of any of the terms and conditions prescribed in the contract/lease agreement.

22.2.2 When direct management of the area covered by the contract/lease is transferred to the DNR/BFD for watershed management purposes, in which case the contractor/lessee shall be entitled to due process of law and just compensation.

**ARTICLE IV
REGULATORY FEES**

Section 23. Charges and Fees - All fees and charges relative to forest products which are presently being collected under existing laws and regulations shall continue to be imposed and collected until otherwise amended; **provided**, however, that timber for production tools, abode, burials and community infrastructure shall be exempt from the payment of forest charges.

**ARTICLE V
IMPLEMENTING RULES, REPEALING CLAUSE AND EFFECTIVITY**

Section 24. Implementing Rules and Regulations - The Regional Director of BFD Region VII, in coordination with the Project Managers and District Foresters of areas affected by this order shall promulgate the appropriate rules, procedures and regulations and design official forms to implement this Order.

Section 25. Repealing Clause - This Order supersedes all Orders, circulars, memoranda or agreements that are inconsistent herewith.

Section 26. Effectivity - This Order shall take effect immediately.

CARLOS G. DOMINGUEZ
Secretary

Recommending Approval:

CIRILO B. SERNA
Officer-in-Charge, BFD