



Republic of the Philippines
Department of Environment and Natural Resources
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MEMORANDUM

FOR : **The Director**
Forest Management Bureau
Biodiversity Management Bureau
Mines and Geosciences Bureau
Land Management Bureau
Ecosystems Research and Development Bureau

FROM : **The OIC Director**
Policy and Planning Service

SUBJECT : **REQUEST FOR INPUTS ON ITEMS NO. VI (SYSTEM OF VALUATION) & VII (MANAGEMENT OF REPOSSESSED ASSETS/IMPROVEMENTS) OF THE DRAFT ASSET MANAGEMENT MANUAL**

DATE : **26 OCT 2022**

A consultation meeting was convened dated 25 October 2022 regarding the drafting of Asset Management Manual as a requirement for the smooth implementation of DENR Administrative Order (DAO) No. 2020-09 or the “*Guidelines on the Management of Cancelled or Terminated, Expiring, and Expired Tenurial Instruments*”.

The meeting was attended by the Division and/or Section Chief/ Economist/ Technical Staff handling the issuance of tenurial instruments from FMB, BMB, ERDB, LMB, MGB, LAS, FMS, KISS, PPS and representatives from the Office of the Assistant Secretary for Policy, Planning, and Foreign Assisted Projects, Office of the Assistant Secretaries for Field Offices.

The Policy and Planning Service (PPS) provided a brief background and the purpose of the crafting of the Asset Management Manual. The document was then reviewed by the attendees, and some of the important points noted during the discussion are as follows:

1. CBFMA/ PACBRMA/ and other short term agreements are not covered by the said DAO as considerations were made during the crafting of the policy, specifically on the period covered by the agreements;
2. The Asset Management Team (AMT) shall also be created at the level of Implementing PENRO;
3. The AMT is only an adhoc team to be created specific for each particular subject matter and its membership is based on competence;

4. On the pre-takeover process, the conduct of comprehensive assessment of AMT shall also have a specific timeframe;
5. The concerned Bureaus (LMB, FMB, MGB, BMB) with the assistance from ERDB shall provide the system of valuation used for cancelled or terminated, expiring, or expired forestry tenurial instruments; and
6. The Bureaus may provide additional modalities of taking over the area/assets.

As an agreement, the Bureaus will submit their inputs on items VI and VII of the draft Asset Management Manual **on or before 02 November 2022**. The said output will be used in the upcoming consultation with the Regional Offices on 08-11 November 2022 at Clark Freeport, Pampanga. As an advance notice, all Bureau representatives who are responsible in issuing tenurial lease/agreements are also invited in the said workshop.

Attached is the draft Asset Management Manual with revisions based on the 25 October 2022 meeting, for your reference.

For your appropriate action, please.


MELINDA C. CAPISTRANO

1 **I. INTRODUCTION**

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3 **Rationale**

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5 Pursuant to Section 2, Article XII of the 1987 Constitution, the State has the option to
6 enter into co-production, joint venture, or production-sharing agreements with Filipino
7 citizens or corporations or associations to explore, develop and utilize the natural resources.
8 Such agreements may be for a period not exceeding twenty-five (25) years, renewable for not
9 more than 25 years.

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11 Under Executive Order No. 192 dated June 10, 1987, the DENR is mandated to
12 regulate the development, disposition, extraction, exploration and use of the country's forest,
13 land and mineral resources. The Department is granted the power to promulgate rules,
14 regulations and guidelines on the issuance of co-production, joint venture or production
15 sharing agreements, licenses, permits, concessions, leases and such other privileges and
16 arrangements concerning the development, exploration and utilization of the country's
17 natural resources and shall continue to oversee, supervise and police our natural resources; to
18 cancel or cause to cancel such privileges and arrangements upon failure, non-compliance or
19 violations of any regulations, orders, and for all other causes which are in furtherance of the
20 conservation of natural resources and supportive of the national interest.

21
22 Based on these mandates and on various laws, rules and regulations, i.e.,
23 Commonwealth Act (CA) No. 141 or the Public Land Act, Act No. 3038 pertaining to the
24 disposition of patrimonial properties, Presidential Decree (PD) No. 705 or the Revised
25 Forestry Code, as amended, Republic Act (RA) No. 7586 or the National Integrated Protected
26 Areas System (NIPAS) Act, as amended by RA 11038 or the Expanded NIPAS Act of 2018,
27 and RA 7942 or the Philippine Mining Act, the DENR enters into agreements and issue
28 permits, licenses, leases and other tenurial instruments for the development and utilization of
29 the country's natural resources. While these laws, rules and regulations provide for processes
30 on the management of cancelled or terminated and expired tenurial instruments, there is a
31 need to establish unified/standard procedures on asset management to address
32 implementation issues on the ground.

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34 Thus, DENR Administrative Order (DAO) No. 2020-09 was issued on June 5, 2020
35 prescribing the guidelines on the management of cancelled or terminated, expiring, and
36 expired tenurial instruments. Section 11 thereof provides for the development of an Asset
37 Management Manual.

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39 **Objective**

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41 The Asset Management Manual shall serve as a guide or reference by all the DENR
42 field offices in the administration of the Department's assets within their respective areas of
43 jurisdiction. It shall provide a systematic approach for asset management, with the objective
44 of improving the Department's practice of managing the assets within its jurisdiction.
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51 **Scope and Coverage**

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53 The Asset Management Manual covers the following tenurial instruments that have
54 been cancelled or terminated, expiring, and have expired:

- 55 1. Forest Land Use Agreement (FLAg)
56 2. Forest Land Use Agreement for Tourism Purposes (FLAgT)
57 3. Forest Land Grazing Management Agreement (FLGMA)
58 4. Integrated Forest Management Agreement (IFMA)
59 5. Socialized Industrial Forest Management Agreement (SIFMA)
60 6. Special Use Agreement in Protected Areas (SAPA)
61 7. Foreshore Lease Agreement (FLA)
62 8. Miscellaneous Lease Agreement (MLA)
63 9. Mineral Agreement (MA)
64 10. Financial or Technical Assistance Agreement (FTAA)

65 The Manual shall also apply to cancelled or terminated, expiring, and expired leases
66 over patrimonial properties, ~~except those managed by the Land Management Bureau~~
67 ~~(LMB) and other agencies which are governed by special laws.~~ For mining tenements, the
68 procedures under the Mining Act shall apply. However, the process prescribed herein shall be
69 observed for mined out areas within public lands, the control of which was turned over to the
70 DENR.

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72 **II. CREATION OF AN ASSET MANAGEMENT TEAM (AMT)**

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74 An Asset Management Team shall be created at each PENRO/ Implementing
75 PENRO, DENR-National Capital Region (NCR), and the Mines and Geosciences Bureau
76 Regional Office (MGB RO), as the case may be, to ensure proper management and
77 monitoring of assets on the ground. It shall be headed by the Provincial Environment and
78 Natural Resources Officer in the case PENROs, by an Assistant Regional Director (ARD) in
79 the case of DENR-NCR, and by the Regional Director (RD) in the case of MGB ROs, with
80 the members coming from the Technical Sections/Divisions concerned. (Include LMB)

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82 The AMT, which shall be formed through the issuance of a Special Order by the
83 Regional Executive Director (RED), shall have the following functions:

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- 85 1. Inventory and appraisal of all the improvements and possible damages within the
86 area;
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88 2. Initiate takeover of the area/s and improvements by putting up signages that it is a
89 DENR property, and conducting related activities in order to secure the area;
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91 3. Conduct of comprehensive assessment to determine the best land use of the area
92 covered by expiring tenurial instruments that will no longer be renewed;
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94 4. Preparation and implementation of a protection and management plan while the
95 area is not yet covered by a tenurial instrument; and
96
97 5. Submission of report and recommendation regarding the best land use of the area
98 and the improvements therein. In case of protected areas, the AMT shall ensure

99 that prior coordination and consultation is undertaken with the Protected Area
100 Management Board (PAMB) concerned relative to the appropriate land use and
101 improvements therein.

102
103 The AMT shall constitute members with competence on the following:

- 104 a. Forestry tenure;
- 105 b. Coastal and marine management;
- 106 c. Enforcement of ENR laws and policies;
- 107 d. Land management ;
- 108 e. Mining tenure; and
- 109 f. Valuation/Asset management

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112 As an approach to project management, the AMT shall have the option to hire the
113 services of personnel who have the expertise/skills on asset management. The funding for the
114 hiring shall be sourced from the regular funds of the office concerned.

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116 For the AMT is an adhoc team created specific for each particular subject tenure. The
117 existence of which starts from the time the notice to vacate shall be used for the expiring. For
118 the cancelled and terminating, right after the finality the order of cancellation and
119 termination. For the expired, immediately upon the issuance of the order of inspection,
120 inventory and assessment the AMT shall be created.

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122 **III. INVENTORY OF ALL CANCELLED/TERMINATED, EXPIRING, AND**
123 **EXPIRED TENURIAL INSTRUMENTS**

- 124
125 1. The implementing unit/office shall come up with an annual inventory/list of all
126 cancelled/terminated expiring, and expired tenurial instruments within their areas
127 of jurisdiction, and submit the list, together with a status report to the
128 PENRO/Regional Office, as the case may be. The template for the inventory/list is
129 attached as **Annex A**. For lands and forestry tenures, the responsibility shall be
130 with the Regional and Permitting Section (RPS) of the CENRO, Implementing
131 PENRO and the PENRO, and the Licenses, Patents and Deeds Division (LPDD)
132 of the DENR-National Capital Region (NCR). In the case of protected areas (PAs)
133 under the NIPAS, the function rests with the Conservation and Development
134 Section (CDS) of the PENRO, in coordination with the Protected Area
135 Management Board (PAMB) through the Protected Area Management Office
136 (PAMO). Moreover, the MGB RO shall be responsible for mining tenements.
- 137
138 2. The PENRO shall consolidate all the information/data and submit the list and
139 status report to the Regional Office concerned.
- 140
141 3. The Regional Office shall collate all the information/status of tenurial instruments
142 and forward the same to the Bureaus concerned, and to the Knowledge and
143 Information Systems Service (KISS) at the Central Office for integration in a
144 database. In the case of DENR-NCR, a similar inventory shall be conducted by
145 the LPDD, with the data submitted to the Bureaus concerned and to the KISS.

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149 **IV. MAINTENANCE OF ENR TENURE REGISTRY**

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151 A. Level of Registry Maintenance

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153 A registry of cancelled/terminated, expiring, and expired tenurial instruments shall
154 be established at the PENRO/Implementing PENRO by the RPS, at the Regional
155 Office by the LPDD, Bureaus, and at the Central Office by the KISS based on the
156 inventory/list submitted by the implementing unit/office.

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158 B. Elements of the Registry

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160 The registry shall contain the following information: type of tenurial instrument,
161 tenure identification, name of the tenurial instrument holder, location, area/size,
162 date of award of the tenurial instrument date of expiration of the tenurial
163 instrument, annual rental/ development fee and status/remarks/documentation of
164 the process involved in the determination and delineation of the areas, and, if
165 available, the zonal value of the land. The registry shall be made available through
166 the DENR websites, public notices at the DENR Regional Offices,
167 PENROs/Implementing PENROs, City, Municipal, Barangay Offices and other
168 National Government Agencies concerned. The template of the registry is
169 attached as **Annex B**.

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171 C. Updating of the Registry

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173 The registry shall be updated by the offices concerned annually, depending on the
174 inventory/list submitted by the implementing unit/office.

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176 **V. PRE-TAKEOVER PROCEDURES**

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178 **Expiring Tenurial Instruments**

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180 1. For at least one (1) year prior to the expiration, the office concerned shall inform
181 the tenurial instrument holder of the expiration of the tenurial instrument.
182 Subsequently, the holder shall file their intention to terminate or renew their
183 tenurial instrument with the DENR within the same period, but not later than six
184 (6) months prior to the expiration period.

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186 2. The expiring tenurial instruments shall be categorized according to those that are
187 for renewal and for non-renewal.

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189 a. For tenurial instruments that are for renewal, a performance evaluation shall
190 be conducted by the office concerned at least six (6) months prior to
191 expiration, which shall be used as basis of further action.

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193 b. For tenurial instruments that will no longer be renewed, a notice shall be
194 issued by the PENRO/Implementing PENRO, RED in the case of DENR-
195 NCR, and Regional Director in the case of the MGB RO, as the case may be,
196 to the tenurial instrument holder to vacate the area upon expiration. The
197 template for the Notice to Vacate is attached as **Annex C**.

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- 199 3. Within a period of three (3) months prior to expiration, a Notice of Inspection
200 (**Annex D**) shall be issued by the official concerned to the AMT to conduct an
201 inventory of all the improvements introduced and the state/condition of the subject
202 improvement. The Report on the conduct of inventory (**Annex E**) shall contain the
203 description and general condition(physical and socioeconomic) of the area,
204 inventory of the assets, assessment, and recommendation and shall be duly
205 acknowledged by the tenorial instrument holder or his/her authorized
206 representative. Geotagged photos of the area and improvements shall be attached
207 as supporting documents to the Report.
208

209 For areas that are not subject to renewal of the tenorial instrument, opening up of
210 the same for new application/s shall be initiated prior to the date of expiration, if
211 the AMT so recommends. Otherwise, the jurisdiction over the improvement/s
212 shall be turned over to the DENR office concerned after the expiration of the
213 tenorial instrument.
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215 **Cancelled / Terminated Tenorial Instruments**

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- 217 1. Upon determination of the cause for cancellation or termination and application of
218 due process, a notice shall be issued by the office concerned to the tenorial
219 instrument holder to vacate the area within seven (7) days from the finality of the
220 Order of Cancellation (refer to Annex C for the Notice to Vacate).
221
- 222 2. After the issuance of the Order of Cancellation, a Notice of Inspection (refer to
223 Annex D) shall be issued by the official concerned to the AMT to conduct an
224 inventory of all the improvements introduced and the state/condition of the subject
225 improvement, as well as to initiate forfeiture procedures.
226
- 227 3. The AMT shall also conduct comprehensive assessment to determine the best land
228 use of the area. The Report on the conduct of inventory (refer to Annex E) shall
229 contain the description of the area, inventory of the assets, assessment, and
230 recommendation and shall be duly acknowledged by the tenorial instrument
231 holder or his/her authorized representative. Geotagged photos of the area and
232 improvements shall be attached as supporting documents to the Report. The AMT
233 may consult stakeholders such as local government units (LGUs), non-
234 government organizations (NGOs), other government offices, academe, private
235 sector, and the like in the development of the area. (Insert timeframe)
236

237 In case of rehabilitation of SAPA areas, the PAMB shall attest to the satisfactory
238 rehabilitation of the area according to the zone's objectives of the management
239 plan. In cases where the tenorial instrument holder has unsettled accounts, all
240 assets equivalent to the amount due, including performance bond, if any, or
241 plantations established shall be forfeited in favor of the Government.
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243 **Expired Tenorial Instruments**

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- 245 1. Upon identification by the implementing unit/office of expired tenorial
246 instruments, a Notice of Inspection (refer to Annex D) shall be issued by the
247 official concerned to the AMT to conduct an inventory of all the improvements
248 introduced and the state/condition of the subject improvement. The Report on the

249 conduct of inventory (refer to Annex E) shall contain the description of the area,
250 inventory of the assets, assessment, and recommendation and shall be duly
251 acknowledged by the tenurial instrument holder or his/her authorized
252 representative, if possible. Geotagged photos of the area and improvements shall
253 be attached as supporting documents to the Report. (add issuance of notice to
254 vacate)

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256 2. The AMT shall secure the area covered, prepare and implement a protection and
257 management plan, and conduct a comprehensive assessment to determine the best
258 land use thereof. Only the immovable/permanent properties shall be subject to
259 take-over by the DENR office concerned. The AMT may consult stakeholders
260 such as the LGUs, NGOs, other government offices, academe, private sector, and
261 the like in the development of the area.

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263 In case of rehabilitation of SAPA areas, the PAMB shall attest to the satisfactory
264 rehabilitation of the area according to the zones objectives of the management
265 plan. For forestry tenured areas, the tenurial instrument holder shall be required to
266 submit a plan for the utilization of planted trees and similar products reaching
267 harvestable age, and no further activities other than harvesting shall be allowed.

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269 **VI. SYSTEM OF VALUATION**

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271 **Lands**

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273 For alienable and disposable lands covered with cancelled or terminated, expiring, or
274 expired Foreshore Lease Agreement, or patrimonial properties covered with leases, only the
275 infrastructures and other improvements will be subject to valuation. Meanwhile, the appraisal
276 or re-appraisal of public lands and other patrimonial properties of the government shall be in
277 accordance with DENR Administrative Order (DAO) No. 1998-20 issued on May 20, 1998
278 entitled "Revised Rules and Regulations on the Conduct of Appraisal of Public Lands and
279 Other Patrimonial Properties of the Government," and DAO No. 2010-26 dated October 13,
280 2010 which amends paragraphs 2 and 3, Section 3 of DAO 98-20, to wit:

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282 *"3. Manner of Conducting the Appraisal x xx ...*

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284 *Subject to the limitations that may be imposed under pertinent laws,*
285 *proclamation or any other presidential issuances, the appraised or*
286 *reappraised value of properties classified as residential or agricultural shall*
287 *not be less than the average of the current zonal and assessed value thereof. If*
288 *the property is classified as commercial or industrial, the appraised or*
289 *reappraised value shall not be less than the zonal value or market value*
290 *thereof whichever is higher.*

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292 *If the property has not yet been declared for taxation purposes or its*
293 *market value is not available, the market value of other properties located in*
294 *the area or adjacent barangay/municipality/city which is of similar character*
295 *with that of the property being appraised of shall be used. If the zonal value is*
296 *not available, the zonal value of properties of similar character in the area or*
297 *adjacent barangay/municipality/city shall be used."*

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The valuation of improvements shall be based on the Philippine Valuation Standards (2nd Edition) issued by the Department of Finance – Bureau of Local Government Finance (DOF-BLGF), attached as **Annex F**.

Forestry

For areas covered with cancelled or terminated, expiring, or expired forestry tenurial instruments, only the trees, infrastructures and other improvements shall be subject to valuation. The valuation of these improvements shall be based on (FOR CONSULTATION WITH FMB)

Mines

For areas covered with cancelled or terminated, expiring, or expired mining tenements (FOR CONSULTATION WITH MGB)

Protected Areas

For areas covered with cancelled or terminated, expiring, or expired SAPA, only the infrastructures and other improvements shall be subject to valuation using (FOR CONSULTATION WITH BMB)

VII. MANAGEMENT OF REPOSSESSED ASSETS AND IMPROVEMENTS

1. On the date of expiration of the tenurial instrument or upon the finality of the Order of Cancellation in the case of cancelled or terminated tenurial instruments, formal takeover activities shall be initiated by the AMT. It shall institute measures to secure the area, such as putting up of signages to inform the public that the same is a property of the DENR, conduct of patrolling activities to monitor the area, and the like.
2. The AMT shall formulate recommendations regarding the best use and modality of taking over the area, such as, but not limited to:
 - a. Opening up of the area for potential investment;
 - b. Subjecting the forestland under the Forest Protection Program or the protected area under a conservation and protection program;
 - c. In case the recommendation is the reversion of the area to its former status, the jurisdiction thereof shall be turned over to the DENR office concerned for forward action.

The actual, formal turnover of jurisdiction to the successor tenurial instrument holder or to the appropriate unit/office of the Department shall mean that the turnover will trigger the dissolution of the area.

348 **VIII. TENURED AREAS ISSUED WITH CERTIFICATES OF**
349 **ANCESTRAL DOMAIN TITLE**

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351 No inventory or further assessment shall be conducted by the AMT for areas covered
352 with expiring tenurial instruments that are no longer for renewal and that have been issued
353 with Certificate of Ancestral Domain Title (CADT) duly registered with the Register of
354 Deeds (RoD).

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