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

BAGONG PILIPINAS

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DENR Administrative Order.
No. 2026 – 05

SUBJECT : **GUIDELINES GOVERNING THE ESTABLISHMENT, REGISTRATION, AND MONITORING OF VOLUNTARY FOREST CARBON CREDIT PROJECTS IN FOREST LANDS, PROTECTED AREAS UNDER NATIONAL INTEGRATED PROTECTED AREAS SYSTEM (NIPAS), AND ANCESTRAL LANDS/DOMAINS**

Pursuant to the United Nations Framework Convention on Climate Change (UNFCCC) and its Paris Agreement; Presidential Decree No. 705, as amended, or the Revised Forestry Code of the Philippines; Executive Order (EO) No. 192 (1987) defining the mandate and organizational structure of the Department of Environment and Natural Resources (DENR); Republic Act (RA) No. 7586, as amended, or the National Integrated Protected Areas System (NIPAS) Act; RA No. 9729, as amended by RA No. 10174, or the Climate Change Act of 2009; RA No. 8371, or the Indigenous Peoples' Rights Act of 1997; EO No. 263 (1995) institutionalizing community-based forest management; EO No. 318 (2004) promoting sustainable forest management; and EO No. 174 (2014) institutionalizing the Philippine Greenhouse Gas Inventory Management and Reporting System, these Guidelines Governing the Establishment, Registration, and Monitoring of Voluntary Forest Carbon Credit Projects in Forest Lands, Protected Areas under NIPAS, and Ancestral Lands/Domains are hereby prescribed and promulgated.

SECTION 1. Basic Policy. It is the policy of the State to protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature. In pursuit of this policy, the State recognizes the role of green investors and social enterprises in promoting sustainable forest management, encourages fair, transparent, and inclusive participation in forest carbon initiatives, and supports the development of equitable, responsible, and market-based carbon projects in accordance with national laws and climate commitments.

SECTION 2. Objectives. These Guidelines aim to provide a clear, coherent and effective set of procedures for establishing, registering, and monitoring Forest Carbon Credit Projects in forest lands, protected areas under NIPAS, and ancestral lands/domains. They are designed to ensure that all Forest Carbon Credit Projects:

a. Are properly documented and registered in the DENR Forest Carbon Credit Database established under these Guidelines;

b. Contribute to climate change mitigation through carbon removals, avoiding emissions from deforestation and forest degradation, and enhancing forest carbon stocks;

c. Uphold the principles of credibility, including eligibility, additionality, permanence, transparency, and environmental and social integrity;

d. Support national climate and biodiversity commitments, including the Nationally Determined Contribution (NDC), National Adaptation Plan, National REDD+ Strategy, Philippine Biodiversity Strategy and Action Plan (PBSAP), restoration plans of protected areas, and other national and international commitments;

e. Are developed and implemented by qualified Project Proponents, Developers, and green investors as defined under these Guidelines;

f. Ensure legally enforceable community safeguards, including stakeholder engagement, benefit-sharing, and grievance mechanisms, consistent with national laws and international best practices. The minimum standards for these safeguards shall be governed by subsequent guidelines issued by the Forest Management Bureau (FMB); and

g. May participate in international voluntary carbon markets (VCMs), subject to the Department's determination of eligibility for counting towards the country's NDCs, the mechanism for which shall be governed by a separate policy issuance upon the adoption of the carbon policy framework. Participation in Internationally Transferred Mitigation Outcomes (ITMOs) shall also be governed by separate policy issuances, in accordance with national and international regulations.

SECTION 3. Scope and Coverage. These Guidelines shall guide the establishment, registration, and monitoring of all Forest Carbon Credit Projects undertaken within:

a. Forest Lands;

b. Protected Areas under NIPAS; and

c. Ancestral Lands/Domains, subject to coordination with the National Commission on Indigenous Peoples (NCIP) and the provisions of the Indigenous Peoples Rights Act (IPRA).

Projects situated within ancestral domains that coincide with forest lands or protected areas under NIPAS shall be subject to the exercise of priority rights (EPR) by the concerned Indigenous Cultural Communities/Indigenous Peoples (ICCs/IPs). Should ICCs/IPs opt not to exercise such rights, other applicants may be considered, subject to the Free, Prior, and Informed Consent (FPIC) process.

This Order further recognizes:

a. Coastal and marine ecosystems (e.g., mangroves, seagrasses, wetlands, peatlands) as project areas;

b. That projects pertain to the Voluntary Carbon Market (VCM), while ensuring consistency with integrity safeguards and, where applicable, corresponding adjustments under Article 6 of the Paris Agreement; and

c. The need to align project-level activities with national or jurisdictional REDD+ accounting frameworks to avoid double counting and ensure environmental integrity.

All new and pipeline projects shall be covered. Existing or ongoing projects prior to the effectivity of these Guidelines shall undergo registration under SECTION 10.2(b) for documentation and monitoring purposes.

SECTION 4. Definition of Terms.

a. **Ancestral Domains** – All areas generally belonging to Indigenous Cultural Communities/Indigenous Peoples (ICCs/IPs), subject to property rights within ancestral domains already existing and/or vested upon the effectivity of the Indigenous Peoples' Rights Act (IPRA), comprising lands, inland waters, coastal areas, and natural resources therein, held under a claim of ownership, occupied or possessed by ICCs/IPs by themselves or through their ancestors, communally or individually since time immemorial, continuously to the present, except when interrupted by war, force majeure, or displacement by force, deceit, stealth, or as a consequence of government projects or any voluntary dealings entered into by the government and private individuals/corporations. It shall include ancestral lands, forests, pasture, residential, agricultural, and other lands individually owned whether alienable and disposable or otherwise; hunting grounds; burial grounds; worship areas; bodies of water; mineral and other natural resources; and lands which may no longer be exclusively occupied by ICCs/IPs, but from which they traditionally had access for subsistence and traditional activities, particularly the home ranges of ICCs/IPs who are still nomadic and/or shifting cultivators.

b. **Ancestral Lands** – Land, subject to property rights within the ancestral domains already existing and/or vested upon effectivity of the IPRA, occupied, possessed, and utilized by individuals, families, and clans who are members of the ICCs/IPs since time immemorial, by themselves or through their predecessors-in-interest, under claims of individual or traditional group ownership, continuously to the present except when interrupted by war, force majeure, or displacement by force, deceit, stealth, or as a consequence of government projects and other voluntary dealings entered into by government and private individuals/corporations. Includes, but is not limited to, residential lots, rice terraces or paddies, private forests, swidden farms, and tree lots.

c. **Carbon Credit** – A verified and tradable certificate representing the avoidance, reduction, or removal of one metric ton of carbon dioxide (CO_2), or its equivalent in other greenhouse gases, expressed in CO_2-equivalent units (CO_2-eq). These carbon credits may be freely traded, transferred, or used in accordance with applicable carbon market standards and national regulations.

d. **Carbon Removals** – Net removal of carbon dioxide from the atmosphere through forest-based activities, including afforestation, reforestation, restoration, or enhancement of forest carbon stocks.

e. **Carbon Rights** – The legal or beneficial entitlement to carbon credits generated from a project. Carbon rights are distinct from carbon credits and are determined by land tenure, project agreements, or applicable laws.

f. **Carbon Sequestration** – The process by which forests or other ecosystems capture and store atmospheric carbon in biomass and soils over time. The process of sequestration contributes to the metric of carbon removals.

g. **Feasibility Stage** – The initial stage of project planning during which the technical, financial, social, and environmental viability of a proposed Forest Carbon Credit Project is assessed.

h. **Forest Carbon Credit Project** – Forest Carbon Credit Projects shall be classified into the categories defined below:

   i. **Afforestation, Reforestation, and Revegetation (ARR / A/R)** – Activities that establish new forests or restore degraded areas through planting or natural regeneration. ARR projects prioritize indigenous or site-appropriate native species that are ecologically adapted, resilient, and biodiversity-enhancing. The use of exotic species is discouraged unless scientifically justified and approved by the concerned regulatory bodies. Species such as bamboo may be included where ecologically appropriate, provided they do not compete with timber species or compromise biodiversity and land-use objectives. ARR projects within Protected Areas under NIPAS shall align with the relevant Protected Area Management Plan and applicable DENR rules on special uses.

   ii. **Avoided Deforestation (AD)** – Activities that prevent the planned or unplanned loss of existing forests which would otherwise result in carbon dioxide emissions through deforestation or forest degradation. AD projects shall be consistent with internationally recognized methodologies and standards and shall demonstrate emission reductions relative to scientifically established baselines. AD may include:

      1. **Avoided Planned Deforestation (APD)** – Prevention of deforestation authorized or scheduled under land-use plans or tenurial rights.

      2. **Avoided Unplanned Deforestation (AUD)** – Prevention of illegal or unsanctioned forest conversion or degradation.

   iii. **Complementary or Integrated Approaches** – Projects that combine ARR and AD interventions within a landscape or jurisdictional program to deliver broader climate, biodiversity, and community benefits.

iv. **Other Forestry-Related Approaches** – Projects involving improved forest management, restoration of degraded ecosystems, soil nutrient enhancement, sustainable grazing, and other interventions that reduce emissions or enhance carbon removals.

v. **Blue Carbon and Wetland Restoration** – Projects that protect, restore, or sustainably manage mangroves, seagrasses, peatlands, marshes, and other wetland ecosystems that act as carbon sinks or sources of avoided emissions.

The Department may, through supplemental guidelines, recognize additional classifications of Forest Carbon Credit Projects consistent with national climate strategies, sectoral plans, and applicable international standards.

i. **FPIC (Free, Prior, and Informed Consent)** – The consensus of all members of Indigenous Cultural Communities/Indigenous Peoples (ICCs/IPs), obtained in accordance with their customary laws and practices, to give or withhold consent to a proposed project that may affect their ancestral domains, lands, territories, or resources. FPIC shall be obtained free from external manipulation, interference, or coercion, and only after full disclosure of the project's intent, scope, benefits, and risks, in a language and process understandable to the community.

j. **Green Investor** – An individual or organization providing financial resources for the development, implementation, or scaling of a Forest Carbon Credit Project, operating independently of government funds.

k. **International Carbon Standards** – Recognized independent standards that establish requirements for the design, implementation, monitoring, and verification of carbon credit projects, ensuring their environmental and social integrity. Examples include, but are not limited to, Verra (VCS), Gold Standard, and other standards endorsed under the Integrity Council for the Voluntary Carbon Market (IC-VCM) Core Carbon Principles. The Department may develop and maintain a positive list of accepted standards for alignment with national priorities and international commitments.

l. **Independent Validation and Verification Bodies (VVBs)** – Third-party entities accredited by recognized international carbon standards and recognized by the DENR to conduct impartial validation and verification of Forest Carbon Credit Projects. VVBs are responsible for assessing project design, baseline methodologies, monitoring reports, and claimed emission reductions/removals.

m. **Monitoring, Reporting, and Verification (MRV)** – The collection of data and information at a national (or sub-national) level, and performance of the necessary calculations for estimating emission reductions or enhancement of carbon stocks and associated uncertainties against a reference level.

n. **Participating Community** – Individuals or groups, including but not limited to POs, IPOs, NGOs, CSOs, farmer associations, or other local stakeholders, engaged in a Forest Carbon Credit Project.

o. **Project Concept Note / Proof of Concept** – A document submitted to the DENR for initial project registration, signifying interest to establish a Forest Carbon Credit Project. It contains basic project information, including objectives, proposed location, area, type (ARR, AD, restoration), and indicative activities. The final Project Description Document (PDD) prepared under an international carbon standard shall be submitted prior to project registration in the DENR Forest Carbon Credit Database.

p. **Project Description Document (PDD)** – A project document prepared in accordance with internationally recognized carbon standards, containing the project's objectives, scope, location, baseline scenario, methodologies applied, monitoring framework, and estimated greenhouse gas emission reductions or removals.

q. **Project Developer** – An individual or organization engaged by the Project Proponent to provide technical expertise in the identification, design, and implementation of Forest Carbon Credit Projects.

r. **Project Development Agreement (PDA)** – A legally binding agreement between the Project Proponent and participating communities, which may include duly registered POs/IPOs, outlining financing, technical assistance, benefit-sharing arrangements, grievance mechanisms, and the roles and responsibilities of all parties. The PDA ensures alignment with principles of permanence and compliance with this Order.

s. **Project Proponent** – The entity legally accountable for the establishment, registration, and oversight of a Forest Carbon Credit Project. The Proponent is the responsible entity for compliance with this Order and may engage other parties (e.g., Project Developers or implementers) to conduct day-to-day operations and project management.

t. **Tenure Holder** – A natural or juridical person granted a Tenurial Instrument by the DENR, conferring legal rights to occupy, manage, and utilize forest lands, Protected Areas under NIPAS, or ancestral lands/domains in accordance with applicable laws and regulations.

Note on Terminology: International carbon standards use varying terms, acronyms, and definitions. These Guidelines acknowledge these differences and allow for alignment with recognized international practices (e.g., PoA, VPA, DD, PoA-DD, VPA-DD).

SECTION 5. Forest Carbon Credit Projects within Protected Areas under NIPAS. Forest Carbon Credit Projects may be undertaken within Protected Areas, subject to the following conditions:

a. The project shall be for the implementation of the restoration and/or protection plan of the Protected Area. No project shall be allowed without such plan;

b. Strict compliance with the Protected Area Management Plan (PAMP) and relevant provisions of the Expanded National Integrated Protected Areas System (ENIPAS) Act and its implementing rules;

c. Prior approval by the Protected Area Management Board (PAMB) through a formal Resolution, certifying that the proposed project is consistent with the biodiversity conservation, restoration, and sustainable management objectives of the Protected Area. The PAMB Resolution shall be a prerequisite for the issuance of a Notice to Proceed (NTP) by the Department;

d. Issuance of a Tenure Instrument by the Department, as applicable, to provide the legal basis for establishing the project within the Protected Area;

e. Projects shall ensure meaningful participation of local communities and Indigenous Peoples, in accordance with FPIC and stakeholder engagement requirements under this Order.

SECTION 6. Qualified Project Proponents. Project Proponents shall possess the legal, financial, and technical qualifications necessary to develop, implement, and monitor Forest Carbon Credit Projects under this Order.

6.1 General Requirements.

a. **Legal Capacity**. Project Proponents shall be legally recognized entities in the Philippines. Proponents may include, but are not limited to:

   i. People's Organizations (POs) duly registered with the Cooperative Development Authority (CDA) or Securities and Exchange Commission (SEC), holding valid forest management agreements such as CBFMAs or SIFMAs.

   ii. Indigenous Peoples Organizations (IPOs) registered with or recognized by the NCIP. Indigenous Political Structures (IPS) may also act as proponents when formally recognized by NCIP.

   iii. Filipino-owned Corporations registered with the SEC, with at least sixty percent (60%) Filipino ownership in accordance with the Philippine Constitution and the Foreign Investments Act.

   iv. Non-stock, non-profit organizations or NGOs registered in the Philippines, provided they partner with tenure holders and comply with the safeguards under this Order.

   v. Foreign-owned corporations or Project Developers may participate only through a Philippine branch office or partnership with a qualified

Filipino entity, ensuring compliance with the 12th Foreign Investment Negative List and applicable tax obligations.

Other classifications or categories of proponents may be considered, provided they can demonstrate legal capacity, ability to comply with safeguards, and alignment with the objectives of this Order.

b. **Financial Capacity.**

i. Proponents shall submit a financial plan and investment timeline demonstrating their capacity to fund project development and implementation.

ii. Proof of secured funds may be provided progressively across project milestones (feasibility, implementation, monitoring).

iii. Acceptable forms of financial capacity include equity, loans, grants, or blended finance arrangements.

iv. The FMB shall issue subsequent guidelines defining the minimum capitalization or financial standard required for Project Proponents at the initial stage.

c. **Technical Expertise.**

i. Proponents shall submit a statement of technical strategy indicating how expertise shall be secured (e.g., partnerships, hiring, contracting experts).

ii. Evidence of prior project experience is not mandatory but may strengthen eligibility. Technical expertise may be sourced from accredited Project Developers, independent assessors, or consultants.

iii. The DENR shall maintain a database of accredited Project Developers to support proponents and ensure quality. Criteria and procedures for the accreditation of Project Developers shall be established through separate policy issuance.

6.2 Specific Requirements.

a. **Forest Lands.**

i. Proponents shall hold a valid tenurial instrument issued by the DENR (e.g., CBFMA and SFLMA).

ii. Tenure holders shall be in good standing. Where tenure is nearing expiration, continuity shall be ensured through:

1. Renewal of tenure; or

2. A tripartite agreement among DENR, the PO/IPO, and the Project Developer to maintain permanence and monitoring obligations until renewal.

iii. Projects shall align with DENR's Comprehensive Resource Management Frameworks (CRMFs), once formally adopted and issued by the FMB.

iv. SFLMA shall be recognized as a valid tenure basis.

b. **Protected Areas under NIPAS.**

i. Projects shall obtain prior PAMB Clearance, ensure alignment with the Protected Area Management Plan (PAMP), and secure an Environmental Compliance Certificate (ECC) where required.

ii. Projects shall comply with relevant tenure instruments authorized under ENIPAS.

iii. Projects in overlapping areas with ancestral lands shall coordinate with DENR for environmental monitoring and safeguards.

iv. Issuance of tenure instruments and approval processes shall follow DENR procedures to avoid undue burden on proponents.

c. **Ancestral Lands and Domains.**

i. The ICC/IP community itself (through its IPO or IPS) shall be the Project Proponent, holding a CADT, CADC, CALT, or CALC, as recognized by NCIP.

ii. Communities may designate another entity (PO, corporation, or other eligible entity) as proponent through a formal resolution of community consensus in accordance with customary laws.

iii. A separate DENR tenurial instrument is not required for CADT/CADC holders.

iv. Projects shall integrate with the Ancestral Domain Sustainable Development and Protection Plan (ADSDPP).

v. Project Development Agreements (PDAs) or equivalent contracts shall observe the permanence principle (25 years + 25 years renewal).

vi. PAMB Clearance and ECC are required for ancestral lands overlapping with Protected Areas.

6.3 Additional Considerations.

a. **Free, Prior, and Informed Consent (FPIC).**

i. For projects led by external proponents in ancestral domains, FPIC shall be secured per IPRA and NCIP rules.

ii. For projects where the ICC/IP itself is the proponent, a Resolution of Community Consensus shall replace FPIC.

iii. FPIC may be phased:

1. Initial FPIC – feasibility assessments and pilot activities.

2. Comprehensive FPIC – full project implementation, credit registration, and long-term monitoring.

b. **Stakeholder Engagement.**

i. Projects shall conduct meaningful consultations with all relevant stakeholders, including government agencies, LGUs, communities, women, ICCs/IPs, and local groups (per UN Major Groups guidance).

ii. Documentation shall include stakeholder mapping, rights identification, risk assessment, gender-disaggregated data, baseline social/environmental impacts, and evidence of consultations.

iii. Documentation submitted to International Carbon Standards may satisfy engagement requirements.

c. **Roles of Key Stakeholders.**

i. **LGUs** – Collaborate in monitoring, enforcement, conflict resolution, and may serve as proponents within their jurisdictions.

ii. **PAMB** – Approve and oversee projects in Protected Areas under NIPAS, ensuring alignment with conservation and restoration goals.

iii. **IPOs, ICCs/IPs, and Local Communities** – Actively participate in project governance, monitoring, and benefit-sharing, including co-designing community benefit plans.

iv. **Project Developers** – Shall serve as partners and technical service providers of duly registered Project Proponents. To uphold transparency and safeguard the interests of communities, investors, and the Department, any transfer, assignment, or sharing of project participation rights or carbon entitlements shall require the prior written consent of the Project Proponent and due notice to the Department. Project Developers shall disclose their active project portfolios and partnership arrangements, as may be required by the Department, to ensure clarity of roles and to prevent overlapping or speculative engagements.

SECTION 7. Capitalization Guidelines. To ensure transparency, credibility, and project viability without creating undue barriers, capitalization requirements for Forest Carbon Credit Projects shall be guided by a Capitalization Guidelines Manual to be developed by the FMB in consultation with stakeholders. The Manual shall provide indicative benchmarks and reference tools for project costing (e.g., MRV, FPIC, and benefit-sharing), but shall not prescribe or limit the financing structures of Proponents. These guidelines shall be without prejudice to constitutional requirements on foreign ownership, financial capacity, and other applicable laws.

7.1 Demonstration of Financial Capacity.

a. At the initial stage, Project Proponents shall submit a financial plan and investment timeline, indicating how funds shall be progressively secured across project milestones (e.g., feasibility, implementation, monitoring). This demonstration shall satisfy the minimum financial standard established by the FMB pursuant to SECTION 6.1.

b. Proof of full lifecycle financing shall not be required upfront; proponents may demonstrate phased financial capacity aligned with project milestones.

c. Acceptable sources of financial capacity include equity, loans, grants, blended finance, and other lawful and transparent mechanisms recognized by international standards.

7.2 Funding Sources.

a. Project Proponents may raise capital through equity investment, debt financing, grants, Corporate Social Responsibility (CSR) funds, or other lawful and transparent mechanisms.

b. Foreign investment and technical expertise are encouraged, consistent with constitutional requirements on foreign ownership (60–40 rule) and subject to SEC registration or equivalent compliance.

7.3 Role of Government.

a. The DENR-FMB shall not directly dictate project-specific capital requirements; however, it shall provide oversight to ensure Proponents disclose financing strategies, demonstrate credibility to investors, and comply with safeguards.

b. The DENR-FMB may provide indicative fiscal requirements or cost ranges for planning purposes, particularly for MRV, FPIC, and benefit-sharing, without limiting financing structures or discouraging participation by MSMEs, foreign investors, or community-based proponents.

7.4 Phased Financing and Community-Led Projects.

a. To facilitate inclusivity and practical implementation, particularly for community-based and small-scale proponents, financial capacity may be demonstrated progressively through phased financing. Initial-stage funding may cover feasibility assessments and pilot activities, while subsequent investment can be aligned with full implementation and monitoring requirements. This approach ensures that communities, local POs/IPOs, and MSMEs can participate meaningfully without being excluded by upfront capital requirements.

b. Financial viability and the responsibility to secure funding shall remain with Project Proponents and their investors/funders.

SECTION 8. Plan for Community Benefit-Sharing for a Forest Carbon Credit Project with Local Communities or Indigenous Cultural Communities/Indigenous Peoples (ICCs/IPs). The Community Benefit-Sharing Plan (CBSP) shall ensure that Forest Carbon Credit Projects equitably distribute risks and benefits, uphold social and environmental safeguards, and foster strong partnerships between Project Proponents, Developers, and local communities/Indigenous Peoples. CBSPs may not be required where the Project Proponent is itself a local PO or the IP community acting as proponent; in such cases, benefit-sharing shall be integrated into project governance and community-led decision-making processes.

8.1 Core Principles.

a. **Consent and Participation.**

   i. For projects in ancestral domains, FPIC shall be secured in accordance with IPRA, NCIP guidelines, and applicable Indigenous Peoples' plans (e.g., ADSDPP).

   ii. For projects outside ancestral domains but affecting local communities, Project Proponents shall demonstrate evidence of broad community support through inclusive consultations.

   iii. Communities retain the right to give or withhold consent, and their decisions shall be respected.

b. **Transparency and Accountability.**

   i. All benefit-sharing terms shall be documented in written agreements (e.g., PDA, PPA, MOA, or equivalent) and disclosed to communities.

   ii. Roles and responsibilities in project operations (e.g., planting, monitoring, forest protection) shall be clearly outlined.

c. **Social and Environmental Safeguards.**

   i. CBSPs shall include mechanisms to address potential social impacts, ensure gender equity, and prevent elite capture.

ii. Safeguards shall provide risk assessment, mitigation measures, and public disclosure.

d. **Alignment with Carbon Integrity Principles.** CBSPs shall support the integrity of carbon credits through:

i. Additionality and permanence;

ii. Avoidance of leakage;

iii. Independent validation/verification;

iv. Robust quantification and tracking of uniquely identified credits;

v. Alignment with the Paris Agreement and national accounting frameworks.

e. **Sustainable Livelihood and Community Development.**

i. Benefits shall strengthen long-term community well-being and resilience.

ii. Allocation may support governance, tenure security, ADSDPPs, CRMFs, sustainable forest management, and essential community plans.

iii. Projects may allow self-funding of operational costs to enhance long-term financial sustainability.

8.2 Benefit-Sharing Mechanisms.

a. **Financial Benefits.**

i. A fair and equitable share of revenues from carbon credits shall accrue to participating communities/ICCs/IPs.

ii. In ancestral domains, benefits shall align with ADSDPP or other applicable Indigenous Peoples' policies.

iii. The FMB, in coordination with the National Commission on Indigenous Peoples (NCIP), shall issue separate guidelines to establish the minimum benefit-sharing ratio to ensure fair and equitable shares for communities, particularly when partnering with Project Developers.

b. **Community Investments**. Revenues may fund infrastructure, income-generating activities, forest protection, conservation initiatives, and community development priorities.

c. **Capacity Building**.Support for skills in project governance, MRV, sustainable forest management, and livelihood diversification.

d. **Social and Cultural Benefits.** Support for preservation of cultural heritage, traditional knowledge, and community institutions.

8.3 Gender Equity. Women and marginalized groups shall have equitable access to benefits, training, and decision-making roles in project governance.

8.4 Grievance Redress and Conflict Resolution.

a. Projects shall establish accessible, transparent, and culturally appropriate grievance redress mechanisms, aligned with DENR requirements and international carbon standards.

b. Existing NCIP instruments (e.g., CRMDP) may serve as acceptable equivalents where applicable.

c. DENR approval of CBSPs shall include verification of grievance mechanisms.

8.5 Flexibility of Documentation. Where benefit-sharing terms are already covered under the PDA, PPA, or carbon agreement, a separate CBSP document shall not be mandatory, provided that all required elements of this SECTION are included and disclosed.

SECTION 9. Process for Forest Carbon Credit Project Development.

9.1 General Roles and Responsibilities.

a. **Project Proponent / Project Developer**. The Project Proponent, either alone or in partnership with a Project Developer, shall:

   i. Lead project design, development, financing, implementation, monitoring, and verification, consistent with recognized international carbon standards.

   ii. Secure necessary tenure agreements, environmental compliance certificates (ECC), and/or permits from relevant authorities (DENR, NCIP, LGUs, PAMB for projects in Protected Areas).

   iii. Manage project finances, including allocating funds for community benefits and project operations.

   iv. Enter into legally binding agreements (e.g., Project Development Agreement [PDA], Project Partnership Agreement [PPA], Project Financial Agreement [PFA]) with any engaged Developer and participating communities/ICCs/IPs, clearly defining roles, responsibilities, and benefit-sharing arrangements.

   v. Comply with all domestic laws, rules, and regulations in project development and management.

b. **Community / Indigenous Peoples**. The community in the project area shall:

   i. Actively participate in project planning, decision-making, and operations such as maintenance, forest protection, planting, data collection, and monitoring.

   ii. Provide traditional knowledge and local insights to strengthen sustainability.

   iii. Participate in the consultation process and, if within ancestral domains, exercise the right to give or withhold consent under FPIC.

   iv. Where applicable, benefit-sharing plans shall be anchored in existing instruments (e.g., CRMDP, ADSDPP) rather than uniform government templates.

c. **Department of Environment and Natural Resources (DENR)**. The DENR shall:

   i. Through the FMB, maintain the DENR Forest Carbon Credit Database, ensuring nesting and consistency with national accounting and the Paris Agreement.

   ii. Identify, verify, and review tenurial instruments, land claims, and issue necessary permits and agreements for project development.

   iii. Review project proposals for compliance with national laws, safeguards, and stakeholder engagement requirements, but shall not prescribe project-specific capitalization structures.

   iv. Clarify roles of relevant offices: FMB (database and policy oversight), BMB (protected areas), and regional offices (PENROs, CENROs) for on-the-ground support.

   v. Promote permanence of restored forests by creating an enabling policy environment for Forest Carbon Credit Projects.

   vi. Provide template agreements (PDA, PPA, PFA) for guidance purposes, ensuring consistency and legal clarity for proponents, developers, and communities.

9.2 Process Steps. Forest Carbon Credit Projects shall follow a defined process for development, validation, and registration, depending on whether they are:

a. New or Pipeline Projects, or

b. Ongoing or Existing Projects already initiated or validated under an international carbon standard prior to the effectivity of this Order.

Both pathways shall converge upon DENR verification and entry into the DENR Forest Carbon Credit Database, culminating in the issuance of a Certificate of Registration, Conditional Certificate of Registration, or Certificate of Non-Compliance, as applicable.

The Appeals Process applies to **all stages** of **both pathways**.

a. **New or Pipeline Projects**. The process for new or pipeline projects shall consist of eight (8) sequential steps, as follows:

   i. **Submission of Project Idea Note and Letter of Intent**. The Project Proponent shall submit a Letter of Intent and Project Idea Note to the FMB containing the following information:

      1. Project Proponent details and legal identity (e.g., SEC, CDA, or NCIP registration);

      2. Project location and area;

      3. Project type (e.g., Afforestation/Reforestation, Avoided Deforestation, etc.);

      4. General description of planned activities; and

      5. Proof of tenure, or certification of application for tenure if not yet finalized.

   ii. **Verification of Project Proponent Eligibility**. The FMB shall evaluate the eligibility of the Project Proponent based on the following criteria:

      1. **Legal Capacity** – Eligibility under SECTION 6.1.a of this Order, including People's Organizations, Indigenous Peoples' Organizations, corporations, cooperatives, LGUs, federations, NGOs, and other legally recognized entities.

      2. **Financial Capacity** – Submission of a financial plan and investment timeline demonstrating phased financing aligned with project milestones. Proof of full lifecycle financing shall not be required upfront.

      3. **Technical Expertise** – Demonstration of qualifications, experience, or partnership arrangements sufficient to ensure effective design, implementation, monitoring, and reporting.

   Upon satisfactory verification, the FMB shall endorse the Project Proponent for the next step. Failure to satisfy these core requirements shall result in the immediate issuance of a Certificate of Non-Compliance, subject to the Appeals Process.

iii. **Issuance of Notice to Proceed (NTP).** Upon verification of eligibility, the FMB shall recommend to the DENR the issuance of a Notice to Proceed (NTP), which:

1. Formally acknowledges that the Project Proponent has met the minimum eligibility requirements;

2. Authorizes preparatory activities such as feasibility assessments, stakeholder engagement, and coordination with local authorities and communities; and

3. Does not constitute project approval or registration.

iv. **Conduct of Feasibility Assessment.** Within one (1) year from receipt of the NTP, the Project Proponent shall conduct a comprehensive feasibility assessment covering environmental, social, and technical aspects, including safeguard screening and costing. Specific requirements apply depending on project location:

1. **Forest Lands** – Submission or confirmation of valid tenurial instruments and proof of compliance with forestry regulations.

2. **Protected Areas under NIPAS –** Application for Environmental Compliance Certificate (ECC) and clearance from the Protected Area Management Board (PAMB), ensuring consistency with the Protected Area Management Plan.

3. **Ancestral Domains and Lands** – Coordination with the National Commission on Indigenous Peoples (NCIP), conduct of consultations, and, where applicable, securing of Free, Prior, and Informed Consent (FPIC) or Resolution of Community Consensus, consistent with the Ancestral Domains Sustainable Development and Protection Plan (ADSDPP).

v. **Stakeholder Consultation and FPIC.** The Project Proponent shall undertake a participatory consultation process with affected stakeholders, including local communities, women, marginalized groups, LGUs, and Indigenous Cultural Communities/Indigenous Peoples (ICCs/IPs).

1. For areas within ancestral domains, FPIC shall be secured from the concerned ICCs/IPs in accordance with NCIP regulations.

2. For projects within protected areas, approval of the PAMB shall be obtained.

All consultations and FPIC processes shall be properly documented and aligned with the stakeholder engagement requirements of recognized international carbon standards.

vi. **Execution of Agreements**. After feasibility and consultations, the Project Proponent and partners shall formalize implementation through legally binding instruments, including but not limited to:

1. Project Partnership Agreement (PPA);

2. Project Development Agreement (PDA); and/or

3. Project Financing Agreement (PFA).

These agreements shall define roles and responsibilities of all parties —including the Project Developer, local communities, and Indigenous Peoples—and shall incorporate the approved Community Benefit-Sharing Plan (CBSP) or equivalent mechanism.
Benefit-sharing provisions shall, where applicable, be anchored on existing community planning instruments such as the CRMDP or ADSDPP.

vii. **Preparation of Project Documentation**. The Project Proponent shall prepare the Project Design Document (PDD) consistent with recognized international carbon standards and submit the following to the FMB:

1. Feasibility Study;

2. Proof of stakeholder engagement and/or FPIC;

3. Executed Project Agreements (PPA/PDA/PFA);

4. Community Benefit-Sharing Plan (CBSP) or equivalent; and

5. Validation or registration documents from recognized international carbon standards.

viii. **Entry into the DENR Forest Carbon Credit Database**. The FMB shall review all submissions for completeness, tenure legitimacy, and safeguard compliance. Upon review, the DENR Secretary shall issue one of the following:

1. **Certificate of Registration**. Issued upon full compliance. The project shall be immediately recorded in the DENR Forest Carbon Credit Database.

2. **Conditional Certificate of Registration**. Conditional Certificates of Registration may be issued only for minor gaps, defined as non-substantive and readily correctible documentation gaps that do not substantially affect the purpose or nature of the project (e.g., clerical errors, missing signatures, or supplemental annexes), excluding any deficiencies related to tenure, safeguards, or financial integrity. Conditional status shall

lapse if uncorrected within ninety (90) days.

3. **Certificate of Non-Compliance.** Issued if the Project Proponent fails to meet minimum requirements or safeguard standards at any stage. This certificate shall state the specific grounds for non-compliance and the corrective actions required.

The issuance of a Certificate of Non-Compliance is immediately subject to the Appeals Process detailed in SECTION 9.2.c. The status of registered projects shall remain linked to the standing of the corresponding project under recognized international carbon standards. Should a project be disqualified or deregistered internationally, it shall likewise be removed from the DENR Forest Carbon Credit Database.

b. **Ongoing or Existing Projects.** Projects that have been initiated, validated, or registered under recognized international carbon standards prior to the effectivity of this Order shall undergo a streamlined process as follows:

i. **Submission of Documentation.** The Project Proponent shall submit to the FMB:

1. Registration or validation with an international carbon standard, if available;

2. Feasibility Study or Project Design Document, if completed;

3. Status Report of project activities; and

4. Existing Agreements with communities and/or developers.

ii. **Streamlined Review.** The DENR-FMB shall review submitted documents only to the extent applicable to the current project phase, recognizing equivalencies from credible international standards. Projects demonstrating compliance with national safeguards and tenure requirements shall proceed directly to verification and registration.

iii. **Conditional or Full Registration.** Following the Streamlined Review, the DENR-FMB shall issue one of the following:

1. **Certificate of Registration.** Issued if fully compliant. The DENR shall issue a Certificate of Registration and record the project in the DENR Forest Carbon Credit Database.

2. **Conditional Certificate of Registration.** Conditional Certificates of Registration may be issued only for minor gaps, defined as non-substantive and readily correctible documentation gaps that do not substantially affect the purpose or nature of the project (e.g., clerical errors, missing signatures,

or supplemental annexes), excluding any deficiencies related to tenure, safeguards, or financial integrity. Conditional status shall lapse if uncorrected within ninety (90) days.

3. **Certificate of Non-Compliance**. Issued if a project fails to meet minimum requirements or safeguard standards, specifying the reasons and corrective actions required.

The issuance of a Certificate of Non-Compliance is immediately subject to the Appeals Process detailed in SECTION 9.2.c.

c. **Appeals Processing**. The Appeals Process, which shall be made in accordance with DENR Administrative Order (DAO) No. 2025-19 or the Revised Rules on Appeal to the Office of the Secretary, is applicable following any determination of non-eligibility, non-compliance, or issuance of a Certificate of Non-Compliance made by the Department.

1. Appeals shall be filed in writing within thirty (30) days from receipt of the Certificate of Non-Compliance.

2. Appeals shall be addressed to the DENR Secretary through the FMB, with proof of service.

3. Filing an appeal shall not suspend enforcement actions unless otherwise directed by the DENR.

SECTION 10. Project Implementation. The Project Proponent shall implement project activities as outlined in the approved Project Design Document (PDD), ensuring full compliance with:

a. the requirements of the chosen carbon credit standard;

b. best practices in sustainable forest management;

c. executed agreements with partner entities and local communities; and

d. applicable national and local regulations.

Project implementation shall adhere to the following best practices for sustainable forest management:

10.1 Forest Fire Prevention and Control. In ecosystems prone to fire (e.g., highland forests, pine woodlands, grasslands), the Project Proponent shall implement preventive and responsive strategies, including but not limited to:

a. Establishment and maintenance of firebreaks and greenbelts to limit the spread of wildfires;

b. Organization and training of community fire brigades equipped with appropriate fire suppression tools;

c. Installation of early warning and monitoring systems using both traditional and technological means; and

d. Application of prescribed or controlled burning where ecologically appropriate to reduce fuel load.

These measures shall align with national fire management policies and local forest protection plans, and shall be undertaken in coordination with the FMB.

10.2 Sustainable Grazing Practices. In project areas that include grazing lands, the Project Proponent shall ensure that grazing practices maintain the ecological integrity and regenerative capacity of forest and grassland ecosystems. The following measures shall apply:

a. Conduct of periodic land and vegetation assessments in accordance with existing DENR regulations and technical standards for grazing land management;

b. Implementation of rotational grazing schemes and maintenance of controlled stocking rates based on carrying capacity assessments;

c. Adoption of forage restoration and erosion control measures to prevent soil degradation and carbon loss.

Such assessments and management actions shall be undertaken in coordination with the FMB, in line with the mandates of P.D. 705 and DENR Administrative Order No. 99-36, or any subsequent amendments thereto.

10.3 Good Practice Reforestation. Reforestation and enrichment planting activities shall be guided by sound silvicultural and ecological principles. The Project Proponent shall:

a. Conduct site-species matching based on ecological zoning, soil condition, and local climate;

b. Prioritize the use of native and/or climate-resilient species to enhance biodiversity and ecosystem resilience;

c. Integrate soil and water conservation measures, such as contour planting, mulching, and vegetative buffer zones; and

d. Ensure post-planting maintenance and monitoring (e.g., replanting, weeding, pest and disease control) to achieve target survival and growth rates.

10.4 Management and Control of Invasive Alien Species. The Project Proponent shall identify, monitor, and manage invasive alien species (IAS) within project sites, particularly within protected areas and ecologically sensitive zones. Management strategies shall include:

a. Early detection and rapid response mechanisms for new invasions;

b. Mechanical, biological, or chemical control methods consistent with environmental safeguards; and

c. Coordination with the Biodiversity Management Bureau (BMB) and Protected Area Management Board (PAMB) to ensure alignment with existing management plans and biodiversity conservation policies.

No project activity shall introduce or propagate invasive alien species contrary to national or international guidelines.

SECTION 11. Monitoring and Evaluation. The Department, through the FMB, shall develop and implement a Monitoring and Evaluation (M&E) Framework for Forest Carbon Credit Projects to assess progress, ensure compliance, and identify areas for improvement.

This M&E Framework shall be aligned with the National Forest Monitoring System (NFMS), the MRV framework for the land sector, and other national systems supporting the country's commitments under the Paris Agreement. It shall promote consistency, transparency, and credibility in the generation and accounting of forest carbon credits.

a. **Reporting of Project Activities**. All Project Proponents shall submit periodic monitoring reports covering the status of project implementation, carbon performance, and safeguard compliance. To ensure harmonization and facilitate national integration:

   i. The DENR shall prescribe a uniform reporting period (e.g., every two [2] years), without prejudice to the additional or differing reporting cycles required by the Project Proponent's selected international carbon standard;

   ii. Reports submitted to international carbon standards shall be accepted by the DENR, provided copies are furnished for inclusion in the national system; and

   iii. In cases where international reports follow longer cycles, Project Proponents shall submit interim progress updates consistent with DENR's prescribed schedule.

b. **Key Performance Indicators (KPIs)**. Monitoring and evaluation shall be guided by measurable indicators consistent with national forest conservation and climate objectives. These indicators may include, but are not limited to:

   i. Verified carbon sequestration and emission reductions;

   ii. Community participation, livelihood outcomes, and socio-economic benefits;

iii. Implementation of environmental and social safeguards, including management of displacement and leakage risks; and

iv. Gender equity and inclusion in project governance and benefit-sharing.

The FMB shall issue guidance on the detailed KPIs and monitoring templates applicable to different project types.

c. **Integration with National Systems**. Results from project-level MRV activities shall be integrated into the National Forest Monitoring System (NFMS) and the National Carbon Database, thereby contributing to national greenhouse gas (GHG) inventories and transparency reporting under the Paris Agreement. The FMB shall:

i. Establish linkages between project-level data and national forest carbon baselines;

ii. Provide guidance on acceptable methodologies and recognized international standards to ensure compatibility and nesting; and

iii. Facilitate inter-bureau coordination with the Environmental Management Bureau (EMB), Biodiversity Management Bureau (BMB), and other agencies to maintain coherence in national reporting.

d. **Validation, Verification, and DENR Oversight.** Monitoring and verification of carbon performance shall be undertaken by independent Validation and Verification Bodies (VVBs) accredited under recognized international carbon standards, to ensure technical rigor and transparency. However, consistent with the Department's mandate under E.O. 192, the DENR retains full authority to supervise, regulate, and monitor the use of forest lands and natural resources. Accordingly:

i. The DENR-FMB may conduct compliance reviews, desk evaluations, or on-site spot checks to verify adherence to national safeguards, tenure rules, and legal obligations;

ii. These oversight functions shall complement and not duplicate the technical verification conducted by VVBs;

iii. DENR may require corrective actions or impose administrative measures where national requirements are not met, notwithstanding a project's positive VVB report; and

iv. DENR may, when necessary, commission or accredit qualified third-party auditors to assist in oversight and technical evaluation.

This approach ensures both international credibility and national regulatory accountability.

e. **Capacity Building.** The FMB, in coordination with relevant DENR bureaus, attached agencies, and development partners, shall design and implement capacity development programs to strengthen institutional and community capacity in:

   i. MRV and data management;

   ii. Safeguards monitoring and grievance redress;

   iii. Risk management, including fire prevention, leakage control, and invasive species management; and

   iv. Gender-responsive and inclusive monitoring approaches.

   These programs shall aim to enhance the technical competencies of DENR field offices, local government units, communities, and Project Proponents to ensure effective implementation and sustainability of forest carbon initiatives.

SECTION 12. Risk Management. The Project Proponent shall address risk management as an integral component of the Project Design Document (PDD) and subsequent monitoring reports, consistent with the requirements of the chosen international carbon standard.
A separate standalone risk management plan shall not be required, provided that the PDD comprehensively incorporates the elements outlined under this SECTION.

12.1 Scope of Risks. Risk management shall encompass, at a minimum, the following categories:

a. **Project Risks** – including risks of project failure, delay, or underperformance relative to projected carbon sequestration or emission reduction targets;

b. **Social and Tenure Risks** – including disputes with local communities, Indigenous Peoples, or overlapping tenure claims;

c. **Market and Financial Risks** – including carbon price volatility, demand fluctuations, or changes in applicable regulatory frameworks;

d. **Environmental and Natural Risks** – including disturbances such as fire, pests, invasive species, typhoons, floods, droughts, or other climate-induced events; and

e. **Governance and Institutional Risks** – including those affecting tenure security, project partnerships, benefit-sharing arrangements, or changes in institutional mandates.

12.2 Mitigation Strategies. Project Proponents shall identify, document, and implement appropriate mitigation measures proportionate to the risks identified. Such measures may include, but are not limited to, the following:

a. Establishment of contingency or reserve funds for response and recovery;

b. Implementation of community-based grievance redress mechanisms to ensure early resolution of disputes and maintain social license to operate;

c. Diversification of income streams to strengthen financial and livelihood resilience, including complementary livelihood activities for participating communities;

d. Procurement of insurance instruments, where appropriate, particularly for carbon plantations and other high-risk project types; and

e. Coordination with DENR, LGUs, and local stakeholders for forest protection, fire prevention, and dispute resolution consistent with existing forestry and environmental regulations.

12.3 Accountability and Enforcement. The FMB shall monitor compliance with the provisions of this Order. In case of material violations of applicable laws, environmental and social safeguards, or the provisions of this Order, the FMB shall recommend to the Secretary or the appropriate Regional Executive Director the imposition of sanctions in accordance with existing laws and regulations, including but not limited to:

a. Issuance of a Cease and Desist Order (CDO) in accordance with the Forestry Dispute Resolution Mechanism (FDRM) and other applicable procedures;

b. Requirement of corrective actions and prescription of specific timelines for compliance;

c. Suspension of project operations pending compliance or resolution; or

d. In cases of persistent, willful, or serious violations, revocation of the project's Certificate of Registration and removal of the project from the DENR Forest Carbon Credit Database.

Such enforcement actions shall be without prejudice to the imposition of other administrative, civil, or criminal liabilities under existing laws and regulations.

12.4 Capacity Development and Oversight. The FMB shall develop guidance materials and capacity-building programs for Project Proponents and DENR field offices on risk identification, mitigation, and monitoring, consistent with international best practices and recognized carbon standards. FMB shall also strengthen the capacity of its field offices to evaluate and track the implementation of project-level risk management measures, and ensure that lessons learned are periodically integrated into national policy and programmatic guidance.

SECTION 13. Completion or Transfer of Forest Carbon Credit Projects. Given the long-term nature of Forest Carbon Credit Projects, sustainability shall be ensured so that communities, landowners with tenure access, or other responsible parties continue to maintain the forests.

A Forest Carbon Credit Project may be considered for completion or transfer only after a minimum period of ten (10) years from the start of project implementation, reflecting the time necessary to establish measurable and verifiable carbon sequestration outcomes. This period ensures continuity, accountability, and scientific validity in assessing the project's contribution to carbon storage.

A transfer prior to project implementation may also be allowed, provided that the new Project Proponent submits the necessary requirements and demonstrates capacity to assume the ongoing project in accordance with DENR policies and the provisions of this DAO.

Upon completion or transfer, the current Project Proponent shall undertake a formal handover process encompassing the following phases:

13.1. Project Transfer Preparation.

a. **Develop a Transfer or Sustainability Plan**. Prepare a comprehensive plan outlining the handover of responsibilities, including:

   i. Asset transfer;

   ii. Knowledge and data sharing;

   iii. Ongoing monitoring arrangements; and

   iv. A sustainability plan to ensure long-term forest management and protection of carbon stocks.

b. **Engage Stakeholders**. Engage relevant stakeholders—including project staff, local communities, landowners, Indigenous Peoples, and government agencies—to ensure a smooth, inclusive, and accountable handover process.

c. **DENR Review**. The FMB shall review any proposed transfer to new proponents, ensuring compliance with all obligations, including FPIC, CBSP, forest protection measures, and other regulatory requirements. For projects within protected areas, the transfer shall be endorsed by the Protected Area Management Board (PAMB). Approval by the Department, based on the FMB review and necessary endorsements (including the PAMB Resolution for Protected Area projects), shall constitute formal consent to the transfer.

13.2. Project Documentation, Closure, and Monitoring.

a. **Prepare Final Reports**. Prepare comprehensive final reports summarizing the project's objectives, activities, achievements, lessons learned, and sustainability arrangements. Reports shall include:

   i. Carbon stock remeasurement report;

ii. Biodiversity impact assessment;

iii. Evaluation of social safeguards and socio-economic outcomes, including Justice, Equity, Diversity, and Inclusivity (JEDI) indicators;

iv. Site sustainability and risk evaluation; and

v. Proofs of compliance with forest protection and monitoring measures.

b. **Archive Project Records**. Archive all project documentation—including monitoring data, financial records, and correspondence—in a secure and accessible manner.

c. **Complete Financial Audits**. Conduct final financial audits to ensure proper financial management and adherence to contractual obligations.

d. **Ongoing Monitoring**. For projects transferred to the State or other parties, the Project Proponent shall outline continued monitoring arrangements to ensure the permanence of forest ecosystems and compliance with international carbon standard registry requirements.

13.3. Transferability and State Assumption of Responsibility. Transferability shall be subject to compliance with DENR policies, regulatory approvals, and the provisions of this SECTION, ensuring long-term ecological and carbon stock sustainability. In cases where no eligible entity assumes responsibility upon project completion, the State, through the DENR, may assume management responsibility (not ownership) of the area to ensure continuity of forest protection, carbon permanence, and alignment with national climate objectives. This assumption of responsibility shall not alter or extinguish existing tenure or property rights.

SECTION 14. The DENR Forest Carbon Credit Database. The DENR Forest Carbon Credit Database is hereby established and shall be managed by the FMB. Its purpose is to provide a centralized, transparent, and publicly accessible mechanism for tracking Forest Carbon Credit Projects, while complementing existing DENR mechanisms for certification, validation, and monitoring.

14.1. Functions of the Database. The Database shall:

a. **Maintain a Public Platform.**The Database shall provide a publicly accessible platform of registered projects to promote transparency, while ensuring protection of confidential and commercially sensitive information in accordance with data privacy and trade confidentiality laws.

b. **Implement a Unique Identification System**. The Database shall assign a unique identification code and serial numbering system for each registered project and issued carbon credit, ensuring traceability of credit volumes, ownership, and project status.

c. **Track Project Status and Carbon Credit Movements**. The Database shall provide periodic updates on the registration status of projects, including credits issued, verified, or retired within the scope of DENR jurisdiction or for Correspondingly Adjusted credits.

d. **Prevent Overlapping Projects**. The Database may tag project applications by status (e.g., Applied, Under Review, Registered, Conditional, Terminated) to prevent overlapping project areas.

e. **Ensure Integration with National Systems**. The Database shall serve as a complementary platform to DENR Administrative Order No. 2021-43, otherwise known as the Carbon Accounting, Verification, and Certification System (CAVCS). It shall operate in full alignment with the National Forest Monitoring System (NFMS) and other national MRV mechanisms to reinforce transparency, integrity, and public accessibility in the implementation of Forest Carbon Credit Projects. While the CAVCS shall continue to perform certification, verification, and validation functions, the Database shall serve as the data management and public reporting interface—together ensuring accountability, traceability, and integrity in the generation, transfer, and management of forest carbon credits.

14.2. Institutional Roles.

a. **Forest Management Bureau (FMB)**. The FMB shall be responsible for the implementation, management, and monitoring of the Database, ensuring data integrity, interoperability with the National Forest Monitoring System (NFMS), and coordination with relevant DENR bureaus and external standards or registries.

b. **Biodiversity Management Bureau (BMB)**. The BMB shall oversee the monitoring of projects within Protected Areas and National Parks and submit periodic monitoring reports to the FMB for integration into the Database and national reporting systems.

c. **Other Bureaus and Offices**. Other concerned DENR offices, including the Climate Change Service (CCS) and regional field offices, shall coordinate with the FMB to ensure consistency of data and avoid duplication of certification or monitoring functions.

SECTION 15. Resolution of Residual Issues. The Project Proponent shall ensure that all residual issues are fully addressed during project implementation and prior to project transfer or completion, in order to ensure accountability, transparency, and the sustainable closure of the Forest Carbon Credit Project. Residual issues shall include, but not be limited to, the following:

a. **Contractual Obligations**. The Project Proponent shall settle all contractual obligations with project partners, service providers, and creditors to ensure a clean and complete project closure. Prior to endorsement to the National Commission on Indigenous Peoples (NCIP), the Project Proponent shall conduct due diligence to screen for stakeholders or intermediaries operating outside recognized carbon standards, and ensure that all obligations—including payments and deliverables—are duly fulfilled to support a credible and transparent endorsement process.

b. **Community Concerns and Grievances**. All outstanding community concerns, grievances, or disputes related to project implementation shall be resolved in a timely and transparent manner to maintain positive relationships with local stakeholders. Where the Project Proponent is unable to resolve such concerns, the FMB shall provide facilitation and guidance. Unresolved grievances may be referred to the formal State grievance mechanisms or other applicable government processes, ensuring that affected stakeholders have clear, accessible channels for escalation and redress.

c. **Environmental Liabilities**. The Project Proponent shall identify, address, and remediate any environmental liabilities, damages, or potential risks arising from project operations to ensure full compliance with applicable environmental laws, safeguards, and standards.

d. **Residual Issues from Completed or Transferred Projects**. For residual issues arising after project completion or transfer, the FMB shall coordinate with relevant government agencies, local communities, and/or new project proponents to facilitate the resolution of outstanding obligations, ensuring continuity of commitments and accountability across project life cycles.

SECTION 16. Lessons Learned and Sharing. The Project Proponent shall undertake the following activities throughout project implementation to promote continuous learning, transparency, and policy improvement:

a. **Document Lessons Learned**. The Project Proponent shall record and compile lessons learned across the project cycle—including key successes, challenges, and best practices—to contribute to the Department's institutional knowledge base on the implementation of Forest Carbon Credit Projects.

b. **Disseminate Findings**. The Project Proponent shall share project experiences and outcomes through workshops, knowledge exchanges, publications, or online platforms, to inform and guide future project developers and implementing partners.

c. **Contribute to Policy Improvement**. The Project Proponent shall provide feedback, insights, and recommendations to relevant stakeholders—including government agencies, non-governmental organizations, and other project proponents—to support the continuous improvement of this Order and related forest carbon and climate policies.

SECTION 17. Change in Circumstance. In the event of any change in circumstances within the carbon credit market not covered by this Order—including, but not limited to, changes in applicable laws or market standards—the Department shall review and consider incorporating such changes into this Order.

SECTION 18. Repealing Clause. All orders, rules, regulations, and other issuances or parts thereof which are inconsistent with the provisions of this Order are hereby repealed or modified accordingly.

SECTION 19. Effectivity Clause. This Order shall take effect fifteen (15) days after publication in a newspaper of general circulation and upon submission of three (3) copies to the Office of the National Administrative Register (ONAR) of the UP Law Center.

RAPHAEL P.M. LOTILLA
Secretary

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