



Plantación de Teca, Diritamba, 2005.

D-50 Departamento de Políticas Forestales

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MAGFOR, 2007.

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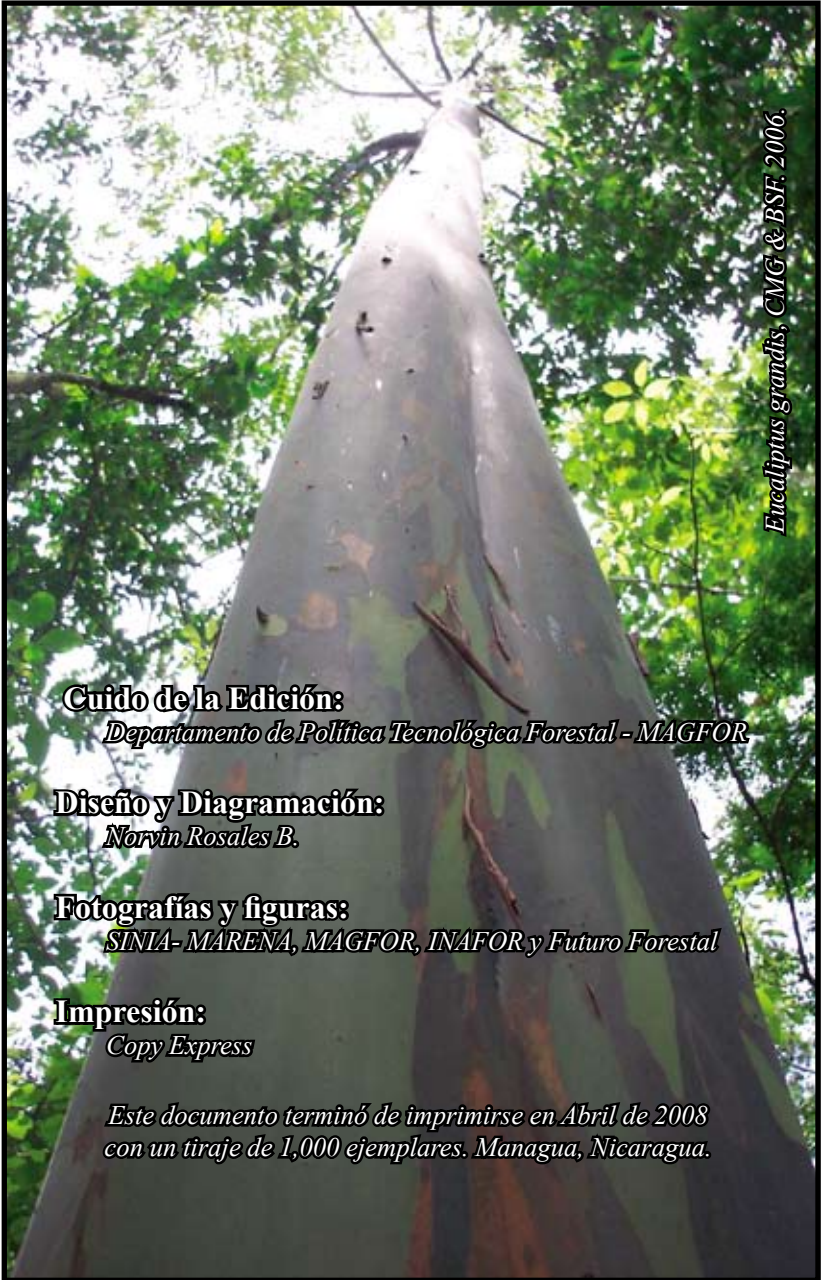
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Eucaliptus grandis, CMG & BSF, 2006.

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PRESENTACION

El Gobierno de Reconciliación y Unidad Nacional en el 2008 “Año del Poder Ciudadano” a través del Ministerio Agropecuario y Forestal (MAGFOR), como muestra de respeto y reconciliación con las Comunidades indígenas de nuestro país Miskitu, Mayangna, Rama, Garifonas, Ulwa, Kriol, Xiu – sutiava, Nahoa – Nicarao, Cacaoperas - Matagalpa y chorotegas, entre otros, impulsa el proceso de comunicación y divulgación directa de los instrumentos jurídicos promulgados en el área ambiental y forestal para su mejor entendimiento, manejo y promoción de la Forestería Comunitaria y la Reforestación, implantada en el territorio por el Instituto Nacional Forestal (INAFOR) en alianza con los Consejos y Gobiernos de las Regiones Autónomas del Atlántico Norte y Sur.

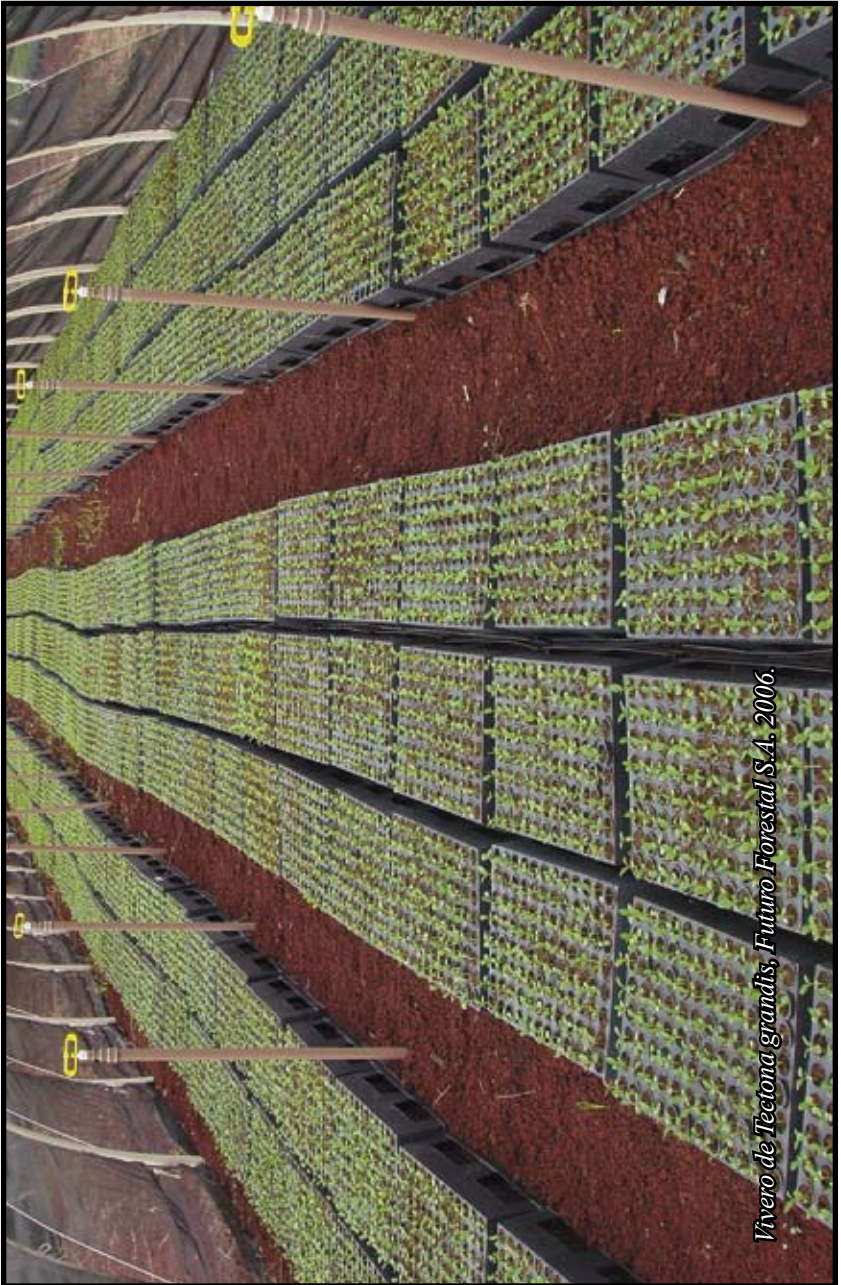
Las instituciones de gobierno en respuesta al desastre del 04 de Septiembre de 2007, ocasionado por el Huracán Félix en la Región Autónoma Atlántico Norte (RAAN), ha impulsado acciones para la recuperación de los ecosistemas forestales, restauración del medioambiente y la reactivación socioeconómica en las áreas y comunidades afectadas por este fenómeno natural. Estas acciones requieren la participación y empoderamiento de las comunidades que habitan en las zonas por lo que nuestra consigna “Unida, Nicaragua Triunfa” se evidencia en estas publicaciones de la Ley No. 462, Ley de Conservación, Fomento y Desarrollo Sostenible del Sector Forestal, Reglamento de la Ley No. 462 Decreto presidencial 73 – 2003, Reglamento de Incentivos Forestales Decreto Presidencial 104 - 2005 y Ley de Veda para el Corte, Aprovechamiento y Comercialización de Recurso Forestal No. 585 versión Ingles, Mayangna y Miskitu.

Para concluir cito nuestra Constitución Política que confirma que el Poder Ciudadano es clave para impulsar las Políticas, Estrategias, Programas y Proyectos de interés de nuestros Pueblos indígenas, Comunidades étnicas y población en general, “Arto 49. En Nicaragua tienen derechos de constituir organizaciones los trabajadores de la ciudad y el campo, las mujeres, los jóvenes, los productores agropecuarios, artesanos, los profesionales, los técnicos, los intelectuales, los artistas, los religiosos, las comunidades de la Costa atlántica y los pobladores en general sin discriminación alguna, con el fin de lograr la realización de sus aspiraciones según sus propios intereses y participar en la construcción de una nueva sociedad”.-

2008: Año del Poder Ciudadano.

Nicaragua gana, con vos.

vi



Vivero de Tectona grandis, Futuro Forestal S.A., 2006.

INDEX

Page

Law No. 462: Law of conservation, promotion and sustainable development of the forestry sector. La Gaceta No. 168 del 04 de septiembre del 2003.	1
Chapter I: General Dispositions.	3
Chapter II: Of the national system of forestry administration, organs and competencies.	4
Chapter III: Forestry management and usage.	11
Chapter IV: Transportation, storage and transformation.	15
Chapter V: Prevention, mitigation and plague control and forest fires	15
Chapter VI: Promotion and incentive for the forest development	17
Chapter VII: Forest concessions.	19
Chapter VIII: Payment for usage.	21
Chapter IX: Forest development fund	22
Chapter X: Infractions and sactions	23
Chapter XI : Final And Transitory Dispositions	26

	Page
Decree 104 – 2005: Regulation of proceedings for the establishment, attainment, and application of the incentives for the forest development of the “Law of Conservation, Fomentation and Sustainable Development of the Forestry Sector, Law No. 462”.	29
Chapter I: General Dispositions	30
Chapter II: Proceedings for the filing of forest initiative and expedition of forest endorsements.	36
Chapter III: Of the proceedings for the attaining and application of incentives.	40
Chapter IV: Of the criteria of evaluation of the execution of the forest initiatives.	43
Chapter V: No fulfillment of the execution of the projects	44
Chapter VI: Transitory and final dispositions	45



Copa de pinos, Reserva Yicul, MARENZ.

LAW No. 462
THE PRESIDENT OF THE REPUBLIC OF NICARAGUA
Lets the Nicaraguan Population know that:

THE NATIONAL ASSEMBLY OF THE
REPUBLIC OF NICARAGUA

CONSIDERING

I

That the forestry sector in Nicaragua must be the axis of the economical and social development of the country with the participation of all those involved in the execution of the forestry activity.

II

That it is necessary to actualize and modernize the existing juridical legislation in forestry matters, with the objective to be a instrument that

assist the conservation, promotion and sustainable development of the forestry resource in harmony and coherence with what is established in the Forestry Politic in Nicaragua.

III

That the establishment of a modern forestry juridical regime, agile and applicable to the sector, will contribute to the generation of employment and the increase in the level of life of the population trough its involvement in the forestry practices and activities.

IV

That it is responsibility of the State, trough its institutions and with participation of the Autonomous Regional Governments, Municipal Governments and civil society in general, to guarantee the compliment of the International Conventions ratifies by Nicaragua, and to supervise the conservation of biodiversity including hydrographic basins assuring the multiple benefits of goods and services produced by our forests.

2



Soto bosque, Reserva Yucul, MARENA.

In use of its faculties;

HAS DICTATED

The Following:

**LAW OF CONSERVATION, PROMOTION AND SUSTAINABLE
DEVELOPMENT OF THE FORESTRY SECTOR.**

Manglar, Estero Real, MARENA.



3

**CHAPTER I
GENERAL DISPOSITIONS**

Article 1.- The present Law has as objective the establishment of a legal regime for the conservation, promotion and sustainable development of the forestry sector, taking as fundamental bases the forest management of the natural wooded area, the promotion of plantations, the protection, conservation and the restoration of forest areas.

Article 2.- The owner of the soil has right to the domain of the forest width existing over it and its derived benefits, being responsible of its management, according to what is established by this Law and its Ruling.



4

CHAPTER II

OF THE NATIONAL SYSTEM OF FORESTRY ADMINISTRATION, ORGANS AND COMPETENCIES.

Article 3.- The National System of Forestry Administration (SNAF), is created which is integrated by the entities of the public sector and by natural or juridical persona involved in the forestry activity. This people must be accredited and registered by INAFOR.

Article 4.- In all that this law does not modify, the entities of the public sector that conform the National System of Forestry Administration will be the ones that by competencies or functions have it established in Law 290, Law of Organization, Competency and Proceedings of the Executive Power, published in The Gazette, Official Diary No. 102, of June 3rd, 1998Ñ In the Law No 28, Statute of the Autonomous Regions of the Atlantic COSAT of Nicaragua, Published in The Gazette, Official Diary No 238 of October 30 1987 and Law 40 and 261, Reforms and Incorporation to the Law No. 40, Law of Municipality published in The Gazette, Official Diary No 162 of August 26th 1997.

Section 1 - National Forestry Commission (CONAFOR)

Article 5.- The National Forestry Commission (CONAFOR) as instance of the highest level and forum for the social agreements of the forestry sector, which will have participation in the formulation, follow up, control and approval of the politics, the strategies and other regulations that are approved in forestry matters.

The principal functions that correspond to CONAFOR are:

- a) Approve the forestry sector formulated and elaborated by MAGFOR.
- b) Know the forestry concessions that the state issues.
- c) Receive every trimester from INAFOR a report of the issued permits, suspended or canceled.
- d) Receive every trimester from the Regulating Committee of the National Fund of Forestry Development (FONADEFO), a report of the use, distribution and availability of such fund.
- e) Others that are established in the Regulations of this Law.

CONAFOR will be integrated by:

1. The Ministry of MAGFOR, who will presided it.
2. The Ministry of MARENA.
3. The Ministry of MIFIC.

4. The Ministry of Education, Culture and Sports.
5. A representative of each one of the Autonomous Regional Councils.
6. A representative of the forestry companies.
7. A representative of the organizations of owners of the forests.
8. A representative of non governmental environmental organisms.
9. Un representante de la Asociación de Municipios (AMUNIC).
10. A representative of the Professionals in Forestry Association.
11. The Director of INAFOR, who will act as Executive Secretary of the Commission.
12. A Representative of INTUR.
13. A Representative of the National Police.
14. A representative of the National Army.

6

The presidency of CONAFOR may not be delegated. In case of absentee of the Ministry of MAGFOR the ministry of MARENA or MIFIC will assume it in successive order

In the Regions, Departments and Municipalities Forest Commissions will be conformed with the objective of coordinating with CONAGOR the execution, follow up and control of the activities of conservation, promotion and development in their respective territories.

These Commissions will be integrated by:

1. The delegate from MAGFOR.
2. The delegate from MARENA.
3. The delegate from MIFIC.
4. The delegate from the Ministry of Education, Culture and Sports.
5. A member of the Municipal Council.
6. A member of the Regional Council, when applicable.

7. A representative of a non- governmental environmental organism.
8. A representative from the forestry associations.
9. A representative of the National Police.
10. A representative of the National Army.
11. A Representative from INTUR.

Section 2 - Ministry of Agriculture and Forestry (MAGFOR)

Article 6.- Without any harm to what is established in Article 4 of this Law, it corresponds to MAGFOR en forestry matter, to formulate politics and forestry regulations; supervise the forestry promotion programs: inform about the forestry sector and define the reference prices of the sector.

Section 3 - National Institute of Forestry (INAFOR)

Article 7.- The National Institute of Forestry (INAFOR), under the sector rectorry of the Ministry of Agriculture and Forestry (MAGFOR) has as objective to supervise the compliance of the forestry regime in the entire national territory.

7

INAFOR has the following functions:

1. Vigilance of the sustainable usage of the forestry resources of the Nation, exercising faculties on inspection, establishing politics, corrections and applicable sanctions according to this Law and its Ruling.
2. Executing in what corresponds, the Forestry Development Politic in Nicaragua.
3. Approve the usage permits and know, evaluate, and supervise of forestry management plans.
4. Propose to MAGFOR as the regulating entity the obligatory technical norms for the diversified forestry management, for its approval according to the law of this matter.
5. Subscribe agreements with the municipal governments or with

public or private organisms delegating functions of vigilance and control, or promotion, moving the necessary resources in case that the agreement is established with a municipal government.

6. Cooperate with the sanitary instances of MAGFOR for the performance of all the necessary actions for the prevention and fight of plagues and diseases, and to supervise the compliance of the sanitary rules relative to the forestry species.
7. Execute the necessary steps to prevent, mitigate and fight forestry fires.
8. Make recommendations for MAGFOR in order for them to coordinate with MARENA the establishment or the raising, in the case, of forestry usage prohibition and exercise its control.
9. Generate statistic information of the forestry sector.
10. Administrate de Forestry National Registry and keep the national inventory of forestry resources.
11. Issue the corresponding authorization to enjoy the incentives established in this Law.
12. Issue the national and international forestry certification.
13. Promote and execute with the local governments and the civil society, programs of forestry promotion, and especially those with the objective of reforestation of degraded zones.
14. Arrange the performance of external forestry audits, know the results and resolve whatever corresponds.
15. Solve the recourses that correspond in the administrative process.
16. Accredite the Regents and Municipal Forest Technicians.

INAFOR will develop its activities in the territory through the forestry decentralized districts of which should at least participate the representatives of the following institutions according to who it corresponds.:

- 1) INAFOR.
- 2) Mayorships.
- 3) Regional Councils.
- 4) Universities where they exist.
- 5) National Police.
- 6) National Army.
- 7) Ministry of Education.
- 8) MARENA.
- 9) Representatives of the Forestry Associations.

All of the activities mentioned in the following clauses must be coordinated with the municipal authorities.

Section 4 - Of the Forestry National Registry.

Article 8.- The Office of National Forestry Registry is created, where the information is public and free and administrated by INAFOR.

9

The following must be registered in the National Forestry Registry INAFOR:

- a) The agreements and conventions that are celebrated in forestry matter.
- b) Forestry Plantations.
- c) The companies and forestry industries.
- d) The nurseries or centers of forestry genetic material
- e) The approved Management Plans.
- f) The permits for Forestry Usage.
- g) The regents, forestry auditors, forestry municipal and regional technicians.
- h) The National Forestry inventory.
- i) The national and state areas.

The Regulation will define the proceedings for the Registration.

Section 5 - Of the Regents and Forestry Auditors

Article 9.- For the effects of this Law it is understood as:

Forestry Regent: The Forestry professional or technician accredited by the Forestry National Institute (INAFOR), so that according to the laws and rulings, guarantees the execution of the Forestry Management approved by the corresponding authorities, in a unit of production. The Forestry regency is hired directly by the person or company responsible of the management.

Forest Auditor: The professional or Forest technician or the specialized company, independent, accredited by the National Forestry National Institute (INAFOR), to evaluate the execution of the Forestry Management plants and the usage permits.

Section 6 - Attribution of Delegations in Forestry Matters.

Article 10.- The municipal governments, previous authorization of their respective Councils, can celebrate Agreements of Delegations of Forestry Attributions with INAFOR to issue permits of commercial usage, the follow up, vigilance and control, through mechanisms that will be defined in the Ruling of this Law. To become in effect such agreements must be published in La Gaceta Official Diary, to have effect.

INAFOR will follow up and will evaluate the results obtained from the execution of the conventions and agreements referred to by this article and will be able to reject them in any moment if the determinations in the same are not complied with or the forestry norms in effect are infringed.

Article 11.- The agreements and conventions celebrated by INAFOR on forestry matters with natural or juridical persons, may be related to the instrumentation of forestry programs, the promotion of the education, culture, education and forestry investigation, as well as, related to the labors of forestry vigilance and other operative forestry actions established in the Law.

CHAPTER III FORESTRY ANAGEMENT AND USAGE

Section 1 - Common Dispositions

Article 12.- INAFOR will be responsible for supervising monitoring, fault find and control the execution of the forestry technical norms and the Forestry Management plans in all the national territory establishing the corresponding coordination with their respective Forestry Commissions.

Article 13.- The owner of soil with forestry resources, or who exercises the legitimate rights over the resources will be responsible, in first instance, of the acts or consequences that derive from the breach of the technical norms and the forestry administrative dispositions related to the forest resource management.

When the breach of these is due to actions or omissions, the Regent or Auditor will assume the responsibility of the case. However, for the reparation of any damage or to comply with the imposed sanction, both will be responsible with solidarity.

Article 14.- Without harm to what it is established in article 12 of this Law, the follow up, INAFOR will be in charge of vigilance and control of the forestry activities, who will be able to exercise it through the duly accredited Forestry Regents, Forestry auditors, and Municipal Forestry Technicians.

Article 15.- For a better effectiveness in the exercise of vigilance, and forest control, INAFOR can request the collaboration of the authorities of public order, who will lend the requested help respecting this Law.

Article 16.- All of the activities of Forestry Usage, must comply with the Obligatory Technical Norms of the country, including the ones that will be approved for the Protected Areas.

INAFOR will issue a Forestry Certificate for the wood that is commercialized in the country and proceed from registered forestry plantations and areas of natural forests under management.

Article 17.- The Forest usage in plantations or forestry soils of more than five hundred (500) hectares, previous to the corresponding authorization, will require the Environment Impact Study (EIA) to obtain the Environment Permit issued by MARENA. This will be an integrating part of the Management Plan.

Article 18.- The Forestry plantations and the areas of natural forest under private or state management, will have especial protection in case of invasion or other illegal actions that put them in danger. The police authorities will lend the corresponding help to the owner or any civil or military authority that requests it to proceed according to the law perform the eviction or to prevent and neutralize the activities that destroy or cause harm to the forest resource.

Article 19.- The cut, extraction or destruction of trees is prohibited in relation to those species that are prohibited and in route of extinction that are registered in the national listings and in the international conventions ratified by the country. The trees that come from the plantations duly registered in the Forestry National Registry are exempted.

Article 20.- The Conservation, restoration and sustainable usage of mangrove swamps are responsibility of MARENA, according to what is established in the General Law of Environment and Natural Resources, Law 217, Publisher in The Gazette, Official Diary No. 105 from the 6th of June 1996. They must elaborate a Special Ruling in relation to this.

Section 2 - Natural Forests

Article 21.- The Usage of Natural Forests require an usage permit issued by INAFOR, which will have as a previous condition the approval of a Forestry Management Plant, presentation and execution which will be under the responsibility of the owners or those who exercise the rights over the same. The form, requirements and proceedings for the approval of a management plan will be determined by the Ruling.

Article 22.- INAFOR with the participation of the representatives of the municipal authorities and regional governments, in each case, will approve or reject, previous to public audience, the forest management plans in a term no longer than 30 work days. The public audience will be summoned by INAFOR and in it the forest technicians of the municipal mayorships and autonomous regional governments that correspond may participate. The public audience will take as a reference the obligatory technical norm approved according to the type of forest or the are under management. Once this term is over the Management Plan will be taken as approved ante applicant can execute it. In this case INAFOR will proceed to register and issue the corresponding permit in a immediate manner.

Article 23.- When it is relate to commercial usage an areas less than 10 hectares, the permit can be extended in one proceeding and with simplified requirements, which will be established in the Ruling.

Section 3 - Forestry Plantations

Article 24.- The plantations that are performed in any soil do not require permit for its establishment, maintaining, raleo and usage, but they must comply with the requirements of registration and take the necessary steps before INAFOR the corresponding certification of origin f the product for transportation finalities.

Article 25.- The forestry plantations can be performed in areas with preferably forest aptitudes or with other aptitudes, while norms that expressly prohibit it exist. The substitution of natural forests for forestry plantations is prohibited.

Section 4 - Protected Areas

Article 26.- The forestry activities that are Developer in Protected Areas are subject to the regulations in the actual legislation of this matter. The Ministry of Environment and Natural Resources, MARENA, is the institution responsible of the supervision of the application and compliance, as well as to establish the necessary coordination with the rest of institutions of the sector.

Section 5 - Forest Areas of Municipal Protection

Article 27.- These are Forested Areas of Municipal Protection, under the responsibility and the care of the municipality, the ones located.:

1. In a distance of 200 meters measured horizontally starting from the maximum mark or fluctuation of the water body starting from the coast of the lake, natural dams, artificial dams and water sources.
2. In a distance of 50 meters measured horizontally on each side of the channels and rivers.
3. In areas with slopes greater than 75%.

In this areas the cutting of trees is prohibited in any of its modalities and the forest usage of felling of trees, the use of pesticides and the total removal of the herbaceous vegetation.

Section 6 - Forest Restoration

14

Article 28.- The state will promote and encourage the restoration of forests of protection and conservation and will establish the regulations that assure the restoration of the Areas of Conservation

The Areas of Forest Restoration are the ones that are not covered by forest vegetation, by its natural condition, due to its natural conditions are fit to be incorporated to the forest use with the finality of protecting and conserving.

Section 7 - Production of Oxygen and Carbon Fixation

Article 29.- The fund to encourage the owners of forests that opt for the preservation and management of the forest, with the finality of producing oxygen for humanity is created. The fund will be fed with resources that the Government of the Republic conducts in the international sector, in the programs of carbon fixation and preservation of the environment. This matter will be ruled.

CHAPTER IV TRANSPORTATION, STORAGE AND TRANSFORMATION

Article 30.- For the effects of transportation through any means, all the forestry products coming from the usage of the natural forest or forest plantations, must count with the origin certification that accredits its legality, which will be issued by INAFOR without any costs. In case that they come from Protected Areas the emission of the certification corresponds to MARENA. In the ruling the proceedings and mechanisms will be specified that guaranteed the security of certifications and respective control.

Article 31.- Whoever transports or perform acts of commerce or transportation of forestry raw materials, have to make sure, in the terms fixed by the ruling of this Law and the Forest Technical Norms, that they come from duly authorized usages.

The authorities, Police and National Army will collaborate with MARENA and INAFOR in the compliance of what is established in the above articles, as well as the functions that are established for them as members of the National System of Prevention, Mitigation and Disaster Control, referred to by Article 31st of this Law.

15

CHAPTER V PREVENTION, MITIGATION AND PLAGUE CONTROL AND FOREST FIRES

Article 32.- MAGFOR, in coordination with INAFOR and other related institutions, is in charge of supervising the prevention and the control of plagues and forestry diseases, for which a special normative where the proceedings to follow are established.

It Corresponds to INAFOR, in coordination with mayorships and the National System of Prevention, Mitigation and Disaster Control, to execute the necessary measures to prevent forest fires. In case of forest fires, outbreaks of plagues and diseases, the civil authorities and of public order, as well as other public entities, have to contribute and collaborate with the extinction and control of the same, facilitating the adequate personnel and the necessary means.

Article 33.- It is obligatory, for the owners of soil with forest resources, the sanitary cuts of trees or affected zones by fires, plagues or diseases and in the cases of prevention measures referred to by this law.

INAFOR will authorize the necessary cuts and the extraction of products derived of the same, which will be deducted form the cuts permitted in the forest.

The application of permit by the owner of the soil with forest resources, in the previewed cases in this Article must be solved by INAFOR between the next 15 days after its filing, if there is no answer in this term, it is considered as authorized and INAFOR is obliged to issue the corresponding guides corresponding to the transportation of the wood.

Article 34.- It is obligation of every owner of soil that has forest, to notify immediately the competent authorities and comply with the measures that are indicated in relation to the prevention, protection and fight against fires, plagues or diseases.



Vista aerea de humedal, Bilwi, MARENZA.

Everyone is obliged to let the accredited personnel and the necessary equipment enter for the prevention, control, fight and extinction of the fires, plagues, and forest diseases.

Article 35.- Any authority with competence that discovers indications of a practice or omission in the forest management could generate grave damage or irreversible to the ecosystem or any of their elements must communicate it immediately to the people responsible to the forest management and the competent authorities in forestry matters, who must take the necessary provision steps with the finality of preventing them or mitigate them, including the temporal or permanent suspension of the management plans. The lack of knowledge can not be an argument or complete scientific knowledge or the absentee of norms or the lack of superior authorizations.

CHAPTER VI PROMOTION AND INCENTIVE FOR THE FORESDEVELOPMENT

17

Article 36.- The forest promotion will be performed in coordination with other related entities of the public sector and will have as an objective:

- a) The management of natural forests
- b) The extension of forest coverage.
- c) The protection and conservation of forests.
- d) The increase of aggregated value.
- e) Improve technology.
- f) Encourage investigation.
- g) Strengthen the forest sector.

Article 37.- The State will establish a politic of incentives that has as fundamental objective, the promotion of forest development, promote the incorporation of the natural or juridical persons in the activities of adequate management of the forest resources and obtain their participation in the

increase of the national forest mass and the reversion of the process and deforestation that the country suffers.

The Ministry of Education, Culture and Sports, will include in the subject of practice activities that each student, starting from third grade of elementary until fifth year of high school, must plant four trees, either fruit trees or trees of construction or precious wood; preferably in the origin of sources of water or at the border of the rivers during the year of education.

Article 38.- The following are established as special Tributary incentives for the sector:

1. They will enjoy the exoneration of the payment of the fifty per cent (50%) of the Municipal Tax oversales, and of the fifty per cent (50%) over the utilities derived from the usage, those plantations registered during the first 10 years of effect of this law.
2. The exoneration of the payment of taxes over real estate in the areas of the properties where the forest plantations are established, and the areas where the forest managements are performed through a Forest Management Plans, during the first ten years of effect of this law.
3. The companies of any type that invest in forest plantations, can reduce as costs 50% of the amount invested in relation to the IR.
4. Exoneration of the payment of the International Tax, for the companies of Secondary Transformation and Third Transformation that import machinery, equipment and accessories that improve their technical level in the processing of the wood, excluding saw mills.
5. All the institutions of the State must give priority in their Acquisitions, to the obtaining of goods elaborated with wood that have the duly forest certificate by INAFOR, being able to recognize up to a 5% in the difference of prices in the acquisition process or purchase process.
6. All the natural and juridical personas can deduct up to a 100% of the payment of IR when it is destined to the promotion of reforestation

or creation of the forest plantations. For the effects of this deduction, previously the taxpayer must present his forest initiative before INAFOR.

Article 39.- The proceedings for the establishment, the attainment and the issuing of the incentives that are established by this Law, will be object of special ruling issued by the Executive Power.

The beneficiaries of the benefits created by this Law, can be the natural or juridical persons that performed investments in natural forests and forest plantations, by themselves and thirds, in their own or other's terrain and that comply with the requirements of registry that are established in the Ruling.

Article 40.- To benefit from the incentives established in this law, the interested must comply with the following requirements.:

1. Be registered in the Forest Registry of the National Forest Institute (INAFOR).
2. Technical Constancy extended by the Forest National Institute (INAFOR) and the Municipal Environment Commission.

CHAPTER VII FOREST CONCESSIONS

Article 41.- The Ministry of Development, Industry and Commerce (MIFIC), is the institution of the State in charge of the administration for the national forest soils, which are subject to the concessions or contracts of rational exploitations, according to Articles 102 and 181 of the Politic Constitution. The National Forest Soils are the ones that do not have owners

The State will procure to destine the properties located in the pacific zone and the central zone of the country that have aptitudes for the reforestations, destining those properties that are subject of auctioning by the Central Bank of Nicaragua, for this finality.

Article 42.- The land inscribed in the name of the State as owner will be managed according to the Civil Code of Nicaragua. This lands will be administered by whom the Executive Power by decree designs. The Forest management of the land will be made according to what is established in this Law in relation to conservation, protection, management and forest promotion.

Article 43.- Any natural or juridical persona can apply and obtain forest concessions, depending if the area is available and that complies with the requirements established in this Law and Ruling, except for those people whom the Political Constitution calls as inhibited for that effect.

Article 44.- The forest soils without landscape or covered with secondary forest can also be issued through concession with objectives of management and reforestation and the consequent usage.

Article 45.- The forest concessions will be issued by the Ministry of Development, Industry and Commerce. The period of effect of the concession will be of two cycles of cut and can be extended according to the proceedings and procedures that are established in the ruling.

Article 46.- The forestry concessionary must pay for a right of being in force or superficial equivalent in Cordobas to Dollar (US\$1.00) for each hectare in the totality of the concession at the beginning of each year, in the account established by the General Treasury of Republic of the Ministry of Finance and Public Credit (MHCP).

When a concession is reverted to the State, their benefit will be transferred, without obligation of the payment, the fixed assets and the structures that are permanently incorporated to the usage of forest resources and whose retreat means destruction or evident damage of the non used resource.

Article 47.- The forest concessions may be trespassed through any legal title, between alive or due to the cause of death, as long as the trespass is done according to the laws in force. The trespass must be authorized by MIFIC requesting the interested the same guarantees of the original Concessionary and the continuation of enforcement of the original contract.

To approve a forest concession in the Atlantic Coast of Nicaragua it must be taken to the Autonomous Regional Councils for its approval, and in case that it is in communal soil the proceedings established in Law 445 must be followed.

CHAPTER VIII PAYMENT FOR USAGE

Article 48.- An only payment for rights of usage is established by cubic meter extracted of wood in form of roll of the natural forests, which is fixed in six per cent (6%) of the price of the same, which will be established periodically by MAGFOR. The ruling of this law must establish the methodology for the calculation of prices of reference.

The forest industry in all of its chain will be subject to the payment of the Income Tax (IR) like the rest of the industries of the country except for the incentives established in this Law.

Article 49.- The amount that the State receives from the payment for usage rights, fights, rights of enforcement, auctions for forfeit, according to what is established in this Law and Ruling, must be deposited in a special account that with this objective the General Treasury of the Republic will keep, who will distribute whatever was collected in a term no longer than 30 days in the following manner:

1. In the Autonomous Regions that established in Law No. 445, Law of Communal Property Regime of the Indigenous Population and Ethnic Communities of the Autonomous Regions of the Atlantic Coast of Nicaragua and the Rivers Bocay, Coco, Indio Maiz published in the Gazette, Official Diary Number 16 of the 23rd of January 2003 which establishes:
 - a. A 25% for the community or indigenous communities where the resource to use is located.
 - b. A 25% for the Municipality where the indigenous community is located.

- c. A 25% for the Regional Council and corresponding Regional Government.
- d. A 25% for the National Treasury
2. In the rest of the country:
 - a. A 35% directly to the mayorships where the usage is originated.
 - b. A 50% to the National Fund of Forest Development (FONADEFO).
 - c. A 15% of the remainder to the National Treasury

CHAPTER IX FOREST DEVELOPMENT FUND

Article 50.- Create the National Fund of Forest Development (FONADEFO) to finance the programs and projects that have objectives of promotion according to this Law.

22

Article 51.- The capital of FONADEFO will be constituted by:

1. The assignation that it is given from the General Budget of the Republic.
2. National and International Donations.
3. The amounts established in the convention and agreements subscribe at a national and international level.
4. The 50% of what is collected in matters of forest rights, fines and auctions established by Article 49 of this Law.
5. Specific Lines of Credit, collection for environment services, programs and projects.

The fund can take the necessary steps for the finance for soft credits and canalize them through the National Finance System including organizations of non conventional credits according to the Law.

Article 52.- The administration of the National Fund for Forest Development (FONADEFO), will be in charge of a Regulating Committee integrated by:

1. The Ministry of Agriculture and Forestry (MAGFOR), who will preside it.
2. The Ministry of Finance and Public Credit (MHCP).
3. The Ministry of Environment and Natural Resources (MARENA).
4. A member of the Managing Board of the Autonomous Regional Councils of the Atlantic Coast.
5. The director of INAFOR.
6. The president of AMUNIC.

The ruling will define its functioning.

CHAPTER X INFRACTIONS AND SACTIONS

Article 53.- The infractions to this law will be sanctioned administratively by INAFOR or the authority who is expressly delegated to in the following manner:

1. The following are considered light infractions
 - a) Not permitting the access to authorities responsible of inspections and technical audits in forest plantations, plant nurseries or any area of natural forest, state or private.
 - b) Not carrying the documents that legally accredit the precedence, transportations, storage, transformation or possession of forest raw material that are obtained from usage.
 - c) Not notifying or filing informs, established in this Law and Ruling.
 - d) Provoking by negligence forest fires in forest land.

The relapse of light infection will be considered as a grave infraction.

2. The following are considered grave infractions:

- a) Cut more than five trees that have not been marked in the execution of the annual operative plan.
- b) Performing usage of the natural resources without having an Usage Permit.

The relapse of a grave infraction will be considered a very grave infraction.

3. The following are considered very grave infractions:

- a) Refuse to contribute and participate in the prevention, fight and control of plagues, diseases, forest fires in one's own terrain.
- b) Provoke intentionally fires that affect the forestry resources.
- c) Perform activities of cut, extraction, transportation, transformation or commercialization of forest resources in an illegal manner with or without the certificate of origin.
- d) Perform in forest terrains different activities than those stipulated in the Management Plan.

The relapse of a very grave infraction will cause the temporal suspension of the usage permit, concession or temporal close down of the industry or commercializing industry of forestry products.

Article 54.- Every light infraction will be sanctioned with a written warning the first time and if there is a relapse, it will be considered a grave infraction, proceeding with the corresponding fine.

Every grave infraction will be sanctioned with a fine of US\$500 up to US\$5,000.0 (or its equivalent in national currency, the first time, and if there is a relapse it will be considered a very grave infraction, proceeding with the sanction that corresponds.

Every very grave infraction will be sanction proceeding to confiscate the illicit goods for auction, when applicable, the transgressor being unable to participate in the same. When the confiscation is not applicable the transgressor must pay two times the maximum established for a grave infraction.

In case of clause c) numeral 3 of the preceding Article, will proceed to the confiscation and auction of the transportation means used for the performance of the unlawful act.

The product of the auction will be deposited in special accounts specified for that by the General Treasury of the Republic.

Article 55.- Without any harm of the functions that issues the Law of the matter, the Attorney's office for the Environment and Natural Resources, must be part in the administrative recourses originated for the breach of the Articles in this Law and the Rulings.

Article 56.- Of the resolution that applies the sanctions established in this Chapter the recourses established in the Law of Organization, Competency and Proceedings of the Executive Branch are applicable, Law 290, published in The Gazette, Official Diary No. 102, of June 3rd 1998. With the Resolution of those appeals the administrative process is finished.

Article 57.- The mount established in this Chapter must be deposited in the special account of the General Treasury of the Republic, in a term not greater than seven days starting from the notification of the same.

Article 58.- The infractions and Sanctions established in this Law are independent of the criminal and civil responsibilities that are contemplated in the respective laws.

CHAPTER XI FINAL AND TRANSITORY DISPOSITIONS

Article 59.- The MHCP is authorized to attend all the budget requirements from INAFOR for the present Tributary exercise, including the costs for auditing and other activities in the process of transition of the forest regime of the nation.

Article 60.- This Law will be ruled by the Executive Branch according to what is established in the Politic Constitution without breaching or denaturalizing its sense and objectives of this law.

Article 61.- The patrimony and incomes of the Forestry National Institute, INAFOR, are integrated by:

- a) The goods registered in their name.
- b) The donations, inheritances or legacies, nationals or internationals that they receive.
- c) The assignments included in the General Budget of the Republic to pay for its basic functions of control, vigilance and protection of the forest resource, for which the Ministry of Finance and Public Credit will assign at least 50% of what they receive in IR from the sector, or the 50% of the remainder established on Article 49 of this Law, whichever is more.
- d) The mounts assigned by the Fund of Forestry Development.

Article 62.- Have it incorporated to the benefits established in on Article 49, numeral 1, clause a) and b) of this Law, the indigenous communities of the rest of the country.

Article 63.- The State of Nicaragua must through its institutions MAGFOR, INAFOR and MARENA project and rehabilitated the affected areas due to the infection of weevils on pine.

Article 64.- The exportation of processed wood is permitted in form of furniture, doors, windows and artisan products.

Article 65.- The zones of the forest that contain affected pine (*Deudroctonus frontalis*) with weevils are prioritized zones for the sustainable forest development in which it is guaranteed in an effective manner the vigilance and the control of forest activities and permits that Government of the Republic, the Municipal Governments and the private sector have access to funds for the forestry development and the conservation of protected areas.

Article 66.- This law derogates the following laws: Law of Conservation of the Forests, from the 21st of June of 1905, Emergency Law about the Rational Usage of the Forests, of March 3 1976; Law of Conservation Protection and Development of the Forest Resources of the Country, Decree number 1381 from September 27 1976; Law No. 222 Law of Suspension of the Transaction of Applications of the Issuing of Concessions and Exploration and exploitation Contracts of the Natural Resources, of the 11 of June of 1996, and any other legal disposition that in an Express or tacit manner opposes it.

Article 67.- The Law for Rates for Usage of Forestry Services, Law 402, Published in The Gazette, Official Diary No. 199 of October 19th, 2001, will continue in application until December 31st, 2003. Once this term is over it will be derogated and what article 48 of this law established will be applied.

Article 68.- The present Law will become effective starting since its publication in The Gazette, Official Diary.

Given in the City of Managua, in the Sessions room of the National Assembly on the twenty sixth day of the month of June of two thousand and three **JAIME CUADRA SOMARRIBA**, President of the National Assembly . **MIGUEL LOPEZ BALDIZON**, Secretary of the National Assembly.

For Which: Have it as Law of the Republic, Publish it and Execute it. Managua, twenty ninth of August of the year two thousand and three. **ENRIQUE BOLAÑOS GEYER**, President of the Republic of Nicaragua.



Gobierno de Reconciliación
y Unidad Nacional
El Pueblo, Precedente!

Law No. 462

28



**THE PRESIDENT OF THE REPUBLIC OF NICARAGUA
CONSIDERING**

I

That the “Law of Conservation, Promotion and Sustainable Development of the Forestry Sector, Law No 462”, published in La Gaceta Official Diary, No 168 of the 4th of September of the year 2003, directs on Article 39 that a special regulation that establishes the proceedings for the establishment, attainment and issuing of incentives must be established.

II

That it is necessary to establish prompt proceedings that permit quick responses to the applications that natural and juridical persons file, interested in benefiting with the incentives established in Chapter VI of Forestry Law No. 462.

In use of the faculties that are conferred to them by the Politic Constitution,
HAS DICTADED

The following

DECREE

Regulation of proceedings for the establishment, attaining, and application of the incentives for the forest development of the “Law of Conservation, Fomentation and Sustainable Development of the Forestry Sector, Law No. 462”



30

CHAPTER I
GENERAL DISPOSITIONS

Article 1.- This Decree has as objective to establish the proceeding regulations for Chapter VI “Fomentation and Incentives for the Forest Development”, of the Law of Conservation, Fomentation and Sustainable Development of the Forestry Sector, Law No. 462 that from here on will be denominated as The Law”.

Article 2.- The dispositions of this Law and Regulation will be applicable to natural or juridical persons who wish to enjoy the incentives established by the Law.

Article 3.- All the entities of the Public Sector related to the forestry sector and who according to their functions have to perform promotion, regulation and control of such activity, must coordinate with the Ministry of Agriculture and Forestry (MAGFOR) to know, monitor and evaluate the National Politic of Forest Development and specially the incentives that are issued according to the law.

Article 4.-The promotion and issuing of incentives, obey to the following objectives:

1. The management of natural forest, with actions and proceedings that have as an objective the conservation, cultivation, restoration and usage of the natural resources maintaining the natural forest ecosystem;
2. The extension of forest coverage in soils lacking forests, through the establishment and maintaining of forest plantations, whit the objective of assuring a sustainable growth of the sector;
3. The protection and conservation of forests, with prevention and control measures that include forestry and administrative actions on behalf of the institutions member of the Forest Administration National Systems (SNAF);
4. The increase of the added value, these include inversions in the productive forest chain of the companies and forest industries of second and third transformation, to obtain more elaborated products and better quality, with high aptitudes in the national and international markets;
5. Improve the technology, that permits efficacious and efficient developments of the sector with high level of aptitude and company development;

6. Promote the investigation for the technological development of clusters and the forest productive chain;
7. Fortifying the forest sector, with the promotion of inversions, extension of the availability of raw materials, promotion of reforestation, promotion for the creation of plantations, conserving and extending the Nicaragua forests.

Article 5.- With the objective of the application of this Regulation, the following definitions are established:

1. **Forest Plantation:** Forests originated from the cultivation of trees with commercial or conservation objectives. It is integrated by introduced species or autochthonous species.
2. **Management Forest Plant:** Technical document that contains plans and continuation, that according with the Forest Management Technical Norm, establishes the requirements of inventory matters, forestry, protection, usage and transportation of forest raw materials, in a determined area.
3. **Inversion in Forest Plantations:** The activity of financing directed to the establishment and maintenance of Forest Plantations
4. **First Transformation:** First process that wood in the form of roll goes through. For the objectives of this Regulation saw mills are excluded.
5. **Second Transformation:** Productive activity that is used as raw material, the goods that come from the first transformation and that are converted in any final or intermediate good.
6. **Third Transformation:** The product obtained from the physical or chemical alteration of wood.
7. **Reforestation Promotion:** For the effects of numeral 6, Article 38 of the Forest Law No. 462, it will be understood as the inversion actions in forest plantations with autochthonous species, directed to the compliance of practical activities promoted by the Ministry of Education Culture and Sports (MECD), in compliance with article 37, second paragraph of Forestry Law No. 462.

8. **Promotion for the creation of plantations:** For the effects of numeral 6, Article 38 of the Forestry Law No. 462, it will be understood as all the actions of inversion in areas of priority recognized by the Strategy of Territorial Ordaining, directed to the establishment and maintaining of forest plantation with autochthonous species, for the recuperation and protection of aquifer us and zones of high vulnerability.
9. **Technical Forest Constancy:** Official document extended by the Forest Technical of the Forest National Institute (INAFOR), that certifies, previous to the in site valuation and of cabinet, that the Forest Initiative is done according to real data.
10. **Municipal Constancy:** The official document extended by the Municipal Environment Commission that certifies that the project is installed in its Municipality.
11. **Forestry Initiative:** Document that describes the investments and forest activities to be executed in a determined area of soil, distributed as a block or fraction, pertaining to one farm or property or in one industry or company of second and third transformation.
12. **Forest Endorsement:** Official document extended by the Forest National Institute (INAFOR) to the owner of the Forest Initiative according to Article 7 clause 11 of the law, that certifies the satisfactory compliance of the requirements established by the Law and the proceedings contained in this Regulation and reflects the amount of the Incentive to be handed, according to Article 38 of the Law.
13. **Owner of the Forest Initiative:** It is the natural or juridical person, that filed before the National Forest Institute (INAFOR) its forest initiative to have access to the incentive.
14. **Format for the application of Incentive:** Manual to be filled out by the applicant of the incentive of the Forest District in the National Forest Institute (INAFOR) or in the Central Headquarters of the Forest National Institute (INAFOR).

Article 6.- The Ministry of Education, Culture and Sports (MECD) must comply with what is established on Article 37, second paragraph of the Law, in total coordination with the Ministry of Agriculture and Forestry (MAGFOR) Ministry of Environment and Natural Resources (MARENA), Forest National Institute (INAFOR), Nicaraguan Institute of Agricultural Technology (INTA), Army of Nicaragua, National Policy, National System of Natural Disasters Production (SINAPRED) and the Municipal Mayorships of the locality, becoming for the students from third grade of primary until the fifth year of high school a requirement for graduation.

Article 7.- The Committee for Incentives of the Forestry Sector will be conformed for the revision, follow up and evaluation of the Forest Initiatives filed before INAFOR, rule over the processes of usage of the incentives contained in the Law and control de expedition of Forest Endorsements by INAFOR

This Committee will be integrated by:

34

1. A representative of the Ministry of Agriculture and Forestry (MAGFOR) who will preside it;
2. A representative of the National Forest Institute (INAFOR);
3. A representative of the Ministry of Finance and Public Credit (MHCP);
4. A representative of the Ministry of Promotion, Industry and Commerce (MIFIC);
5. A representative from the Association of Municipalities of Nicaragua (AMUNIC).

Article 8.- The functioning of the Committee will be ruled by a specific norm, approved and issued my the Ministry of Agricultural and Forest (MAGFOR).

Article 9.- The Forest National Institute (INAFOR) is the executing entity, in charge of issuing the Forest Endorsements approved by the Incentive Committee.

Article 10.- The National Forest Institute (INAFOR) will issue a Forest Endorsement, for the applicant that completes the requirements established by Law and that have complied with the proceedings contained in this Special Regulation.

Article 11.- In the Areas of properties and terrains where forest projects have been performed through the incentives of the law, new incentives may not be issued for a second project.

Article 12.- In the same property more than one project with incentives might be performed, according to the Forest Initiative approved by the Incentive Committee.

Article 13.- In properties that are located inside Protected Areas, the projects to be performed must have and authorization from the Ministry of Environment and Natural Resources using as fundamental proceeding the filing of a Forest Initiative before this institution.

Article 14.- The interested that wish to apply for the benefits established in Chapter VI of the Law, will have the obligation of complying strictly to what its established in the Forest Initiative. If there are changes in the Initiative, once that its execution has begun, it must be approved by the Incentive Committee.

Article 15.- The sustainable forest management in natural forests will be recognized for effects of the application of Incentives only with the Forest Certification of the Forest National Institute (INAFOR).

Article 16.- The Concessionaries of Forest Soils issued by the state according to what it is determined in the Law will be able to use the Incentives.

Article 17.- The interested in obtaining a Forest Endorsement, a Forest Initiative must be filed by the National Forest Institute (INAFOR) in the District where the Project is located or in the Central Headquarters of the Forest National Institute (INAFOR). The forest endorsement will be turned in the place where the Forest Initiative was filed.

Article 18.- The plantations that will enjoy the incentives established in Article 38, clause 3 of the Law, will be those that are established and registered during the first ten years of effect of the law.

Article 19.- The Ministry of Agriculture and Forestry (MAGFOR) for matters of forest initiative referred to by Article 38, clauses 3 and 6 of the Law, will rule a structure of costs for the establishment and maintaining of forest plantations and their promotion.

Article 20.- The endorsements will be in effect for one year, subject to renewal; during its effect the forest initiatives approved by the Incentive Committee will be evaluated. That evaluation of compliance, will be effective through External Forest Auditors of the Forest National Institute (INAFOR), specialized national entities or from the Forest National Institute (INAFOR) and will give place to the renewal of the endorsement or in the specific case the suspension and fiscal sanction that corresponds.

Article 21.- The Forest National Institute (INAFOR) will notify the Ministry of Finance of Public Credit (MHCP) once a month about the emission of endorsements with base on the Forest Initiatives approved by the Incentive Committee.

36

CHAPTER II

PROCEEDINGS FOR THE FILING OF FOREST INITIATIVE AND EXPEDITION OF FOREST ENDORSEMENTS.

Article 22.- For the attaining of the inscription of National Office of Forest Registry, the proceeding to follow is the established on section 3 of the General Regulation 73-2003 of the Forestry Law No 462.

Article 23.- For the attaining of the Technical Constancy of the Forest National Institute (INAFOR), the interested must request it according to format of the District or Municipal Delegation where the forest activities are being developed and they will be issued in a term no longer than fifteen working days.



Article 24.- For the attaining of the municipal Technical Constancy, the interested must request it according to format of the Mayorship in the municipality in which the forest activities are being Developer and this will be issued in a term no longer than seven working days.

Article 25.- For the presentation of a forest initiative for the effects of Article 38 clauses 1,2,3 and 6, the juridical and natural persons must proceed in the following manner:

1. The Juridical or natural person must file its Forest Initiative in the District Delegation in which the forest activities are Developer or in the Central headquarters of the Forest National Institute (INAFOR).
2. File photocopies of the front and reverse of the identification document, duly authenticated, in case of natural persons.
3. File authenticated copies by a notary of the Constitution and statutes Deed in case of juridical persons, the power of attorney of the person representing the company that subscribes the application and photocopy of the front and back duly authenticated of the identification document of the person that signs the application in the name of the juridical person.

4. Authenticated photocopy of the RUC number of the natural or juridical person according to the case.
5. To be able to Legalize the receipt from the owner of the initiative he must comply the requirements of the Law and the proceedings of this Regulation. Once they are completed the Forest National Institute (INAFOR) must notify the interested of the receipt in a term no longer than 5 working days.
6. This initiative must contain a technical, legal, administrative and finance detailed description of the investments and forest activities to be executed in natural forests and or forest plantations, by themselves or by thirds, in their own or other's terrains.
7. File lease contract, contract of loan and restitution or any other juridical figure that issues the right to the owner of the Forest Initiative of the material tenancy, possession, and usufruct during the extent of the period of the initiative.
8. The National Forest Institution (INAFOR) will communicate of the filing to the Forest Initiatives Committee for its consideration, respecting the Norm of Committee Functioning.
9. The Incentive Committee will communicate its approval or rejection of the Forest Initiative to the Forest National Institute (INAFOR), in a period not greater than 30 working days, the institution has the obligation to notify with fundament in a written manner to the interested, in a period not greater than 10 working days. In case of Approval, the National Forest Institute (INAFOR) will issue the corresponding endorsement.
10. The owner of the Forest Initiative, must designate a place or known house accessible to receive and attend notifications.

To issue this Forest Endorsements, it is required to file the following before the Forest National Institute (INAFOR).

1. For the effects of clause number 1, the accounting documents that certify the attainment of utilities derived from the usage of forest plantations in the declaring period.

2. For the effects of numeral 2, it must be presented in the case of forest plantations a technical report from the owner of the forest initiative of the established areas in the property, certified by the technician or INAFOR delegate in which the forest activities are developed, and for Forest Management plans the forest certification issued by INAFOR.

In case that the owner of the Forest Initiative, is not the owner of the property, INAFOR will issue a forest endorsement in the name of the owner of the area where the forest plantation or Forest Management Plan is developed

3. For the effects of numeral 3 and 6, report of amounts invested in the forest plantation in the period to declare must be filed before INAFOR, respecting the table of costs issued by MAGFOR.

Article 26.- For the filing of a forest initiative for the effects of numeral 4 article 38, the juridical or natural persons must proceed complying the same requirements established in the clauses contained from 1 to 10 of the previous article, with the exception of clause number 7, which will be substituted with the following: For the companies of secondary and third transformation, the initiative must contain a detailed technical, legal, administrative and financial description of the investment plan and activities to perform, including the production plan corresponding to the company.

To issue the Forest endorsement, it is required:

1. Description of the machinery, equipment and accessories to be bought and the classification according to the Centro American Customs System (SAC).
2. Commercial bill and/ or budget.
3. Knowledge of Boarding (Bill of L'ading, Card of freight, Aerial Guide).

CHAPTER III

OF THE PROCEEDINGS FOR THE ATTAINING AND APPLICATION OF INCENTIVES

Article 27.- For the exoneration of the payment of the fifty percent (50%) of the Municipal Tax Over Sales and the fifty percent (50%) of the Income Tax, over the utilities derived of the usage of forest plantations, must comply with the following:

1. For the exoneration of the payment of the fifty percent (50%) of the Municipal Tax over Sales:

Go before the Municipal Mayorships with the following:

- a. Written application for incentive, which must be attended by the Municipal Mayorship, once the account statement has been revised.

40



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- b. Official format of the mayorship duly completed of the monthly declaration of Municipal Tax over Sales.
 - c. Forest endorsement of the Forest National Institute (INAFOR).
2. For the exoneration of the fifty percent (50%) of the IR:

Go before the corresponding Income Administration with the following documents:

- a. Written application of incentive, which must be attended by the Income Administration, once that the account statement of the taxpayer has been revised.
- b. Annual Declaration of IR.
- c. Forest Endorsement by the Forest National Institute (INAFOR).

Article 28.- For the exoneration of the payment of Real State Tax (IBI), must comply with the following:

1. In the properties where forest plantations are established:

Go before the corresponding Municipal Mayorship, with the following documents:

- a. Written application for the incentive, which must be attended by the Municipal Mayorship, once that the statement of account of the applicant has been revised.
- b. Official format for the declaration of IBI, duly completed.
- c. Duly inscribed property title, suppletory title, Right cession or lease contract or contract of loan and restitution in the name of the owner of the plantation.
- d. A plan that reflects the location of the area inside the property where the forested area subject of exoneration is positioned.
- e. Forestry endorsement issued by the National Forest Institute (INAFOR).

2. In the properties where the forest management is performed through a Forest Management Plan:

Go before the corresponding Municipal Mayorship, with the following documents:

- a. Written application of the incentive application, which must be attended by the Municipal Mayorship, once the statement of account of the applicant has been revised.
- b. Official formulary duly completed for the declaration of IBI.
- c. Property title duly inscribed in the Public Registry of Real State, Supplementary title, Right's cession or Lease Contract in the name of the owner of General Plan of Forest Management.
- d. Annual Certification issued by the Forest National Institute (INAFOR) of satisfactory conclusion of the Annual Operative Plan (Post Usage) derived from the Forest Management Plan.
- e. Forest Endorsement issued by INAFOR.

42

Article 29.- The companies of any type that invest in forest plantations, for the deduction of costs of the 50% invested in relation to Income Tax, will have to comply with the following:

Go before the corresponding Income Administration with the following documents:

- a. Form of Annual Declaration of IR.
- b. Forest Endorsement issued by the Forest National Institute (INAFOR).

Article 30.- To obtain the exoneration of the payment of the Internation Tax, the companies of Secondary and Tertiary Transformation that import machinery, equipment and accessories, must comply with the following:

Go before the General Direction of Customs, with the following documents:

- a. Written application for the incentive and details of the machinery, equipment and accessories to exonerate.
- b. Forest Endorsement issued by the Forest National Institute (INAFOR).

Article 31.- The State institutions must give priority in all their modalities of contracts, the acquisition of good elaborated with wood, that have the due forest certificate of the Forest National Institute (INAFOR), being able to recognize up to 5% in the difference of prices, always that the comply with requirements establishment in the terms of bidding and in the Law of State Contracts.

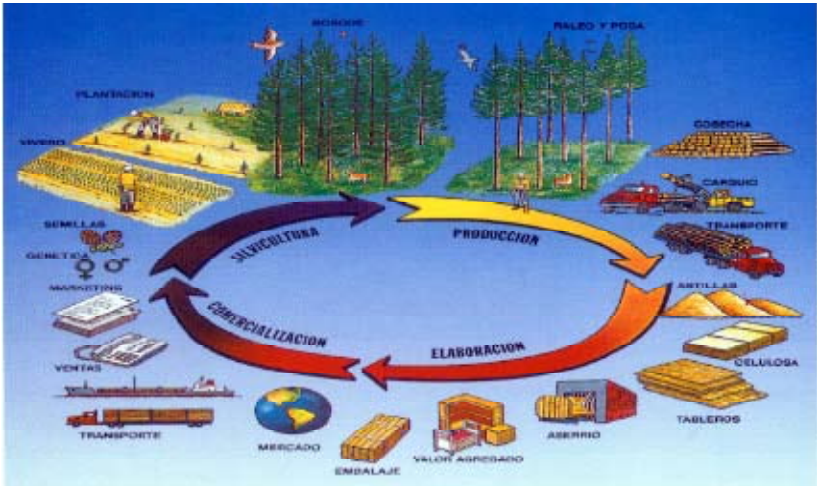
Article 32.- For the deduction of the 100% of the payment of the IR, when it is destined to the promotion of reforestation or creation of forest plantations, must comply with the following:

Go before the corresponding Income Administration with the following documents:

- a. Written application of the incentive, which must be attended by the Income Administration, once the statement of account of the tax payer has been revised:
- b. Form of Annual Declaration of IR.
- c. Forest Endorsement issued by the Forest National Institute (INAFOR).

CHAPTER IV OF THE CRITERIA OF EVALUATION OF THE EXECUTION OF THE FOREST INITIATIVES

Article 33.- After the Fiscal exoneration is issued by the Income General Direction (DGI) and by the municipalities the municipal exoneration, the owner of the Forest Initiative must file a technical report of annual compliance of the same, before the Forest National Institute (INAFOR) with copy to the Municipal Mayorship that corresponds, who can submit it to technical valuation, considering the following technical criteria:



- a. **Forest Plantation:** Area, survival, forestry, sanitary, protection, 85% minimum of the compliance of the Plan presented in the forest initiative.
- b. **Forest Management:** Usage stage, labors, forestry, protection, compliance with the management plan (POA post usage with 75% of compliance).
- c. **Industries of Secondary and Tertiary Transformation:** Comply with the 100% of the Forest Investment Plan declared in the Forest Initiative.

44

CHAPTER V

NONFULFILLMENT OF THE EXECUTION OF THE PROJECTS

Article 34.- The natural or juridical persons that perform forest projects evaluated along with the criteria established in article 33 of this Regulation that does not abide the indicators of compliance, will proceed to the cancellation of any other incentive or benefit that might be entitled to with the referred project of investment of the corresponding Forest Initiative. If the technical, legal, administrative and financial justification is not filed related to the non fulfillment of the forest initiative, this will be submitted to consideration of the Incentive Committee.

Article 35.- The natural or juridical persons that import exonerated goods such as machinery, equipment and accessories, under the Law No. 462 and this Regulation, who sell them, lease them, trespass them, dispose and in any way transfer or give it a different use for which it was given a fee importation, will be sanctioned according to Law no 42. “Law of Fraud and Custom Contraband”, published in the Gazette No 156 of the 18 of August 1998. Also the cancellation of any other incentive or benefit that might be entitled to is ordered.

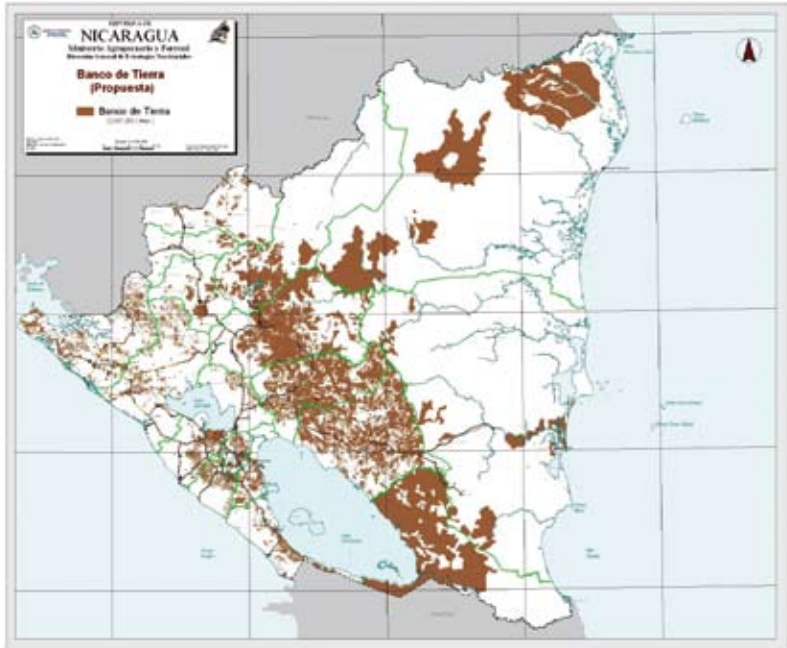
CHAPTER VI TRANSITORY AND FINAL DISPOSITONS

Article 36.- The Forest Initiative filed before the Forest National Institute (INAFOR) and approved by the Forest Incentive Committee will be subject to External or Internal Forest Audits by INAFOR.

Article 37. - The Forest Endorsements issued by the Forest National Institute (INAFOR), its use and exonerations that are generated are subject of audits, according to what is stipulated in the legal frame of the matter.

Article 38.- This decree will become in effect starting on the day of its publication.

Given in the City of Managua, Presidential House, on the Sixteenth of December of the year two thousand and Five. **ENRIQUE BOLAÑOS GEYER**, President of the Republic of Nicaragua **MARIO SALVO HORVILLEUR**, Ministry of Agriculture and Forestry.



46

Area Proposed for the Land Bank for Forest Plantations

It is related to a registry of the available farms where compact areas of available and suitable land are located from the socioeconomic; edafoclimatic and environmental point of view for plantations of forest species with commercial interest; after the analysis, the result is a potential of 2,587,263.3 Hectares, taking into account that the farmers offer a 14% of the total area of their farms for the purpose of reforestation.

Áreas propuestas del Banco de Tierras por departamento

DEPTO	Total(Has.)	%	DEPTO	Total(Has.)	%
Boaco	260,322.2	10,06	Madriz	8,127.100	0,310
Carazo	26,785.10	1,040	Managua	41,540.50	1,610
Chinandega	85,225.50	3,290	Masaya	21,471.30	0,830
Chontales	322,720.9	12,47	Matagalpa	300,266.3	11,61
Estelí	27,260.20	1,050	Nueva Segovia	24,001.20	0,930
Granada	31,878.80	1,230	RAAN	609,128.6	23,54
Jinotega	150,138.9	5,800	RAAS	160,624.1	6,210
León	52,649.50	2,030	Río San Juan	418,774.1	16,19
Rivas	46,349.00	1,790			

Fuente: Consultaría Banco de Tierra para Plantaciones Forestales Maderables Comerciales en Nicaragua, MAGFOR.

