

**[DENR ADMINISTRATIVE ORDER NO. 97-04,
March 04, 1997]**

**RULES AND REGULATIONS GOVERNING THE INDUSTRIAL
FOREST MANAGEMENT PROGRAM**

Pursuant to Presidential Decree No. 705, as amended, and Executive Order No. 278, dated July 25, 1987, and in order to promote ecological stability, productivity, sustainability and equity in the use of forestlands, the following rules and regulations governing the establishment and development of Industrial Forest Plantations for industrial purposes are hereby promulgated.

CHAPTER I

Policies, Objectives and Definition of Terms

SECTION 1. Policies and Objectives. The Department of Environment and Natural Resources shall:

- (a) Adhere to its policy to promote the rehabilitation and restoration of degraded forestlands through appropriate reforestation and afforestation programs;
- (b) Promote the responsible management of suitable portions of brushlands and open and denuded forestlands for industrial purposes that will ensure adequate supply of timber and other forest products primarily for domestic requirements and secondarily for export markets; and
- (c) Promote ecologically sound, equitable, socially acceptable, and culturally appropriate management of natural forests, forest plantations and lands under its jurisdiction.
- (d) Encourage the private sector to engage in the establishment and development of industrial forest plantations in the country's brushlands, open and denuded lands.
- (e) Ensure equitable access to forests and forest resources of forest-dependent communities by involving them in the development and management of forestlands.

SECTION 2. Priority to Ancestral Domain Recognition, Community-Based Forest Management Strategies and Socialized Industrial Forest Management Program. Consistent with Executive Order No. 263 (1995), the DENR adopts community-based forest management as the national strategy for sustainable forest management and as such, the Department shall prioritize community-based forest management over other DENR programs. The recognition of ancestral domain/land claims, the protection of the integrity of IPAS sites, programs/projects such as Community Forestry Program (CFP), Integrated Social Forestry Program (ISFP), Socialized

Industrial Forest Management Program (SIFMA), Integrated Protected Areas System (IPAS), and indigenous cultural community (ICC) claims in accordance with DAO No. 2, series of 1993, and pertinent laws, rules and regulations, and similar projects shall be pursued pro-actively by the Department and shall be prioritized in case of conflict with the IFMA program.

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

3.1. Brushland — A degraded area dominated by a discontinuous cover of shrubby vegetation

3.2. CDMP — Comprehensive Development and Management Plan to be submitted by an IFMA Holder with six (6) months from the date an IFMA is entered into

3.3. CENRO — Community Environment and Natural Resources Office

3.4. DENR — Department of Environment and Natural Resources

3.5. EMB — Environmental Management Bureau

3.6. FMB — Forest Management Bureau

3.7. Forest-Dependent Communities — Communities within and outside the IFMA Area that are dependent thereon for their livelihood

3.8. IFMA Area — A delineated area of brushland and/or open and denuded forestland under the jurisdiction of the DENR and covered by an IFMA

3.9. IFMA Holder — A qualified person, corporation or cooperative who has entered into an IFMA with the DENR

3.10. Industrial Forest Management Agreement (IFMA) — A production sharing agreement entered into by and between the DENR and a qualified applicant, which grants to the latter the right to develop, utilize and manage a specified area, consistent with the principle of sustainable development and in accordance with a Comprehensive Development and Management Plan, and under which both parties share in its produce

3.11. Industrial Forest Plantation (IFP) — Any tract of brushland or open and denuded forestland principally planted to timber-producing species compatible with the ecological and biophysical characteristics of the area, but not excluding rubber and/or non-timber species such as rattan and bamboo, to support wood-processing facilities and/or to supply wood energy requirements

3.12. LGU — Local Government Unit

3.13. NGO — Non-Government Organization

3.14. Natural Forest — An area with an existing stand of naturally grown trees of dipterocarp, premium, and other classified commercial species, as well as other

naturally associated forest flora and fauna

3.15. Open and Denuded Land — An area that has been depleted of its natural forest cover and is predominantly covered by grasses, herbaceous species, or bare soil

3.16. PENRO — Provincial Environment and Natural Resources Office

3.17. Protection Forest — All types of forests that, under existing laws and regulations, may not be utilized for timber-production and which include old growth forests, mossy forests, sub-marginal forests, forests on slopes 50% or over, all strips at least twenty (20) meters in width bordering banks of rivers with channels at least five (5) meters wide, mangrove forests along shorelines and other forest areas that are determined by the DENR to be environmentally sensitive

3.18. RED — Regional Executive Director

3.19. RTD — Regional Technical Director for Forestry

3.20. Secretary — Secretary of Environment and Natural Resources

CHAPTER II

IFMA Areas

SECTION 4. Areas Available for IFMA. IFMAs may cover all grasslands, brushlands, and open and denuded forestlands under the jurisdiction of the DENR; provided, that areas subject of vested rights, licenses, permits or management agreements may be made available for IFMA by prior express and written agreement of the holder thereof; provided further, that areas enumerated in Sec. 6 hereof shall not be available for IFMA.

Patches of residual natural forests within the IFMA Area that are too small to be managed separately shall be maintained and enhanced as protection forests, the management of which shall be the responsibility of the IFMA Holder.

SECTION 5. Size of the Area. The minimum area that may be covered by an IFMA is not less than 500 hectares and the maximum area is 20,000 hectares; provided, that an IFMA Holder may hold more than one IFMA simultaneously but the aggregate total size of the IFMA Areas held by any one Holder shall not exceed 40,000 hectares; provided, further, that the principle of social equity shall always be considered in the granting of an IFMA.

SECTION 6. Prohibited Areas. In no case shall IFMAs be awarded in areas classified or to be classified under the National Integrated Protected Areas System (NIPAS) except when they fall within buffer zones, or subject of Certificates of Ancestral Domain/Land Claims (CADC/CALC) or of any other tenurial instrument issued by the DENR under the Integrated Social Forestry Program, Community Forestry Program, and other people-oriented forestry programs. Areas covered by pending applications for Certificate of Ancestral Domain/Land Claim shall not be open to applications for IFMA until the DENR, after due notice and hearing in accordance with DAO No. 2, series of 1993, or other pertinent rules and regulations,

shall have denied or rejected with prejudice such application for CADC/CALC. Those areas verified by the appropriate office of the DENR to be actually occupied by indigenous cultural communities under a claim of time immemorial possession shall likewise not be open to applications for IFMA without the prior informed consent and express and written agreement of the occupants, which shall be obtained in accordance with customary law where appropriate, or until the claim shall have been resolved.

SECTION 7. Environmental Impact Assessment. No IFMA shall be awarded without the submission by the IFMA applicant of a Project Description (PD) or Initial Environmental Examination (IEE) and the issuance of an Environmental Compliance Certificate (ECC) by the Regional Office concerned. After an IFMA has been awarded, the submission of an Environmental Impact Statement (EIS) by the IFMA Holder and the issuance of an ECC by the Secretary shall be conditions precedent to the approval of the Comprehensive Development and Management Plan (CDMP).

SECTION 8. Applications for Conversion or Expansion. All applications for conversion of Timber License Agreements into IFMAs and/or for expansion of IFMA Areas shall be deemed as new applications for IFMA and shall be subject to the pertinent requirements and procedures contained in these regulations.

CHAPTER III

Identification and Preparation of Areas for IFMA

SECTION 9. Identification, Evaluation, and Delimitation of Potential IFMA Areas. The CENROs shall identify potential IFMA Areas with the aid of the latest forest resource information and other baseline data. They shall also evaluate on the ground the availability and suitability thereof with respect to site and forest conditions, environmental limitations, conflicting land and resource claims and legal encumbrances. The PENROs shall maintain a data base of all potential IFMA Areas within their jurisdiction, as well as the following information:

9.1. Description of the rain conditions by elevation and slope class;

9.2. Community demographic profile including information on ethnic groupings, areas actually cultivated, and others.

SECTION 10. Approval of IFMA Areas. Upon verification of the availability and suitability of the potential IFMA Areas, the PENRO shall conduct information dissemination, through print and broadcast media, in English and in the language in common use in the region. Information dissemination shall identify and describe areas designated as suitable for IFMA and shall describe the objectives of IFMA as a land management instrument.

The PENRO shall then inform, in writing, the concerned LGUs and, together with their representatives, shall validate on the ground the feasibility of the proposed IFMA areas. The validated areas, 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.

Within fifteen (15) days from notice of the approval by the Secretary of an IFMA Area or set of areas, the RED shall inform the concerned LGUs thereof and shall cause the publication of the said approval.

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

SECTION 11. Register of Available IFMA Areas. Each Regional Office shall maintain a Register containing the location and description of all areas that have been determined to be suitable and available for IFMA, including a general prescription for the management and development of the area into different uses as well as restrictions as may be necessary. It shall maintain a comprehensive data base that can be used as a basis in evaluating the suitability and availability of the areas that have not been previously delineated for IFMA. The Register shall be accessible to local communities, local government units and other stakeholders at any reasonable time. The right of local stakeholders to ask for information on IFMAs in their areas shall not be impaired.

CHAPTER IV

Qualification of Applicants

SECTION 12. Qualified Applicants. Qualified applicants for IFMA are the following:

12.1. Filipino citizens of legal age; and

12.2. Corporations, partnerships, associations or cooperatives duly registered under Philippine laws, at least sixty percent (60%) of the capital of which is owned and controlled by Filipino citizens.

SECTION 13. Eligibility Requirements. In addition to the qualification requirements set forth in the preceding section, applicants shall be required to satisfy the following eligibility requirements:

13.1. Environmental Management Record — The applicant must present proof of its present technical and financial capability to undertake resource protection and conservation, rehabilitation of degraded areas, and similar activities. An applicant with previous experiences in natural resource use ventures must have demonstrated an exemplary regard for the environment in its past natural resource use ventures.

13.2. Community Relations Record — If an applicant is a current or former holder of TLA and/or any other permit, lease, license or agreement issued by the DENR, the applicant must submit proof of its community relations record. This record may consist of, but is not limited to, proof of its socio-cultural sensitivity, the character of its past relations with local communities cultural appropriateness and social acceptability of its resource management strategies.

The Regional Office concerned shall ensure that the qualification and eligibility requirements are met by the applicants in considering such applications. The evaluation of evidences of the environmental management and community relations records of the applicant shall be subject to review by the Environmental Management Bureau (EMB), the Forest Management Bureau (EMB), and other