



MR. KEVIN KRISTOPHER K. WONG

President

Always Full Holding Corporation

S1605 The Taipan Place, F. Ortigas Jr. Rd.,

San Antonio, Pasig, Metro Manila

NOV 03 2022

Dear **Mr. Wong**:

Warm greetings!

This has reference to your letter dated 01 July 2022 addressed to the Department of Environment and Natural Resources (DENR) (Attention: the Undersecretary for Field Operations – Luzon, Visayas and Environment) which was forwarded to this Office on 07 July 2022 regarding the unsolicited proposal for the development of Busuanga Pasture Reserve (BPR). Based on the letter, your company is proposing a comprehensive development of the BPR. Specifically, to maintain the current use of the BPR and realize its original purpose of being a hub to grow the cattle industry in the country through developments in technology, expertise, knowledge, and skills.

The BPR is proclaimed as such under Presidential Proclamation (PP) No. 1387, s. 1975, "*Reserving and establishing as a Pasture Reserve a certain parcel of the Public Domain situated in the Island of Busuanga, Province of Palawan*", in which the administrator is the Forest Management Bureau (FMB) by virtue of PP No. 663, s. 2014. Pursuant to the provisions of the said proclamations, the area covered by the BPR is reserve as pasture reserve. Likewise, the land classification of BPR is a forestland.

Considering that your area of interest is a pasture reserve, your proposal must adhere to the restrictions on forestland and pasture reserve under existing laws, rules, and regulations of BPR pursuant to PP No. 1387. In line with this, please be informed that the DENR will only allow projects/proposals that will complement the classification, nature, and primary use of BPR and through an application of a tenurial instrument which in this case, the Forest Land Grazing Management Agreement (FLGMA).

Hence, should your company wish to push through with your proposal to develop the BPR, kindly submit your detailed proposal/concept to the Forest Management Bureau. Likewise, to further discuss in detail your proposed development, you may opt to present it through a meeting. Kindly coordinate with the Forest Management Bureau through this email fmb@denr.gov.ph or bpr.fmb@gmail.com.

Lastly, kindly refer to DENR Administrative Order Nos. 1999-36 and 2004-35, as attached in this letter, for FLGMA application requirements and process.

Thank you.

Very truly yours,

TIRSO P. PARIAN JR., CESO IV
Director

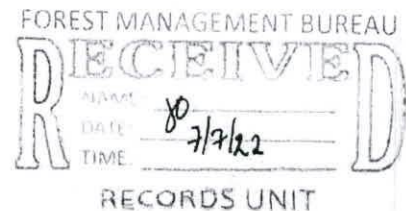
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Undersecretary for Field Operations Luzon, Visayas and Environment
Undersecretary, Policy, Planning and Foreign-Assisted and Special Projects and Supervising Usec. for FMB
Assistant Secretary, Policy, Planning and Foreign-Assisted and Special Projects and Supervising Asec. for FMB
Regional Executive Director, DENR MIMAROPA
PENR Officer, Palawan
CENR Officer, Coron-Calamianes Islands



01 July 2022

**DEPARTMENT OF ENVIRONMENT
AND NATURAL RESOURCES**
DENR Building, Visayas Avenue
Diliman, Quezon City



Attention: **Atty. Juan Miguel T. Cuna, CESO I**
Undersecretary for Field Operations
Luzon, Visayas and Environment

Re: Unsolicited Proposal for the Development of Yulo King Ranch

Gentlemen:

We are pleased to inform you of our intention to propose the comprehensive development of the Yulo King Ranch (YKR) Property, part of the BPR, located in Busuanga, Palawan.

The BPR, of which YKR Property is a part, consists of Forty Thousand Hectares (40,000 ha.) of grazing land located within the Municipalities of Coron and Busuanga, Palawan. Also within the BPR is the Francisco B. Reyes Airport which is the gateway to stunning Busuanga Island Beaches which continue to attract domestic and international tourists with the island emerging as a preferred beach holiday destination.

While the beaches have certainly caught the attention of tourists, we would like to offer another attraction for visitors of Busuanga Island. We would like to propose the comprehensive development of the YKR Property as an Agri-tourism destination. As a comprehensive development, we propose to maintain the current use of the YKR Property and realize its original purpose of being a hub to grow the cattle industry in the country through developments in technology, expertise, knowledge and skill. We also propose to develop supporting facilities such as hotels and convention centers to showcase the cattle breeding and raising activities and share the best practices developed within the property to cattle industry participants, as well as open the facilities to tourists as alternative attractions to the island's beaches. With the expected influx of domestic and international travelers, we shall coordinate with the Department of Transportation on a proposal to develop and modernize the Francisco B. Reyes Airport. We envision the Yulo Property to provide complete facilities for the business needs of cattle industry participants and of tourists that are looking to get more out of their visit in Busuanga Island.

The comprehensive development of the YKR Property will bring permanent and varied benefits to the locality of Busuanga Island:

- We aim to prioritize local hiring for the countless jobs that will be generated from the construction phase until the operation of the cattle breeding and raising hub and support and tourism facilities.
- As we have experienced during the pandemic, it is unwise to rely on a single industry to sustain employment. A majority of tourism-related jobs were lost during the pandemic. The employment provided by the cattle breeding and raising hub gives variety and resilience to the jobs provided to the residents of Busuanga Island.

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- Due to the size of the YKR Property, we understand that it has been a problem to secure the whole property. The development will also secure the YKR Property from illegal settlers and destruction of the natural resources in the area.
- The proposed activities to be undertaken on the YKR Property assures the sustainable development of the YKR Property in accordance with its original purpose.
- We foresee great strides in the development of the cattle breeding and raising industry in the country.
- No direct government guarantee, subsidy or equity will be required for the proposed development of the YKR Property.

We believe that a partnership with the Forest Management Bureau under the Department of Environment and Natural Resources, having overall administration of the Busuanga Pasture Reserve (BPR) by virtue of Proclamation No. 663 dated 14 October 2013, will greatly facilitate the project's realization which will ultimately result to the benefit of the people of Busuanga.

For your reference, we submit our corporate profile together with various corporate documents.

We look forward to a meeting with you to discuss the foregoing further.

Very truly yours,

ALWAYS FULL HOLDINGS CORPORATION

By:



KEVIN KRISTOPHER K. WONG

Copy furnished:

REGION 4B - MIMAROPA

Department of Environment and Natural Resources
DENR by the Bay Building
1515 Roxas Boulevard
Ermita, Manila

Attention: **Ms. Lormelyn E. Claudio, CESO IV**
Regional Executive Director

FOREST MANAGEMENT BUREAU

Department of Environment and Natural Resources
FMB Main Building, Visayas Avenue
Diliman, Quezon City

Attention: **Mr. Tirso P. Parian Jr., CESO IV**
Director



DENR Administrative Order
No. 99-36
August 10, 1999

**SUBJECT : Revised Rules and Regulations
Governing the Administration,
Management, Development and
Disposition of Forest Lands Used
for Grazing Purposes.**

Pursuant to Article 12, Section 2 of the Constitution and Section 9, P.D. 705, as amended, the following revised rules and regulations governing the administration, management and development of forest lands used for grazing purposes are hereby promulgated.

Sec. 1 Policies and Objectives. The Department of Environment and Natural Resources (DENR), shall have the jurisdiction over the administration and management of the grazing lands of the public domain either for grazing purposes and other uses. It shall:

- a) Adhere to its policy to promote the development, improvement and sustainable use of grazing land through appropriate grazing management strategies and grassland improvement schemes.
- b) Promote ecologically sound, technically-feasible, economically-viable and socially-acceptable technologies for the sustainable development and management of grazing lands.
- c) Encourage the private sector, particularly the pasture agreement holders, NGOs and other government agencies in the rehabilitation, improvement and sustainable use of grazing lands.

- d) Ensure equitable access of individuals, associations and communities to benefits derived from grazing lands through co-production sharing scheme.

Sec. 2 Definition of terms. The following terms are to be understood and interpreted as follows for the purposes of the order.

- a) **Animal Unit** - is equivalent to either one (1) mature cow about 300 kg or at least two (2) yearlings.
- b) **Carrying Capacity** – the ability of the grazing land to support a number of animal unit for a certain duration, usually one year, without compromising the sustainability of the area for continuous productive use.
- c) **Community Grazing Lands** - is a portion of land established for grazing of domestic livestock by the residents of a particular municipality for personal purposes.
- d) **Economic Rent** - the difference between gross sales of livestock and other products and all costs (include operating and maintenance costs, capital investments and reasonable returns on investment) incurred in the management of grazing lands on a yearly basis.
- e) **Forest lands** - include the public forests, the permanent forests or forest reserves, and other forest reservations.
- f) **Forest Land Grazing Management Agreement (FLGMA)** - a production sharing agreement between a qualified person, association and/or corporation and the government to develop, manage and utilize grazing lands.
- g) **Grasslands** - portion of the public domain with vegetation dominated by grasses associated with shrubs and/or sparsely scattered woody plants.
- h) **Grazing Land** - refers to that portion of the forestland set aside in view of its topographic and vegetative suitability for the raising of livestock.
- i) **Grazing Capacity** - the maximum number of animal unit that a given grazing land is capable of supporting without

significant damage to soil, vegetation or watershed. It is computed by using the formula:

$$GC = \frac{0.54 (S) \times A \times 10,000}{25,000}$$

where:

GC	=	Grazing capacity
0.54	=	Utilization factor (average of 61% and 46% utilization factors for rainy and dry seasons, respectively)
S	=	Average fresh weight (in kilos) of grasses per square meter in the sample
A	=	Effective grazing area (in ha)
10,000	=	area of one hectare in square meter
25,000	=	Average forage requirement of one a.u. per year in kilogram fresh weight

- j) **Herbage Yield** - the potential forage yield expressed in gms/m² or tons/ha.
- k) **Interim Grazing Privilege** – refers to a six-month privilege granted by the State, prior to the renewal of a forest land grazing management agreement to a person or group to occupy any grazing land in order to undertake any authorized activity therein.

- l) **Secretary** – refers to Secretary of Department of Environment and Natural Resources
- m) **Stocking Rate** – the number of animal unit carried per unit area per year.

Sec. 3 Areas Available for FLGMA. Areas available for FLGMA are as follows:

1. Forestlands sub-classified as grazing lands under the following criteria:
 - (a) Extent – contiguous area of not less than 250 hectares.
 - (b) Topography - at least 75% of the area must have a slope of not more than 50%.
 - (c) Vegetative Cover – the dominant vegetation is grass sufficient to support livestock and minimize soil erosion.
 - (d) Forage Production Capability – at least 500 kilograms, air-dry, forage production per hectare preferably measured during the maximum growth period.
 - (e) Occupancy – are should be free from established private right or claims, forest concessions or other forest licenses or permits, and forest occupancy and other forest management agreement.
2. Forest lands which cannot be sub-classified as grazing lands under the first category but are presently devoted to grazing under a pasture lease agreement or permit may continuously be used therefor, if so warranted after an evaluation thereof. In such an event, a forest land grazing management agreement shall be executed in favor of the existing holder.
3. Expired/cancelled TLA areas which are suitable for grazing.

Sec. 4 Prohibited Areas. FLGMA shall be awarded or renewed within forest lands certified as suitable for grazing purposes except in the following:

- a. Areas covered by existing Timber License Agreements (TLAs). Industrial Forest Management Agreements (IFMA) and other forest land contracts, leases, permits or agreements, except in the following cases:
 - 1) the lessee, permittee or agreement holder executes a waiver in favor of the FLGMA, *Provided*, that when any pre-existing rights expire within three years from the issuance of an FLGMA, no waiver shall be required; or
 - 2) a permit is issued only for the collection or harvesting or minor forest products, in which case no waiver from the permittee shall be required. Upon termination of any pre-existing permit for non-timber forest products, such permits shall not be renewed and any new permit shall be given to the FLGMA holder.
- b. Protected areas except multiple use zones, buffer zones and other areas where utilization activities may be allowed pursuant to the provisions of Republic Act 7586, the National Integrated Protected Areas Act of 1992 (NIPAS) and its implementing rules and regulations;
- c. Forestlands which have been assigned by law under the administration and control of other government agencies, except upon written consent of the concerned government agency;
- d. Certified ancestral lands and domains, except where the Indigenous Cultural Communities/Indigenous People (ICCs/IPs) opt to participate in FLGMA; and
- e. Other areas occupied by ICCs/IPs that are known to be ancestral but are not yet covered by Certificate of Ancestral

Domains Claims (CADCs) or Certificate of Ancestral Lands Claims (CALCs), unless the ICCs/IPs opt to participate in Community-Based Forest Management Program (CBFMP).

Sec. 5 Size of the FLGMA. The area that may be covered by FLGMA shall not be less than 50 hectares but not more than 500 hectares for individual holder, and not more than 2,000 has. For association, cooperative or corporation.

Sec. 6 Areas for Grazing. Grazing under the FLGMA shall always be confined and restricted to those portions of the agreement area under 50% in slope. In arable portions of the agreement area a food production area may be established for the raising of staple crops pursuant to Presidential Decree No. 472; Provided, that the area to be devoted for food production shall be equivalent to ten (10) percent of the agreement area but not less than one hectare nor more than 20 hectares; Provided, further, that improved pasture shall be established equivalent to a minimum of ten (10) percent of the agreement area; Provided, finally, that the agreement holder shall maintain and protect the naturally growing trees. Areas above 50% in slope shall be maintained with forest cover or the production of forage which will be utilized under the cut and carry scheme.

Sec. 7 Rights-of-Way. The DENR reserves the right to permit, if public interest so required, the opening of such portions of the agreement area for rights-of-way which shall not be more than ten (10) meters wide; Provided, that the person or entity granted the rights-of-way shall pay the agreement holder a reasonable compensation for any damages caused on the improvement therein, if any.

Sec. 8 Types of Grazing Lands. With the use of score card system prescribed in this Order, all grazing lands shall

be classified into three (3) major classes based on the respective points gained by each class, as follows:

CLASS A GRAZING LAND 70 – 100 points
CLASS B GRAZING LAND 50 - 69 points
CLASS C GRAZING LANDBELOW 50 points

Stable parameters have been used for classification under this Order and their relative points weights are shown in Annex A.

Sec. 9 Application for Forest Land Grazing Management Agreement. Forest Land Grazing Management Agreement (FLGMA) shall not be issued or renewed, unless an application therefor has been filed and approved in accordance with the provisions of this Order. Provided, that an application for renewal shall be filed at least sixty (60) days prior to its expiration.

Sec. 10 Who May Apply. Only the following persons may file an application for FLGMA:

- a) Citizens of the Philippines who are of legal age at the time of the filing of the application;
- b) Corporations, partnerships, associations and such other juridical persons as may be recognized and registered in accordance with the laws of the Philippines, at least sixty (60) percent of the capital of which is owned, controlled and managed by citizens of the Philippines; and
- c) Financially and technically capable.

Sec. 11 Form, Contents and Supporting Documents. Application shall be filed in a form to be prescribed by DENR. The application form shall contain particulars on the nature of the proposed utilization, development or activity, the location and size of the area, the sketch, boundaries and brief description thereof, and such other information DENR may require.

An application shall only be accepted if properly subscribed and sworn to by the applicant, or in the case of juridical person, by its president, general manager or authorized agent, and accompanied by the following documents:

- a. If the applicant is a government official or employee, whether in the career or non-career service, a written permission from the department head or head of the agency concerned.
- b. If the applicant is a naturalized Filipino citizen, a copy of his certificate of naturalization certified by the duly concerned agency that issued the same, and a certification by the Office of the Solicitor General that it has not filed or taken any action for his denaturalization, or any action that may affect his citizenship.
- c. If the applicant is a corporation, association and cooperative, (1) three copies of its articles of incorporation, (2) three copies of its by-laws, (3) three copies of the minutes of the latest organizational meeting of its stockholders/general assembly, electing the present members of the Board of Directors, (4) three copies of the resolution adopted at said meetings, electing the present members of the Board of Directors certified to by its secretary, (5) three copies of the minutes of the latest organizational meeting of the Board of Directors, electing the present officers of the corporation, association or cooperative, certified by the Board of Directors indicating the authority of the officer to file the application in behalf of the corporation.

The articles of incorporation must show an undertaking that there will be no transfer of stocks/shares that will change the citizenship and capital structure of the corporation, association or cooperative and should there be any transfer of stock/share, it shall not be effected without the approval of the DENR Secretary upon the

recommendation of the Regional Executive Director concerned. All the above documents must be certified to be filed with the appropriate government agency and the certification must be signed by the duly authorized officer of said Agency.

- d. If the applicant uses a name, style or trade name, other than the true name, three copies of the certificate of registration of such name, style or trade name with the Department of Trade and Industry (DTI) certified by an authorized officer of said Department.

The application must further be accompanied by three certified copies of the income tax return for the preceding year, if the applicant was already in existence at the time and required to file said return.

Sec. 12 Where to File the Application. The application for FLGMA or renewal thereof, shall be filed with the Community Environment and Natural Resources Office (CENRO) which has jurisdiction over the area.

Sec. 13 When to File the Application. The applications shall be filed during regular office hours and shall be serially numbered, stamped and recorded in the book provided for the purpose in chronological order showing the number, the date and the time of receipt thereof.

Sec. 14 Application Fees. Any application for new/renewal of FLGMA is only accepted when accompanied by an application fee in the amount of ₱ 10.00 per hectare or fraction thereof. The fee is non-refundable.

Sec. 15 Application Process. The application shall, thereafter, be the:

- a) Subject of a preliminary evaluation to determine the following information from existing records in the CENRO and DENR Regional Office, to wit:
- i) whether or not the area or any portion thereof covered by the application, is covered by an existing license agreement, license or permit;
 - ii) the present status or classification of the aforesaid area, or any portion thereof, particularly on whether it is within the prohibited areas as mentioned in Sec. 5 hereof.
 - iii) the actual conditions of the area as shown and verified from available filed reports or aerial photos thereof.
- b) Action after Preliminary Evaluation. If the whole area covered by the application is vacant, available and suitable for grazing activity, the application shall be given due course, otherwise it shall be rejected outright.

Provided, that, if only a portion of the area covered by the application is available, vacant, and suitable for grazing purposes, the applicant shall be so notified and given a period of 15 days from notice to amend his application so as to cover only the available, vacant and suitable area.

- c) Action and Application Given Due Course. An application given due course shall thereafter be the subject of an evaluation to determine whether the applicant has the financial and technical capability, not only to maximize benefits out of the proposed utilization, development or other activities but more importantly, to undertake the necessary management, protection, conservation, and development as prescribed in this Order.

Provided, that, if there are other applications affecting the same area, or any portion thereof, the best proposal shall further be determined in the evaluation. An application given due course shall not give the applicant the right to utilize, develop or conduct any activities proposed therein in any portion of the area not until the said application shall have been finally approved by proper authority.

Sec. 16 Composition of Assessment/Classification Team. A team shall be organized by the respective Regional Executive Director (RED) for the assessment of grazing areas in each region. It shall be composed of the following members:

- Range Management Officer (RMO) of
Forestry Management Sector (FMS) ----- Team Leader
- Representative from Environmental Management
And Protected Areas Sector (EMPAS)----- Member
- Representative from Ecosystems Research
Development Sector (ERDS) ----- Member
- Range Management Officer from Concerned
CENRO ----- Member
- Local Government Unit (Barangay
Chairman or his representative) ----- Member
- Representative from Natural Resources
Development Corporation (NRDC) ----- Member
- Livestock Specialist from Department of
Agriculture----- Member

Assessment of grazing area shall be undertaken every five years or prior to the granting/renewal of FLGMA. However, reassessment of the grazing area may be done within the five-year period as per request of the agreement holder; provided, that expenses to be incurred therein shall be shouldered by the holder.

The assessment report shall be submitted to the RED, thru the Assistant Regional Director for Field Operations. Likewise, the FMB shall be furnished with a copy of the assessment report for information and as a basis for formulating policies relative to grazing management.

In some cases, a special team composed of representatives from Forest Management Bureau (FMB), Ecosystems Research Development Bureau (ERDB) and other units of the DENR as the Secretary may warrant shall be organized to check the validity of the assessment and classification. A copy of the report shall be submitted to FMB, ERDB to check the validity of the assessment report.

Sec. 17 Survey and Assessment Fees. No survey and assessment shall be conducted unless a fee is deposited with the CENRO by the applicant(s), in the amount of ₱ 300.00 per hectare or fraction thereof.

Sec. 18 Survey and Assessment Requirements. The perimeter and boundary lines of the area covered by said applications shall be established and marked on the ground during the survey.

The assessment shall be conducted to gather information about the biophysical characteristics of the area to consider the various parameters mentioned in Annex A, as well as the socio-economic information and data concerning the production, management and other relevant information.

Sec. 19 Compilation Map of the Survey Taken. A compilation map with appropriate scale shall be made from the survey, using as reference the 1:50,000 topographic map of the National Mapping and Resource Information Authority (NAMRIA).

The compilation map shall indicate the technical description of the boundary of the area/s covered by the application/s, indicating all the adjoining licenses, communal forests, pastures, forest reserves, protected areas, river systems, roads, areas covered by other tenurial instruments, and blocks of alienable or disposable areas inside or adjoining the surveyed areas.

Sec. 20 Report of Survey and Assessment. The report and the compilation map shall be under oath by the Team Leader and members of the Assessment Team. It shall be accompanied by an affidavit of barangay captains who have political jurisdiction over the area as to the presence or absence of occupants and or claimants thereon. The report shall be submitted within 45 days upon filing of the application for new FLGMA and/or renewal thereof.

Sec. 21 Approval of Application and Issuance of a FLGMA. The application for FLGMA which proposes the best use, as incorporated on its management plan or operational plan/schedule of utilization, development, management, protection, conservation and other activities, consistent with national forestry policies and programs once approved by proper authority, a subsequent FLGMA shall be duly signed both by the applicant and the Secretary.

Provided, that a bond be posted by the applicant in the amount of ₱ 500.00 for every hectare or fraction thereof. The bond should be posted in cash or in surety bond acceptable to DENR.

Sec. 22 Responsibilities of Holder of Agreement and the Government. The responsibilities of the agreement holder and the government shall be indicated in the management plan. It should be emphasized that the agreement holder has the responsibility of protecting developing and maintaining the productivity of the area.

Sec. 23 Duration of the Agreement. The agreement shall cover a period of 25 years, renewable for another 25 years unless terminated for cause by the Secretary. In such an event, a period of ninety (90) days shall be given to the holder to remove and/or dispose of his cattle and improvements from the area. However, he shall be entitled to such compensation only if he has faithfully complied with the terms of the agreement and the provisions of this Order.

Sec. 24 Preparation and Submission of Management Plan. For an FLGMA to be approved, a 25-Year Management Plan and a 5-Year Operation Plan shall be prepared by the applicant with the technical assistance of and duly signed by a registered forester. It shall be submitted to DENR through the CENRO, Provincial Environment and Natural Resource Office (PENRO), and Regional Office concerned prior to the approval of the agreement.

Provided that the submission of an Initial Environmental Examination (IEE)/Environmental Impact Assessment (EIA) by the FLGMA holders and the issuance of an Environmental Compliance Certificate (ECC) by the RED/Secretary are conditions precedent to the approval of FLGMP and 5-Year Operation Plan.

A committee shall be created to be composed of Directors of FMB, ERDB and EMB or their duly designated representatives who shall update/draw the format/guidelines in the preparation of the twenty five (25) year management plan and five (5)-year operating plan. Such guidelines shall be submitted to the Secretary sixty (60) days after the implementation of the Order.

Sec. 25 Evaluation of Management Plan. A committee composed of the following shall evaluate and make recommendation/endorsement for the Secretary's approval of the management plan as follows:

- a. Regional Executive Director – Chair
- b. Assistant Regional Director for Field Operations
- c. Assistant Regional Director for Technical Services
- d. Representative from the Regional Office of Department of Agriculture – Pasture Management Unit
- e. Representative from the private sector (Cattle Raisers' Associations, etc. – if any)
- f. Representative from LGU
- g. PENRO concerned
- h. CENRO concerned

Sec. 26 Basis of Government Share. Under this Order, a new classification for payment of fees for the use of grazing lands to the government as resource owner shall be classified based on the economic rent formula computation as follows:

$$ER = (TR - TC) - MPR$$

where:

ER	=	Economic Rent/Government Share
TR	=	Total Revenue
TC	=	Total Cost
MPR	=	Margin for Profit and Risks which is 30% of TC

Sec. 27 Forms of Incentives. The computed economic rent or user's fee as government share based on the above formula shall be applied after the transitory period wherein the co-production sharing scheme as provided in Article 12, Section 2 of 1987 Constitution shall take effect. The scheme contains some forms of incentives which are listed in Annex B. The incentive scheme involves reduction of government share up to 80% depending on the capability of the agreement holder to comply with the specific incentives as provided therein.

Sec. 28 Transitory Period. A five (5)-year transitory period shall be provided to all existing PLAs and FLGLAs after the approval of this Order of which conversion of their tenorial instrument to profit sharing agreements shall be made.

The schedule of payment of user's fee shall be as follows:

Year	1	-	₱ 200.00/ha/yr
Year	2	-	₱ 275.00/ha/yr
Year	3	-	₱ 350.00/ha/yr
Year	4	-	₱ 425.00/ha/yr
Year	5	-	₱ 500.00/ha/yr

Non-grazeable areas shall be reforested at the rate of 10% of the area per year or at least 25% has been reforested at the expiration date which shall be a primary condition for the renewal of the FLGMA. Upon renewal of the FLGMA management plan an automatic adjustment of the user's fee shall be made based in the assessment of the productivity of the grazing land which shall be determined by NRDC in consultation and coordination with the assessment team as prescribed in Section 16. The increase shall not be less than 10% of its last rental.

Sec. 29 Payment of Government Share and Corresponding Penalties. Payment of Government Share for the previous year should be remitted on the first month of the succeeding year. Sixty percent (60%) of the government share shall be remitted to NRDC who shall provide assistance in management and technical services to the agreement holders. Penalties for late remittance shall be imposed at 1% of annual government share per month. Failure to pay the user's fee on time shall mean a penalty of 100% of the user's fee and failure to pay for two (2) consecutive years shall be a ground for automatic cancellation of the FLGMA.

Sec. 30 Submission of a Five (5) – Year Operational Plan. A five-(5) year operational plan shall be submitted indicating plans and programs to be undertaken to attain/accomplish those indicated in the management plan. Such operational plan shall be prepared by the holder with the technical assistance and duly signed by a private practicing registered forester in accordance with the guidelines to be prepared by the Committee created under Sec. 24 hereof. It shall be submitted to the RED for approval, thru the concerned CENRO and PENRO copy furnished the FMB Director, within 60 days from the start of the operational year. Prescribed burning may be conducted as a part of the operational plan in accordance with Memorandum Order No. 98-10.

Sec. 31 Submission of Grazing Report. An annual grazing report shall be required for submission in December of each year attested by a registered forester using the prescribed format to be prepared by a Committee created under Sec. 24 hereof.

All concerned registered foresters whose services have been sought in the preparation of annual grazing reports shall be held accountable/responsible for the validity/truthfulness of the data contained therein. All grazing reports shall be submitted to the RED thru the CENRO and PENRO copy furnished the FMB Director.

Sec. 32 Evaluation of FLGMA Holder. The performance of FLGMA holder shall be reviewed and evaluated annually for a period of three (3) years for new agreement holder and periodic evaluation shall be made every two (2) years thereafter. For agreements renewed or converted to profit sharing scheme, evaluation shall be conducted every two (2) years. This will determine compliance with the requirements of protection and management of the area.

The Secretary, through the FMB director shall be furnished a copy of the evaluation report for monitoring purposes.

Evaluation shall be conducted by an evaluation team created by the RED. The evaluation shall be made in the presence of the agreement holder or his representative and the report shall be submitted to the Assistant regional Director for Field Operations thirty (30) days after the completion of the field inspection. Measures shall be effected on the deficiencies noted during the evaluation to accomplish the objectives and goals set in the approved operational and management plan.

Sec. 33 Renewal and Extension. Application for the renewal or extension of FLGMA shall be filed at least (60) days prior to its expiration. Failure of the agreement holder to file renewal application within the prescribed period shall cause the area to be open to new applicants if the utilization, development or any activities authorized therein is still the best use and may therefore be continued without impairment or with the least injury to other resources; Provided, the new applicant has complied with all the requirement necessary for the processing and approval of the new agreement.

Sec. 34 Issuance of Interim Grazing Privilege. Interim Grazing Privilege shall be issued by the RED for a period of six (6) months for FLGMA being renewed and the necessary document and agreement is under process subject to the following conditions:

- a) the holder shall not introduce additional permanent improvements thereon;
- b) the holder shall protect the area against illegal occupants; and
- c) the holder shall follow the terms and conditions of the previous agreement

Sec. 35 Transfer, Sale or Assignment of FLGMA.

The holder of the FLGMA may transfer, sell or assign any right or interest therein, or any asset used only with prior approval by the Secretary.

Transfer, sale or assignment thereof may be allowed only after three (3) years from approval thereof and only when it is shown that:

- a) the transferor, vendor or assignor has not violated any provision of Presidential Decree No. 705 as amended; of this Order; or of any forestry rules and regulations which may hereinafter be promulgated, or any of the terms and conditions of the agreement;
- b) the transferor, vendor or assignor has been faithfully complying with the terms and conditions of the agreement;
- c) the transferee, vendee or assignee has all the qualifications and none of the disqualifications to hold an agreement;
- d) the transferee, vendee or assignee is agreeable and capable to assume all the obligations of being such and shall present documentary evidence to prove such capability;
- e) the transfer, sale or assignment is not being made for purposes of speculation.

Sec. 36 Transfer Upon the Death of the Agreement Holder. Upon application filed within sixty (60) days after the death of the holder of an FLGMA, the surviving heirs may succeed thereto; Provided, they are willing to assume the obligation of the deceased and are capable of developing the area.

Sec. 37 Transfer of Stock of Corporation. No stockholder can transfer his/her shares of stocks to any person or entity without any prior written approval of the Secretary. Provided further, that no transfer of stock shall be allowed if it will change the citizenship structure in violation of the Constitution or any national policy on foreign investment; Provided finally, that no

transfer of stock shall be allowed if it will allow the corporation to be owned, controlled or managed by persons or groups of persons disqualified to exercise the privilege therein granted or who are incapable of sound grazing management, protection, conservation and development.

Sec. 38 Grounds for Cancellation. FLGMA shall be cancelled/terminated for the following reasons:

- 1) Violation of any of the provisions specified in the agreement;
- 2) Non-compliance of the approved management and operational plans;
- 3) Failure to submit the annual mandatory grazing report; and
- 4) Failure to pay the users' fee as stipulated under Sec. 29 hereof.

However, in the event of cancellation of the agreement for the violation of the above mentioned conditions, the lessee may ask for reconsideration within fifteen (15) days from receipt of notice of cancellation. Failure to file motion for reconsideration within the aforementioned fifteen (15) days, the cancellation will become final and executory.

In the event of cancellation, all bonds deposited shall be forfeited in favor of the DENR together with all the improvements introduced/constructed therein.

Should there be any misrepresentation or fraud committed by the lessee during the effectivity of the agreement, the lessee expressly acknowledges the right of DENR to file criminal charges under the pertinent provisions of Revised Penal Code.

Sec. 39 Boundary Dispute. In case of boundary dispute and overlapping of claims, the same shall be resolved by the Special Response Committee to be formed by the Regional

Executive director. In the event of boundary dispute covered by two (2) regions, the conflict of claims shall be resolved by another Special Response Committee created by the Secretary. The losing party shall be entitled to file one Motion for Reconsideration with the Office of the Secretary.

Sec. 40 Conversion of Areas Under FLGMA. Incumbent pasture leaseholders are given the option to convert part or whole of their pasture areas into other tenurial instrument such as IFMA or SIFMA depending on the suitability of the area. However, should they remain under FLGMA, provisions of this order shall apply.

Sec. 41 Cancelled/Abandoned Areas. The DENR shall automatically takeover all cancelled/abandoned areas which shall be opened for public bidding pursuant to Public Land Act.

Sec. 42 Docket Fee. Adverse claims and complaints shall be accompanied by a docket fee of one hundred pesos per hectare (₱ 100.00/ha) or any fraction thereof which will be considered as hectarage.

Sec. 43 Suppletory Application of the Rules of Court. The rules of court shall apply when inconsistent with the provisions of this Order.

Sec. 44 Repealing Clause. This Order supersedes, in whole or in part, all orders, rules, circulars and memorandum orders which are inconsistent with the above.

Sec. 45 Implementing Rules and Regulations. An implementing guidelines for this Administrative Order shall be issued by the Department of Environment and Natural Resources (DENR).

Sec. 46 Effectivity. This Order shall take effect fifteen (15) days after publication in the Official Gazette and/or any newspaper of general circulation.

(Sgd.) ANTONIO H. CERILLES
Secretary

Published at:

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AUG 31 2004

ADMINISTRATIVE ORDER

No. 2004 - 35

SUBJECT: AMENDING CERTAIN SECTIONS OF DAO 99-36 ENTITLED "REVISED RULES AND REGULATIONS GOVERNING THE ADMINISTRATION, MANAGEMENT, DEVELOPMENT AND DISPOSITION OF FOREST LANDS USED FOR GRAZING PURPOSES."

Pursuant to PD 705, as amended and Executive Order 192 and in line with the policy of the government to promote transparency and facilitate the processing and issuance of all Forest Land Grazing Management Agreements, the following sections of DAO 99-36 are hereby amended/modified:

Section 1.0 Sec. 11 is hereby amended to read as follows:

Sec. 11 Application Requirements

The following requirements shall be submitted by applicants for Forest Land Grazing Management Agreements.

1. Requirements:
 - a) Duly accomplished application form
 - b) Application fee of Php 10.00 per hectare
 - c) Sketch map of the area
 - d) LGU endorsement
 - e) IEE/EIS
 - f) Proof of financial capability either in the form of credit lines or cattle ownership as certified by the Municipal Treasurer concerned of one (1) head of cattle for every five (5) hectares
2. Additional Requirements
 - 2.1 Corporation/Cooperative/Association
 - a) Certificate of Registration from SEC/CDA
 - b) Articles of Incorporation and By Laws
 - c) Board Resolution authorizing any of the Officers to file the application

Section 2.0 Sec. 15 is hereby amended to read as follows:

Sec. 15 Processing Procedures

1. Filing of application

The applicant shall file the duly filled-up application form with the CENRO which has jurisdiction over the area applied for, together with all the requirements.

2. Evaluation of application

The receiving clerk of the CENRO shall check the completeness of the submitted requirements. If the requirements are complete, the application shall be stamped received and recorded in the logbook. In case of incomplete requirements, the application shall be returned immediately informing the applicant of the lacking requirement/s. For mailed application, it shall be returned within five (5) working days.

All perfected applications shall be pooled together and reviewed/evaluated in the CENRO according to the criteria set forth to determine the most qualified applicant. The review and evaluation shall be conducted not to exceed fifteen (15) working days. All applicants shall be informed immediately of the result of the evaluation.

3. Conduct of survey and assessment of the area

The qualified applicant shall be required to pay the survey fee which is equivalent to the actual transportation cost and per diems of the team who will conduct the survey and assessment.

A composite team headed by the Range Management Officer (RMO) of the Regional Office with the representatives from the CENRO, PENRO, LGU and Central Office as the case maybe, shall conduct survey and assessment of the area. The team shall submit report with specific recommendations to the RED within fifteen (15) days after completion of the field work.

4. En Banc Evaluation

The RED shall create an en banc evaluation group to be headed by RTD for Forestry composed of representatives from the CENRO, PENRO concerned, EMB, officially designated by EMB Regional Director, which shall convene at least every fifteen (15) days to evaluate and decide on the merits of all applications for FLGMA forwarded to it by the various CENROs within the Region. Other relevant offices of the DENR, including from the Forest Management Bureau may be called upon to participate in the proceedings of the en banc evaluation group when the RED determines the need for the participation of those offices.

The en banc group shall officially endorse the processed application to the RED.

The Office of the RED shall refer the processed application to the National Commission on Indigenous Peoples (NCIP) for issuance of certification precondition and/or free and prior informed consent (FPIC). Upon receipt of the necessary certification from NCIP, the RED shall approve the FLGMA (for areas 50-500 hectares) and/or endorsed to the Secretary for approval (for areas 501-2,000 hectares). Copies of the approved FLGMA shall be furnished the FMB, PENRO, CENRO, and the LGU concerned.

Section 3.0 Sec. 21 is hereby amended to read as follows:

Sec. 21 Approving Authority

Grazing Lease Agreement shall be granted according to the levels of delegated authority, as follows:

50 – 500 hectares	-	Regional Executive Director
501 – 2000 hectares	-	Secretary

Section 4.0 Sec. 24 (1st paragraph) is hereby amended to read as follows:

Sec. 24 Submission and Evaluation of Forest Land Grazing Management Plan

Within six (6) months after the approval of the Forest Land Management Land Agreement, the holder shall submit a Twenty Five (25) Year Forest Land Grazing Management Plan

The said plan shall be evaluated/deliberated by the en-banc group composed of representatives from CENRO, PENRO, Regional Office, EMB, and Central Office as the case may be. If found in order, the same shall be forwarded to the Central Office for approval by the Secretary.

Section 5.0 Sec. 21 (2nd paragraph) is hereby amended to read as follows:

Sec. 21 Bond Deposit


Within six (6) months after the approval of the agreement, the holder shall pay cash bond deposit in the amount of Php 500.00 per hectare, 50% of which shall be in cash and the remaining balance can be in the form of surety bond to be posted in a reputable bonding company for a period of five(5) years, renewable every 5 years, as a guarantee for faithful compliance of the terms and conditions of the agreement.

Section 6.0 Repealing Clause

This Order supersedes, modifies or amends in part or in whole all Orders, Circulars, Memoranda and other issuances inconsistent herewith.

Section 7.0 Effectivity

This Order takes effect immediately fifteen (15) days after publication in newspapers of general circulation and submission to the Office of the National Administrative Registry.


ELISEA G. GOZUN
Secretary

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