

Administrative Order

No. 23

April 27, 1993

SUBJECT : Forest Land Management Program

By virtue of this Administrative Order, the Department of Environment and Natural Resources (DENR) hereby establishes and promulgates guidelines for implementation of the Forest Land Management Program (FLMP), and for the issuance of long-term Forest Land Management Agreements (FLMA). Henceforth, the FLMA shall replace the former short-term contract reforestation system as the principal mode for accomplishing reforestation objectives in collaboration with forest occupants and other residents of upland communities.

**ARTICLE I
POLICY, OBJECTIVES, PROGRAM COMPONENTS
AND DEFINITION OF TERMS**

Section 1. Basic Policy It is the policy of government to achieve economic empowerment of the people through measures that are beneficial to the environment. Consistent with this policy, the Department of Environment and Natural Resources (DENR) shall implement a Forest Land Management Program (FLMP). This program shall provide financial and tenurial incentives for forest occupants and rural communities to develop, protect and sustainably manage forest resources.

Section 2. Objectives The objectives of the program are:

- 2.1 To use reforestation as a tool for addressing rural equity issues, creating new jobs and providing wider opportunities for profitable self-employment, thus improving the socio-economic conditions of the rural population living within or adjacent to forest lands;
- 2.2 To promote community-based participation in the rehabilitation, establishment, management, protection and sustainable utilization of forest resources; and
- 2.3 To achieve optimum environmentally-sound land use and sustainable productivity of forest lands and resources.

Section 3. Program Components

- 3.1 **Program components** shall include tenure security, community organization services, technical and financial assistance, and incentives for peoples participation in the implementation of environmentally-sound land development and livelihood activities.
- 3.2 **Tenure security** shall be provided through the issuance of Forest Land Management Agreements (FLMA) which shall have a duration of twenty-five (25) years and shall be renewable for an additional twenty-five (25) years.
- 3.3 **Community organization services** shall be provided by non-government organizations (NGOs) and other competent groups, agencies or institutions engaged by the DENR to furnish assistance to forest occupants and communities.
- 3.4 **Technical assistance** shall be provided by NGOs, DENR and other government and private entities involved in rural development.
- 3.5 **Land development and livelihood activities** shall consist of reforestation, agroforestry and other measures that restore productivity and improve environmental conditions on denuded and degraded lands.
- 3.6 **Short-term incentives** shall be created by providing financial assistance to help forest occupants and communities defray the initial costs incurred to reforest and otherwise rehabilitate denuded and degraded lands. This assistance shall be disbursed to the forest occupants/communities during the first three (3) to four (4) years of an FLMA under terms and conditions similar to those previously applied in the administration of reforestation contracts. When the lands so developed have become productive, the forest occupants/communities shall reimburse the amounts previously advanced to them.
- 3.7 **Long-term incentives** shall be created through the provision of tenure security and the right to harvest and sell timber and non-timber products grown on the land covered by the FLMA.

Section 4. Definition of Terms. For purposes of this administrative order the terms hereunder are defined as follows:

- 4.1 **Community Organizing (CO)** - Refers to the processes and activities aimed at developing and strengthening the capabilities of Forest Land Managers

(FLM) in the planning and implementation of the development, administration and management of their forest resources establish on denuded area;

- 4.2 **Comprehensive Site Development (CDS)** - Refers to the plantation establishment activities in reforestation and other land development initiatives which include, among others, construction of infrastructure, seedling production, site preparation, planting/replanting, enrichment planting, maintenance and protection, silvicultural treatments, such as, thinning and income-enhancement planting; assisted natural regeneration; soil and water conservation; covercropping and intercropping;
- 4.3 **Community FLM** - Refers to an association, organization, foundation, cooperative, or such other popular groupings or formations, duly-registered with the appropriate government regulatory agency, consisting of 15 or more members residing within, or adjacent to, a degraded area to be taken up for reforestation. The Community FLM may enter into an FLM agreement for areas more than ten (10) hectares to one thousand (1,000) hectares;
- 4.4 **Family FLM** - Refers to the spouses and children, if any, including household members related by affinity or consanguinity, living within or near a degraded area and have successfully implemented reforestation project. The family FLM may enter into an FLM agreement for areas not more than ten (10) hectares;
- 4.5 **Forest Land(s)** - Refers to land that is deemed to be more suitable for forestry than for other uses on the basis of prevailing land classification criteria;
- 4.6 **Forest Land Manager (FLM)** - The party to whom a Forest Land Management Agreement (FLMA) is issued by the DENR.
- 4.7 **Forest Land Management Agreement (FLMA)** - A contract, attached as Annex "A", between the DENR and a Forest Land Manager (FLM) which, among others:

grants the sole and exclusive privilege to the FLM to occupy, develop and manage the land specified in the contract for a period of 25 years, renewable for another 25 years;

specifies the amount of financial assistance the DENR will provide under the contract to help the FLM develop the land;

- grants to the FLM the sole and exclusive privilege to harvest, sell and utilize the products grown on the land;
 - obligates the FLM to repay the financial assistance previously provided by the DENR to help develop the land;
- 4.8 **Forest Land Management Program (FLMP)** - The program formulated and launched by virtue of the herein Administrative Order;
- 4.9 **Harvesting** - Refers to the extraction or cutting of timber and non-timber forest products from either natural or man-made forests including felling and bucking, yarding and skidding, (minor transportation) and hauling (major transportation) of forest products from the site covered by the FLMA to a site where said products will be processed, utilized or sold;
- 4.10 **Initial Environmental Examination (IEE)** - Refers to an initial examination for estimating probable environmental impacts in order to ascertain whether follow-up detailed studies are needed;
- 4.11 **Income Enhancement Planting (IEP)** - The process of interplanting food crops in areas previously planted with trees and other perennials in order to produce income and/or subsistence from these areas while waiting for the trees/perennials to mature and become productive;
- 4.12 **Intercropping** - Refers to the planting of food crops (e.g., camote, bananas, cassava, peanuts, kadios) and other crops concurrent with the planting of trees and other perennials in order to provide income and/or subsistence while waiting for the newly-planted trees/perennials to mature and become productive;
- 4.13 **Limited Production Forests** - Refers to forest areas with slopes greater than 50% wherein income and/or subsistence shall be provided primarily through the harvesting and utilization of non-timber products, such as bamboo, rattan, anahaw, pandan, medicinal plants, fruits, gums, and resins, spices and other horticultural crops;
- 4.14 **Local Government Units (LGUs)** - Provides, municipalities and barangays;
- 4.15 **Monitoring and Evaluation** - Inspection and assessment procedures employed in the FLMP to determine the status, progress and compliance of an FLM with the terms and conditions of the FLMA, and/or the performance of an

NGO or other entity employed by DENR to provide services needed in the implementation of the FLMP such as community organizing, survey, mapping and planning, and preparation of feasibility studies.

- 4.16 **Next of Kin** - Refers to the spouse and children, or if not applicable, the parents, brothers, sisters or relatives chosen by the FLM to assume the rights, privileges and responsibilities specified in the FLMA in case of incapacity or death of the FLM;
- 4.17 **Other Government Agencies (OGAs)** - Agencies of the government other than DENR;
- 4.18 **Project Development Plan** - A document attached to the FLMA which specifies the comprehensive site development activities that will be implemented by the FLM, the schedule for implementation, costs and other pertinent details;
- 4.19 **Project Site** - A site selected by the DENR for implementation of the Forest Land Management Program (FLMP);
- 4.20 **Survey, Mapping and Planning (SMP)** - The conduct of pre-feasibility studies on a proposed project site to include, among others:
- perimeter survey;
 - sectioning and blocking;
 - monumenting and marking of corner posts;
 - contour mapping/slope classification;
 - preparation of proposed control and operations maps;
 - gathering of benchmark information and demographic and socio-economic data;
 - an estimate of the financial and/or economic rate of return (FIRR or EIRR);
 - conduct of an Initial Environmental Examination;
 - preparation of a **proposed** Project Development Plan, schedule and cost estimates which will be finalized in consultation with the party with whom DENR intends to sign an FLMA;
- 4.21 **Forest Management Plan** - is a detailed write up indicating the different operational activities pertaining to timber production that will be implemented by the FLM including, among others, maintenance and protection, silvicultural treatments to be carried out before and after harvesting, rotational cutting cycles, reforestation and so forth.

**ARTICLE II
MANUAL OF OPERATIONS**

Section 5. Implementation of the Forest Land Management Program (FLMP) shall be carried out pursuant to the provisions contained in the Manual of Operations.

**ARTICLE III
QUALIFIED PARTICIPANTS**

Section 6. FLMAs may be issued to any of the following who are Filipino citizens and who have participated in community organization activities including meetings, orientations and trainings conducted by an NGO or other group/institution/agency employed by the DENR to explain the terms and conditions of an FLMA;

- 6.1 individuals and/or single family units who are:
- (a) bonafide residents of a project site who have satisfactorily implemented reforestation on the area to be covered by an FLMA under the previous contract reforestation system;
 - (b) bonafide residents of a project site project who have not previously implemented reforestation projects but who are now willing and able to participate in the FLMP;
 - (c) bonafide residents of a community adjacent to the project site, in cases where the parties identified in (a) and (b) above waive their privilege to be granted an FLMA;
- 6.2 community organizations/associations composed of parties identified in paragraphs 6.1 (a), (b) and (c) above that have registered with and been recognized by the DENR, the Securities and Exchange Commission or any other competent, duly-authorized government agency;
- 6.3 former reforestation contractors except LGUs and OGAs who are not bonafide community residents but who have already successfully implemented reforestation at the project site, **provided** that all of the parties referred to in paragraphs 6.1 and 6.2 above sign appropriate documents waiving their privilege to be granted an FLMA and, **provided further**, that in such cases an FLMA shall be awarded through the process of public bidding.

**ARTICLE IV
TENURE/DURATION/TRANSFERABILITY/BANKABILITY
OF AN FLMA**

Section 7. Duration of Tenure

- 7.1 An FLMA shall remain in full force and effect for twenty-five (25) years and be renewable for another twenty-five (25) years, but is subject to suspension or cancellation if the FLM violates the terms and conditions of the FLMA. In case of cancellation, the DENR may award a new FLMA covering the same area to another party that meets the qualifications set forth in Section 6, Article III hereof.

Section 8. Transferability

- 8.1 In case of death or incapacity, an FLMA awarded to an individual may be transferable to the next-of-kin of the FLM. The new FLMA holder shall exercise the rights and responsibilities of the FLMA for the remaining unexpired term of the agreement.
- 8.2 An FLMA awarded to a duly-organized community association shall be transferable to whoever is the successor as provided for in the constitution and by-laws of the association, **provided however**, that subject transferee is qualified to enter into an FLMA in accordance with Article III of this Order.

Section 9. Bankability

- 9.1 The DENR shall encourage the FLMA holder to secure a loan from any legally-established bank or financial institution provided that the amount borrowed shall be used for the development of the FLMA area or implementation of alternative livelihood activities at the project site.

**ARTICLE V
AREA COVERAGE**

Section 10. An FLMA may be issued to cover land that falls within any of the following categories;

- 10.1 Land that was previously reforested or otherwise developed under the National Forestation Program or any other program administered by the DENR whose major objective is production of timber and/or other forest products;

- 10.2 All denuded uplands in the public domain including areas within officially designated watersheds, reservations, parks or preserves which shall be approved, on a case basis, by the Secretary consistent with the limited production forest utilization as provided for under the Philippine Master Plan for Forestry Development.
- 10.3 Residual and second-growth natural forests that are adjacent to or contiguous with lands planted under the FLMP; and
- 10.4 Naturally-grown and planted mangroves, subject to the provisions of Republic Act No. 7161.

**ARTICLE VI
RIGHTS AND OBLIGATIONS**

Section 11. Under an FLMA, the FLM shall have the following rights and obligations:

- 11.1 Financial assistance from DENR for the implementation of comprehensive site development and income enhancement planting/projects;
- 11.2 Interplant cash crops, fruit trees and other agricultural and/or minor forest products between the existing trees to augment income and provide additional incentives for protection; and
- 11.3 Harvest, process, sell and otherwise utilize the products grown, maintained and protected on the land covered by the FLMA subject to the approved project development plan and harvesting system; and
- 11.4 Free technical assistance from the DENR and/or from NGOs and other agencies/groups/institutions employed by DENR to provide such assistance.
- 11.5 Prepare a Project Development Plan which shall present in a systematic and organized manner the objective, detailed activities, planting design/choice of species, schedule of activities, organization and manpower, estimated costs and other matters necessary for the full operation of the various components of the Plan;
- 11.6 Prepare a Forest Management Plan, when applicable, for the project site which shall be periodically updated as needed;

- 11.7 Prepare a Forest Protection Plan as an integral part of the management strategies to be adopted;
- 11.8 Maintain and protect the trees and other crops in the project site from fire, stray animals, vandals, poachers and other agents or causes of destruction;
- 11.9 Use labor-intensive methods in harvesting;
- 11.10 Replant the project site after harvesting;
- 11.11 Refrain from cutting trees, regardless of species, found within 20 meters from river banks or creeks of at least 5 meters in width to prevent soil erosion/sedimentation;
- 11.12 Reimburse the DENR's financial assistance;
- 11.13 Appoint, in the form prescribed, not more than three (3) representatives who shall interact with the DENR
- 11.14 Comply with the pertinent provisions of FLMP, particularly the opening with a reputable bank of a Reforestation Guarantee Fund and Reforestation Trust Fund account, and with all other existing laws, rules and regulations on FLMP and those that maybe promulgated by DENR and other government agencies as provided in Section 14.2 of Article VII and Article IX of this Order;

Section 12. Benefits and obligation of the DENR.

- 12.1 Reduced cost of operations resulting from free maintenance and protection of reforestation areas by FLMs.
- 12.2 Recovery of financial assistance provided for comprehensive site development pursuant to Article VII of this Order.
- 12.3 Prescribe management and technical standards for and conduct routine inspection of the project as well as examine at anytime the books, records and other documents relating to the operations of the FLM. Provided, that, the DENR shall refrain from any involvement in the day-to-day management of the project;
- 12.4 Periodically evaluate and monitor/inspect the project to check, assess and extend technical advice/assistance;

- 12.5 Cause the speedy inspection/validation of reported accomplishments of the FLM and the immediate release of financial assistance whenever feasible;
- 12.6 Choose not more than three (3) representatives from the PENRO and the CENRO who will (i) conduct routine inspection of the project and (ii) carry out scaling/inventory of forest products;
- 12.7 Disburse financial assistance to the FLM in accordance with the approved schedule of payment of the CSD Agreement;
- 12.8 Approve any proposed changes, modification or revision of the approved Work and Financial Plan after consultation with the FLM;
- 12.9 Reject any application or request of any other individual or entity for the use of the products or the land covered by this Program;
- 12.10 Assist the FLM in opening the Reforestation Guarantee Fund and the Reforestation Trust Fund account in a reputable bank; and
- 12.11 Provide advice and assistance to the FLM in the implementation of a community-based strategy in managing the area.

**ARTICLE VI
DISBURSEMENT AND REIMBURSEMENT OF FINANCIAL
ASSISTANCE**

Section 13. Disbursement

- 13.1 The DENR shall provide financial assistance to help defray costs incurred during the initial three (3) to four (4) years of comprehensive site development. The maximum amount that may be disbursed per hectare and by activity shall not exceed the amount specified in Annex "B" hereof.
- 13.2 To ensure that disbursements do not exceed the amounts specified in Annex "B", and to maintain prudent checks and balances against improper disbursement, the disbursement procedures previously applied in the administration of reforestation contracts shall be used, including monitoring and evaluation and verification of accomplishments by DENR and by independent parties such as NGOs.
- 13.3 The voucher for each disbursement shall be signed by the responsible DENR officer and the FLM receiving the disbursement. The voucher shall clearly specify that the amount disbursed is a pre-payment providing financial assistance

for site development which shall be reimbursed by the FLM pursuant to Section 13 hereof. Furthermore, each voucher shall indicate the cumulative total of disbursements made to date, and a copy of each voucher shall be provided to the FLM. The responsible DENR officer shall maintain an accurate record of disbursements made under each FLMA.

- 13.4 However, DENR offices are enjoined to encourage FLM's to rely primarily on their own efforts to accomplish comprehensive site development objectives and to minimize as much as possible the amount of financial assistance they will secure from DENR under the terms and conditions of the FLMA. In this way, limited government financial resources may be shared by more forest occupants/upland communities. Furthermore, financial assistance of the FLM will be minimized.
- 13.5 To optimize the sharing of limited government resources and to help minimize the FLM's financial assistance, DENR offices shall ensure that contracts with NGO's and others providing assistance to FLM's contain provisions which require the NGO's/others to:
- emphasize self-reliance and point out that it is in the FLM's own self-interest to minimize the use of financial assistance because this will make it easier to comply with reimbursement obligations; and
 - provide competent technical assistance and advice which will enhance the capability of FLM's to develop their sites with minimal financial assistance from the DENR.
- 13.6 Furthermore, Regional offices shall conscientiously monitor and evaluate the delivery of services referred to in para. 13.4 (above) and take whatever steps are necessary to ensure that the objectives contained in para. 13.4 are realized such as:
- requiring the NGOs/others to strengthen their capabilities if these are found to be inadequate;
 - conducting appropriate training for NGO's/others to help enhance their capabilities;
 - cancelling contracts of NGO's/others whose performance is not satisfactory; and
 - assigning DENR staff to provide technical assistance to FLM's.

Section 14. Reimbursement

- 14.1 The amounts provided as financial assistance to FLM's shall be reimbursed to the government from the proceeds of sales of the following products:
- timber sold as poles, sawlogs, veneer logs or pulpwood logs; and
 - rattan, bamboo and all other non-timber forest products if the combined area planted to these products covers fifty per cent (50%) or more of the total FLMA area.
- 14.2 Reimbursement shall commence at the beginning of the seventh year of the FLMA or when the products identified in para. 14.1 (above) are mature, harvested and sold, whichever comes first. The FLM shall set aside not less than thirty per cent (30%) of the proceeds from each sale of the products identified in para. 13.1 and deposit these amounts in a bank account opened by and in the name of the FLM. It shall be referred to as the Reforestation Guarantee Fund. No withdrawals shall be made from this account without the concurrence of DENR and the amounts so withdrawn shall be for the sole purpose of reimbursing the financial assistance previously provided by the DENR.
- 14.3 If required by law to pay forest charges, environmental fees or similar levies based on the volume of products harvested and sold, the amounts so paid shall be considered as partial reimbursement and deducted from the total reimbursement obligation of the FLM.
- 14.4 The total amount to be reimbursed shall be equivalent to the amount previously disbursed and shall not be adjusted to reflect the impacts of inflation, depreciation and related factors. Any loss in the value of the amounts first disbursed shall be considered a social cost incurred by the government and compensated by the off-site environmental benefits, downstream sales taxes, poverty alleviation gains and new employment opportunities created through implementation of the FLMP.

ARTICLE VIII HARVESTING SYSTEMS

Section 15. The establishment and maintenance of permanent forest cover is one of the major objectives of the program. In furtherance thereof, timber harvesting of planted forests in FLMA areas shall conform with the principles of sustained-yield,

selective cutting that are applied in the management of natural forests. Clearcutting shall be strictly prohibited.

Section 16. Rotational harvest schedules under a sustained-yield, selective cutting system in FLMA areas shall be designed in a manner that will (i) ensure that throughout the duration of an FLMA crown density is maintained at a level adequate to prevent infestation by pernicious grass species such as cogon, (ii) provide sustainable annual income to the FLM and (iii) create incentives for sustained protection and maintenance.

Section 17. The use of heavy equipment such as bulldozers, yarders and rubber-tired skidders shall not be permitted in FLMA operations. Harvesting shall be done through labor-intensive methods using draft animals (e.g. carabaos) and/or skyline systems to move harvested timber from the stump to the closest landing, trail or road.

ARTICLE IX REFORESTATION TRUST FUND

Section 18. Each FLMA holder shall be required to establish a reforestation trust fund that provides capital for (i) replanting after harvest on areas where regeneration through coppicing or other methods is inadequate to maintain at least 75% crown density.

Section 19. The reforestation trust fund shall consist of a bank deposit opened by and in the name of the FLM. Five percent (5%) of the gross sales made after each harvest of products identified in Section 14.1 of this Order shall be deposited into the fund.

Section 20. The FLM shall be the only party authorized to make withdrawals from the fund. However, no withdrawals shall be made without the concurrence of the DENR office having jurisdiction over the FLMA. As a condition for concurrence, the concerned DENR office shall require the FLM to submit a plan indicating planting activities that will be implemented with the money withdrawn from the fund.

ARTICLE X APPLICATION FOR AND APPROVAL OF AN FLMA

Section 21. Interested parties may apply for an FLMA after DENR identifies the areas available for FLMA by accomplishing and submitting an application form prescribed by the DENR.

Section 22. The application for an FLMA shall be submitted to the DENR for evaluation and approval subject to the delegation of authority stipulated in Department Administrative Order No. 71, Series of 1990. FLMA less than one hundred (100) hectares shall be approved by the PENR Officer with the recommendation of the CENR Officer.

**ARTICLE XI
REPEALING CLAUSE**

Section 23. All provisions of DENR Administrative Orders, Memorandum Circulars or other official issuances not consistent herewith are hereby repealed or amended accordingly.

**ARTICLE XII
EFFECTIVITY**

Section 24. This Order shall take effect fifteen (15) days after its publication in a nationally circulated newspaper.

**ANGEL C. ALCALA
Secretary**

Recommending Approval:

**RICARDO M. UMALI
Senior Undersecretary
for Field Operations, Policy,
Planning and Resources Management**