

Policies and Incentives on Forest Investments

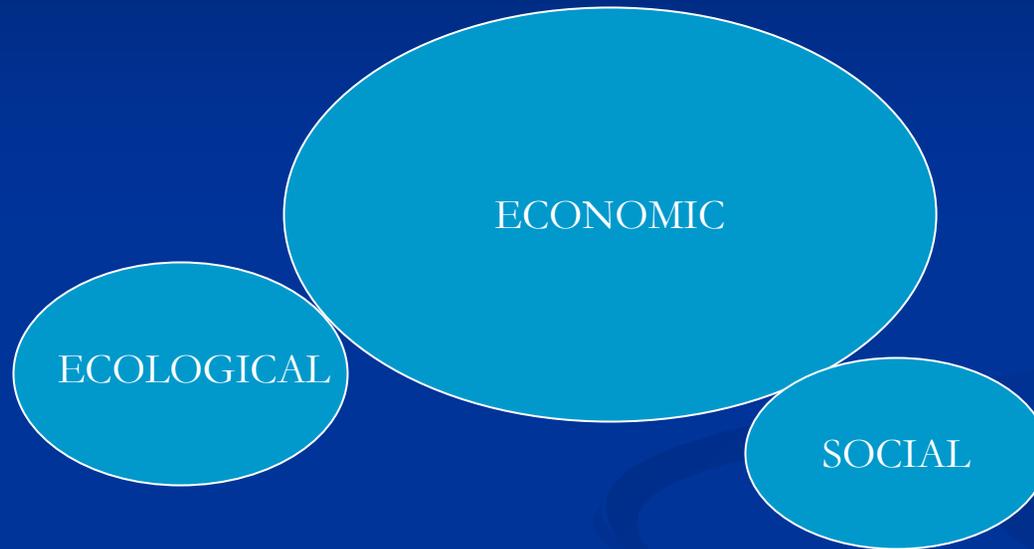
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Roles in forest management



Trends



Fragmented

Non-participatory

History of Philippine Forest Policy and Trends

Year	Era	Policy	Trends/Notes
1521 to 1800s	Spanish colonization	Spanish Royal Decrees Cortes de Magera	Massive supply of timber to Spanish Navy Large-scale felling of trees with forced labor and technology
1860s		Inspeccion General de Montes	Open up virgin forests to concessions
1890s		Royal Decree	Philippine Forest Service
1900s		US Colonial Rule	Bureau of Forestry Forest Act of 1904 (Act 1148) by US Congress
1910s		Law of 1917 or Act No. 2711 Forest School in UP established	Communal forests and pastures
1930s	Commonwealth	Regalian Doctrine	All timberlands belong to the State
1940s	Japanese occupation	Forestry Admin Order No. 14-1	Issuance of Gratuitous Permit in communal forests
1950s	Large scale logging	Philippine Selective Logging System (PSLS) 'Land for the Landless' policy Homestead Act	Regulated felling procedures and promoted export and import substitution policies
1960s	Marcos Era	Granting of TLAs FAO 11 of 1970 – TLAs extended to 50 years	Logging Boom – TLAs as privilege based on political patronage
1970s		PD 705, LOI 1260, FOM, FAR, PROFEM	Shift to People-Oriented Forestry

1986 Revolution

Dominated the policy development

- input from non-government organizations and other interested groups
- concept of decentralization/devolution
- people's participation
- strengthen resource tenure

Table 2. Key forestry policies of the Philippines

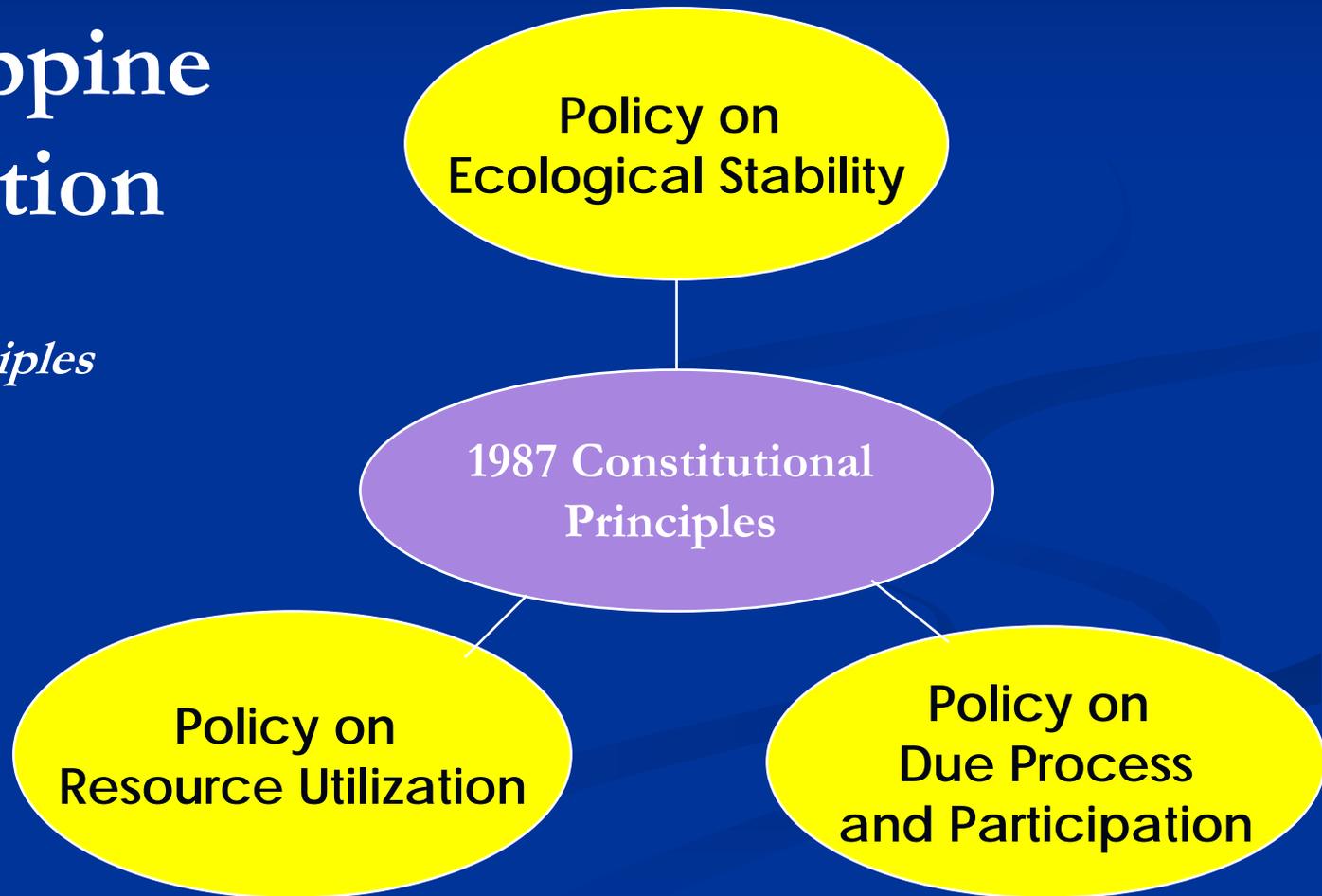
Policy	Form and year of issuance	Major focus
Revised Forestry Code	Presidential Decree No. 705 of 1975	Creation of the Bureau of Forest Development (BFD). Adoption of multiple use, land classification and delineation of forestlands, key conservation and reforestation strategies, census and initial recognition of forest occupants.
The 1987 Philippine Constitution	1987 Constitution	Confirmation of the Regalian Doctrine; the State may undertake on the development and utilization of natural resources or enter into co-production, joint venture, or production agreements.
Executive Order No. 192 Creation of DENR	With legislative and executive powers issued in 1987	Downgraded the BFD from line into a staff bureau; DENR was mandated to conserve, manage, develop, properly use, license and regulate the use of natural resources.
Local Government Code	Republic Act No. 7160 of 1991	Partially devolved some functions of the DENR to the LGUs.
National Integrated Protected Area Systems	Republic Act No. 7586 issued in 1992	Allocation of forestlands and forest resources to protected area systems for biodiversity purposes, preservation of habitats, watershed protection, and maintenance of ecological balance.
Forest Charges on Timber and Other Forest Products	Republic Act No. 7161 issued in 1991	Increase the forest charges for timber and non-timber forest products up to 25 percent and 10 percent of FOB prices, respectively.
Executive Order No. 263 on Community-based Forest Management	Executive Order of 1995	Adoption of CBFM as the strategy for sustainable forestry and social justice.
Indigenous People's Rights Act	Republic Act No. 8371 in 1997	Creation of the National Commission on Indigenous Peoples and recognition and protection of the rights of indigenous people.

1987 Philippine Constitution

Legal Bases

1987 Philippine Constitution

Constitutional Principles



Principle of Ecological Stability

Article II, Sec 16 “The shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature

Principle of Due Process and Participation

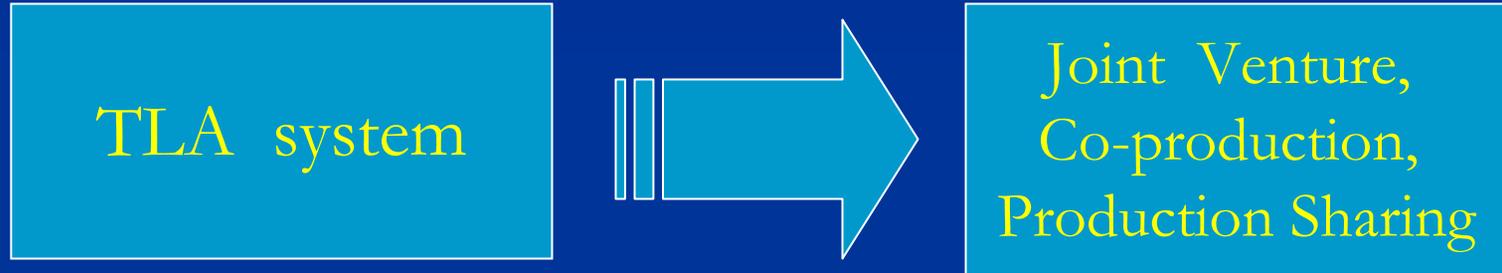
Article XII and XIII provide for the recognition and encouragement of Participation of private sector, labor, Community organizations in promoting Nation building and development.

Principle on Resource Utilization

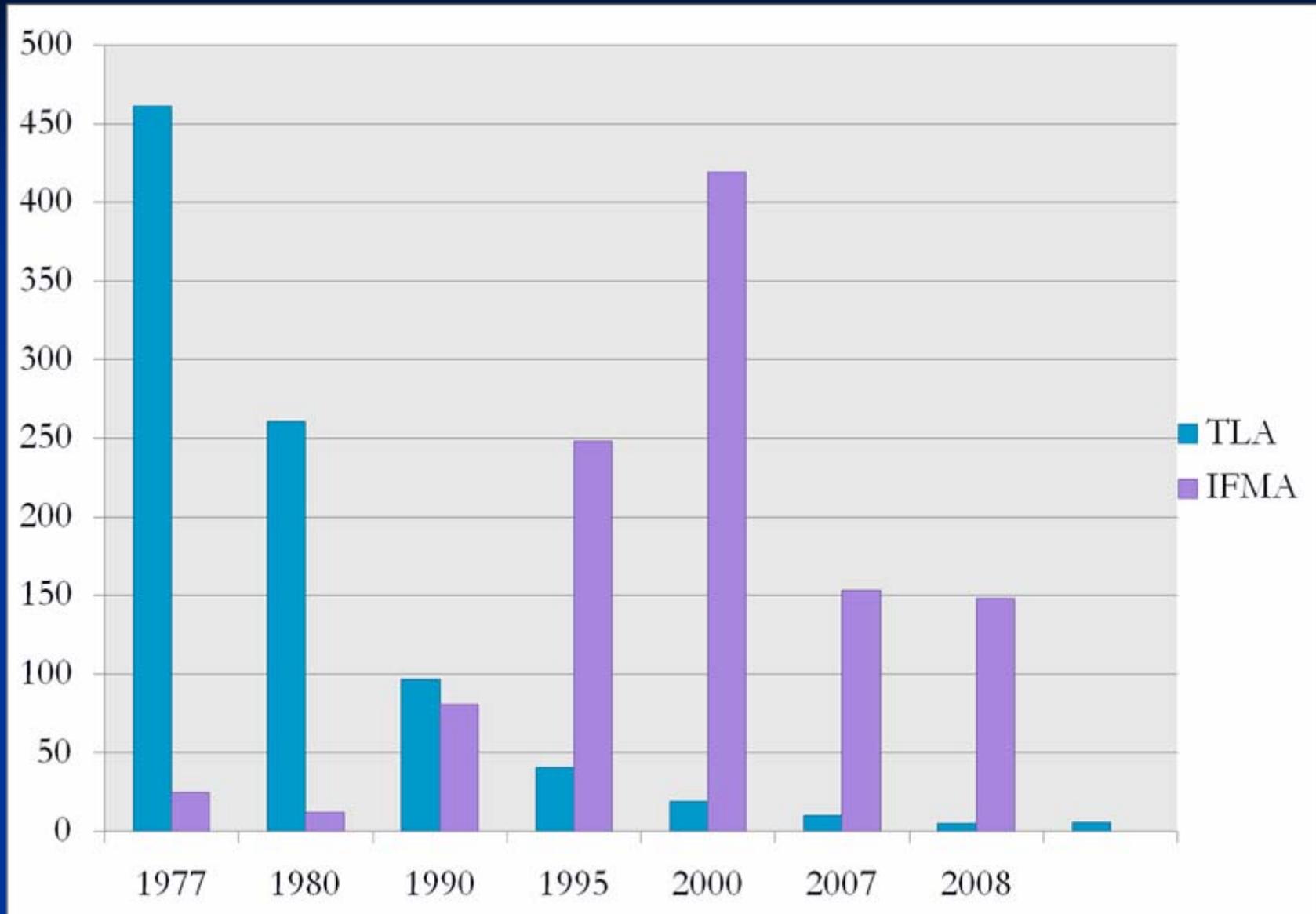
Article XII, Sec 2 provides that

“...the exploration, development, and utilization of natural resources shall be under the full control and supervision of the State. The State may undertake such directly activities, or it may enter into co-production, joint-venture, production sharing agreements with Filipino citizens or corporations or associations at least sixty per centum of whose capital is owned by such citizens.....”

Phasing out of Timber License Agreements



TLAs VS IFMAs



Revised Forestry Code or PD 705 as amended

Management of productive forest through selective logging, reforestation of degraded areas, support to upland communities through issuance of tenure instruments and strict protection of critical watershed.

Protection Forests

- Ban on logging in old-growth forests (Jan 1992)
- Placing all old growth forest, national parks and other protected areas under the National Integrated Protected Areas System (NIPAS Act of RA 7586 of 1992)

Production Forests

- IFMA - production sharing contract entered into by and between the DENR and a qualified applicant wherein the DENR grants to the latter the exclusive right to develop, manage, protect and utilize a specified area of forestland and forest resources therein for a period of 25 years and may be renewed for another 25-year period

Socialized Industrial Forest Plantation Management Agreement (SIFMA)

- Available areas grasslands, brush lands, and open and denuded forest lands under the jurisdiction of the DENR, including those within government reforestation projects that are otherwise to be classified under the NIPAS, CADDC, CALC vested rights, licenses, permits or management agreements.
- Area coverage - from 1 to 10 ha for individuals/single family and up to 500 ha for association or cooperatives.

Community Based Forest Management (CBFM) Program

- Executive Order No. 263 of 1995 mandated the adoption of CBFM as the national strategy for sustainable forestry and social justice.
- It recognizes the need to enter into long-term agreements with communities and the indigenous people for the protection, rehabilitation, development, conservation, and management of forestlands.

E.O. 318

Promoting Sustainable Forest Management



Upland Development Program

- Executive Order No. 606, issued on February 27, 2007, entitled “Pursuing Sustainable Upland Development (SUD)”

UPLAND DEVELOPMENT PROGRAM

➤ REFORESTATION AND AGROFORESTRY

DENR Memo Circular 2008-04 (to accelerate reforestation and agroforestry in priority upland areas
- potential sites were identified in all regions

Incentives for IFMA

- Entitlement to all relevant incentives provided for under the Omnibus Investment Code and to all applicable incentives enumerated under Section 36 of PD 705, as amended.
- May interplant secondary crops between trees within areas designated for IFP.
- All planted trees and other crops established pursuant to an IFMA belong to the IFMA holder who shall have the right to harvest, sell, and utilize such trees and crops in whatever marketable form(s) and in whatever legal manner(s).
- No restriction on the export of logs, lumber and other forest products derived from IFMA area provided that logs harvested or obtained from naturally growing trees (not planted) in the IFMA area and the lumber manufactured from such logs will not be exported.

Incentives for IFMA

- All plantation products derived from an IFMA area shall be exempted from forest charges
- Transfer developed plantations that are at least three (3) years old to a cooperative upon fair compensation or payment thereof by the cooperative itself or through a financing institution or to open or public investments.
- Use stable plantation crops that are at least three (3) years old as collateral or security for loans offered by government development banks and financial institutions, or government-owned and controlled corporations.
- An IFMA holder who has satisfactorily complied with the terms and conditions of this IFMA based on performance evaluation by the DENR may be allowed either a) an additional area to the existing IFMA area; provided, that the aggregate size of the IFMA area shall not exceed 40,000 ha.

Incentives for SIFMA

- Privilege to benefit from their crops that consist primarily of trees for wood production. Non-timber species and other cash crops may be inter-planted.
- 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.
- 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.

Incentives for CBFM

- **Security of Tenure.** CBFM holders entitlement to use and develop the forestland and resources for duration of 25 years.
- **Social Equity.** CBFM holders have rights to use and develop forest resources.
- **DENR and LGUs provide technical assistance to CBFM participants to help them attain sustainable forest management.**
- **Participants have access to investment capital and build marketing capabilities.**

PHILIPPINE FOREST COVER 1934-2003 (in Million Hectares)



✳ *Forest Cover: from 17M hectares in the 1930's to 5.40M in 1997 and increased to 7.16M hectares in 2003*

SUSTAINABLE FOREST MANAGEMENT



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You should not blame us or the government for the defects, they come from the imperfect organization of our society, which is trying to do much and as a consequence, achieves nothing, ruining itself with excessive prudence, short on necessities and long on the superfluous."

(Dr. Jose Rizal, El Filibusterismo)