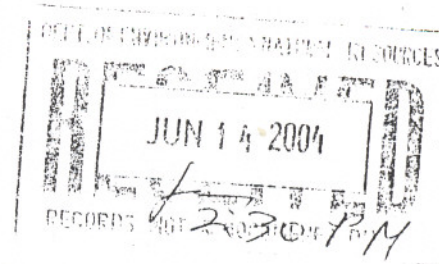


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**Office of the President
of the Philippines
Malacañang**



Manila, June 10, 2004

HON. ELISEA G. GOZUN

Secretary

Department of Environment & Natural Resources

Visayas Avenue, Diliman

Quezon City

Madam:

I have the honor to transmit for your information and guidance, a certified copy of Executive Order No. 318 dated June 9, 2004 entitled **"PROMOTING SUSTAINABLE FOREST MANAGEMENT IN THE PHILIPPINES."**

Very truly yours,


MARCELA S. RAFANAN CESO IV

Director IV

Malacañang Records Office

MALACAÑANG

Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 318

PROMOTING SUSTAINABLE FOREST MANAGEMENT IN THE PHILIPPINES

WHEREAS, the Constitution provides for the protection and advancement of the right of the people to a balanced and healthy environment in accord with the rhythm and harmony of nature, to protect the Filipino people from disasters like floods or landslides, and from threats to environmental and economic security like wood and water shortage, biodiversity loss, air pollution and drought. Likewise, it provides for the full, efficient and rights-based use of natural resources to abate poverty, promote industrialization and full employment, affirm the diverse cultures of the Filipino, and ensure their availability to present and future generations;

WHEREAS, Sustainable Forest Management (SFM) is provided in the Global Plan of implementation of the World Summit on Sustainable Development adopted in Johannesburg, as an international strategy for developing and managing forests;

WHEREAS, important socio-economic and environmental changes and policy reforms that directly affect the forestry sector have taken place since the issuance in 1975 of Presidential Decree No. 705, otherwise known as the Revised Forestry Code of the Philippines, and unless and until otherwise directed by Congress, there is a need to provide guidance to national agencies and instrumentalities on how to best harmonize these policy reforms and make the forestry sector responsive to external changes, and attain SFM in the Philippines;

WHEREAS, logging or any commercial exploitation of forestry resources in old growth forests, proclaimed watersheds and other areas covered by the National Integrated Protected Areas System (NIPAS) is prohibited to ensure the perpetual existence of all native plants and animals;

WHEREAS, a watershed-based integrated ecosystems management approach is deemed appropriate for SFM due to the interrelationships and interactions between and among the various ecosystems of a watershed such as the uplands and coastal areas;

NOW, THEREFORE, I, GLORIA MACAPAGAL ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Declaration of Policy. It shall be the Policy of the Government to pursue the sustainable management of forests and forestlands in watersheds.



Watersheds shall be deemed as ecosystem management units and shall be managed in a holistic, scientific, rights-based, technology-based and community-based manner and observing the principles of multiple-use, decentralization and devolution, and active participation of local government units (LGUs), synergism of economic, ecological, social and cultural objectives, and the rational utilization of all resources found therein. It shall likewise be the policy of the Government to promote sound, effective and efficient, globally-competitive and equitable forestry practices in both public and private domains.

SECTION 2. Guiding Principles. The pursuit of these policies shall be guided by the following principles:

2.1 Delineation, Classification and Demarcation of State Forestlands

2.1.1 State forestlands shall be identified, classified and delineated/demarcated on the ground and shall constitute the permanent forest estate unless otherwise stipulated by Congress; the same shall be categorized and managed either as primarily for production or as primarily for protection purposes, and in both cases, placed under a formal management scheme.

2.1.2 Conversions of forestlands into non-forestry uses shall be allowed only through an act of Congress and upon the recommendation of concerned government agencies.

2.2 Holistic, Sustainable and Integrated Development of Forestry Resources

2.2.1 The development and management of the Philippine forests and forestlands including the coastal forests shall be for the highest and widest public benefit and shall be based on the inherent productive capacity and sustainable use of these resources for the present and future generations of Filipinos.

2.2.2 The priority development, protection and management activity of any management unit shall be the rehabilitation of open and/or denuded, degraded, fragile forestlands; and slope stabilization and protection to address occurrence of floods, landslides and similar ecological disasters.

2.2.3 The establishment of tree parks, greening and roadside planting of forest species in open and appropriate spaces shall be prioritized to mitigate worsening urban air quality and global warming.

2.3 Community- Based Forest Conservation and Development



PGMA Hologram # 26410



2.3.1 Community-Based Forest Management (CBFM) shall be the primary strategy in all forest conservation and development and related activities, including joint ventures, production sharing and co-production; it shall be encouraged in all private sector forestry enterprises and ventures.

2.3.2 CBFM shall be a collaborative undertaking of the national government and the LGU's, local peoples, community organizations, civil society organizations (CSO's), and private business entities.

2.3.3 Local cultures, values, traditions, religious beliefs and the rights of indigenous peoples to their ancestral lands and domains as promoted and/or defined by existing legislation shall be recognized and respected in all forestry undertakings of the State and the private sector.

2.4 Incentives for Enhancing Private Investments, Economic Contribution and Global Competitiveness of Forest-Based Industries

2.4.1 The government shall provide a favorable and stable policy and investment environment that shall promote the development of efficient, globally-competitive and environment-friendly forest based industries, ensure their sustainable raw material supply and encourage value-added processing in-country to boost rural employment and the economy.

2.4.2 Filipino entrepreneurship in forestry shall be encouraged and supported.

2.4.3 A package of incentives and services that are responsive to the development of forests in private and public forestlands shall be adopted to encourage the development of private forests, including the deregulation of privately-developed forests and privately-planted trees and enhancement of capacities of stakeholders to engage in private forest development and related activities.

2.4.4 The development of high-value tree crops and non-timber forest crops in public forestlands, private lands and in home forest gardens shall be promoted and encouraged to enhance economic and ecological benefits and attain self-sufficiency in the country's wood requirements.

2.4.5 Incentives shall be provided to encourage co-management of forest resources involving national and other government agencies (NGAs/OGAs), LGUs, CSOs, and the private sector.



2.5 Proper Valuation and Pricing of Forestry Resources and Financing SFM

- 2.5.1 Mechanisms for proper valuation and fair and comprehensive pricing of forest products and services, including water for domestic, industrial, irrigation and power generation, biodiversity and eco-tourism, shall be developed and promoted.
- 2.5.2 Local, regional and national plow-back mechanisms of utilizing proceeds from the use of watersheds, forests and forestlands for ecological and environmental services such as, but not limited to power generation, supplying domestic and irrigation water, and eco-tourism, shall be developed and promoted to finance forest protection, rehabilitation, and development.
- 2.5.3 Appropriate and doable mechanisms for adopting the principles of environment and natural resources accounting (ENRA) and watershed ecosystems as minimum spatial units of accounts shall be developed and institutionalized.
- 2.5.4 Innovative financing systems and approaches, such as securitization, bonds and collaborative investments, shall be encouraged to support sustainable forest management and enterprises and the conservation of forest-based biodiversity in the Philippines.
- 2.5.5 Government investments in and out-sourced financing for forest development such as the application of clean development mechanism (CDM) shall be prioritized in favor of forestlands that serve a significantly large population such as critical watersheds and/or which serve to reduce poverty and inequitable access to forests such as those under CBFM and/or co-management by NGAs/OGAs, LGUs, industries, CSOs, and local communities .

2.6 Institutional Support for SFM

- 2.6.1 The principles and practices of good governance such as transparency, accountability and participatory decision-making, in transactions, decisions and actions affecting forestry, in all levels, and the policy of streamlining, decentralization, devolution and deregulation shall be adopted, promoted and institutionalized in the Government service.
- 2.6.2 Partnerships and collaboration between and among the DENR, NGAs/OGAs, LGUs, professional forestry organizations, local communities, civic groups, CSOs, basic sectors, academic and other



research and development institutions and other stakeholders shall be promoted.

2.6.3 Forestry administrative systems and institutions, including research and development, shall be upgraded and modernized.

2.6.4 Academic programs and scientific research shall be harnessed to generate information, technologies and policies that will strengthen national capacities for SFM under the frameworks of watershed ecosystem management (WEM) and CBFM.

2.6.5 Human resources development programs for all stakeholders shall be rationalized and upgraded in support of SFM; forestry extension services by NGAs/OGAs and LGU shall be upgraded and intensified and undertaken with CSOs, to support CBFM, private forestry, forestry co-management enterprises, and the development of forest-based biodiversity.

2.6.6 Forest land use plans shall be incorporated by LGUs in their comprehensive land use plans. National Government agencies shall assist LGUs in this endeavor.

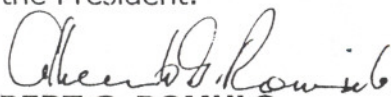
2.6.7 Networks and linkages with local and international institutions, CSOs, LGUs, and industries involved in the promotion and practice of SFM shall be strengthened.

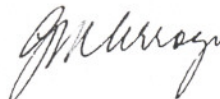
SECTION 3. Issuance of Implementing Rules and Regulations. The DENR, within one hundred eighty (180) days from the issuance hereof, and in coordination with other pertinent national and local agencies and bodies, LGU leagues, Civil Society Organizations, industry groups and academe, shall formulate and promulgate the implementing rules and regulations, procedures, guidelines and priority actions necessary to implement this Order.

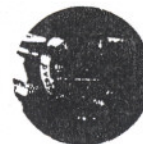
SECTION 4. Effectivity. This Order shall take effect immediately.

DONE, in the City of Manila, this 9th day of June, in the year of our Lord, Two Thousand and Four.

By the President:


ALBERT G. ROMULO
Executive Secretary





CERTIFIED COPY:


MARCELA S. RAFANAN