

DENR ADMINISTRATIVE ORDER

No. 2023-_____

**SUBJECT: GUIDELINES IN THE RECOUP OF INVESTMENTS FOR
UNTENURED FORESTLANDS WITH PLANTATIONS
ESTABLISHED THROUGH GOVERNMENT FUNDS**

Pursuant to Presidential Decree No. 705, as amended (Revised Forestry Code of the Philippines), Executive Order (EO) No. 192 (Reorganization Act of the Department of Environment and Natural Resources), EO No. 26 s. 2011 (Declaring An Interdepartmental Convergence Initiative for a National Greening Program) and EO No. 193 s. 2015 (Expanding the Coverage of the National Greening Program), DENR Administrative Order (DAO) No. 1999-53 (Regulations Governing the Integrated Forest Management Program), DAO No. 2004-59 (Rules and Regulations Governing the Special Uses of Forestlands), DAO No. 2004-30 (Revised Rules and Regulations Governing the Socialized Industrial Forest Management Program), DAO No. 2004-28 (Rules and Regulations Governing the Use of Forestlands for Tourism Purposes), DAO No. 2019-03 (Revised Implementing Rules and Regulations of Executive Order No. 193, Series of 2015: Expanding and Enhancing the Coverage of the National Greening Program), and DAO No. 2021-20 (Guidelines in Managing Untenured Forestlands with Plantations Established through Government Funds), the following guidelines are hereby issued to provide for the procedures in the recoup of investments in untenured forestlands with established plantations through government funds.

SECTION 1. Basic Policy. It is the policy of the State to protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.

SECTION 2. Objectives. The general objective of this Order is to place untenured forestlands with plantations established through government funds under appropriate tenurial instruments or management arrangement for the sustainable management, maintenance, and protection. Specifically, it aims to prescribe the standard formulas to be used in the computation of the Floor Price for the established plantations which shall be recouped in favor of the government.

SECTION 3. Scope and Coverage. This Order shall cover all untenured forestlands with plantations established through government funds.

SECTION 4. Definition of Terms. For the purposes of this Order, the following terms shall be defined as follows:

4.1. Floor Price – refers to the cost of investments spent by the government for the establishment, seedling production, maintenance, and protection of the plantations in consideration of the stumpage value, market price, and carbon sequestration potential.

4.2. Plantations established through government funds- shall refer to all government-funded reforestation projects and programs in the country within untenured forestlands.

4.3. Social Cost of Carbon - is an estimate of the climate change global damages that would result from emitting one additional ton of carbon dioxide into the atmosphere that includes among things, changes in net agricultural productivity, human health, property damages from increased

flood risk and changes in energy system costs, such as reduced costs for heating and increased costs for air conditioning.

SECTION 5. Inventory of Plantations established through Government Funds within Untenured Forestlands. The DENR Regional Offices, shall conduct inventory and assessment of all plantations established through government funds within untenured forestlands.

Upon completion, the DENR Regional Offices shall publish the list of these plantations through its official website, other locations accessible to the public, and other appropriate government platforms. The publication shall serve as a notice to investors that the plantations are available for continuous and further development under existing tenurial instruments of the forestry sector.

The list shall include the location of the area, distance of the plantation to the nearest road network, species planted, contract cost, age of established plantation, survival rate, among others. Attached as Annex A is the spreadsheet template for the list.

SECTION 6. Recoup of Government Investments in Untenured Forestlands. The DENR Regional Offices shall determine the cost of investments spent by the government for the establishment, maintenance, and protection of the plantations in consideration of the stumpage value, market price, and social cost of carbon.

The Floor Price shall be paid by qualified tenure applicants who are interested to manage, protect, and/or utilize the established plantations within the area being applied for tenure issuance.

The DENR shall prioritize the placement of all established plantations within untenured forestlands under appropriate management arrangement or any existing forestry tenurial instrument in accordance with existing laws, rules, and regulations. Provided that, issuance of Forest Land Use Agreement (FLAg) for areas with established plantations shall be allowed subject to the results of the assessment of the stocking density of the area.

SECTION 7. Determination of the Floor Price. For the purposes of this Order, the following shall be applied to determine the Floor Price to be paid depending on the intended management for the established plantations:

7.1. Protection of Established Plantations. If the investor intends to continue the management of the established plantations as sustainably-managed timber/ agroforestry plantations, the Floor Price shall be determined using either formula 8.1.1 or 8.1.2 depending on the commodity in the established plantation.

7.2. Established Plantations to be Affected by Development Projects. In case that the established plantations are to be affected by development projects such as infrastructure and energy projects of national significance, the Floor Price shall be determined using either formula 8.2.1 or 8.2.2, depending on the type of plantation established. This is in consideration of the carbon stock and value of the above ground and below ground biomass of the existing trees in the plantation which will be harvested to allow uses of forestlands other than plantation purposes. Provided that the trees to be cut/ removed/ or relocated shall be replaced pursuant to existing, laws, rules, and regulations.

7.3. Community-developed plantations. In cases where CBFM POs intend to apply for the expansion of their CBFMA area to cover any plantation developed using government funds, monetary payment shall not be required. The CBFMA area expansion shall be in accordance with DAO No. 2021-42 or the “*Guidelines on the Processing of Applications*”

for Expansion of Areas Under Community-Based Forest Management Agreement (CBFMA) to Cover Adjacent Untenured Areas within Forestlands.”

For POs who are engaged by the government in the development of the establishment of the plantations without existing CBFMA, preferential right shall be given to the PO for the issuance of the CBFMA.

SECTION 8. Standard Formulas for the Computation of Floor Price. In line with the intended management under Section 6 of this Order, the following formulas are hereby prescribed to be used in the computation of the Floor Price incurred by the government for the establishment, maintenance, and protection of plantations within untenured forestlands:

8.1. For Protection of Established Plantations (no harvesting)

8.1.1 Formula 1. For Plantations with timber commodity

$$FPt = A * V * RSF * P * SVF + IC$$

Where:

- FPt = Floor Price of Timber Plantation
- A= Area of the plantation in ha
- V = Harvestable Timber Volume per ha
- RSF = Regional Seedling Survival Factor
- P = Mill Gate Price of Logs
- SVF = Stumpage Value Factor
- IC = Investment Cost incurred by the Government (Includes Plantation Establishment, Seedling Production Cost, and Maintenance Cost)

8.1.2. Formula 2. For Plantations with agroforestry commodity

$$FPa = A * Y * RSF * FGP * HCF + IC$$

Where:

- FPa = Floor Price for the plantation planted to other commodities
- A = The area of the established plantation
- Y = Yield per ha of the commodity per unit volume
- RSF = Regional Seedling Survival Factor
- FGP = Farmgate Price of Commodity per kilogram
- HCF = Harvesting Cost Adjustment Factor
- IC = Investment Cost per ha

8.2. For Established Plantations to be Affected by Development Projects (with harvesting)

8.2.1. Formula 3. For Plantations with timber commodity

$$FPtc= (A * V * RSF * P * SVF + IC) + (A*MASI*Ag*SCC)$$

Where:

- FPtc= Floor Price of Timber Plantation with Carbon Stock Value
- A = Area of the plantation in ha
- V = Harvestable Timber Volume per ha
- RSF = Regional Seedling Survival Factor
- P = Mill Gate Price of Logs

- SVF = Stumpage Value Factor
- IC = Investment Cost incurred by the Government (Includes Plantation Establishment, Seedling Production Cost, and Maintenance Cost)
- MASI = Mean Annual Sequestration Increment
- Ag = Age of the Plantation
- SCC = Social Cost of Carbon

8.2.2. Formula 4. For Plantations with agroforestry commodity

$$FPac = (A * Y * SRF * FGP * HCF + IC) + (A * MASI * Ag * SCC)$$

Where:

- TICac = Floor Price of the plantation planted to other commodities
- A = The area of the established plantation
- Y = Yield per ha of the commodity in kilograms
- RSF = Regional Seedling Survival Factor
- FGP = Farmgate Price of Commodity per kilogram
- HCF = Harvesting Cost Adjustment Factor
- IC = Investment Cost per ha
- MASI = Mean Annual Sequestration Increment
- Ag = Age of Plantation
- SCC = Social Cost of Carbon

The DENR may review the formulas, as deemed necessary, in consideration of current market prices, inflation rate, data availability, existing social cost of carbon, and policy directions. Attached as Annex B of this Order are the sample computations and description of parameters for each prescribed standard formula.

SECTION 9. Payment. Upon approval of the tenurial instrument, the tenure holder shall be required to pay the Floor Price of the established plantations within 30 days upon the approval of the tenurial instrument. Tenure holders shall settle the payment at the CENRO/ Implementing PENRO. Payment of the Floor Price shall be included in the terms and conditions of the Tenure Agreement and shall serve as precondition to the issuance of tenurial instrument to the holder.

The DENR shall adopt and implement an online or electronic mechanism in collecting/accepting of payments from tenure applicants.

SECTION 10. Derecognition in the Book of Accounts. Upon placement of the established plantations in appropriate management arrangement or issuance of tenurial instrument, the cost spent by the government in the establishment of the plantations shall be removed from the DENR’s Book of Accounts.

SECTION 11. Roll-out and Capacity Building. The DENR, through the Forest Management Bureau, shall provide capacity building to the DENR Field Offices to ensure proper implementation of this Order.

SECTION 12. Transitory Provision. All existing partners/ tenure holders, with issued management arrangement or tenurial instrument covering any plantation established through government funds, who have settled monetary compensation for the subject plantation shall not be required to provide additional monetary payment pursuant to this Order.

SECTION 13. Separability Clause. If any provision of this Order shall be held invalid or unconstitutional, the other portions or provisions hereof which are not affected shall continue in full force and effect.

SECTION 14. Repealing Clause. All other DENR circulars, orders, memoranda, and issuances inconsistent herewith shall be amended or repealed accordingly.

SECTION 15. Effectivity. This Order shall take effect in fifteen (15) days after publication in a newspaper of general circulation and upon submission to the Office of the National Administrative Registrar (ONAR) of the U.P. Law Center.

MARIA ANTONIA YULO LOYZAGA
Secretary

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