

DENR Memorandum Circular

No. 24

July 13, 1994

**SUBJECT : Implementing Guidelines for the Conversion of
Timber License Agreements (TLAs) to Industrial
Forest Management Agreements (IFMAs).**

Pursuant to the provisions of DENR Administrative Order Nos. 60, Series of 1993 and 15, Series of 1994 which provide for conversion of Timber License Agreements (TLAs) to Industrial Forest Management Agreements (IFMAs), the following implementing guidelines are issued for the information and compliance of all concerned.

Sec. 1 Areas That May be Converted. The area of TLA that may be converted to IFMA are the following:

- 1.1 Open and Denuded areas;
- 1.2 Brushland areas;
- 1.3 Adequately Stocked Logged-Over areas (ASLO);
- 1.4 Inadequately Stocked Logged-Over areas (ISLO);
- 1.5 Existing Reforestation Areas of the TLA; and
- 1.6 Existing Plantation of the TLA in compliance with its terms and conditions.

Sec. 2 Size of the Area. The maximum area that may be converted to IFMA shall not exceed the total area currently covered by the TLA. The concerned RED may, however, prescribed reductions in the area to take into account the protection forest as defined in section 3.9 of DAO No. 60, Series of 1993, community claims including but not limited to claims for certification of ancestral land and ancestral domain as provided for in DAO No. 02, Series of 1993.

Sec. 3 Who May Apply. The following may apply for conversion to IFMA:

- 3.1 All current TLA Holders who are in good standing;
- 3.2 All expired TLA holders who filed their application or letter of intent prior to the expiration of their TLA and after the effectivity of DAO No. 60, Series of 1993. Areas of expired TLAs which did not file an application prior to the expiration of their license may be disposed thru competitive bidding pursuant to existing regulations on the matter; and
- 3.3 All existing TLA Holders whose areas are covered by a logging ban and/or logging moratorium may apply for conversion to IFMA I. However, once the ban and/or moratorium is lifted they can apply for conversion to IFMA II.

Sec. 4 Application Requirements. In addition to the requirements as listed under Section 16 of DAO No. 60, Series of 1993, the following must also be submitted by the applicants;

- 4.1 Aerial Photography as prescribed in DAO No. 17 (Series of 1992) for the entire TLA area or other cost effective methodology that will show current conditions of the forest;
- 4.2 An Area Map of scale not less than 1:50,000 showing the current TLA boundaries and the boundaries of Old Growth Forest, Blocks I to VI Residual Production Forest, Degraded Forest, Open and Denuded areas and Brushland areas, kaingin, etc.
- 4.3 Timber Inventory Results as prescribed in DAO No. 24, Series of 1991 for the entire TLA area. The inventory already completed for Block I to determine the current AAC shall be sufficient for Block I, but results of a five percent (5%) inventory for Blocks II to VI must also be submitted. This undertaking should be conducted by REGISTERED FORESTERS and all expenses to be incurred shall be shouldered by the applicant. The results should be under oath and shall include the following:

- a) individual plot tally sheets clearly labelled as to strip line number and numbers of plots along each strip line;
 - b) block map showing the location of all strip lines and the position of each plot along each strip line; and
 - c) summary of stand and stock tables for each of Blocks I - VI.
- 4.4 Census of Forest Occupants residing within the TLA area broken down by statutory and/or locally recognized community (Municipality/Barangay/Sitio) and, where Indigenous Cultural Communities are involved, a list of the names of the recognized traditional community leaders (datus).
- 4.5 Articles of Incorporation and By-Laws of the corporation holding the TLA, including a list of the present Officers and Stockholders;
- 4.6 Audited Financial Statements of the corporation for the preceding two (2) years.
- 4.7 Receipt of Income Tax Payments of the corporation for the preceding two (2) years;

The Secretary, upon the recommendation of the Director, Forest Management Bureau (FMB) may waive the immediate submission of some requirement(s) needed in the approval of the application. However, no cutting operation shall be allowed unless the 5% Timber Inventory together with the other waived requirement(s) have been submitted and the final AAC has been computed.

Sec. 5 Processing of Application

- 5.1 In the Regional Office - The application shall be filed at the regional offices where the application shall be evaluated/reviewed as to completeness of requirements including status of the TLA and qualifications of the applicants. Thereafter, the RED shall, in coordination with the concerned PENRO and CENRO carry out the following:

- 5.1.1 Public Notification. The RED shall issue a public notice to ensure that communities dependent on the TLA area and other interested members of the public in the province concerned are fully informed of the proposed conversion and have the opportunity to register objections to the conversion. The notice shall be posted at the PENR and CENR Offices concerned as well as all concerned municipal and barangay halls. It shall also be broadcasted at least twice a week for two consecutive weeks on a local radio station widely received in the area.
- 5.1.2 Contents of Notice. The written notice shall be both in English and the dialect in common used in the region and shall include:
- a) Name, Address (Office and Residence) and other personal circumstances of the applicant;
 - b) A sketch map of the area showing the TLA boundaries and the relative locations of generally recognized communities (barangays, sitios) as well as municipal boundaries;
 - c) The objectives of IFMA as a land management instrument and the difference between IFMA and TLA;
 - d) The rights and responsibilities of IFMA Holders;
 - e) The rights and responsibilities of individuals and communities dependent on IFMA Areas; and
 - f) A provision for individuals or communities to submit objections with respect to the proposed IFMA Area or portions of it within thirty (30) days from the last publication of the notice.

- 5.1.3 Action on Objections. Within thirty (30) days of the last publication of the notice of application for conversion, the RED shall meet with all individuals or representatives of communities who have submitted their objections. On the basis of these meetings, the RED may modify the boundaries of the proposed IFMA area or prescribe special conditions to be included in an IFMA covering the area. In cases where the objections arise from claims in respect of Ancestral Domain or Ancestral Land, the RED shall initiate procedures to check on the validity of the claims and thereafter verify such claims in accordance with DAO No. 02 (Series of 1993). The RED shall notify in writing the concerned individuals the action to be taken with regard to the conversion within one (1) week after meeting with them.
 - 5.1.4 Recommendation. On the basis of the review of all application requirements submitted and consultation with communities and other groups, the RED shall forward the application with all the necessary documents together with his recommendations, giving reasons, for conversion to IFMA or continuation of the TLA covering the area.
- 5.2 In the Central Office - The application is evaluated by the IFMA Screening and Award Committee (IFSAC) pursuant to DAO No. 60, Series of 1993 taking into consideration the following:
- 5.2.1 Aerial photo-interpretation and Forest Cover Typing
 - 5.2.2 Community Positions and Claims for Ancestral Land and Ancestral Domain
 - 5.2.3 Inclusion of Protection Forest Areas in the IFMA area, if any.
 - 5.2.4 Environmental Assessment of the impacts of activities under an IFMA, including the proposed level of continued timber harvesting in the area,
 - 5.2.5 Other consideration that may be deemed necessary.

5.2.6 Secretary's Decision. Based on the IFSAC's recommendation, the Secretary shall decide on the conversion and notify the applicant in writing of his decision within five (5) working days from his receipt of the recommendation. If conversion is approved, the notification shall include specification of any conditions pertaining to exercise of the IFMA that are not stated in the standard IFMA form, including the performance bond ceiling which shall be the basis for negotiation of the final value of the Performance Bond.

5.3 Performance Bond for TLAs Converted into IFMA. As an incentive for good performance as TLA holder, the floor price of performance bond as provided in DAO No. 60, Series of 1993 shall be the ceiling price for the negotiated bidding. Performance bond shall be calculated using the formula as provided in Section 14.2 of DAO No. 60, Series of 1993.

5.3.1 Negotiation of Performance Bond. Negotiation of the final value of the Performance Bond shall be conducted within thirty (30) days from issuance of the Secretary's notification to the TLA holder of approval for conversion. The DENR shall be represented at the negotiations by the IFSAC which shall in all cases include a representative of the Commission on Audit as an observer. Within fifteen (15) days after the approval of the negotiated value of the performance bond, the applicant shall post the herein required Performance Bond and comply with any other relevant conditions. Failure to do so shall cause the denial of the application.

5.3.2 Bond Document. The Performance Bond document shall be in the form specified in Annex "C" of DAO No. 60, Series of 1993.

Sec. 6 Preparation and Issuance of IFMA. An IFMA, together with the final map of the area shall be prepared in the standard form shown in Annex "F" of DAO No. 60, Series of 1993 with modifications pertaining to other conditions as appropriate and executed by the Secretary and the applicant's duly

authorized officer. IFMA may be issued upon compliance with the requirements set forth herein.

Sec. 7 Requirements Upon Approval of TLA Conversion. In exercising the IFMA, the IFMA Holder shall comply with all conditions set out in DAO No. 60 (Series of 1993) and DAO 15, (Series of 1994) and in the IFMA documents, including submission of a 25-year Comprehensive Development and Management Plan.

Sec. 8 Authority to Issue Additional Guidelines. The Undersecretary for Natural Resources Management is hereby authorized to issue any clarificatory guidelines for the effective implementation of this Memorandum Circular.

Sec. 9 Effectivity. This Circular shall take effect immediately.

ANGEL C. ALCALA
Secretary