

**Administrative Order
No. 5
January 11, 1990**

**SUBJECT: Amendment to DENR Administrative
Order No. 19, Series of 1989 on Lumber
Export Ban**

In order to encourage processing of high value added lumber products and to discourage technical manipulation in the implementation of lumber export ban, Section 2 of DENR Administrative Order No. 19, Series of 1989 is hereby amended to read as follows:

"Section 2 - Exemption to the Export Ban. Lumber products, wood manufactures and other wood finished products which are further manufactured from lumber of wood including, but not limited to wooden furniture and toys, packing cases and parquet floors, doors and other builder woodworks, picture frames, tool handles, decorative articles, wooden shoes, toothpicks, chopsticks, etc. coming from local or imported logs, shall be allowed to be exported."

All other provisions of DENR Administrative Order No. 19, Series of 1989 remain the same.

Be guided accordingly.

FULGENCIO S. FACTORAN, JR.
Secretary

Administrative Order
No. 15
February 1, 1990

**SUBJECT: Regulations Governing the Utilization,
Development and Management of
Mangrove Resources**

In accordance with the provisions of P.D. 705, as amended, otherwise known as the Revised Forestry Code of the Philippines, the following rules and regulations governing the utilization, development and management of mangrove resources are hereby promulgated for the information and guidance of all concerned:

SECTION 1. Policy and Objectives. - Mangroves have multi-uses. As such, the utilization, development and management of mangrove resources shall involve as many uses as possible for the benefit of the greater number of users. To sustain optimum productivity, it shall be the policy of the government to conserve, protect, rehabilitate and develop the remaining mangrove resources of the country; give preference to organizations, associations or cooperatives over individual users in the utilization and development of the mangrove resources; stop the wanton exploitation of the mangrove resources; and enhance the replenishment of the denuded areas through natural or artificial means.

SECTION 2. Definition of Terms. - For the purpose of this Order, the following terms are defined:

- a. **Alienable or Disposable Lands** refer to those lands of the public domain which have been the subject of the present system of classification and certified as not needed for forestry purposes.
- b. **Communal Mangrove Forest** refers to a tract of public forest set aside by the Secretary of the Department of Environment and Natural Resources upon the recommendation of the Director of the Forest Management Bureau for the exclusive use of the residents of the municipality from which said residents may cut, collect or remove mangrove forest products, such as firewood and mangrove timber for charcoal production for home consumption in accordance with existing laws and forest rules and regulations.

- c. **Denuded areas** refer to mangrove areas which have been devoid of mangrove trees, shrubs and/or nipa palms. Treeless areas covered with weeds and vines fall under this definition.
- d. **Fishpond Lease Agreement** is a privilege granted by the state to a person or group of persons to occupy and possess in consideration of specified rental any public lands for the raising of fish and other aquatic products.
- e. **Forest Lands** include the public forest, the permanent forest or forest reserves, and forest reservations.
- f. **License** is a privilege granted by the State to a person to utilize forest resources within any forest land, without any right of occupation and possession over the same, to the exclusion of others, or establish and operate a wood processing plant, or conduct any activity involving the utilization of any mangrove forest resources.
- g. **Mangrove area** refers to the area found along the seacoast and estuaries whether sparsely or thickly vegetated with true and/or associated mangrove species, or open swampy areas, including brackish fishponds, extending along stream where the water is brackish.
- h. **Mangrove Buffer Zones** are strips of land at least 50 meters in width fronting seas, oceans and other bodies of water and 20 meters on both sides of river channels/banks maintained and developed to enhance the protective capability of the mangroves against strong currents, winds and high waves except in areas covered by Ministry Administrative Order No. 42, Series of 1986.
- i. **Mangrove Forest** refers to forest stand found in the mangrove areas and composed primarily of mangrove and associated species.
- j. **Mangrove Plantation** refers to a stand of mangrove trees and/or palms of true or associated species planted in the mangrove area.
- k. **Mangrove Resources** refer to all terrestrial and aquatic flora and fauna in the mangroves including land and minerals which could bestow any form of services, influences, and amenities to man and the environment.

- l. **Mangrove Swamp Forest Reserves** are mangrove areas of the public domain which are declared as such under Presidential Proclamation 2152 and are determined to be needed for conservation and protection purposes.
- m. **Permit** is a short term privilege or authority granted by the State to a person or group of persons to utilize any limited forest resources or undertake a limited activity within any forest land without any right of occupation and possession therein.
- n. **Protected Areas** refer to mangrove areas declared as such under the Integrated Protected Areas System to be instituted by the DENR.
- o. **Timber** refers to any piece of wood more than 1.5 meters long and having an average diameter of more than 15 centimeters.
- p. **Wilderness Areas** refer to the mangrove areas which have been declared as such by the President of the Philippines under Presidential Proclamations for the preservation of the floral and faunal species found therein to prevent their extinction and to serve as genepool for the proliferation of said species.

SECTION 3. Prohibition in the Issuance of License and Permit.

- Upon the effectivity of this Order, the granting and/or renewal of mangrove timber license and/or permit of any kind that authorizes the cutting and/or debarking of the trees for commercial purposes in areas outside the coverage of Fishpond Lease Agreements and mangrove plantations shall no longer be allowed.

SECTION 4. Conversion of Mangrove Areas into Fishponds. -

Conversion of thickly vegetated mangrove areas into fishponds shall no longer be allowed. All mangrove swamps released to the Bureau of Fisheries and Aquatic Resources which are not utilized, or which have been abandoned for five (5) years from the date of such release shall revert to the category of forest land in accordance with existing laws and regulations.

SECTION 5. Fishponds in Mangrove Forest Reserves and

Wilderness Areas. - In accordance with the national policy fishponds will not be allowed within mangrove forest reserves and wilderness areas. However, in cases where legally acquired productive fishponds are found within such areas, and the government opts to revert them to the category of forest lands and if public interest so dictates, the operator would be justly compensated.

SECTION 6. Issuance of Certificate of Stewardship Contract. - A Certificate of Stewardship Contract may be issued covering mangrove areas to individuals, communities, associations or cooperatives, except in wilderness areas, provided that the activities shall be limited to sustainable activities as indicated in the approved Management Plan for such areas. Conversion of mangroves for, but not limited to, fishpond development, saltworks and paddy cultivation shall not be allowed under the Certificate of Stewardship Contract.

SECTION 7. Cutting of Trees within FLA Areas. - No cutting of trees within existing Fishpond Lease Agreement (FLA) areas shall be allowed without the benefit of a permit from the Department of Environment and Natural Resources. The trees cut in FLA areas through a permit shall be turned over to the DENR for disposition through public bidding. FLA holders are given the right to equal the highest bidder, in which case the bid is automatically awarded to him.

SECTION 8. Establishment, Development and Management of Communal Mangrove Forest. - Communal mangrove forests may be established in mangrove-endowed municipalities/cities in accordance with the policy guidelines as enunciated in Ministry Administrative Order No. 48, Series of 1982, as amended. The development and management of the communal mangrove forest shall be the responsibility of the community people concerned under the concept of community-based forest management and in accordance with an approved Management Plan to be monitored closely by the Regional Offices of the DENR. However, the DENR may disestablish a mangrove area as communal mangrove forest if the allowable activities thereat are found to be non-sustainable to the resource.

The DENR through its field offices shall conduct a sustained information dissemination campaign on the environmental aspect of mangrove management. Local immersion should also be used as a tool to train the people on the technical aspect of mangrove management. The substance of the training should be attuned to the policy as enunciated in this Order.

SECTION 9. Fishpond Development. - Fishpond development shall only be allowed in denuded areas which have been zonified as suited for such activity. Estuarine mangroves which are predominantly, if not totally, vegetated with shrubs shall not be disposed for fishpond development as such areas still contribute to the productivity of the nearby marine ecosystem, hence should also be extensively rehabilitated. Applications for fishpond development covering the estuarine areas shall be returned to the applicants immediately with a corresponding responsibility on the part of the Department of Environment and Natural Resources to assist the applicants in locating suitable areas as an alternative area for fishpond development in accordance with the provisions of this Order.

SECTION 10. Responsibility and Authority on the Protection, Development and Management of Mangrove Areas. - The protection, development and management of mangrove areas shall be the responsibility of the concerned Regional Offices of the Department of Environment and Natural Resources in coordination with the Department of Agriculture.

SECTION 11. Continuing Assessment of Mangrove Resources. - There shall be a periodic assessment of the mangrove resources throughout the country. The National Mapping and Resource Information Authority (NAMRIA) shall be responsible in the interpretation of aerial photographs, Land Satellite (LANDSAT) and other remote sensing data while the Regional Land Evaluation Teams will do the ground verification activities. The involvement of interested Non-government Organizations shall also be solicited in the conduct of the assessment.

SECTION 12. Establishment of Mangrove Plantations. - Mangrove plantations are allowed to be established in denuded or sparsely-vegetated mangrove forest lands and A and D areas through an approved permit in accordance with the relevant provisions of Forestry Administrative Order No. 8-3, Series of 1941, prescribing the revised guidelines governing the special uses of forest lands, as amended, and other related laws, rules and regulations. The initial maximum area allowed for mangrove plantation establishment shall be fixed at fifty (50) hectares for corporations, cooperatives and associations and ten (10) hectares for individuals. However, additional areas may be subsequently granted to existing developers after thorough evaluation of accomplishments provided that the accumulated area does not exceed two-hundred (200) hectares for corporations, cooperatives and associations and fifty (50) hectares for individuals.

SECTION 13. Cutting of Trees in Mangrove Plantations. - Mangrove plantation developers shall be allowed to cut the planted trees found within their respective plantations through clearcutting by strips system, whether such is intended for personal or commercial purposes: **Provided**, That they secure a permit from the immediate office of the DENR.

SECTION 14. Silviculture. - Silvicultural practice allowed in naturally grown mangrove forest shall be a combination of seed-tree method and planting. In the course of harvesting, at least forty (40) healthy trees per hectare, spaced regularly over the area, and representative of the species in the area, shall be retained to provide the seeds necessary for regeneration purposes.

SECTION 15. Penal Provision. - Violations of any of the provisions of this Order shall be penalized in accordance with existing laws and regulations.

SECTION 16. Repealing Clause. - This Order supersedes radiogram message dated June 13, 1986; BFD Circular No. 13, Series of 1986; and all previous administrative orders, regulations, circulars, memorandum orders or instructions involving the disposition of mangrove resources inconsistent herewith.

SECTION 17. Separability Clause. - Should any of the provisions of this Order be subsequently or otherwise revised, modified or repealed accordingly, the same shall not affect the validity or legality of the other provisions so far as they could stand independently of the provisions so revised, modified or repealed.

SECTION 18. Effectivity. This Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

FULGENCIO S. FACTORAN, JR.
Secretary

Administrative Order

No. 26

February 22, 1990

SUBJECT: Amendment to DENR Administrative Order No. 86, Series of 1988, Prescribing Rules on the Deregulation of Tree Harvesting, Transporting and Sale of Firewood, Pulpwood or Timber Planted in Private Lands

DENR Administrative Order No. 86, dated October 4, 1988 is hereby amended to read as follows:

"In line with the National Forestation Program and in order to promote the planting of trees by owners of private lands and give incentives to the tree farmers, Ministry Administrative Order No. 4 dated 19 January 1987 which lifted the restriction in the harvesting, transporting and sale of firewood, pulpwood or timber produced from Ipil-ipil (*leucaena* spp.) and Falcata (*Albizzia falcataria*) is hereby amended to include all other tree species planted in private lands except premium hardwood species. Henceforth, no permit is required in the cutting of planted trees within the titled lands or tax-declared A & D lands with corresponding application for patent or acquired through court proceedings, except those belonging to premium species listed under DENR Administrative Order No. 78, Series of 1987, provided, that a certification of the CENRO concerned to the effect that the forest products came from a titled land or tax declared alienable and disposable land is issued accompanying the shipment.

"This Order takes effect immediately and amends/revokes or modifies all Administrative Orders, Memoranda or Circulars inconsistent herewith."

FULGENCIO S. FACTORAN, JR.
Secretary

Administrative Order
No. 36
March 29, 1990

**SUBJECT: Declaring and Certifying Certain Portion
 of the Public Forest as Available for
 Fishpond Development Under LC Project
 No. 33 of Matalom, Province of Leyte**

Pursuant to Section 13 of PD 705, otherwise known as the Revised Forestry Code of the Philippines, as amended, I hereby declare and certify the portion of the public forest containing an area of 21 hectares as available for fishpond development, the administration and management of which is hereby transferred to the Department of Agriculture through the Bureau of Fisheries and Aquatic Resources, located in the aforementioned municipality and province, shown and described per SZ Map LC which is attached hereto and forms an integral part of this order, subject to the following conditions:

A. The strips of mangrove or swampland at least fifty (50) meters wide along shoreline facing the ocean and the strips of land twenty (20) meters wide along the edge of the normal high waterline of the river are reserved as buffer zones for shoreline and/or bank protection. **B.** Existing mangrove vegetation found therein shall be protected and conserved for ecological reasons in line with government's environment and natural resources conservation program. **C.** The utilization of forest products existing therein shall remain subject to Forestry and Internal Revenue Laws and Regulations, and the present holders, if any, of licenses covering such areas that may be occupied for purposes of development under the authorization of the Director of Fisheries and Aquatic Resources, shall have the preferential right in the utilization of said forest products. **D.** The areas herein declared and certified as available for fishpond development must be developed or utilized for the purpose stated within five (5) years from approval hereof, otherwise the declaration/certification as such is automatically revoked or cancelled pursuant to paragraph 3, Section 43 of PD 705 as amended, and the Department of Environment and Natural Resources shall exercise immediate administration and control over these areas. **E.** Violation of any of the above-stated conditions shall constitute sufficient cause to invalidate this declaration/certification.

This order shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Administrative Order

No. 54

June 11, 1990

SUBJECT: Guidelines on the Selection, Establishment and Management of ISF Model Sites

Pursuant to DENR Administrative Order No. 97, Series of 1989, and in line with the policy of the DENR of establishing model sites for the Integrated Social Forestry Program (ISFP), to show case appropriate agroforestry and other upland farming technologies, and serve as ISF training laboratory for DENR personnel, the following guidelines are hereby promulgated.

SECTION 1. POLICY. It shall be the policy of the DENR to establish an ISF model site within the jurisdiction of every CENRO to show case the various agroforestry technologies and other appropriate upland farming practices, community participation in ISF project development, and as entry point for multi-sectoral collaboration in ISF project site development.

SECTION 2. OBJECTIVES. ISF Model Sites shall be established for the following purposes:

- 2.1 To show case the various agroforestry technologies and other appropriate upland farming practices;
- 2.2 To develop an ISF project that will serve as venue for hands-on, practical and process-oriented type of training and in-situ social laboratory for DENR personnel;
- 2.3 To demonstrate effective linkages between and among government agencies and NGOs involved in ISF program implementation; and
- 2.4 To demonstrate the effectiveness of active community participation in ISF project development.

SECTION 3. DEFINITION OF TERMS

- 3.1 **Forest Occupant** - refers to a Filipino citizen actually and directly occupying and/or cultivating public forest land;
- 3.2 **Next-of-Kin** - refers to the legitimate spouse and children, or if not applicable, the parents, the brothers and sisters of a forest occupant who has entered into the stewardship agreement;
- 3.3 **Certificate of Stewardship Contract** - refers to the document issued by the government to qualified forest occupant giving him the right of possession and of the fruits of the land he is occupying and/or cultivating. The contract

- shall be non-transferable, however, in case of death or incapacity of the holder the same shall pass on to the participant's next-of-kin;
- 3.4 **Project Site** - refers to a public forest land which is utilized by a specific grouping of ISF Program participants or prospective participants;
 - 3.5 **Secretary** - refers to the Secretary of the Department of Environment and Natural Resources;
 - 3.6 **RED** - refers to the Regional Executive Director of the Department of Environment and Natural Resources;
 - 3.7 **PENRO** - refers to the Provincial Environment and Natural Resources Officer;
 - 3.8 **CENRO** - refers to the Community Environment and Natural Resources Officer;
 - 3.9 **CDO** - refers to a Community Development Officer which was formerly Social Forestry Officer (SFO);
 - 3.10 **CDA** - refers to a Community Development Assistant which was formerly Social Forestry Technician (SFT);
 - 3.11 **NCO-ISFP** - refers to the National Coordinating Office for Integrated Social Forestry Program;
 - 3.12 **NGO** - refers to a Non-Government Organization;
 - 3.13 **OGA** - refers to Other Government Agencies;
 - 3.14 **Infrastructure** - refer to a structure constructed in the project site, such as a graded trail, water impounding structure, nursery shed, and foot bridge, among others;
 - 3.15 **Credit Revolving Fund** - refers to the fund contributed and pooled by the program participants from which they can borrow money for development activities and projects;
 - 3.16 **DENR** - refers to the Department of Environment and Natural Resources;
 - 3.17 **Community** - refers to the residents within the ISF Model Site;
 - 3.18 **Project Leader** - refers to the CDO who is in charge in the development and management of the ISF Model Site;
 - 3.19 **ISFP** - refers to the Integrated Social Forestry Program;
 - 3.20 **Program** - refers to the ISFP; and
 - 3.21 **Project** - refers to the ISF Model Project.

SECTION 4. TRAINING OF PROJECT LEADERS (CDOs) AND COMMUNITY DEVELOPMENT ASSISTANTS (CDAs) - The National Coordinating Office of ISFP in coordination with the Human Resources Development Center shall prepare a course design for regional training seminars for Project Leaders (CDOs) and other Community Development Assistants (CDAs) assigned in the ISF Model Sites.

The training seminar for Project Leaders (CDOs) and CDAs shall be conducted prior to ISF Model Site implementation and shall cover community organizing/

mobilization, extension, agroforestry, process documentation, forest resources management and project management, monitoring and evaluation.

SECTION 5. PROJECT COMPONENT - The following activities shall be undertaken whenever necessary in the development of ISF Model Project Sites.

5.1 Project site identification, assessment and selection - Each CENRO shall establish one (1) ISF Model Site. All identified ISF Model Sites shall be assessed as to forest occupancy and cultivation practices, land uses, market accessibility, socio-economic and demographic informations, significant problems and anticipated constraints.

The following **MUST** and **PREFERRED** criteria shall be observed in the selection of ISF Model Sites:

5.1.1 The **MUST** criteria are as follows:

- 5.1.1.1 The area is accessible and visible to the general public;
- 5.1.1.2 The biophysical conditions of the area (topography, water supply, soil, etc.) assure greater probability of success for the projects;
- 5.1.1.3 The area is partly developed and with high potential for further development. Some functional models of upland and water conservation measures are already existing in the areas; and
- 5.1.1.4 The project is already existing and the program participants have already formed an organization and receptive to the ISF program.

5.1.2 The **PREFERRED** criteria are as follows:

- 5.1.2.1 As much as possible, the 150 hectares shall not be less than 75 participants, nor more than 300 hectares with not exceeding 150 participants;
- 5.1.2.2 The barangay and municipal officials are supportive to the development of the projects;
- 5.1.2.3 The peace and order condition should lend to the success of the project;
- 5.1.2.4 Other government projects are already on-going in the project site; and
- 5.1.2.5 The project is assisted by an NGO or there is an NGO in the province which is willing to assist in the project implementation.

5.2 Information Dissemination - After the identification of the ISF Model Site, the social forestry unit shall conduct necessary information drive on the various aspects of the Social Forestry Program in the community where the project is located.

Information dissemination will center on the Program, land tenure, agroforestry, infrastructures, livelihood generation activities, roles of the project leader and staff and the roles of the program participants.

The mass media such as printed information materials, and radio broadcast and appropriate interpersonal communication such as mass meeting, general assembly, small group discussion shall be utilized for this purpose.

5.3 Perimeter and Parcel Survey - The Land Evaluation Survey Team (LEST) and/or the Community Development Officer/Assistant shall conduct the land surveys in the ISF Model Sites.

5.3.1 Perimeter Survey - The PENRO shall instruct the Land Evaluation Survey Team (LEST) and/or the CDO and CDAs to conduct the survey of the perimeter of the project area in consultation and coordination with the program participants. Visible monuments and/or tree species shall be established or planted on the ground to mark the boundaries of the project site. The team shall complete the perimeter survey and the establishment of the boundary marks within a month from its inception.

5.3.2 Parcellary Survey - The above-mentioned team shall also conduct the survey of the farmlots occupied and/or cultivated by the upland farmers.

Prior to the conduct of survey, the farmer-occupants of adjoining lots shall be reported to mark their boundaries through planting of tree species along the boundary. They shall be required to witness the survey in order to minimize boundary conflict.

5.4 Processing and Issuance of Certificate of Stewardship Contract (CSC) - Occupants of the project site shall accomplish the proper ISF form for their applications for CSC and file the same with the CENR Office. The CENRO Social Forestry Section shall process the application to determine based on existing ISFP regulations and guidelines.

- 5.5 Preparation of Project Site Development Plan** - On the basis of on-site data and information gathered, the following plans shall be prepared jointly by the project staff and the program participants:
- 5.5.1 Indicative Work Plan** - The CENRO and the participants shall prepare and submit to the RED thru the PENRO an Indicative Work Plan (IWP) covering the first 12 months of project implementation. The plan shall state specific and realistic targets and the corresponding funding requirements.
- 5.5.2 Five-Year Development Plan** - The program participants shall prepare a five-year site development plan, with the assistance of the CDO or CDA assigned in the area.
- The 5-year plan shall include a description of the project site, specific development objectives, agroforestry technologies and other upland farming practices required, operational strategies, resources including infrastructure requirements, schedule of activities, marketing schemes, etc., specific targets and corresponding funding requirement over time.
- The plan which shall be approved by the community and attested by the CDO or CDA concerned, shall be forwarded by the CENRO to the RED through the PENRO for approval.
- 5.5.3 Individual Agroforestry Farm Plan** - Every participant in consultation with the CDO and CDA shall prepare an agroforestry farm plan based on the existing guidelines as stipulated by BFD Circular No. 12, series of 1986. The preparation of the plan shall be conducted upon the receipt of the CSC by the upland farmers.
- 5.6 Training of Project Leaders and Participants** - The Regional Coordinating Office for ISFP in coordination with the HRD shall conduct a regional training seminar for Project Leaders, CDAs and program participants, on community organizing, extension, agroforestry, process documentation, forest resource management and conservation, livelihood project, project development and management and monitoring and evaluation.
- 5.7 Development of Agroforestry Farms** - All Farmlots within the ISF Model Site shall be developed, as much as practicable as agroforestry farms. Towards this direction, the following general guidelines shall be observed:

5.7.1 General Features of an Agroforestry Farm. The development of an upland farm into an agroforestry farm should have as much as possible the following features:

- 5.7.1.1 Establishment of a permanent and productive upland farm;
- 5.7.1.2 The upland farm shall be self-sufficient to meet the basic needs of the upland farmers' household for food, fuelwood, fodder for livestock and light construction materials;
- 5.7.1.3 Appropriate soil and water conservation measures shall be incorporated in the upland farms;
- 5.7.1.4 Areas within the farm that are not needed for the production shall be devoted for the production of the households' basic needs shall be devoted for the products for income generation which may include tree orchard, tree plantation and/or livestock production; and
- 5.7.1.5 The main responsibility for the development of an agroforestry farms lies with the CSC holder. However, as much as possible, group efforts such as alayon and bayanihan shall be encouraged in developing the upland farms.

5.7.2 Zonification of the upland farms into different farm areas.
- All upland farms within the ISF Model Sites whenever possible shall be zonified into the following farm areas and appropriate agroforestry technologies, soil and water conservation measures and other upland farm practices shall be applied for each farm area.

- 5.7.2.1 Boundary of the farm - all areas located at the periphery of the farms. Appropriate technology/farm practices either existing or developed such as corner planting, live fencing, border planting, etc. shall be applied in the boundary of the farms;
- 5.7.2.2 Areas adjacent to the natural drainage - all areas adjacent to the natural drainage such as rivers, creeks, streams, etc. from low water level up to the shoulder of the natural drainage. Appropriate technology/farm practices either existing or developed such as shelterbelts, planting of trees, bamboos, and/or other plants, slope correction with grass saddling, riprapping of slope, etc. shall be applied in the area;
- 5.7.2.3 Homelot - an area with at least 600 sq. m. with flat to sloping topography. Appropriate technology/farm practices either existing or developed such as backyard orchard, backyard

livestock, backyard vegetable garden, etc. shall be applied in the area;

- 5.7.2.4 Agricultural crop production area - all areas within the farm with less than 25% slope and suitable for the production of annual agricultural crops. Appropriate technology/farm practices either existing or developed such as monocropping, multicropping and relay cropping in combination with appropriate soil and water conservation measures either vegetative structural and/or hedgerows, terracing levees/bunds, rockwalling, etc. shall be applied in the area;
- 5.7.2.5 Livestock production area - areas within the farm with a slope of 23%-40% and suitable for the production of livestock and/or forage crops. Appropriate technology/farm practices either existing or developed such as "cut and carry system", livestock pasture/grazing, etc. shall be applied in the area;
- 5.7.2.6 Orchard production area - areas within the farm with a slope of 25%-40% and suitable for the production of the tree products aside from wood. Appropriate technology/farm practices such as tree plantations for fruits/nuts, exudants and other products (leaves, fibers, flowers), etc. shall be applied in the area; and
- 5.7.2.7 Forest crop production area - areas within the farm with a slope of more than 40% and suitable for the production of wood appropriate technology farm practices either existing or developed such as tree plantation for fuelwood/firewood, for poles, piles, for pulpwood and/or for lumber/high valued timber production shall be applied in the area.

5.7.3 The basic consideration in choosing agroforestry technology, farm practices, soil and water conservation measures and other upland farming practices are as follows:

- 5.7.3.1 The technology should be capable of meeting the present and future basic household needs for food, fuel, forage, house construction and/or for market on a sustained basis;
- 5.7.3.2 The technology should be suitable to the farm area; and
- 5.7.3.3 The technology should fit the existing skills, knowledge and resources of the upland farmers.

5.8 Extension and Community Organizing - The Project Leader and CDAs assigned to the ISF Model Sites shall undertake the following extension and community organizing activities:

- 5.8.1 Arrange the holding of formal and informal meetings for the community leaders and other residents of the community to: surface their felt problems and prioritize them as to their urgency; discuss the various socio-economic opportunities the community can avail of under the ISFP; discuss issues and problems affecting farm development efforts of the farmers;
- 5.8.2 In coordination with the program participants and other government and non-government organizations, arrange the conduct of training seminars for community members on: off-farm livelihood projects and other wage earning opportunities; farmers' revolving fund management and appropriate upland technologies applicable in the project area; and cross farm visit to other ISF project sites;
- 5.8.3 Undertake liaison with government agencies and NGOs that can provide assistance in facilitating community development and assist the farmers in getting access to resources needed by the project; and
- 5.8.4 Identify prospective farmer leaders among the program participants; assist them in the conduct of formal and informal meetings; provide them with training on community organization and mobilization, and assist the community in forming an association if none is not yet in existence.

5.9 Infrastructure and other Program Assistance - Program participants shall identify the infrastructure needed in the project site. The farmers' association shall formally request the DENR to establish the infrastructure identified by them in the project site.

The following infrastructure shall be established in the ISF Project Sites, in accordance with DENR Memorandum Circular No. 20, Series of 1989:

- 5.9.1 Graded Trails;
- 5.9.2 Small Water Impounding Structures;
- 5.9.3 Nursery/Multi-purpose Sheds; and
- 5.9.4 Soil and Water Conservation Structures.

5.10 Livelihood Projects - The Project Leaders shall encourage the community to establish forest-based and other off-farm livelihood projects to provide additional income to program participants. They shall provide the linkages between the participants, NGOs and OGAs who can provide assistance in the development of livelihood projects.

SECTION 6. ORGANIZATION - ISF Model Projects shall be implemented and managed as follows:

- 6.1 **Office of the Secretary** - The Secretary thru the Undersecretary for Operations and Assistant Secretaries shall have overall control over the implementation and maintenance of ISF Model Sites;
- 6.2 **National Coordinating Office for ISF** - Pursuant to DAO No. 97 and DENR Special Order No. 734, the NCO for ISF shall formulate and recommend to the Secretary appropriate guidelines and measures to insure effective implementation of ISF Model Projects.

The NCO-ISFP shall also conduct monitoring and evaluation of activities and accomplishments.

- 6.3 **Regional Executive Director** - The RED thru the RTD for Forestry and the Regional Social Forestry unit shall be responsible for the effective implementation of all ISF Model Projects in the Region. He shall be assisted by the interim Social Forestry Division.
- 6.4 **Provincial Environment and Natural Resources Officer** - The PENRO shall assist in the implementation of all ISF Model Projects in the province. He shall approve all vouchers prepared by the PENRO and authorize the payment thereof, and shall keep records of fund disbursements.
- 6.5 **Community Environment and Natural Resources Officer** - The CENRO shall be directly responsible for the effective implementation of the ISF Model Project. He shall review and approve all action plans and authenticate all requests for fund releases by the ISF Model Site Project Manager. He shall keep a record of all fund disbursement approved by the PENRO. He shall monitor and evaluate from time to time the progress of the project and call the attention of the Project Manager when he/she feels there is a need for revision of project plans. He shall submit to the PENRO periodic reports of project activities and accomplishments.
- 6.6 **ISF Model Site Project Manager** - The ISF Model Site Project Manager shall implement the project in accordance with these guidelines. He shall see to it that project development follows the total Project Site Development Plan. He shall undertake, together with the CDOs and CDAs assigned in the project site, extension and community organizing activities.

He shall prepare and sign all documents pertaining to the Model Project, including requests for release of funds, equipment and supplies. He shall be responsible for the proper utilization of all funds released to the project, of which he shall be accountable.

The Project Leader shall be designated by the Regional Executive Director based on the following criteria:

6.6.1 Has been actively involved with ISF and/or other community based projects at least for the past two (2) years. - (25 points)

Involvement should be measured in terms of his/her acceptability to the community, and the ability to catalyze community and farmer efforts to set-up soil and water conservation and agroforestry activities.

6.6.2 Ability to speak and understand the dominant local dialect in the project site. - (15 points)

6.6.3 Willingness to stay in the project site at least five days a week. - (15 points)

6.6.4 Preferably with a rural background and physically fit to work under harsh upland conditions. - (15 points)

Rural background means that preferably the applicant is either originated from a rural area or acquired experience in rural areas.

6.6.5 Technically qualified either as a forester, agriculturist sociologist or any related courses but preferably with a community organizing or socially-oriented training and exposure.

CDAs who have attended the 45-days training for Costal Forestry Technicians conducted in 1989, and/or the RRD sponsored training for Regional, Provincial and Community ISFP personnel, and preferably those who belong to the top 10 trainees who completed either of the two trainings. (25 points)

6.6.6 Has shown ability to establish linkages in providing support to the ISFP, - i.e. with the DENR (Land Survey, Reforestation, etc.);⁴ other line agencies (DA, DAR, DECS, DOH, etc.) and NGOs. - (5 points)

6.7 Farmers Organization - Assist the Project Leader and the CDAs assigned in the ISFP Model Sites in the smooth implementation of the projects. Oversee the day to day implementation of various project activities.

SECTION 7. INTER-AGENCY INTEGRATED APPROACH. -

The ISF Model Site Indicative Development Plan and the 5-Year Project Site

Development Plan shall identify the OGAs and NGOs that will be involved in the implementation of the project, and shall indicate in specific terms the form of assistance needed and the approximate period in the lifetime of the project when such assistance shall be required and/or inputted.

SECTION 8. FUNDING. - Funds for the project site development and institutional support shall be sourced by the National Coordinating Office for ISFP. Fund transfer should be arranged in a manner that shall be prompt and expeditious, preferably direct to the PENRO and CENRO who shall be directly responsible for the management of model site funds.

To ensure that funds are disbursed properly, the National Coordinating Office shall prescribe a disbursement scheme using a reference code numbering system for model sites. Accounting must strictly follow the prescribed bookkeeping procedure.

SECTION 9. MONITORING AND EVALUATION - The CENRO shall submit periodic reports to the Secretary through the PENRO and the RED using the following ISF Forms:

- 9.1 PPPMO Form 1a (revised) - For reporting monthly activities. This will include the expanded activities in the Project Site with their corresponding indicators.
- 9.2 ISF Form No. 19 (revised) - To be accomplished and submitted quarterly. This will show all the accomplishments of all the project sites and is expected to correspond with the monthly report.

Central Office regional and provincial officials shall conduct on-site project evaluation whenever necessary to validate field reports.

SECTION 10. EFFECTIVITY - This Order shall take effect immediately, and supersedes other instructions and guidelines inconsistent herewith.

FULGENCIO S. FACTORAN, JR.
Secretary

Recommending Approval:

BERNARDO C. AGALOOS
Assistant Secretary
National Coordinator - ISF Program

**Administrative Order
No. 59
June 22, 1990**

SUBJECT: Guidelines in the Confiscation, Forfeiture and Disposition of Conveyances Used in the Commission of Offenses Penalized Under Section 68, P.D. 705, as Amended by Executive Order No. 277, series of 1987 and other Forestry Laws, Rules and Regulations

Pursuant to the provisions of Section 68 of Presidential Decree No. 705, as amended, and as further amended by Executive Order No. 277, Series of 1987, the following guidelines and procedures in the confiscation, forfeiture and disposition of conveyances used in the commission of offenses penalized under P.D. 705, as amended, and other forestry laws, rules and regulations are hereby promulgated for the information and guidance of all concerned.

SECTION 1. Definition of Conveyance. The term conveyance as used in these guidelines includes any type or class of vehicle, craft, whether motorized or not, used either in land, water or air, or a combination thereof or any mode of transport used in the movement of any forest products including all its implements and accessories.

SECTION 2. Conveyances Subject to Confiscation and Forfeiture. - All conveyances used in the transport of any forest product obtained or gathered illegally whether or not covered with transport documents found spurious or irregular in accordance with Section 68-A of P.D. 605, shall be confiscated in favor of the government or disposed in accordance with pertinent laws, regulations or policies on the matter.

SECTION 3. Requirement to Transport Forest Products. Before any forest product shall be transported, the shipper and conveyance owner or their duly authorized representatives shall enter into a transport agreement and shall submit the same to the CENRO as a prerequisite to the issuance of a transport document. The transport agreement shall contain the undertaking that the conveyance owner shall also be held liable in case of illegally transported forest product.

SECTION 4. Who are Authorized to Seize Conveyance. - The Secretary or his duly authorized representative such as the forest officers and/or natural resources officers, or deputized officers of the DENR are authorized to seize said

conveyances subject to policies and guidelines pertinent thereto. Deputized military personnel and officials of other agencies apprehending illegal logs and other forest products and their conveyances shall notify the nearest DENR field offices, and turn over said forest products and conveyances for proper action and disposition. In case where the apprehension is made by DENR field offices, the conveyance shall be deposited with the nearest CENRO/PENRO/RED Office as the case may be, for safekeeping wherever it is most convenient and secured.

SECTION 5. Action on Illegally Used Conveyances. - The disposition of confiscated illegally used conveyances shall be governed by the provisions of Section 9 hereof. In no case shall a conveyance seized or held in custody be released without the prior approval of the Secretary or his duly authorized representative in accordance with these regulations.

SECTION 6. Report of Confiscation/Seizure. - Whenever a seizure is made under these rules, the forest officers or natural resources officers concerned shall submit a report thereof within three (3) days to the Secretary or his duly authorized representative.

SECTION 7. Notice to Owner. - The Secretary, RED/PENRO/CENRO or their duly authorized representatives shall give the owner or his representative a written notice of the seizure and shall give him an opportunity to be heard in reference to the ground or reason for the seizure by requiring said owner or representative to submit sworn statements or affidavits within three (3) days from receipt of such written notice or they may elect to have a formal hearing conducted, but they must signify their intention in writing within the same period. For the purpose of such notice and all proceedings connected with confiscation, "representative" shall be deemed to include not only representative-in-fact of the owner but also any person having possession of the conveyance at the time of confiscation or seizure.

SECTION 8. Report/Recommendation. - Upon receipt of the aforesaid sworn statement/affidavit of the owner or representative or if none is received despite due notice, the PENRO/CENRO or any authorized representative of the DENR for that matter shall determine if the seized conveyance was used in the commission of the offense as contemplated in Section 2 hereof, and shall render a report thereon within one week accompanied by the evidence he has gathered including his recommendations to the Secretary or the Regional Executive Director, as the case may be.

SECTION 9. Disposition of Conveyance. - All conveyances found to have been used in the transport of any forest product from illegal sources and/or covered by spurious documents shall be declared forfeited in favor of the government in accordance with Sec. 68-A of PD 705, as amended. Forfeited conveyances may be used,

at the discretion of the DENR, in the forest protection and development activities, otherwise, the same shall be disposed of through public auction by the Secretary or the Regional Office, as the case may be, in accordance with existing policies and procedures for the disposition of government property.

SECTION 10. Forfeiture of Seized Conveyances. - Conveyances found to have transported illegally sourced forest products and without the necessary transport agreement as provided for in Sec. 3 of this Order shall be subject to forfeiture in favor of the government.

SECTION 11. Temporary Release of Conveyance. - Conveyances seized may be temporarily released pending resolution of the case upon completion showing good cause and his willingness to post a cash bond equal to the value of the conveyance or a GSIS surety bond double the value of the conveyance as determined by the Commission on audit. In no case, however, shall a conveyance be temporarily released where the transport of the forest products is not covered by the authority to transport as mentioned in Section 3 hereof. An affidavit of undertaking shall be executed by the conveyance owner to produce the conveyance whenever required by the court.

SECTION 12. Criminal Action. - The confiscation of the conveyance under these regulations shall be without prejudice to any criminal action which shall be filed against the owner thereof or any person who used the conveyance in the commission of the offense.

SECTION 13. Repealing Clause. - MNR Circular No. 10, series of 1983, MNR Memorandum Order No. 2, series of 1984, and all other orders, circulars, and issuances inconsistent herewith are hereby repealed and/or modified accordingly.

SECTION 14. Effectivity. - This Order shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

NOTE: Certificate of Transport Agreement (CTA) omitted.

Administrative Order
No. 59-A
August 7, 1990

SUBJECT: Additional Provisions in the Guidelines on Confiscation, Forfeiture and Disposition of Conveyances Used in the Commission of Offenses Penalized Under Forestry Laws, Rules and Regulations

To promote a more reasonable and rational implementation of the guidelines, the following paragraph is added to Section 3 of DENR Administrative Order No. 59, dated June 22, 1990, to read as follows:

"The transport agreement may be dispensed with if immediately prior to loading any forest product, the conveyance owner notifies the CENRO concerned of the planned shipment, in which case, the CENRO shall issue instead a clearance for the transport of the forest products. In instances, however, where the conveyance is primarily engaged in the transport of forest products, a certificate of transport agreement must at all times be executed in accordance with this provision."

This order shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Administrative Order
No. 62
June 27, 1990

**SUBJECT: Imposition of Environmental Fee for
the Utilization of Timber Resources**

Pursuant to Section 64 of Presidential Decree No. 705 and Presidential Memorandum Order No. 298 dated June 4, 1990 which directs the Department of Environment and Natural Resources to adopt reasonable and necessary measures to regulate the utilization and exploitation of forest resources and to increase the government share in timber production towards national sustainable development, the following guidelines are hereby issued:

SECTION 1. There shall be imposed an environmental fee for timber production in natural forests. This fee which shall be used to offset adverse environmental effects of logging shall apply over and above the regular forest charges, reforestation deposits, and other taxes and fees paid by Timber License Agreement holders and other licensees involved in logging in natural forests, except those found in duly approved Fishpond Lease Agreements and in private lands where a different environmental fee assessment scheme apply (Department Administrative Order No. 121, Series of 1989).

SECTION 2. The environmental fee on the first and second group of timber shall be based on log scaling undertaken at the log landing and/or log pond and shall be assessed based on twenty percent (20%) of the FOB market price which shall be set every six months. For the period July to December 1990, the environmental fee shall be P500.00 per cubic meter.

SECTION 3. A Price Monitoring Committee which shall be responsible for the monitoring of prevailing market prices of logs and which will advise the Secretary on such matters is hereby created to be composed of the following:

- 1) The two Assistant Secretaries for Field Operations;
- 2) One representative - National Economic & Development Authority;
- 3) One representative - Department of Trade and Industry; and
- 4) One representative - Philippine Wood Products Association

SECTION 4. The environmental fee shall be assessed and collected by the CENRO concerned. Payment of the duly assessed environmental fee shall henceforth be a prerequisite to the issuance of a Certificate of Timber Origin.

SECTION 5. Non-payment of the environmental fee shall be ground for the suspension of a TLA or equivalent timber licence/permit.

SECTION 6. The payment of the environmental fee notwithstanding, all the other terms and conditions of the TLA or equivalent timber license/permit remain valid and in effect.

SECTION 7. This Order takes effect 15 July 1990. All raw timber products assessed and manifested on or after said date shall be subject to the payment of the environmental fee as imposed by this Order, which shall remain in force until revoked or amended in writing.

LITO MONICO C. LORENZANA
Acting Secretary

**Administrative Order
No. 63
July 2, 1990**

**SUBJECT: Amendment to Administrative Order No. 62
Dated June 27, 1990**

Pursuant to Section 64 of Presidential Decree No. 705 and Presidential Memorandum Order No. 298 dated June 4, 1990, Section 3 of Administrative Order No. 62, Series of 1990 is hereby amended as follows:

Section 3. A Price Monitoring Committee which shall be responsible for the monitoring of prevailing market prices of logs and which will advise the Secretary on such matters is hereby created to be composed of the following:

1. Chairman - Assistant Secretary for Planning and Policy Studies
2. Members - Two Assistant Secretaries for Field Operations
 - One representative from National Economic and Development Authority
 - One representative from Department of Trade and Industry
 - One representative from PWPA

All other provisions of Administrative Order No. 62, Series of 1990 remain as prescribed.

LITO MONICO C. LORENZANA
Acting Secretary

Administrative Order

No. 69

July 23, 1990

SUBJECT: Submission of Full Aerial Photography by Holders of Timber License Agreements (TLAs) and Timber Production Sharing Agreements (TPSAs) Every Five (5) Years or Satellite Data Every Two (2) Years as Conditional Requirement for the Continuance of Their License/Agreement

1. In order to establish a true and reliable picture of the vegetative cover of the areas covered by existing Timber License Agreements (TLA) and as an additional requirement for the continuance of TLAs, a complete photo coverage of the license area shall be submitted by holders of such license agreement to the Department of Environment and Natural Resources (DENR) within one (1) year from the date of effectivity of this Order and every five (5) years thereafter. Holders of Timber Production Sharing Agreement (TPSA) which may hereafter be issued shall likewise submit aerial photos of the entire area covered by the TPSA within five (5) years from the grant of the agreement and every five (5) years thereafter. In lieu of complete aerial photocoverage, the TLA/TPSA holder may opt to submit the latest satellite image within one (1) year and submit another two years thereafter. The licensee's option shall be registered with the Acceptance Committee and may only be changed after six (6) years.
2. The following are the technical requirements for the required photography under this Order:
 - 2.1 The aerial photographs shall have an average scale of 1:25,000 with a maximum deviation of $\pm 20\%$ allowance for flying hazards for the plane and crew;
 - 2.2 Panchromatic black and white aerial photo films shall be used in the photography;
 - 2.3 Aerial photos shall be contact printed on 23 x 23 cm. (9" x 9") single weight paper with semi-matte finish;

- 2.4 Aerial print shall have an average forelap of 60 percent (60%) and sidelap of thirty percent (30%). The minimum and maximum sidelap is fifteen percent (15%) and forty percent (40%), respectively;
 - 2.5 Aerial photos shall be free from cloud cover. However, a maximum cloud cover of ten percent (10%) of the area of a photoprint may be allowed provided that no cloud cover shall be located within the photo center;
 - 2.6 Camera tilt and tip shall be kept to a minimum and not exceeding two percent (2%);
 - 2.7 Flight crabbing or deviation from the prescribed flight direction shall not exceed five percent (5%);
 - 2.8 Aerial photography shall be taken between 10:00 A.M. and 3:00 P.M. to avoid long and obscuring shadows of mountain peaks and ridges; and
 - 2.9 The aerial photography shall be completed, as much as possible, within three (3) months from start to finish.
3. The satellite image to be submitted must be either Landsat TM or SPOT image at 1:100,000 scale transparency taken within six (6) months from submission. Availment of other satellite products shall be cleared priorly with the DENR.
 4. The licensees or concessionaires are given the option to choose the aerial photo surveying contractor to undertake photography of their areas from a list of firms to be pre-qualified by the DENR.
 5. To minimize the cost of the aerial photography, two or more licensees whose areas are adjoining or near each other may jointly enter into contract with a single aerial photography contractor. In the case of satellite images, the joint submission may also be done.
 6. The completed aerial photographs or satellite images shall be submitted by the licensees to the ACCEPTANCE COMMITTEE to be created by the DENR which shall be primarily responsible for the consolidation and authentication of the photographs or satellite images. The Committee shall be composed of the representatives from the following offices:

Administrator, NAMRIA	-	Chairman
Director, FMB	-	Vice Chairman
Representative of USEC for Field Operations	-	Member
Representative, Planning and Policy Studies Office	-	- do -
Representative/s from the Regional Office concerned	-	- do -

7. The NAMRIA shall be responsible for the interpretation and/or analysis of the submitted aerial photographs/ satellite images, including mapping at appropriate scale. The cost of mapping and interpretation shall be jointly shouldered by DENR and PWPA.
8. Non-submission of the required aerial photographs/satellite images within the prescribed period shall be valid cause for the suspension of the timber license agreement.
9. Forestry Administrative Order No. 11-1, S. of 1971 and all Orders, Circulars, or directives inconsistent with this Order are hereby revoked or amended, accordingly.
10. This Order shall take effect fifteen (15) days after its publication in a newspaper of national circulation.

FULGENCIO S. FACTORAN, JR.
Secretary

**Administrative Order
No. 71
August 9, 1990**

**SUBJECT: Implementation Guidelines for the Award
and Administration of Forest Land
Management Agreement (FLMA)**

Pursuant to the policies embodied in Executive Order No. 278 dated July 25, 1987, DENR Administrative Orders Nos. 39 and 86, Series of 1988 and DENR Memorandum Circular 11, Series of 1988, (MC 11, S. 88) and to enhance implementation of the National Forestation Program, the following guidelines are promulgated for the award and administration of Forest Land Management Agreement (FLMA).

**ARTICLE I
BASIC CONCEPT AND PRINCIPLES**

SECTION 1. Under the National Forestation Program, contract reforestation provides initial funding to plant trees/perennials and to protect and maintain the same for approximately three (3) to four (4) years.

SECTION 2. In the last stages of the 3 to 4 year establishment phase, agreements will be signed between the government, represented by the DENR, and communities, NGO's or other qualified parties who will protect, maintain and benefit from the trees/perennials. These agreements shall be called Forest Land Management Agreement's (FLMA). The parties with whom DENR will sign such agreements shall be called Forest Land Managers (FLM'S).

SECTION 3. The FLMA shall entitle the FLM to harvest, process, sell or otherwise utilize the products grown on land covered by the FLMA. Concurrently, the FLM shall be obligated to do the following:

- a) pay the government, through the DENR, a production share of income from sales in an amount adequate to reforest one hectare of denuded land for every hectare of 3-4 year old trees turned over to the FLM;
- b) ensure that trees/perennials are conserved on the land by implementing protection, maintenance, interplanting and replanting;
- c) generate funds which may be used to reforest additional lands and thus spread the financial and environmental benefits of reforestation;

- d) carry out other responsibilities described in Article V of this Order.

SECTION 4. The government shall invest its production share in rehabilitation and protection of forest lands through reforestation, social forestry and related programs.

ARTICLE II QUALIFIED PARTICIPANTS

SECTION 5. One major objective of the FLMA is to establish a community-based system for implementing maintenance, protection and management of man-made forests established within the community. In keeping with this objective, the following are qualified to apply for and enter into an FLMA with the DENR:

- 5.1 **duly-organized, bona-fide residents of the community who successfully implemented reforestation contracts on the area to be covered by the FLMA's;**
- 5.2 **duly-organized, bona-fide residents of the community who would qualify under the provisions of MC-11, S. 88 to become family or community reforestation contractors but who have not yet been awarded a reforestation contract;**
- 5.3 **reforestation contractors who are not bona-fide community residents but who have successfully implemented contract reforestation on the site covered by the FLMA (e.g. NGO's), provided they agree to include in the FLMA certain provisions pertaining to equity and community participation that are found in paragraphs 15.3.1 to 15.3.3 of this Order.**

SECTION 6. The phrase "duly-organized" in Section 5 (above) shall be understood to mean formal or informal groups, associations or organization of community residents who have voluntarily agreed to accept and jointly fulfill the obligations of an FLMA and to share equitably in the benefits.

SECTION 7. Although the basic concept of FLMA's is community oriented, bona-fide residents who have successfully implemented family reforestation contracts may enter into an FLMA as individuals, subject to the submission (at the time of application) of a letter of commitment to:

- a) **join an existing FLM organization in their community within five (5) years;**
- b) **incorporate the area covered by their individual FLMA into the area of the FLM they join.**

**ARTICLE III
TENURE/DURATION/TRANSFERABILITY**

SECTION 8. An FLMA shall remain in full force and effect for twenty five (25) years, and shall be renewable for an additional twenty five (25) years **provided** however that the FLM has complied with the terms and conditions of the FLMA.

- 8.1 Individual membership in an FLM organization shall revert to the family of the member if the individual is unable to continue implementing his/her responsibilities because of old age, sickness, death or other valid reasons;
- 8.2 In the case of foundations, NGO's, LGU's, corporations and the like who cannot continue their obligations under the FLMA, or are unable to comply with the provisions of paragraphs 15.3.1 to 15.3.3 of this Order, DENR shall assume jurisdiction and take possession of facilities and other improvements therein and immediately offer the area to other prospective/interested parties who are qualified to become FLMs.
- 8.3 In the case of an individual FLMA issued pursuant to Section 7 (above), the FLMA shall be transferable to an immediate family member or next of kin who is a bona-fide community resident, provided however that the transferee shall carry out the commitments described in paragraphs "a" and "b" of Section 7.

**ARTICLE IV
COVERAGE**

SECTION 9. An FLMA may cover land that falls within any of the following categories:

- 9.1 land that was reforested or otherwise developed by virtue of a contract implemented under the National Forestation Program;
- 9.2 land that was reforested or otherwise developed under any other program implemented or administered by the DENR that shall be brought under coverage of this Order by virtue of an official action by the Secretary of the DENR.

- 9.3 on a case-to case basis and subject to approval by the Secretary of the DENR, lands within officially designated watersheds, reservations, parks or preserves, provided that FLMA operations shall be consistent with the provisions of P.D. 705 (as amended) and with the limited production forest utilization approach described in the Philippine Master Plan for Forestry Development.

SECTION 10. Notwithstanding the provisions of Section 9 (above), no DENR office shall enter into an FLMA covering land that falls within the following categories:

- 10.1 land that is part of a Timber License Agreement (TLA), Timber Production Sharing Agreement (TPSA), Forest Land Grazing Lease Agreement or Pasture Lease Agreement (FLGA/PLA) or Industrial Forest Plantation (IFP) lease, except in cases where the lease (or other relevant document) has been amended to exclude the area covered by the FLMA.

ARTICLE V TERMS AND CONDITIONS OF AN FLMA

SECTION 11. BENEFITS OF THE FOREST LAND MANAGER.
The FLM shall be entitled to the following benefits:

- 11.1 the privilege to harvest, process, sell and otherwise utilize the products grown on the land covered by the FLMA subject to the provisions of Section 15 of this Order;
- 11.2 the privilege to interplant cash crops, fruit trees and other agricultural and/or minor forest products between the existing trees to augment income and provide additional incentives for protection;
- 11.3 free advice and technical assistance from the DENR on matters pertaining to the obligations of the FLM under the terms and conditions of the FLMA.

SECTION 12. OBLIGATIONS OF THE FOREST LAND MANAGER: The FLM shall comply with the following:

- 12.1 maintain and protect the areas covered by the FLMA such that the trees/plants grown thereon are kept in a healthy state and not overcome by weeds or destroyed by fire, pests and diseases, stray animals, vandals or other causes;

- 12.2 carry out all thinning and other activities that are consistent with sound principles of plantation and tree farm management, in accordance with the development and management plan of the area;
- 12.3 replant all trees that are cut down and sold or utilized, or that die or are destroyed by fire, pests and diseases, vandals, stray animals or other causes;
- 12.4 carry out the terms and conditions contained in the FLMA;
- 12.5 provide DENR with a share of the proceeds from the sale of forest products grown on the land covered by the FLMA, pursuant to Article VI of this Order;
- 12.6 comply with the provisions of Article VII of this Order which discuss the establishment, management and disposition of the reforestation guarantee fund.

SECTION 13. BENEFITS TO THE DENR: The DENR shall receive the following benefits:

- 13.1 a share in the proceeds of total harvest income pursuant to Article VI of this Order; and
- 13.2 reduced cost of operations resulting from free maintenance and protection of reforested areas by FLM's.

SECTION 14. OBLIGATIONS OF THE DENR: The DENR shall be responsible for the following:

- 14.1 assist the FLM in preparation of a Management Plan for the FLMA;
- 14.2 provision of free advice and technical assistance to the FLM; and
- 14.3 ensure tenure to the FLM for the duration of the FLMA.

SECTION 15. SPECIAL PROVISIONS:

- 15.1 The privilege to cut and utilize poles, pulpwood and/or sawlogs shall be restricted to FLM's who have continuously and effectively protected their site against kaingin, illegal cutting, fire and other forms of destruction or resource depletion (e.g. severe erosion), and who grow useful intercrops between the trees prior to maturity and harvesting. An FLM shall be considered to have complied with protection responsibilities. If none of the following indicators of substandard management are found on the FLMA site:

- 15.1.1 kaingin;
 - 15.1.2 pasturing (except for cut-and-carry forage production);
 - 15.1.3 gully erosion that has not been minimized or overcome by establishing brush dams, check dams, vegetative barriers or other suitable treatments;
 - 15.1.4 the trees/perennials are already five (5) years old but more than ten percent (10%) of the area is dominated by cogon, talahib and similar fire-prone grasses;
- 15.2 No commercial harvesting of sawlogs, veneer logs or other premium timber logs shall be allowed on protection forest areas (i.e lands with more than fifty percent [50%] slope). On such areas, harvesting shall be limited to non-timber forest products; pursuant to established rules and regulations (e.g. rattan, decorative shrubs, medicinal plants, useful vines, bamboo). However, firewood may be cut on a selective basis from deformed or diseased branches and stems, subject to DENR guidelines.
- 15.3 FLMA's must ensure that benefits accrue to the less privileged sectors of society and in particular to the residents of the community where the FLMA is located. To help ensure that this objective is not overlooked when the FLM is a party other than a duly-organized community group/association (e.g. a former NGO or LGU contractor), all FLMA's issued in such cases shall include the following conditions:
- 15.3.1 local residents will have first priority for employment in FLMA operations;
 - 15.3.2 starting not later than the fifth year of effectivity of the Agreement, FLMA operations will provide not less than fifty (50) person days of employment annually to the bona-fide community residents for each hectare covered by the FLMA;
 - 15.3.3 the FLMA shall incorporate procedures and a firm commitment to transfer a majority share of ownership and control of the FLMA to bona-fide community residents, along with all privileges and responsibilities included therein, such transfer to be achieved not later than ten (10) years from the original date of issue of the FLMA.

ARTICLE VI SHARING OF BENEFITS

SECTION 16. The government and the FLM both invest in reforestation of areas covered by FLMA's. Acting through the DENR, the government provides the initial capital during 3 to 4 years of contract reforestation. The FLM furnishes labor, management, protection, replanting and other inputs during all of the succeeding years. Because both parties share the costs, both shall be entitled to a share of the benefits.

GOVERNMENT SHARE

- 16.1 The government shall be entitled to part of the proceeds from the sale of forest products grown on the land covered by the FLMA. The government's share of the proceeds shall be identified and paid as a production share.
- 16.2 The production share shall be equivalent to at least the cost required to reforest one (1) additional hectare for each hectare covered by the FLMA.
- 16.3 The production share shall be due and payable in full to the government, through the DENR by the FLM at such time that the first harvest cycle has been completed for all trees/perennials previously planted during the contract reforestation phase, or within twenty five (25) years after the date of FLMA was signed, whichever comes first.
- 16.4 Since an FLM would normally grow more than one (1) species, and because different species mature at different ages, the anticipated harvest schedule/cycle for each species shall be attached to and form part of the FLMA. By mutual consent of both parties, the harvest schedule may be changed from time to time to account for unforeseen events (e.g. climatic variables).

FLM SHARE

- 16.5 The FLM shall be entitled to the entire balance of the proceeds that is not payable to the government as production share. The FLM's share shall provide funds for paying the costs of maintenance, protection, replanting of the area after each harvest, planting new areas, other operating expenses, and profits for its members.

SUMMARY

16.6 The provisions of paragraph 16.1 to 16.5 are summarized in the following general formula:

TOTAL HARVEST INCOME = GOVERNMENT SHARE + FLM SHARE

GOVERNMENT SHARE = COST TO REFOREST ONE (1) HECTARE
(i.e. production share)

FLM SHARE = SUM TOTAL OF THE FOLLOWING COSTS:

- a) Maintenance, Protection and Harvesting Operations
- b) Replanting after each harvest
- c) Reforestation of new areas
- d) Profits

ARTICLE VII REFORESTATION GUARANTEE FUND AND PRODUCTION SHARE PAYMENT ARRANGEMENTS

SECTION 17. On the fifth year of effectivity of the FLMA, the FLM shall open an interest bearing account in a bank of good standing. This account shall be in the name of the FLM, but the terms and conditions of the account shall stipulate that no withdrawals can be made without the written concurrence of a duly-authorized representative of the DENR. This account shall be identified as a Reforestation Guarantee fund and referred to hereinafter as the fund.

SECTION 18. Beginning either on the first year forest products are harvested, or six (6) years after the original date of issue of the FLMA (whichever comes earlier), the FLM shall make annual deposits into the fund. The amounts deposited shall conform with a formula to be drawn up by DENR pursuant to Section 33, sub-paragraph "d" of this Order.

SECTION 19. From time to time, the FLM (with DENR's written concurrence) shall withdraw part of the fund and pay the same to the DENR as partial fulfillment of the FLM's obligation to pay government's production share. Each such payment shall be computed and recorded as a percentage of the total amount due as production share.

SECTION 20. When the accumulated percentages of all payments is equivalent to 100% of the amount due as the government's production share, the production share shall be considered paid in full. Thereafter, the FLM (with DENR's written concurrence) shall make further withdrawals to finance additional planting of trees/perennials on lands outside of the area covered by the FLMA, following a plan mutually acceptable to the FLM and DENR. This plan shall (among others) define responsibilities and privileges under the second and succeeding harvest cycles of the FLMA.

SECTION 21. All FLMA's shall include provision for amendment to conform with new laws or regulations that maybe promulgated in the future by authorized agencies of government including (but not limited to) the collection of land use fees.

ARTICLE VIII APPLICATION FOR AND APPROVAL OF AN FLMA

SECTION 22. Parties qualified and interested to enter into an FLMA shall signify their interest by accomplishing and submitting an application on the form prescribed by the DENR.

SECTION 23. The following supporting documents shall be attached to the application:

- a) sketch map of the site applied for;
- b) letter confirming that the applicant has read, understands and will abide by the provisions of this Order;
- c) copies of the latest Inspection Chart Maps (ICM's) covering all lands to be included in the FLMA, in order to indicate the number of trees planted and the survival rate;

SECTION 24. The application for an FLMA shall be submitted to the DENR for evaluation and approval subject to the following delegated authority granted to DENR officials:

AREA OF FLMA IN HECTARES	RECOMMENDING OFFICIAL	APPROVING OFFICIAL
=====	=====	=====
from one hundred (100) ha. up to one hundred fifty (150) ha.	PENRO	RTD Forestry
more than one hundred fifty ha up to two hundred (200) ha	PENRO and RTD Forestry	RED
More than two hundred (200) ha up to two hundred fifty (250) ha	RTD Forestry and RED	ASEC for Field Operations
more than two hundred fifty (250) ha up to five hundred (500) ha	RED and ASEC for Field Operations	USEC for Field Operations
more than five hundred (500) ha.	ASEC and USEC for Field Operations	Secretary

SECTION 25. In evaluating the application, the DENR officers concerned shall verify (based on the ICM's) that the survival rate is acceptable to the DENR.

SECTION 26. Exceptions can be made to approve applications for less than one hundred hectares (100 ha.) subject to submission of a barangay council resolution, endorsed favorably by the municipal government and forwarded to the PENRO through the CENRO.

ARTICLE IX PENALTIES

SECTION 27. The DENR may (a) terminate an FLMA or (b) impose fines on the FLM for any of the following reasons:

- 27.1 failure to comply with the terms and conditions of the FLMA;
- 27.2 failure to make annual deposits into the fund;
- 27.3 failure to pay DENR's production share;
- 27.4 violation of forestry laws.

SECTION 28. If termination or fines are indicated, the procedures hereunder shall be followed by the DENR:

- a) send a written notice to the FLM describing the violations that have been committed, identifying the penalties that will be imposed and giving the FLM thirty (30) days within which to reply or appeal;
- b) immediately impose the penalties earlier identified if the FLM fails to reply or appeal within the prescribed thirty (30) days;
- c) evaluate any reply or appeal submitted by the FLM by conducting such further investigation or inspection as may be warranted and transmit the findings thereof in writing to the FLM within thirty (30) days from receipt of such reply or appeal;
- d) if still warranted after evaluating the FLM's reply/appeal, impose termination or fines within thirty (30) days after transmitting its findings to the FLM pursuant to paragraph "c" above.

SECTION 29. The imposition of penalties pursuant to Section 27 herein shall not prevent the DENR from initiating civil or criminal action through the appropriate courts of law for violations that cannot be remedied through administrative action.

SECTION 30. The FLM awardee may file a written complaint against any DENR employee whose actuations the FLM may consider to be in violations of the provisions of this Order or the terms and conditions of an FLMA. The DENR shall investigate such complaint and file appropriate administrative, civil or criminal action against the concerned employee.

ARTICLE X ADDITIONAL PROVISIONS

SECTION 31. In view of unique circumstances that may exist in a particular region the concerned Regional Executive Director (RED) may formulate additional provisions deemed appropriate for these circumstances and submit the same for approval by the Secretary. Upon approval thereof, such additional provisions shall apply in the region concerned.

SECTION 32. Within ninety (90) calendar days after effectivity of this Order, the Director of the Office of Special Concerns, in collaboration with the Director of the Forest Management Bureau, shall prepare and distribute the forms needed to implement this Order.

SECTION 33. The issuance of FLMA's shall constitute the first phase of a long range program, one of the main objectives of which is to establish plantations managed under sustained-yield, and characterized by yearly rotational harvests of even-aged stands that provide a predictable and sustainable supply of timber for processing. In order to move ahead toward achieving this objective, the Planning and Policy Studies Office (PPSO) and the Forestry Management Bureau (FMB) shall, not later than July 1991, submit for approval by the Secretary, a comprehensive plan containing the following features:

- a) recommended procedures for consolidation of FLMA's into management units of sufficient size to implement sustained-yield yearly rotational harvests of even-aged stands with a minimum area of one-hundred hectares (100);
- b) suggested arrangements for arriving at equitable sharing of ownership and benefits among FLMA holders who consolidate into a single management unit;
- c) recommended procedures for setting aside part of the income derived from the sale of products grown by a consolidated management unit, and using the proceeds to establish trust funds that will guarantee sustained replanting of the land covered by the management unit and planting of expansion areas;

Administrative Order
No. 74
September 5, 1990

**SUBJECT: Changing the Name of San Mariano
Reforestation Project to Maragusan
Reforestation Project**

Pursuant to Republic Act No. 6678 which changes the name of the Municipality of San Mariano in the First District of Davao del Norte to Municipality of Maragusan, the name of San Mariano Reforestation Project, located in the aforementioned municipality is hereby changed to Maragusan Reforestation Project.

This Order takes effect immediately and supersedes all previous orders inconsistent herewith.

FULGENCIO S. FACTORAN, JR.
Secretary

**Administrative Order
No. 75
September 11, 1990**

SUBJECT: Amending Sec. 7 of DENR Administrative Order No. 59, Series of 1990, Guidelines in the Confiscation, Forfeiture and Disposition of Conveyances Used in the Commission of Offenses Penalized Under Section 68, P.D. 705, as Amended by Executive Order No. 227, Series of 1987 and Other Forestry Laws, Rules and Regulations

Whereas, the implementation of the said guidelines suffers from technical difficulties due to certain procedural defects;

Now therefore, I FULGENCIO S. FACTORAN, JR., by virtues of the power vested in me do hereby order the amendment of Sec. 7, D.A.O. No. 59, series of 1990, to read as follows:

"Sec. 7. Notice to Owner. For the purpose only of complying with due process, the Secretary, RED/PENRO/CENRO or their duly authorized representatives shall give the owner or his representative a written notice of the seizure and shall give an opportunity to be heard in reference to the ground or reason for the seizure by requiring said owner or representative to submit sworn statements or affidavits within three (3) days from receipt of such written notice. For the purpose of such notice and all proceedings connected with confiscation "representative" shall be deemed to include not only representative-in-fact of the owner but also any person having possession of the conveyance at the time of the confiscation or seizure."

This amendment shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

**Administrative Order
No. 76
September 12, 1990**

**SUBJECT: Disestablishment of Communal Forest
Parcel-II of Puerto Galera, Oriental
Mindoro**

1. Pursuant to the provisions of Section 2, 9 and 19 of Presidential Decree No. 705, otherwise known as the Revised Forestry Code of the Philippines, as amended, Bureau of Forestry Administrative Order No. 2 - 673, dated September 6, 1935, which established Communal Forest Parcel II of Puerto Galera, Oriental Mindoro, is hereby revoked.
2. The disestablished parcel shall, hereafter, be reverted to the category of forest land for integrated social forestry development or to serve the use or uses as will be determined by appropriate land evaluation consistent with the established land use planning and allocation scheme to be enforced.
3. This Order takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

Recommended by:

CIRILO B. SERNA
Director, FMB

**Administrative Order
No. 77
September 18, 1990**

**SUBJECT: Amending Paragraph a Section 7 of DENR
Administrative Order No. 97, Series of
1989 re: Revised Regulations
Implementing the Integrated Social
Forestry Program**

1. In line with the policy of the government of promoting social equity and benefit sharing in the utilization of the forest resources and in order to improve the incentive system under the Integrated Social Forestry Program (ISFP), paragraph a, Section 7 of DENR Administrative Order No. 97, Series of 1988 is hereby amended as follows:

SECTION 7. INCENTIVES. To encourage qualified persons to participate in the program, the following incentives shall be provided:

- a. No fees shall be collected for the use of the allocated land under the Stewardship Agreement.
2. All other provisions under Section 7 of DENR Administrative Order No. 97, s. of 1988 shall remain the same.
3. This Order shall take effect immediately and all other issuances, memoranda and other regulation inconsistent herewith are hereby repealed/amended.

FULGENCIO S. FACTORAN, JR.
Secretary

**Administrative Order
No. 78
September 19, 1990**

**SUBJECT: Regulations on the Issuance of Timber
Production Sharing Agreement (TPSA)**

Pursuant to PD No. 705, as amended, Executive Order No. 192 dated June 10, 1987 and Executive Order No. 278 dated July 25, 1987, and in line with the policy of the Government of ensuring the sustainable productivity of, and equal access to, the timber resources as a tool for economic recovery and national security, the following rules and regulations governing the development of timber resources are hereby promulgated:

**CHAPTER I
TITLE, POLICIES AND OBJECTIVES**

SECTION 1. Title. - This Administrative Order shall be known as the "Regulations on the Issuance of Timber Production Sharing Agreement" (TPSA).

SECTION 2. Policies and Objectives. - The policies and objectives of Government on timber resources shall be:

- 2.1 To ensure the sustainable productivity, expanding availability, and equitable access to, the timber resources for the continuing support to dependent industries and the generation of employment opportunities and revenues;
- 2.2 To provide a system of rational harvesting and gainful and efficient utilization of the resources;
- 2.3 To provide the government with equitable share in the utilization of timber resources; and
- 2.4 To rationalize the industries which are dependent upon timber as their primary raw material.

SECTION 3. Definition of TPSA. - As used herein Timber Production Sharing Agreement is a privilege granted by the State to qualified persons to develop and utilize timber resources in a specified area whereby the government and the

holder thereof share in the timber cut, gathered or produced or in the cash value of such production.

CHAPTER II
AVAILABLE AREAS AND MODE OF DISPOSITION

SECTION 4. Timber Harvesting. - Timber may be commercially cut, gathered, transported and disposed of through a TPSA issued by the Department of Environment and Natural Resources (DENR) following the guidelines prescribed in these regulations.

SECTION 5. Available Areas. - TPSA may be allowed in the following areas:

- 5.1 Residual forests within permanent forest areas which have not been logged for at least 25 years;
- 5.2 Alienable and disposable lands containing timber;
- 5.3 Civil and other reservations, except areas of virgin or old growth forest;
- 5.4 Expired/Cancelled TLA and Expired PTPA with remaining volume that can be utilized economically and sustainably, except the virgin or old growth forest; and
- 5.5 Reforestation areas and other plantations within forestlands that are available for harvesting, without adversely affecting environmental considerations.

Provided that the area is not covered by encumbrances such as:

Within any prohibited area; e.g.

- National Parks,
- Proclaimed and/or Critical Watersheds,
- Wildlife Sanctuaries,
- Wilderness Areas,
- Areas covered by logging ban,
- Islands 10,000 hectares in area or less,
- Such other areas where logging operations may be prohibited by the Secretary of DENR
- Areas over 50% in slope or above 1,000 meters in elevation and

Within any existing timber license;

Covered by conflicts, appeals and/or other legal claims unless otherwise authorized by the Secretary.

SECTION 6. Mode of disposition of available areas. As a general policy, TPSAs shall be granted over production blocks identified by the DENR through public bidding undertaken in consonance with this Order. However, the Secretary may award, through negotiated agreement, available areas as provided for in Section 25, Chapter IV of these regulations.

CHAPTER III COMPETITIVE BIDDING

SECTION 7. Notice of invitation to pre-qualify to bids. Prospective bidders shall be invited to pre-qualify to bid over the subject area by way of a public announcement in at least two (2) newspapers of general circulation. The Notice of Invitation for pre-qualification shall run once a week for three (3) consecutive weeks for new bids and once a week for two (2) consecutive weeks in the case of rebidding. In addition, a copy of the Notice shall be posted at the Department and its Regional, Provincial and Community Offices where the area being advertised is located.

The Notice shall specify, among others, the location, and technical description of the area, the allowable cut, and other important details thereof to guide the prospective bidders.

SECTION 8. Who may pre-qualify. The following may pre-qualify:

- 8.1 Filipino citizens who meet the requirements under these regulations;
- 8.2 Corporations or associations organized under the laws of the Philippines at least 60 percent of whose capital is owned by Filipino citizens, and which meet other requirements under these regulations;
- 8.3 Holders of existing TLAs with good track record of forest protection such as no denuded areas within their concession.

SECTION 9. Who are disqualified.

- 9.1 Individuals, corporations or associations, including officer(s) and/or principal stockholder(s)/ partner(s) thereof who are already holders or awardees of subsisting TPSAs or TLAs with denuded areas determined to be the fault of said TLA holders.
- 9.2 Individuals, corporations or associations any one of whose officers or principal stockholders have derogatory records such as, but not limited to: (a) violations of anti-dummy laws; (b) tax evasions; (c) illegal logging/smuggling; (d) unauthorized subcontracting of forestry/permits and licenses.
- 9.3 Former holders of TLAs and/or other forestry permits and licenses which had been cancelled or not renewed upon expiration due to violations of forestry laws and regulations.

SECTION 10. Pre-qualification requirements. In addition to the pre-qualification forms duly accomplished, the following shall be submitted by prospective bidders:

10.1 For individuals:

- 10.1.1 Certified photo copies of Income Tax Returns for the immediately preceding three (3) years, if applicable;
- 10.1.2 Proof of sufficient capital and credit lines; and
- 10.1.3 Sworn statements authorizing DENR representatives to verify submitted information.

10.2 For cooperatives:

- 10.2.1 Certificate of registration issued by the Cooperatives Development Authority (CDA);
- 10.2.2 Audited Financial Statements for the immediately preceding past three (3) years, if applicable;
- 10.2.3 Proof/s of sufficient capital and credit lines; and

- 10.2.4 Sworn statement authorizing DENR representative(s) to verify submitted information.
- 10.3 For corporations, partnerships and associations:
 - 10.3.1 Certified photo copy of Certificate of Registration issued by the Securities and Exchange Commission (SEC) or the concerned authorized government agency;
 - 10.3.2 Certified photo copy of Articles of Incorporation, Partnership/Association and By-Laws;
 - 10.3.3 Description and background of current principal stockholders, directors, and officers, including their nationalities, biodata, and related experiences;
 - 10.3.4 Audited Financial Statements for the immediately preceding past three (3) years, if applicable;
 - 10.3.5 Proof of sufficient capital and/or credit lines; and
 - 10.3.6 Sworn statement authorizing DENR representative(s) to verify submitted information.

SECTION 11. Submission of documents/requirements. All pre-qualification documents and requirements shall be submitted in seven (7) copies to the Office of the Secretary, DENR, care of the Timber Production Sharing Awards Committee, not later than the time and date specified in the Notice of Invitation to Pre-qualify. No papers and documents submitted by prospective bidders shall be made public unless authorized by the Secretary.

SECTION 12. Timber Production Sharing Awards Committee. The DENR Secretary shall create a Timber Production Sharing Awards Committee (TPSAC) which shall be primarily responsible for the proper receipt, recording, safekeeping and evaluation of pre-qualification and bid proposals pertaining to the timber resource, including the conduct of bidding and recommendations for the award of an area being disposed of in accordance with these regulations.

The members of the TPSAC shall be designated by the Secretary and shall be composed of a Chairman and Executive Officer, and the Regional Technical Director (RTD) for Forestry of the region concerned, two (2) members from the technical forestry group with a rank not lower than a Division Chief or its equivalent, one (1) Legal Officer and a representative each from the Commission on Audit (COA) and the Philippine Wood Products Association (PWPA) as observers.

The TPSAC Chairman is authorized to organize a Secretariat of the Committee.

SECTION 13. Evaluation of pre-qualification requirements. The TPSAC shall, upon receipt of a prospective bidder's pre-qualification requirements, immediately record the same in a permanent record book provided for the purpose indicating the date and time of receipt and the number of pages. Forthwith, the TPSAC shall evaluate the documents taking into account the completeness of the prescribed requirements and the following considerations:

- 13.1 Financial capacity.- The prospective bidder must at least have a net worth equivalent to the log production cost for the first year of operations. This may be supplemented by proofs of available cash capital and credit line facilities;
- 13.2 Technical competence. - Proof of technical know-how and experience, and/or ability to hire the services of competent technical personnel;
- 13.3 Legal requirements.- Meets all the legal requirements such as but not limited to the citizenship and capitalization;
- 13.4 Community development obligations.- Firm plans and commitments for the upliftment of the socio-economic status of the rural community within its sphere of operations;
- 13.5 Standing of prospective bidder.- Prospective bidder should be of good standing status and is not in the blacklisted or suspended category; and
- 13.6 TLA holders with no denuded areas within their concession boundaries shall be eligible for and given preference in the allocation for TPSA.

SECTION 14. Action on Pre-Qualification Documents. If upon evaluation, the TPSAC is convinced that the prospective bidder meets all the requirements, the application for pre-qualification shall be stamped "PREQUALIFIED" and shall be submitted to the Secretary for review/ approval. Within five (5) days from approval by the Secretary, the Committee shall notify the bidder in writing of his pre-qualification. He shall be further advised to secure the Bid Proposal Forms from TPSAC upon payment of the required fees.

On the other hand, application of prospective bidders who do not meet the pre-qualification requirements shall be stamped "DISQUALIFIED" which shall likewise be submitted to the Secretary for review and confirmation. Within five (5) days from confirmation by the Secretary, the pre-disqualified bidders shall be notified in writing of such disqualification.

SECTION 15. TPSA Bid Proposal Forms and Particulars. Bid proposal forms and particulars on an area to be bid shall be made available by the TPSAC to pre-qualified bidders upon request and payment of the corresponding fees therefor.

SECTION 16. Notice of submittal and opening of bids. All pre-qualified bidders shall be served notice of the date, time and place for the submittal and opening of bids at least thirty (30) days prior to the submission and opening of the bids.

SECTION 17. Preparation of bid forms.

- 17.1 Bids shall be submitted in seven (7) copies on Bid Proposal Forms prescribed by the TPSAC in strict compliance with the requirements of the advertisements, Invitation to Bid, Instruction to Bidders, and Terms and Conditions of the TPSA;
- 17.2 Bidder must indicate in the bid his full business address in Metro Manila. Bidders outside Metro Manila shall provide and indicate a forwarding address in Metro Manila to which all notices required under these regulations shall be delivered;
- 17.3 Bidder must submit an indicative plan for the management and development of the area; and

- 17.4 Queries relative to the Instructions of Bidders and Terms and Conditions of the TPSA and the bid forms or any part thereof shall be made during a pre-bid conference. Once a bid is submitted, it is presumed that the bidder has waived any right to be heard regarding any matter contained therein.

SECTION 18. Submission and opening of bids. Bids shall be sealed in envelopes delivered personally or by authorized representatives of the bidder and must be submitted to and received by the TPSAC only on the date and time set for the opening of the bids.

All bid proposals shall, upon receipt thereof, be properly recorded. After opening, every page thereof including attachments shall be numbered consecutively and the original copies initialed by each and every member of the TPSAC.

SECTION 19. Canvassing of bids.

- 19.1 Canvassing of bids shall be done in public immediately after the submission and opening of bids in the presence of the bidders or their authorized representatives and the members of TPSAC.

Within five (5) days after the canvassing of the bids, the corresponding abstracts shall be prepared which shall be signed by the Committee members and the resident auditor or his representative, attaching thereto all the bids with their corresponding supporting papers/documents and the proceedings of the bidding.

- 19.2 No withdrawal of bids shall be allowed after the same is opened.
- 19.3 When a bidder submits two or more bids for the same area, only the highest bid shall be considered or the DENR shall exercise the option to choose.

SECTION 20. Bid guaranty. All bid proposals shall be accompanied by a Bid Guaranty equivalent to ten percent (10%) of the gross cash value of the annual allowable cut (AAC) granted which shall be in the form of a Manager's Check issued by a reputable bank in favor of the DENR. Failure to submit the required bid proposal guaranty with the bid shall be sufficient cause for rejection of bid. The bid guaranty shall form part of the share of the government pursuant to the terms and conditions of the TPSA. All bid guarantees submitted by losing bidders shall be returned to them the next working day after the opening of bids.

SECTION 21. Evaluation of bids. The following general guidelines shall govern the evaluation of bid proposals:

- 21.1 Bid shall be prepared in prescribed bid proposal forms.
- 21.2 There shall be at least two (2) competing bidders at the time of the opening of bids. In the event that there is only one bidder, the bid shall be returned unopened and the area advertised anew for rebidding. If at rebidding, there should still be only one (1) bidder, the area may be awarded through negotiated agreement as provided for in Chapter IV, hereof.
- 21.3 A bid which does not comply with the conditions or requirements set forth in the bid documents shall be rejected.
- 21.4 The Secretary reserves the right to reject any or all bid proposals when in his opinion, public interest will be adversely affected. The right is also reserved to waive minor deviations in the bids which do not affect the substance and validity of the bids. The Secretary likewise reserves the right to require additional information on the capability of the winning bidder to execute satisfactorily the agreement in accordance with the terms and conditions thereof.
- 21.5 After the bids have been evaluated, the Committee shall submit a report of its findings to the Secretary who shall decide as to whom the timber under bid shall be awarded.

SECTION 22. Basis of award. The area subject of bid shall be awarded to the bidder who offers the best proposal advantageous to the government considering such factors as the amount of bid, financial and technical capability, and commitment to community development; Provided, that, the bid offer is not lower than the minimum government share as pre-determined by the Department.

SECTION 23. Decision of award. The Secretary shall review the evaluation report of TPSAC and decide to whom the area shall be awarded and for which a Notice of Award shall be issued; Provided, that, should the awardee refuse or fail to comply with the requirements called for in the Notice of Award within the period prescribed therein, the award shall be nullified and the Bid Guaranty submitted shall be forfeited in favor of the government; Provided, further, that, in such case, the area shall be rebid and the awardee shall be barred from participating in any future bidding.

SECTION 24. Execution of timber production sharing agreement. Within fifteen (15) days from receipt of the Notice of Award, the winning bidder shall enter into a TPSA in the prescribed form accompanied by all the contract documents mentioned therein duly accomplished.

CHAPTER IV NEGOTIATED CONTRACT

SECTION 25. When negotiated bidding/contract may apply. Timber resources previously determined by the Department as available for the issuance of a TPSA may be awarded to qualified applicants through negotiated agreement under any of the following circumstances.

- 25.1 Where the timber resource is located in certified alienable or disposable lands;
- 25.2 Timber volume available in a given area is more or less equivalent of the requirements of cottage industries and/or small-scale wood based projects and/or livelihood industries located in said areas;
- 25.3 The timber has been the subject of two repetitive public biddings. Provided, that, the negotiated government share shall not be less than the minimum bid asked;
- 25.4 When timber is found in recognized tribal lands of indigenous cultural communities in which case the cultural communities involved may opt to enter into a negotiated TPSA.
- 25.5 When the timber license is suspended but subsequently lifted, in which case it may be allowed to continue under a TPSA for the remaining period provided in the original TLA, after which the same shall be subject to bidding; and
- 25.6 When the holder of an existing TLA opts to convert his license to TPSA-cum-Industrial Forest Plantation; provided, that, the negotiated floor price shall not be lower than the prevailing price in similar area in the region.

Any award made by the Secretary under this Chapter shall conform to the terms and conditions of a TPSA.

CHAPTER V AREA AND ALLOWABLE CUT

SECTION 26. Maximum area under the timber production sharing agreement. Consistent with the state-adopted policy of providing equal access to the timber resources without disturbing the regular and even flow of raw materials to industries dependent thereto, the area that may be granted under the agreement shall not exceed 40,000 hectares.

SECTION 27. Allowable Cut.

- 27.1 For natural forest, the initial annual allowable cut that may be granted under a TPSA shall be determined in accordance with the following formula:

$$AAC = \frac{Ar}{cc} \times Vr \times 0.70 \times 0.75$$

Where:

AAC = Annual Allowable Cut in cubic meters

Ar = Area of operable residual forest in hectares

Vr = Harvestable volume of operable residual forest in cubic meters per hectare (25% of volume of 60cm diameter + 55% of volume of 70cm diameter + 100% of volume of 80cm diameter & larger)

cc = Cutting cycle (60 years)

0.70 = Logging efficiency

0.75 = Reduction factor to give allowance for estimated deficiency of 25% in attaining a satisfactory residual stand

Ar

---- = Annual Cutting Areas or ACA

cc

The allowable cut formula as indicated shall be used to determine the initial cut and may be recalculated to determine the true sustainable cut for the area.

- 27.2 For civil and other reservations that will be developed for resettlement, farmplots, etc., clear-cutting may be allowed except in virgin forest, and areas above 18% in slope and those within 20 meters from both sides of rivers, lakes and creeks.
- 27.3 For reforestation areas and other plantations, the prescribed silvicultural system shall be based on the species planted and terrain of the area.
- 27.4 The Secretary may prescribe other allowable cut formulas and/or silviculture systems after research has determined the true sustainable cut of a forest stand.

**CHAPTER VI
TERMS AND CONDITIONS OF THE
TIMBER PRODUCTION SHARING AGREEMENT**

SECTION 28. Minimum terms and conditions of the TPSA.

- 28.1 A provision that the agreement holder shall furnish the necessary management, technology, and financial services when required, as determined by the Secretary of the DENR;
- 28.2 A stipulated share of revenues and the manner of payment thereof;
- 28.3 Provision for consultation and arbitration with respect to the interpretation of the agreement;
- 28.4 A provision for anti-pollution and environmental protection measures;
- 28.5 A provision for the restoration and protection of the forest;
- 28.6 A provision for an effective monitoring scheme to be implemented by the Department which shall include but not limited to the periodic inspection of all records and books of account of the agreement holder, and periodic assessment of the timber stand and quality of the area under contract; and
- 28.7 A commitment to community development.

SECTION 29. Base Price. For purposes of computing the value of the annual government share from TPSA, the base price is to be computed as the average Manila log market price of the immediately preceding year of the timber species included in the total allowable cut.

SECTION 30. Government Percentage Share. For purposes of bidding/ negotiating a TPSA, the minimum percentage share of government shall not be less than TWENTY PERCENT (20%) of the value of the annual total TPSA production computed against the base price as defined in Section 29.

SECTION 31. Performance Bond. - The TPSA holder shall, upon issuance of the agreement, post a 5-year bond renewable one (1) year before the expiration, and callable upon demand whose value shall be based on the extent of virgin forest within the TPSA area or the equivalent of One fourth of the expected share of

government based on the annual allowable cut granted, whichever is higher; PROVIDED, That, at least 10% of the value of the bond shall be in the form of cash.

Such bond shall be forfeited in favor of the government for any infraction or violation of the terms and conditions of the agreement.

SECTION 32. Other Terms and Conditions. The other terms and conditions of the TPSA are embodied in the prescribed TPSA form which is made an integral part of this Order.

**CHAPTER VII
DURATION, RENEWAL AND CANCELLATION OF
TIMBER PRODUCTION SHARING AGREEMENT**

SECTION 33. Duration and Renewal. A TPSA shall be valid for a period of twenty-five (25) years, renewable for a similar period at the option of the Secretary.

SECTION 34. Grounds for Cancellation. A TPSA shall be cancelled or revoked on any of the following grounds:

- 34.1 Failure and/or refusal by the TPSA holder to pay or remit the share of the government in accordance with the terms of the TPSA;
- 34.2 Failure or refusal to conduct operations within three (3) months after the signing of the Agreement;
- 34.3 When a TPSA holder has been found to be a dummy;
- 34.4 For farming out the agreement or receiving royalty of any kind;
- 34.5 For cutting within the virgin forest or operating outside the approved operations plan or that specifically designated by DENR;
- 34.6 For allowing illegally cut timber to be invoiced under his agreement or inducing any other person to log in other areas in violation of the provisions of this Regulations;
- 34.7 For refusing any forest officer or duly authorized government officials entry into the TPSA premises or any other improvement introduced and use in connection with the operation of the license areas, as well as access to records

- and books used in connection with logging and the marketing and/or processing and/or financing of logs production from the area;
- 34.8 When the TPSA holder for the third time after written warnings, intentionally cut, injured or destroyed residual trees marked by forest officers;
 - 34.9 For failure to pay his forestry accounts within three (3) months;
 - 34.10 For failure to suspend operations within a conflicted area when so required by the DENR Secretary or his authorized representatives, pending final decision of the conflict;
 - 34.11 When the TPSA is found to have been obtained through fraud or misrepresentation or by false mis-leading statements;
 - 34.12 For using or employing logging and processing machineries or equipment not duly authorized in writing by the DENR;
 - 34.13 For cutting in excess of the authorized cut;
 - 34.14 For failure to implement selective logging, except in areas specified under Section 27.2 and 27.3;
 - 34.15 For failure to reforest and protect his area from illegal loggers and squatters;
and
 - 34.16 For any other violation of any of the terms and conditions of the agreement or any of the pertinent provisions of forestry laws, rules and regulations.

CHAPTER VIII EFFECTIVITY

SECTION 35. Effectivity. This order takes effect fifteen (15) days after its publication in a newspaper of general circulation.

FULGENCIO S. FACTORAN, JR.
Secretary

NOTE: Bid Proposal Form Omitted

**Administrative Order
No. 79
Series of 1990**

SUBJECT: Amendment to DENR Administrative Order No. 26, Series of 1990, Amending Further DENR Administrative Order No. 86-90 Prescribing Rules on the Deregulation of Tree Harvesting, Transporting and Sale of Firewood, Pulpwood or Timber Planted in Private Lands

DENR Administrative Order No. 26, dated October 4, 1988 is hereby amended to read as follows:

"In line with the National Forestation Program and in order to promote the planting of trees by owners of private lands and give incentives to the tree farmers, Ministry Administrative Order No. 4 dated 19 January 1987 which lifted the restriction in the harvesting, transporting and sale of firewood, pulpwood or timber produced from Ipil-ipil (*leucaenia* spp.) and Falcata (*Albizzia falcataria*) is hereby amended to include all other tree species planted in private lands except BENGUET PINE and premium hardwood species. Henceforth, no permit is required in the cutting of planted trees within the titled lands or tax-declared A & D lands with corresponding application for patent or acquired through court proceedings, except BENGUET PINE and premium species listed under DENR Administrative Order No. 78, Series of 1987, provided, that a certification of the CENRO concerned to the effect that the forest products came from a titled land or tax declared alienable and disposable land is issued accompanying the shipment.

HENCEFORTH, THE CUTTING, TRANSPORT AND DISPOSITION OF BENGUET PINE WITHIN PRIVATE LANDS SHALL BE COVERED BY A PRIVATE LAND TIMBER PERMIT (PLTP) IN CONSONANCE WITH DAO 121, SERIES OF 1989.

"This Order takes effect immediately and repeals/modifies all Administrative Orders, Memoranda or Circulars inconsistent herewith."

FULGENCIO S. FACTORAN, JR.
Secretary

**Administrative Order
No. 86
December 27, 1990**

**SUBJECT: Additional Guidelines Governing the
Issuance of Private Land Timber Permit
as Provided by DENR Administrative
Order No. 121, as Amended**

While the government recognizes the rights of land owners to the trees found within their private lands, there is still the need to protect and conserve the remaining forest resources especially for stream/river bank protection. In view of this, the submission of a stream/riverbank reforestation plan duly budgeted and mapped shall be required prior to the approval of the Private Land Timber Permit.

Other provisions stipulated under DENR Administrative Order No. 121, series of 1989, as amended will remain in effect.

This Order shall take effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary

**Administrative Order
No. 88
December 18, 1990**

**SUBJECT: Amending Certain Provisions of DENR
Administrative Order No. 69, Series of
1990**

A. In the interest of the service and in order to implement effectively the submission of aerial photography or satellite data as requirements for the continuance of Timber License Agreements (TLAs) or Timber Production Sharing Agreements (TPSAs), the following provisions of DENR Administrative Order No. 69, Series of 1990, are hereby amended to read as follows:

"1. In order to establish a true and reliable picture of the vegetative cover of the areas covered by existing Timber License Agreements (TLAs) and as an additional requirement for the continuance of TLAs, a complete aerial photo coverage of the license area shall be submitted by holders of such license agreements to the Department of Environment and Natural Resources (DENR) within one (1) year from the date of effectivity of this Order. Holders of Timber Production Sharing Agreement (TPSA) which may hereafter be issued shall likewise submit aerial photos of the entire area covered by the TPSA within one (1) year from the grant of the agreement. TLA/TPSA holders may opt to submit after the first submittal of aerial photographs, latest satellite image every two years thereafter, and for aerial photographs, every five (5) years. The licensee's option however shall be registered with the Acceptance Committee as prescribed in Section 5 hereof, and may only be changed after six (6) years."

"2. The technical requirements for the required aerial photography shall follow existing standards and other requirements that maybe prescribed by the Acceptance Committee."

"3. The satellite image to be submitted must be either Landsat TM or SPOT image at scale 1:100,000 transparency and corresponding computer compatible tapes not more than six (6) months old from date of submission. Availment of other satellite products shall have prior clearance from NAMRIA."

"4. The licensees or concessionaires are given the option to choose the aerial photo surveying contractor to undertake photography of their areas from a list of firms to be pre-qualified by the ACCEPTANCE COMMITTEE."

"6. There is hereby created an ACCEPTANCE COMMITTEE where the licensees shall submit their completed aerial photographs or satellite images for consolidation and authentication. The Committee is composed of representatives from the following offices:

- Administrator, NAMRIA - Chairman
- Director, FMB - Vice Chairman

- Representative of USEC for
Field Operations - Member

- Representative, Planning and
Policy Studies Office - - do -

- Representative/s from the
Regional Office concerned - - do -

The Acceptance Committee shall issue memorandum orders as maybe necessary, in furtherance of this Order, including the guidelines setting the technical requirements for the conduct and acquisition of aerial photographs and satellite data"

"8. Non-submission of the required aerial photographs/satellite images within the prescribed period shall be valid cause for suspension/cancellation of the timber license/timber production sharing agreements except when due to causes beyond the control of the licensees."

B. This Order takes effect immediately.

FULGENCIO S. FACTORAN, JR.
Secretary