

**MGA KAUTUSANG PAMPANGASIWAAN AT ALITUNTUNIN NG  
MGA KAGAWARAN. KAWANIHAN AT TANGGAPAN**  
(DEPARTMENT, BUREAU AND OFFICE ADMINISTRATIVE ORDERS AND  
REGULATIONS)

**Kagawaran ng Kapaligiran at Kalikasan**  
(DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES)

DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES

DENR ADMINISTRATIVE ORDER No. 01  
Series of 1989

SUBJECT: REVISED REGULATIONS AND  
GUIDELINES GOVERNING THE  
ESTABLISHMENT AND DEVELOP-  
MENT OF INDUSTRIAL TREE  
PLANTATIONS

Pursuant to PD 705, as amended by PD 1559, and Executive Order No. 725 dated September 1, 1981, and in line with the policy of Government of ensuring the sustainable productivity of forest lands, and in recognition of its role as a tool to economic recovery and national security, the following regulations and guidelines governing the establishment and development of Industrial Tree Plantations (ITP) are hereby promulgated:

CHAPTER I—TITLE, POLICIES, OBJECTIVES, AND DEFINITION OF TERMS

SECTION 1. *Title*.—This Administrative Order shall be known as the "Revised Industrial Tree Plantations Regulations".

SEC. 2. *Policies and Objectives*.—The policies and objectives of Government on the establishment and development of industrial tree plantations shall be:

- 2.1 To accelerate revegetation of the country's open, denuded, brushland and inadequately stocked areas in order to supply the raw material requirements of wood-based and related industries and energy-generating facilities;

- 2.2 To provide incentives to interested and deserving applicants for the establishment and development of industrial tree plantations; and

- 2.3 To improve and maintain a desirable forest ecosystem.

SEC. 3. *Definition of Terms*.—

The following terms are to be understood or interpreted as they are hereunder defined:

- a. *Industrial Tree Plantation (ITP)*—refers to any tract of forestland planted to tree crops primarily to supply the raw material requirements of existing or proposed wood processing and energy-generating plants, and related industries.
- b. *Lease*—is a privilege granted by the State to a person to occupy and possess in consideration of a specified rental, any forest land of the public domain in order to undertake any authorized activity therein.
- c. *Secretary*—refers to the Secretary of DENR.
- d. *Undersecretary*—refers to the Undersecretary for Field Operations of DENR.
- e. *Regional Executive Director*—refers to the Regional Executive Directors (RED) of the 13 Regional Offices of the DENR and the Cordillera Administrative Region.
- f. *PENRO*—refers to the Provincial Environment and Natural Resources Office.
- g. *CENRO*—refers to the Community Environment and Natural Resources Office.

- h. Open Land*—refers to bare or grass-covered tracts of forestlands to devoid of trees.
- i. Denuded land*—refers to forestland that has been depleted of its natural forest cover due to the activities of men, fire or other natural causes.
- j. Brushland*—refers to forest land which is covered with brush.
- k. Inadequately stocked*—shall refer to forestlands with an existing stand of timber containing an average per hectare of less than 20 trees of dipterocarp and endangered species with a diameter breast height (dbh) of not more than 20 centimeters.
- l. Premium species*—are tree species the wood of which has some special characteristics such as strength or durability, beauty, scarcity or rarity, or is used for special purposes, as contained in the list of such premium tree species which shall be prepared by Forest Management Bureau (FMB) from time to time.
- m. Endangered tree species*—tree species that are rare, scarce, or nearing extinction.
- n. Fastgrowing species*—are tree species that grow relatively faster than common forest tree and whose rotation age is 4 to 20 years with a mean annual increment of at least ten (10) cubic meters per hectare under favorable site conditions.
- b. Portion and/or areas covered by pasture leases or permits needing immediate reforestation.*
- c. Government reforestation projects or portions thereof found to be more suitable for or can be better developed as industrial tree plantation in terms of benefits to the government and to the surrounding community.*

#### SEC. 5. *Areas not Available for Industrial Tree Plantation Development*—

The following areas may be the subject of ITP as said areas are to be forested by the government through contractual reforestation as well as by holders of timber license agreements (TLA) in pursuance of their obligation to reforest.

- a. Denuded inadequately-timbered areas proclaimed by the President as civil reservations, military reservations, watershed forest reservations, critical watersheds, national parks, game refuge and birds sanctuaries, national shrines, and national historic sites.*
- b. Adequately-stocked logged-over areas.*
- c. All open, denuded and brushland areas within forest concessions to be reforested by the concessionaires.*
- d. Wilderness areas and greenbelts within concession designated in accordance with LOI 917 and 917-A.*

#### SEC. 6. *Size of the Area*.—

The maximum area that granted for ITP shall be the area that can be developed within five (5) years by the lessee but not to exceed 20,000 hectares, PROVIDED, however, that the foregoing limitations shall not preclude the granting of additional areas on a case to case basis depending upon the excellent performance of the lessee determined through evaluation of the accomplishment thereof.

#### SEC. 7. *Identification and Delimitation of Potential ITP Areas*.—

The DENR shall identify, with the aid of the latest forest resources condition maps,

## CHAPTER II

### SEC. 4. *Forestlands Available for ITP and Disposition for Plantation Development.*

—The following forestland areas are available for the industrial tree plantation development.

- a. Bare, open denuded or grass-covered tracts of forest lands, brushlands and/or inadequately-stocked areas within or outside timber concessions.*

aerial photographs, satellite imageries and/or other appropriate technical data and reference, lands of the public domain, the biophysical features of which indicates the feasibility of establishing an Industrial Tree Plantation.

Areas so identified shall be delimited on a map of convenient scale as basis in determining the relative location and extent of the areas that maybe made available for ITP.

**SEC. 8. Mode of Disposition of Available Areas.—**

The area available for ITP development shall be granted to qualified applicants through an ITP Lease which shall have a term of twenty (20) years which shall be automatically renewed at the option of the lessee for another twenty five (25) years. PROVIDED, that the terms of the ITP lease shall be subject to future Congressional action on production-sharing scheme in accordance with the New Constitution.

**SEC. 9. Application Requirements—**

The application shall be filed in the prescribed form hereto attached as Annex "A" at the Office of the CENRO concerned and shall be accompanied, by the following preliminary requirements:

- a. Non-refundable filing fee of ₱0.50 per hectare or a fraction thereof.
- b. If applicant is a government official or employee, whether in career or non-career service, written permission from the Department head or head of agency concerned.
- c. If the applicant is a married woman, the written consent of her husband.
- d. If the applicant is naturalized Filipino citizen, a copy of his/her Certificate of Naturalization certified by the Clerk of Court of the Court of First Instance, that issued the same, and a certification by the Office of the Solicitor General that he has not filed application for his denaturalization, or any action that may affect his citizenship.
- e. If the applicant is a corporation, three (3) copies of the minutes of the meeting of the Board of Directors indicating the present Officers and Stockholders, Articles of Incorporation and By-Laws, and financial statement for the preceeding year, *if the applicant is already in existence at the time*, and stating the authority of the officers to file the application in behalf of the corporation.
- f. If the applicant uses a name, style, or trade name other than its true name, three (3) copies of the Certificate of Registration of such name, style or trade name with the Bureau of Domestic Trade, certified by an authorized officer of said Bureau.
- g. Indicative development plan, the outline of which is hereto attached as Annex "B".

**SEC. 10. Qualification of Applicants.—**

Any Filipino citizen who is at least twenty-one (21) years of age, corporation, partnership or association or cooperatives registered under Philippine laws, at least sixty percent (60%) of the capital of which is owned or controlled by Filipino citizens, may file an application for Industrial Tree Plantation.

**SEC. 11. Formation of new corporations for tree plantation development.—**For the establishment, development and operation of the ITP, a timber license holder may form a new corporation as the major stockholder with other investors. The timber license holder shall warrant the development and implementation of the ITP in accordance with the provisions of the ITP Lease Agreement. Should the new corporation fail to carry out the development of such plantation within the period specified in such agreement, the lease agreement shall be cancelled.

**SEC. 12. When application is considered filed.—**

An application is considered filed on the date of receipt of all the application requirements called for under Sec. 9 of this Order.

SEC. 13. *Processing of Applications.*—

a. In the CENRO Office—Upon receipt of the application, the CENRO shall have the area inspected by at least a Forester in the presence of the applicant or his representative. The inspecting Forest Officer—shall within 30 days submit his report showing, the following:

1. Conformity with the guidelines for availability of the area set forth in Section 4 of this Order.
2. Sketch of the area indicating the location, boundary, extent, vegetative condition, present land use, occupancy, description of adjacent areas and other relevant information.
3. Suitability of the area for the purpose taking into account the vegetation in and around the area applied for, site indicators within the area, climatic conditions and products.
4. Remarks/recommendations.

The CENRO shall immediately evaluate the report and if found in order, prepare the indorsement and forward all papers to the PENRO with his recommendations within fifteen (15) days from submission of the report of the Inspecting Forest Officers.

b. In the PENRO—Upon receipt of the application and all pertinent documents, the PENRO shall have the documents evaluated and if found in order, prepare indorsement to the Regional Executive Director (RED) thru the Regional Technical Director (RTD) for Forestry within fifteen (15) days from receipt of the report.

c. In the DENR Regional Office—In the Regional Office, the Regional Technical Director (RTD) shall have the documents evaluated and if found in order, prepare the lease agreement in accordance with the ITP Lease Agreement, format hereto attached as Annex "C"

and forward all papers to the RED with his recommendation. The RED reviews and approves the lease agreement if area is below three hundred (300) hectares, otherwise forwards same to DENR for consideration.

d. In the DENR Office—Approval of lease agreement at the DENR Office shall be made by DENR Officials as follows:

300-500 hectares ....	Asst. Secretary for Operations
501-750 hectares ....	USEC for Field Operations
over 750 hectares ....	Secretary

SEC. 14. *Management and Development Plan*—The lessee shall within twelve (12) months from the issuance of the ITP lease, submit to the Secretary a twenty-five (25) years comprehensive development and management plan following the outline provided for the purpose (Annex "D").

### CHAPTER III

#### GOVERNMENT INCENTIVES

SEC. 15. *Nominal Filing Fee.*—A nominal filing fee of only fifty centavos (P.50) per hectare shall accompany any application filed for ITP Lease.

SEC. 16. *Reduced Payment of Forest Charges and Land Rentals.*—The Lessee shall pay only 25% of regular forest charges due on timber from ITP in accordance with P.D. 705, as amended. The government incentive on land rentals for ITP development shall be in accordance with the provisions of Sec. 36 of P.D. 705, as amended.

SEC. 17. *Reduced Specific Tax.*—The specific tax payable by a lessee on the trees and other forest products grown and cut or gathered in an ITP shall only be 25% on the regular specific tax prescribed in the National Internal Revenue Code.

SEC. 18. *Exemption from payment of certain Internal Revenue Taxes.*—Timber and other forest products planted and grown in ITP areas bartered or exchanged by the

lease holder, in their original state shall be exempted from the payment of value added tax pursuant to Executive Order (E.O) No. 273, Series of 1987.

The lease holder shall, likewise, not be subject to any obligation prescribed in, or arising out of, the provisions of the National Internal Revenue Code on withholding tax at source upon interest paid on borrowings incurred for development and operation of the Industrial Tree Plantation.

**SEC. 19. Integrity of Boundary and Status of Area.**—The boundaries and legal status of the area covered by an ITP once established shall not be altered or modified.

**SEC. 20. Plantation development expenses, tax deductible.**—Amount expended by a lessee in the establishment, development, and operations of an ITP prior to the time when the production state is reached may, at the option of the lessee, be regarded as ordinary and necessary business or as capital expenditures and, therefore, tax deductible.

**SEC. 21. Credit Assistance.**—Holders of ITP Lease Agreement may apply with the Development Bank of the Philippines, the Central Bank and other government and private financing institutions for assistance in obtaining long term and low interest loans; PROVIDED, that the lessee may assign the Lease Agreement as a collateral for loans which may have been granted or guaranteed by such government and private financial institutions. However, the leasehold rights should be subject to the approval of the Secretary.

**SEC. 22 Other Incentives.**—Applicants for ITP Leases shall not be required to post forestry bond or to the payment of inspection fees. They shall be entitled to other incentives provided for under the Omnibus Investment Code of 1987. All other applicable incentives enumerated under Sec. 36 of P.D. 705, as amended, shall apply to ITP Lease holders.

**SEC. 23. Ownership of Plantation Products.**—Trees and other products planted and

grown under an ITP Lease Agreement belong to the lessee who shall have the right to sell, convey or dispose of said planted trees and other products.

**SEC. 24. Export of Logs Harvested from ITP.**—Trees grown and harvested from ITPs maybe exported as logs, poles, piles, billets or in any form, without restriction in quantity or volume.

**SEC. 25. Entitlement to Fair Compensation.**—Upon the expiration of the ITP Lease Agreement, or on its termination when public interest demands, all permanent improvements in the area shall be retained in the area but the LESSEE shall be entitled to fair compensation for such permanent improvements the amount of which shall be mutually agreed upon by both the DENR and the Lessee.

**SEC. 26. Development Requirements in ITP Leases.**—Development and establishment of plantations shall have a definite program and schedule to be embodied in an industrial tree plantation development and management plan which shall, among others, provide for development of at least thirty percent (30%) of the area within three (3) years and 100% of the area within five (5) years and after the lease is granted. Interplanting of cash crops may be allowed in new plantation areas; PROVIDED, that planting therein will not be detrimental to the soil and water of the land and shall instead enrich the soil with nitrogen-fixing bacteria or any soil conditioning elements in preparation for tree planting.

#### CHAPTER IV—GENERAL PROVISIONS

**SEC. 27. Monitoring and Control.**—The following shall be adopted to provide an effective monitoring and control system for the development and operation of ITPs;

- a. The ITP lease holder shall submit to the CENRO a quarterly report on the development of the ITP.
- b. The CENRO shall submit through the PENRO and the DENR Regional Office

a quarterly report on the status of tree plantation development within the its jurisdiction and copy furnish the Central Office.

c. The DENR Regional Office shall within thirty (30) days after submission of report from the CENRO prepare a summarized report to Office of the Secretary which in turn shall maintain a nationwide status chart of ITP activities.

d. Existing ITP Leases shall be evaluated within six (6) months from the issuance of this Order and those which have not complied with the terms and conditions of the lease shall be cancelled and the area, if still suitable for ITP, shall be opened to qualified applicants.

SEC. 28. *Grounds for the Cancellation of Lease.*—The Secretary upon the recommendation of the Regional Executive Director may cancel or suspend ITP leases, depending on the gravity of the offense or the adverse effect on the management of forest land and resources based on any of the following grounds.

1. If the privilege was obtained through fraud, misrepresentation or omission of material facts existing at the time of the filing of the applications;
2. Failure of a privilege holder to pay and/or settle any forestry account, such as, rental, forest charges, and permit fees, when they become due, or violation of any of the provisions of the National Internal Revenue Code relating to forest products.
3. Violation of any of the terms and conditions of, or failure to comply with or perform the obligations imposed in the lease agreement, lease, license, permit, or contract, or pertinent laws, or policies affecting the exercise of the privilege granted therein, or any of the provisions of this Order;
4. Conducting an operation in violation of the prescribed management or opera-

tion plan, or beyond the area covered by the privilege;

5. Failure to provide the necessary protection, management and development over the forest land or area covered by the privilege granted in his favor;
6. Abandonment of the area or failure to exercise the privilege granted within the prescribed period, or, if not prescribed, within four (4) months from the issuance of the license agreement, license, lease or permit; or

SEC. 29. *Inclusion of Adequately-Stocked Logged-Over Areas in ITP Lease.*—Adequately stocked logged-over areas within timber concessions shall not be made available for ITP development. However, in extreme cases where the inclusion of such areas will promote contiguity to the adjoining open and inadequately stocked logged-over areas, the same may be allowed; PROVIDED, such areas will not exceed thirty percent (30%) of the ITP lease.

SEC. 30. *Regulations on Cutting Naturally Grown Trees within the ITP Lease.*—The Lessee may, in consonance with the approved ITP development and management plan, be allowed to cut and utilize naturally grown, mature, overmature and defective trees inside adequately-stocked portions of the area covered by the lease areas subject to the condition that at least twenty percent (20%) of such area shall be preserved for biological diversity.

In other areas of the ITP lease, any naturally grown standing tree may be cut subject to the following conditions:

1. The cutting and extraction of timber found therein shall be in accordance with the timetable provided in the approved management/development plan.
2. Provided further, that no cutting shall be done within forty (40) meters of both sides of river banks. Enrichment planting shall be required of the ITP holder in these areas.

SEC. 31. *Repealing Clause.*—This Order supersedes MAO 4 and 5, series of 1982 and all forestry regulations, Memoranda, Circulars, and other instructions inconsistent herewith.

SEC. 32. *Effectivity.*—This Order shall effect fifteen (15) days from the date of its publication in the *Official Gazette* or in a newspaper of general circulation.

(Sgd.) FULGENCIO S. FACTORAN, JR.  
Secretary

ANNEX "A"

APPLICATION FOR INDUSTRIAL TREE  
PLANTATION LEASE

APPLICATION No. \_\_\_\_\_

The Secretary  
Department of Environment and Natural  
Resources  
Visayas Avenue,  
Diliman, Quezon City

Sir:

In consonance with the provisions of P.D. No. 705, as amended by P.D. 1559, and Executive Order No. 725 dated September 9, 1981. I/we hereby apply for an Industrial Tree Plantation Lease, the particulars of which are as follows:

Area :

Location :

Province—  
Municipality/City—  
Barrio—  
Sitio—

Boundaries:

N:  
E:  
S:  
W:

032488-

I/we understand that the filing of this application does not convey the right to enter, occupy or develop the area applied for until a lease has been issued to me/us by the Secretary of Environment and Natural Resources or his duly authorized representative.

I/we understand that the cutting and/or gathering of naturally grown trees within the area is not allowed unless a permit is obtained from the Secretary, DENR.

The required application fee of P\_\_\_\_\_, which is NOT refundable is herewith enclosed.

Very truly yours,

-----  
(Applicant)

ANNEX "B"

OUTLINE OF INDICATIVE ITP  
DEVELOPMENT/MANAGEMENT PLAN

I. *Introduction*

II. *Development Objectives*

- A. General
- B. Specific

III. *Resources Data*

IV. *Plan of Development*

A. *Forest Surveys*

- 1. Boundary survey and delimitations
- 2. Timber and other forest products inventory

B. *Infrastructure Development*

- 1. Access roads
- 2. Office and Employee quarters
- 3. Water system

C. *Nursery Development Program*

- 1. Identification and selection of nursery site.

- 2. Site preparation
  - 3. Construction/establishment of nursery facilities and other infrastructure.
  - 4. Species sources and seedling production schedule.
- D. Plantation Development Program.
- 1. Annual Planting Program
    - 1.1 Area
    - 1.2 Species
    - 1.3 Maintenance
  - 2. Employment program
- E. Utilization and Product Disposition
- 1. End Use
  - 2. Harvest and transport systems
  - 3. Dependent industries
  - 4. Export market

V. Financial Resources

VI. Technical knowhow

VII. Appendices

- 1. Maps
- 2. History of area
- 3. History of applicant
- 4. Others relevant to the plan

SUBMITTED BY:

.....  
(Applicant)

Prepared by/in collaboration with:

.....  
(Registered Forester)

Attested by:

.....  
(CENRO)

ANNEX "C"

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF ENVIRONMENT AND NATURAL  
RESOURCES  
OFFICE OF THE SECRETARY  
DILIMAN, QUEZON CITY

INDUSTRIAL TREE PLANTATION  
LEASE AGREEMENT No. \_\_\_\_\_

OF

.....  
(Name of Lessee)

.....  
(Location of Area)

This AGREEMENT, made and entered into by and between: the SECRETARY OF ENVIRONMENT AND NATURAL RESOURCES, for and in behalf of the Republic of the Philippines, hereinafter referred to as the LESSOR, and \_\_\_\_\_ with residence and postal address at \_\_\_\_\_ hereinafter referred to as the LESSEE:

WITNESSETH, THAT:

WHEREAS, the establishment of Industrial Tree Plantations is encouraged as Government policy to accelerate the country's reforestation efforts which shall promote ecological balance and assure an adequate wood supply to meet local and foreign demand:

WHEREAS, P.D. 705, P.D. 1559, Executive Order No. 725 and other existing laws, rules and regulations provide for incentive to qualified developers and operators of Industrial Tree plantation;

WHEREAS, the LESSOR and the LESSEE are desirous of entering into this Industrial Tree Plantation Agreement;

NOW, THEREFORE, for and in consideration of the foregoing premises, the LESSOR as Secretary of Environment and Natural Re-

sources and by virtue of the authority of Presidential Decree No. 705, as amended by Presidential Decree No. 1559, otherwise known as the Revised Forestry Code of the Philippines, hereby leases to the LESSEE ..... hectares of public forest land covering a period of twenty-five (25) years to expire on ..... , automatically, renewable for another twenty-five (25) years which land is located at Sitio/s ..... Barrio/s ..... Municipality/ies of ..... Province of ..... Philippines, the description and boundaries of which are shown in the attached sketch which forms part of this Lease Agreement.

This Lease Agreement shall be for the planting of trees to supply the requirements of existing and proposed wood processing plants and other related industries subject to the following terms and conditions:

1. The LESSEE agrees to plant and raise in the area covered under this Lease Agreement trees for the production of saw timber, pulpwood, etc., and other crops suitable for energy generation, or for other government sponsored development projects, if found viable.
2. The planting of dipterocarp or primary trees of commercial value and the raising of the secondary crops shall be confined within the perimeter of the parcel of land described herein. The LESSEE shall conserve and preserve the monuments and other land marks indicating corners and outlines along the boundaries and within the confines of the area covered by this Agreement.
3. The area subject of this Lease Agreement is a public forest land and does not include areas already declared as A and D lands or private lands and any such lands shall be excluded from the boundaries of the ITP Leased area.
4. The LESSOR reserves the right to permit, if public interest requires, the opening of such portions of the area under lease for logging, mining, and other public right-of-way, which shall not be more than ten (10) meters wide, PROVIDED, that the person or entity granted the right-of-way shall pay the LESSEE a reasonable compensation for any damage to improvements, if any, occasioned by such opening.
5. The LESSEE shall be entitled to exemption from payment of rentals for the full term of the Lease Agreement.
6. All operations and planting of forest crops, in harmonized combination with agricultural crops, shall follow such rules and regulations that maybe issued by the Forest Management Bureau, PROVIDED that precautionary measures shall be instituted to minimize surface run-off, soil erosion and other land imbalance. Non-compliance with such rules and regulations shall be sufficient ground for the cancellation of this Lease Agreement.
7. If the LESSEE does not utilize the area leased herein for the purpose for which the lease is granted, or fails to comply with the terms and spirit hereof within one (1) year after the signing of the Agreement, then this Lease Agreement maybe cancelled by the LESSOR, except for cause beyond control of the LESSEE.
8. The LESSEE shall improve and plant at 30% of the area herein granted with three (3) years from the execution of this Agreement; and the balance of the area within five (5) years, OTHERWISE, the LESSOR may reduce the area granted commensurate with the capability of the LESSEE to improve and make use of the area, or cancel the lease for cause.
9. The LESSEE shall do all in his power to prevent and suppress fires in the area under this Agreement or other areas

- immediately adjacent thereto, and to place his employees or workers under the direction of foresters or other authorized agents of the Secretary of Department of Environment and Natural Resources, whenever required for the purpose of putting out or preventing forest fires.
10. The LESSEE shall be responsible for the protection and conservation of forest growth in the area under LEASE and shall cooperate with the DENR Regional Offices in the protection of the forest areas immediately adjacent thereto.
  11. The cutting, gathering or protection of trees, naturally growing in the area under Lease shall be regulated by the Regional Executive Director.
  12. The LESSEE shall not assign or sublease the leased area or any portion thereof. Neither shall the LESSEE encumber the leased area in whole or in part, to any lending entity for the purpose of credit financing, without the prior approval of the LESSOR.
  13. Upon the expiration of this Agreement or on its termination when public interest demands, all permanent improvements on the area shall remain on the plantation, but the LESSEE shall be entitled to fair compensation for such improvements introduced by the LESSEE on the leased area in an amount to be determined mutually by both the DENR and the Lessee.

The LESSEE shall be entitled to compensation to permanent infrastructure introduced by the LESSEE based on their fair market value as of the expiration date. The LESSEE may remove the temporary or semi-permanent structures, unless the LESSOR opts to retain them by paying their fair market value as of the expiration date. The value of the improvements shall be determined mutually by both parties.
  14. In the event of violation of the LESSEE or his authorized agents of any provision of P.D. 705 and P.D. 1559 governing the protection of the tree in the leased area, or of the terms and conditions of the Lease Agreement; and the event that after due warning of the LESSOR to the LESSEE, the latter fails within a reasonable time, which time shall not exceed three (3) months to stop the violation referred to; or in the event that the LESSEE or his agents or other persons operating under this Lease Agreement, commit an act tending to influence a forest officer, to induce him directly or indirectly to violate existing rules and/or regulations, then this Agreement maybe cancelled by the LESSOR without the right of compensation under the immediately proceeding paragraph.
  15. To insure normal balance of forest cover, the LESSEE shall submit a development program for the leased area for the approval of the LESSOR which shall form part of this contract upon its approval. No revisions shall be made on such program without the mutual consent of both parties.
  16. The LESSEE is required to submit on or before the 30th day of January of each year an Annual Report to the LESSOR, showing among others, the number of hectares developed during the year, species planted, survival rate at the end of the year, number and size of nurseries established, kinds of seedlings raised, and other improvements introduced during the year. Quarterly progress reports shall be submitted to the Secretary, DENR during the tenure of this Agreement.
  17. The LESSEE shall not unnecessarily impede, obstruct or in any manner prevent the passage of legitimate licenses, lessees, permittees, and/or other forest users and the public, by virtue of the lease herein granted.

18. After the final ground survey, the boundaries of the arca covered by this Industrial Tree Plantation Lease Agreement shall not be altered or modified except when public interest demands.

19. In the process of development, the LESSEE shall strictly observe and/or implement all possible measures for the protection of watersheds and the environment to the effect that:

- a. No trees in the lease area shall be cut regardless of species, if found within twenty (20) meters from edges of rivers or creeks of at least five (5) meters in width and of public roads.
- b. Open, denuded, brushland or inadequately-stocked areas along stream channels below five (5) meters in vidht shall be planted with trees and maybe harvested if included in the duly approved Industrial Tree Plantation plan.
- c. The LESSEE shall protect and conserve unique, rare and endangered trees, plants and wildlife identified under existing rules, laws and regulations within the lease area.
- d. The LESSEE shall plant five (5) edible fruit tree species per hectare of the area under lease, to provide aid and comfort and food for wildlife species.
- e. There should be at least (60) surviving seedlings of suitable disptero-carp species per hectare of the area after three (3) years from the start of land development.

Quezon City, Philippines .....  
....., 19.....

For and in behalf of the  
Republic of the Philippines

.....  
*Secretary, DENR*  
*(Lessor)*

.....  
*(Lessee)*

WITNESSES:

WITNESSES:

RECOMMENDED BY:

.....  
*(Regional Executive Director)*

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES } S.S.  
QUEZON CITY }

In Quezon City, this ..... day  
of ....., 19.....,  
before me a Notary Public for and in the  
said City, personally appeared:

Name R.C. No. Date of Issue Place of Issue

.....  
*Secretary, DENR*  
*(Lessor)*

.....  
*(Lessee)*

personally known to me and to me known  
to be the same person who executed the fore-  
going instrument and who acknowledged  
to me that the same is his free act and deed.

This document is an INDUSTRIAL TREE  
PLANTATION LEASE AGREEMENT NO: .....,  
covering ..... parcels of  
public forest land, consisting of .....  
..... and each is  
signed by the LESSOR and his witnesses and  
bears my Notarial Seal.

Witness, my hand and official seal, on the  
date and place first above written.

.....  
*Notary Public*

Doc. No. ....  
Page No. ....  
Book No. ....  
Series of 19 .....

## ANNEX "D"

OUTLINE OF INDUSTRIAL TREE  
PLANTATION COMPREHENSIVE  
MANAGEMENT AND DEVELOP-  
MENT PLAN

- I. Preparation Review and Approval Sheet.
- II. Location Map
- III. Summary of Plan
- IV. Description of the Plantation Area
- V. Development Plan
  1. Survey and demarcation of boundary
  2. Infrastructure to be introduced.
  3. Nursery Work Program
    - 3.1 Seed species
    - 3.2 Sources of seed
    - 3.3 Seedling production schedule
    - 3.4 Size and capacity of nursery/ies
    - 3.5 Source of water, specifying water development activities, such as dams, catchment basins, irrigation, etc.
    - 3.6 Sources and schedule of application and other inputs, such as fertilizers, chemicals, limes, etc.
    - 3.7 Schedule of application of machineries, equipment, tools, etc. and construction of supporting buildings, sheds, and other infrastructures.
  4. Plantation Work Program
    - 4.1 Number of compartments or blocks
    - 4.2 Area of each compartment or block
    - 4.3 Number and spacing of trees to be planted in each compartment or block
    - 4.4 Climax species of the trees to be planted in each compartment/block
    - 4.5 Schedule of Planting indicating target date of the start of operations and completion in each compartment/block.
    - 4.6 Period of maturity of the climax species.
    - 4.7 Land preparation activities in each compartment/block including, if to be undertaken, the planting of secondary species and other soil conditioners and primary crop protectors
    - 4.8 Source and number of seedlings to be introduced in each compartment or block with allowance for mortality
    - 4.9 Source of water, specifying water development activities such as catchment basins, dams, irrigations, etc.
    - 4.10 Source and application schedule of other inputs such as fertilizers, chemicals, etc., required in each compartment/block; and
    - 4.11 Source and schedule of use in each compartment/block of machineries, equipment, tools, etc.; with further information on the following:
    - 4.12 Maintenance of plantation, such as replanting, weeding, and mulching, etc.
    - 4.13 Protection of plantation such as, patrolling, establishment of checkpoints, firebreaks, greenbelts, fire towers, and protection diseases.
    - 4.14 Such other informations relevant to the development, rehabilitation, planting and replanting activities.
- VI. Utilization and Product Disposition
  1. Harvest Methods
  2. Transportation
  3. Processing Plant/s and/or wood using industry/ies supported

- 4. Marketing
- VII. Implementing Organization
  - 1. Corporate Structure
  - 2. Structure of implementing division or department, such as its forestry department
- 3. Total personnel and payroll
- 4. Duties of key personnel
- VIII. Financial Feasibility, particularly budget, sources of funds and schedule of application
- IX. Required Appendices Annexes.