

**DENR Administrative Order  
No.25  
April 7, 1988**

**SUBJECT : Pilot Scale Implementation of Timber  
Production Sharing Agreement(TPSA)**

Pursuant to Section 2, Article XII of the 1986 constitution and as further emboldened by the Executive Order No. 278, the State through the Department of Environment and Natural Resources shall undertake a more active role in the exploration, development, and utilization of the country's natural resources and as such may enter into co-production, joint-venture, or production sharing agreements with Filipino citizens or corporation or associations.

As a preparatory step towards the development of specific guidelines for the implementation of the appropriate instrument of extracting the true economic rent from the timber resource, it is necessary to generate useful and timely information and to augment the existing pool of knowledge on timber production and harvesting costs, forest development technology and standards, conservation strategies and performance standards measures, and other relevant information on the scientific, technological and entrepreneurial aspects of timber resource utilization in order to:

- (1) Develop an effective administrative mechanism to implement co-production, joint-venture, or production sharing arrangement;
- (2) Develop appropriate policy guidelines towards the effective implementation of co-production, joint-venture, or production sharing arrangement; and
- (3) Effect equitable sharing benefits from the utilization of the timber resource, promote social and political stability and government credibility within the framework of a market economy.

**Production Sharing as the Mode of Allocating Timber Resources**

Since co-production and joint-venture arrangements, for the most part, require substantial financial involvement on the part of the government, production sharing shall be considered the most readily

feasible mode of allocation of timber resources. To this effect, a Timber Production Sharing Agreement (TPSA) shall be pilot-tested preparatory to formal adoption as a workable scheme of allocating timber rights.

### **Creation of a TPSA Study Group**

To carry out the pilot testing of TPSA, a study group shall be created shortly hereinafter to be composed of responsible officers of the DENR from the forestry, field operations, planning, and research sectors to:

- (1) Develop the interim guidelines for the TPSA;
- (2) Formulate, implement, monitor, and evaluate the research and field operations plan for the TPSA pilot project; and
- (3) Develop the final guidelines/standards for the national application of the TPSA.

The study group shall endeavor to enlist the cooperation and participation of academic institutions engaged in forestry research.

### **Coverage of TPSA Pilot Studies**

The TPSA shall be piloted using the following variables:

- (1) Timber Resource Type: Old Growth Forest, Commercial Logged Over Forest, and Industrial Tree Plantation.
- (2) Size of Operation: Small Scale, Medium-Scale, Large-Scale.
- (3) Type of Organization: Private company, community association, and NGO.

The Study Group shall identify the subject areas for conducting the pilot studies and recommend to the Secretary the number of pilot study areas that would be minimally sufficient to generate the required information for firming-up all the necessary guidelines for the national application of the TPSA.

Repealing Clause — All orders inconsistent herewith are hereby revoked, cancelled, or modified accordingly.

Done in Quezon City, Philippines, on the 7th day of April,  
Nineteen Hundred and Eighty Eight.

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