

DENR Administrative Order
No. 98 - 42
June 24, 1998

SUBJECT : Production Sharing Agreement With People's Organizations in the Harvest of Forest Plantations Owned by the Government Inside CBFM areas.

Pursuant to Article XII, Section 2 of the 1987 Philippine Constitution which defined the modes for the exploration, development, and utilization of natural resources, Executive Order 263 which adopted Community Based Forest Management as the national strategy to ensure sustainable management of the country's forest resources, and DAO 96-29 or the CBFM implementing guidelines, which prescribed that the CBFM Agreement is a production sharing agreement, and in order to sustain government efforts in reforesting denuded forestlands, the herein guidelines are issued for the management and utilization of forest plantations owned by the government under a production sharing agreement, for the guidance of all concerned.

Section 1 Basic Policy. It is the policy of the government to reforest denuded forestlands in order to conserve soil, water, wildlife and other natural resources and expand the forest resource based for the benefit of the present and future generations. The sustainable management of and equitable sharing of benefits from forest resources will be achieved through the CBFM strategy.

Sec. 2 Production Sharing Agreement. Forest plantations owned by the government shall include the following:

3.1 Reforestation/forest plantation projects administered/ established by DENR;

- 3.2 Reforestation/forest plantations established by TLA holders and other permittees in compliance with the terms and conditions of the timber license agreement or permit;
- 3.3 Plantations established by holders of IFMA, SIFMA, ITP, CBFMA, and other tenurial instruments which were cancelled for caused; and
- 3.4 Other reforestation or plantation projects established with government funds; *provided that* the utilization of forest plantations owned by the government shall be limited within production forests or management zones within protected areas where such activities are allowed; *provided further* that the plantations owned by the government are inside the CBFM areas, and their utilization is included in affirmed Community Resources Management Framework (CRMF) and Annual Work Plan (AWP).

Sec. 4 Government Share in the Harvest of Government Owned Forest Plantations. The products or income derived from the utilization of government owned forest plantations shall be shared as follows:

- a. For the People's Organization - 75% of the gross sales
- b. For the Government - 12.5% of the gross sales
- c. For the CBFM fund (created under Sec. 8 of EO 263) - 12% of the gross sales

4.1 The CENRO and PO shall jointly conduct scaling of the actual volume harvested from the plantations owned by the government, in accordance with existing rules and regulations. This measured volume shall be the basis for the allocation of shares defined above.

4.2 The PO shall remit to the DENR-CENRO not later than two (2) months from the issuance of Certificate of Timber Origin, Certificate of Lumber Origin or Certificate of Conveyance, the government share and the amount for the CBFM Fund. Failure to

remit shall be sufficient cause for the suspension of harvesting operations.

4.3 The CENRO shall then remit the government share to the National Treasury. The amount intended for the CBFM Fund shall be deposited in the CBFM Fund account.

Sec. 5 Effectivity. This Order shall take effect fifteen (15) days upon publication in a newspaper of general circulation and submission to the UP Law Center.

(Sgd.) VICTOR O. RAMOS
Secretary

Published at:

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