

DENR Administrative Order

No. 24

August 23, 1996

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

Pursuant to Executive Order No. 263 dated 19 July 1995, PD No. 705, as amended, Executive Order No. 278 dated 25 July 1987, the Social Reform Agenda and Philippines 2000 program, and in line with the policy of the Government to ensure the development and management of forest land resources on a sustainable basis, promote equitable distribution of natural resources, provide a healthy environment, and promote economic upliftment of the people, the following rules and regulations for the establishment of socialized forest plantations are hereby promulgated.

Sec. 1 Basic Policy. It is the policy of the DENR to ensure the equitable access and sharing of rights to natural resources development and utilization by providing opportunities to the people to participate actively in forest plantation development. In line with this policy, the DENR shall provide security of tenure to the participants through the issuance of a **Socialized Industrial Forest Management Agreement (SIFMA)**.

As an incentive for the participation of qualified three planters, they shall be granted the privilege to benefit from their crops which shall consist primarily of trees for wood production, non-timber species and other cash crops that may be interplanted. Under the program, the general welfare of society shall be enhanced through the resulting environmental enhancement effects of forest cover restoration and the production of forest goods and services, both on-site and off-site.

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

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

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

- 3.1 **Socialized Industrial Forest Management Agreement (SIFMA)** refers to an agreement entered into by and between a natural or juridical person and the DENR wherein the latter grants to the former the right to develop, utilize and manage a small tract of forest land, consistent with the principle of Sustainable Development.
- 3.2 **SIFMA Holder** refers to a qualified person who has entered into a SIFMA with the DENR.

- 3.3 **Socialized Industrial Forest Plantation (SIFP)** refers to a tract of land planted primarily to trees and other products to support manufacturing and processing facilities and/or to supply wood and energy requirement.
- 3.4 **Brushland** refers to land which is predominantly covered with shrub growth or short, stunted trees or shrubs.
- 3.5 **Open and Denuded Land** refers to land that has been depleted of its natural forest cover and is predominantly covered by grasses, herbaceous species or bare soil.
- 3.6 **DENR** refers to the Department of Environment and Natural Resources.
- 3.7 **Secretary** refers to the DENR Secretary.
- 3.8 **FMB** refers to the Forest Management Bureau
- 3.9 **RED** refers to the DENR Regional Executive Director.
- 3.10 **RTD** refers to the Regional Technical Director for Forestry.
- 3.11 **PENRO** refers to the Provincial Environment and Natural Resources Office.
- 3.12 **CENRO** refers to the Community Environment and Natural Resources Office.
- 3.13 **LGU** refers to the Local Government Unit.
- 3.14 **NGO** refers to the Non-Governmental Organization.

Sec. 4 Areas Available for SIFMA. SIFMAs may cover all grasslands, brushlands and open and denuded forest lands under the jurisdiction of the DENR, including those within government reforestation projects, that are not otherwise to be classified under the National Integrated Protected Areas System (NIPAS) nor subject of Certificate of Ancestral Domain Claims (CADC), Certificate of Ancestral Land Claims (CALC), vested rights, licenses, permits or management agreements; *provided*, that areas subject of CADC, CALC, vested rights, licenses, permits or management agreements may be made available for SIFMA by prior express and written agreement of the holder of such claim or right; *provided, further*, that areas covered by pending applications for Certificates of Ancestral Domain/Land Claim shall not be open to applications for SIFMA until the DENR, after due notice and hearing in accordance with DAO No. 2, series of 1993 or pertinent guidelines, shall have denied or rejected with prejudice such application for CADC/CALC; *provided, finally*, that areas that are currently occupied based on a legal claim shall likewise not be open to applications for SIFMA without the prior express and written agreement of the occupant or until the legal claim shall have been resolved.

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

For individual /single family --- 1 to 10 hectares

For association/cooperative --- over 10 hectares to 500
hectares

Sec. 6 Selection and Publication of SIFMA Sites.

6.1 Each CENRO shall identify potential SIFMA sites with the aid of the latest forest resource information and other baseline data. SIFMA sites shall be areas suitable for production forests,

accessible, located in contiguous blocks, or adjacent to existing natural forest, plantation forests, existing Community-Based Forest Management (CBFM) projects. Furthermore the areas should be devoid of claim conflicts.

The CENRO shall then inform, in writing, the concerned LGUs and, together with their representatives, validate on the ground the feasibility of the proposed SIFMA sites. The validated sites, endorsed by the concerned LGUs, shall then be indicated in a map of appropriate scale which map, together with all pertinent data and information, shall be forwarded through channels to the DENR Secretary for Approval.

The approved map and all other documents shall be furnished the Director, FMB for data base management and monitoring purposes.

Upon approval of a SIFMA site, the CENRO shall, within fifteen (15) days from receipt of the notice of approval by the Secretary, inform the concerned LGUs and together with the latter, conduct an information campaign to inform the public about the program. Copies of the program guidelines and the site map shall be posted in strategic places in the municipality and barangay where the site is located.

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

Individuals/single family units who are Filipino citizens, of legal age and preferably residents of the municipality where the area is located. Actual occupants of the area will be given priority. *Provided that*, in case of government employees, they shall qualify with the consent of their respective heads of agency.

7.2 Cooperatives and associations whose members are Filipino citizens and residents of the province where the SIFMA site is located, and duly registered with the Cooperative Development Authority or Securities and Exchange Commission, as the case may be. These cooperatives and associations must show proof of financial and technical capacity to develop the area.

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

8.1 Individuals, cooperatives and associations who have been previously issued Tree Farm Lease Agreements (TFLAs), Industrial Forest Management Agreements (IFMAs) or other permits/licenses that were canceled due to their inability to comply with the provisions of the contract including the failure to develop open and denuded lands and other plantable areas within the prescribed period;

8.2 Individuals, cooperatives and associations any of whose officers have derogatory records such as but not limited to: (a) violations of anti-dummy laws; (b) tax evasions; (c) illegal logging/smuggling; (d) unauthorized transfer or subcontracting of forest permits/licenses; and (e) members of cooperatives or associations holding permits, licenses or contracts but not able to comply with the terms and conditions thereof;

8.3 The Holder of any existing forest permit, license, lease or management agreement; and

Sec. 9 Assignment of Management Responsibility.

The DENR shall assign responsibility to manage forest lands through the issuance of a SIFMA which shall have a duration of 25 years renewable for another 25 years.

The DENR shall award SIFMA areas on a first-come, first-serve basis. It shall be issued in the name of the applicant, *provided*, that in case of married individuals, it shall be issued in the names of both spouses.

The SIFMA may be transferred, conveyed or sold, in whole or in part, to any person, cooperative or association qualified to participate under the program in accordance with Sections 7 and 8 hereof, subject to the approval of the PENRO or the RED, as the case may be, *provided*, that the ten (10) ha. limit for individuals and single family units or the 500 ha. limit for cooperatives and associations is not exceeded. The transferee shall assume the rights and obligations stipulated under the original SIFMA and shall commit to the continuance of the SIFMA into the remaining years of the Agreement. The document of transfer, conveyance or sale shall be notarized and copies forwarded to the FMB, RED, CENRO and concerned LGUs.

Likewise, in case of cancellation of the SIFMA, copies thereof must be furnished the aforementioned offices.

Sec. 10 Application Requirements. Interested individuals, cooperatives and associations may file their application for a SIFMA with the concerned CENRO in the prescribed format shown in Annex “A” of this Order, together with the following:

10.1 A filing fee in the amount of:

- P 500.00 - for applications covering 1 to 5 ha.
- P 1,000.00 - for applications for areas over 5 ha. to 10 ha.
- P 5,000.00 - for applications for areas over 10 ha. to 100 ha.
- P 7,500.00 - for applications for areas over 100 ha. to 300 ha.
- P10,000.00 - for applications for areas over 300 ha. to 500 ha.

Filing fees may be adjusted upon review.

- 10.2 Sketch map of the area applied for
- 10.3 For individuals/family units
 - 10.3.1 Community Tax Certificate
 - 10.3.2 Certification from the Barangay Captain and Municipality/City Mayor that the applicant is a resident of the area where the site is located.
 - 10.3.3 If a government employee, authorization from the head of the department or agency where the applicant is employed.
- 10.4 For cooperatives/associations
 - 10.4.1 Certified true copy of the Certificate of Registration with the Cooperative Development Authority (CDA) or Securities and Exchange Commission (SEC)
 - 10.4.2 List of duly elected officers and members and their addresses, duly certified by the Board Secretary

10.4.3 Resolution/minutes of meeting, duly certified by the Board Secretary, indicating the cooperative's or association's interest in participating in the program.

Sec. 11 Processing of Applications.

- 11.1 In the CENRO --- The CENRO accepts and processes SIFMA applications on a first-come, first-serve basis based on the receipt of the applications at the CENR Office. Upon receipt of the application, the CENRO shall verify whether the area is available and whether it is within the approved areas for SIFMA. Likewise, the CENRO shall evaluate the qualifications of the applicant and the completeness of the documents submitted. If all are found in order, the CENRO shall determine on the ground the physical conditions of the area, the presence of actual occupants, soil condition, vegetation, topography and other ecological factors that will ensure success of the plantation, and other pertinent information. The CENRO shall then prepare the endorsement and forward all papers to the PENRO with his comments and recommendations after the evaluation of the application.
- 11.2 In the PENRO --- Upon receipt of all pertinent documents for SIFMA applications with areas of 1 to 10 hectares, the PENRO shall review and evaluate the documents and if he finds all in order, shall prepare and approve the agreement in the format shown as Annex "B" of this Order. For bigger areas, the PENRO shall forward the SIFMA application to the RED for consideration and approval. The SIFMA shall be approved and issued, or a notice denying the application shall be issued, within five (5) days from receipt of recommendation from the

CENRO. Copies thereof shall be furnished the FMB, RED, CENRO and the concerned LGU.

- 11.3 In the Office of the RED --- The RED shall, within five (5) days from receipt of the application and all pertinent documents, review and evaluate the documents and if he finds all in order, shall approve the agreement, otherwise, a notice denying the application shall be issued. Copies thereof shall be furnished the FMB, PENRO, CENRO, and the concerned LGU.

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

- 12.1 A provision for SIFMA holders to furnish the necessary management, technology and financial services necessary for the development and management of the area;
- 12.2 A provision for consultation and arbitration with respect to the interpretation of the SIFMA;
- 12.3 A provision prohibiting the conservation of the area into other land uses not authorized under the SIFMA;
- 12.4 A provision for anti-pollution and environmental protection measures;
- 12.5 A provision for the rehabilitation of the open and denuded areas and the protection of existing natural forest vegetation;
- 12.6 A provision for an effective monitoring scheme to be implemented by the Department which shall include, but will not be limited to, the periodic assessment of the SIFMA holder's

program in developing the area, *provided*, that the area awarded shall be fully planted within three (3) years from the date of the award;

- 12.7 A provision integrating gender concerns in the implementation of the Agreement to include equitable participation of women in project activities and enjoyment of the fruits thereof;
- 12.8 A provision for the protection of workers' rights;
- 12.9 A commitment to community development;
- 12.10 A provision requiring the SIFMA holder to plant forest tree species, which may include rubber and/or non-timber species such as rattan, bamboo, etc., in not less than 90% of the plantable area; *provided*, that the remaining plantable areas shall be devoted for permanent agricultural purposes;
- 12.11 A provision for the SIFMA holder to keep areas with slopes 50 percent or over and strips of land at least 20 meters in width bordering rivers and streams permanently under tree cover; and
- 12.12 A provision not to plan or introduce exotic species which are untested in Philippine conditions, unless clearance is given by DENR.

Sec. 12 Incentives to the SIFMA Holder. All SIFMA holders shall be entitled to the following incentives:

- 13.1 All planted trees belong to the SIFMA holder who shall have the right to harvest, sell and utilize such trees and crops, except those retained for environmental protection purposes;

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

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

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

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

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

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

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

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

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

- 16.1 Failure of the SIFMA holder to develop the area within three (3) years;
- 16.2 The SIFMA holder has been found to a dummy;
- 16.3 The holder has transferred the rights over the area to another person without the knowledge and concurrence of the DENR;
- 16.4 Conversion by the holder of the area or any part thereof to any land use other than that of tree farming and the planting of allowable crops;
- 16.5 The holder has allowed the entry of other persons into the area for the purpose of building residential houses;
- 16.6 The holder cuts or allows cutting of naturally grown trees within or adjacent to the SIFMA area;

- 16.7 The holder refuses any duly authorized forest officer or duly authorized governmental official entry into the SIFMA premises or into any other improvement introduced and used for the purpose of SIFMA execution;
- 16.8 The SIFMA was obtained through fraud or misrepresentation or by false or misleading statements;
- 16.9 Conviction of the holder for the violation of pertinent provisions of the Labor Code of the Philippines and other relevant labor laws;
- 16.10 Violation by the holder of any of the terms and conditions of the SIFMA or of any of the pertinent provisions of forestry laws, rules and regulations;
- 16.11 Abandonment of the area;
- 16.12 Failure to pay rentals or other required fees;
- 16.13 Voluntary surrender of the SIFMA;
- 16.14 When public interest so requires.

Sec. 17 Monitoring and Evaluation.

- 17.1 Reporting System --- All SIFMAs issued by the PENROs and REDs must be registered with the FMB within fifteen (15) days from issuance. The Forest Management Bureau shall prepare a simplified reporting format to be accomplished by the CENRO. The PENRO shall analyze and consolidate the report and submit the same to the FMB through the RED with comments

and recommendations on policy and program implementation. The FMB shall prepare and submit regular consolidated reports to the Secretary.

17.2 Site Monitoring and Evaluation --- A team composed of representatives of the concerned LGU, an NGO, and the CENRO, with the latter as team leader, shall regularly monitor and evaluate the progress of the SIFMA within the CENRO jurisdiction. The status indicator shall include, among others, the following:

17.2.1 Seedling production by species;

17.2.2 Area and date planted by species;

17.2.3 Environmental protection and mitigating measures;

17.2.4 Progress maps showing the area planted by year, including the species planted;

17.2.5 Pictures;

17.2.6 Issues and problems in the implementation and recommendation to improve the project implementation.

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

18.1 The FMB shall be the National Coordinating Office of the Program and it shall have the following functions and responsibilities:

- 18.1.1 To develop, formulate and recommend policies, rules and regulations related to program development and implementation;
 - 18.1.2 To review and evaluate potential SIFMA sites and submit a report thereon to the Secretary for approval;
 - 18.1.3 To coordinate the implementation and execution of the SIFMA;
 - 18.1.4 To evaluate program implementation and update the DENR Senior Management by providing periodic reports on activities and accomplishments of the program;
 - 18.1.5 To establish institutional linkages with other government and non-government agencies as appropriate at the national level to improve program implementation; and
 - 18.1.6 To keep complete and systematic files of, and updated information on, all SIFMAs issued and other pertinent documents related to the program.
- 18.2 The RED, assisted by the RTD, shall be responsible for the effective implementation of the program in the region, and shall approve SIFMA application, issued cancellation orders, and approve transfers of the SIFMA for areas more than 10 hectares up to 500 hectares. The Forest Resources Development Division shall act as the regional repository of all data and information. The RED shall submit periodic reports to the Secretary, through the FMB, on program implementation including SIFMA monitoring and evaluation.

- 18.3 The PENRO shall be responsible for the effective implementation of the program in the province, and shall approve SIFMA applications, issue cancellation orders, and approve transfers of the SIFMA for areas up to 10 hectares. Likewise, the PENRO shall evaluate periodic reports submitted by the CENRO and forward the same, together with the findings and recommendation, to the RED. The PENRO shall maintain a data base for all SIFMAs within the province.
- 18.4 The CENRO shall be directly responsible for implementing the Program within its jurisdiction, in coordination with other concerned government and non-government units. The CENRO shall be further responsible for site identification, processing of SIFMA applications, and monitoring and evaluation of the program implementation. The CENRO shall submit periodic reports thereon to the PENRO for evaluation.

Sec. 19 Repealing Clause. This Order amends or repeals the pertinent Sections of MAO No. 4, series of 1980, DAO No. 60, series of 1993, and other previous orders or sections thereof which are inconsistent herewith.

Sec. 20 Effectivity. This order shall take effect immediately.

Signed on the occasion of the Centenary of the Cry of Pugad
Lawin, 23rd of August 1996.0.

VICTOR O. RAMOS
Secretary