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MAR 16 2021

**DENR Administrative Order**  
No. 2021- 04

**SUBJECT : GUIDELINES IN THE IMPLEMENTATION OF THE FORESTRY INVESTMENT PORTFOLIO APPROACH (FIPA)**

Pursuant to Presidential Decree No. 705, as amended, (Revised Forestry Code of the Philippines)", Executive Order No. 318 (Promoting Sustainable Forest Management in the Philippines), and Republic Act No. 11032, Ease Of Doing Business and Efficient Government Service Delivery Act of 2018 and to provide the basic procedures and requirements in the implementation of the Forestry Investment Portfolio Approach (FIPA) that would encourage investments towards the attainment of sustainable forest management, the following guidelines is hereby adopted.

### **Section 1. Basic Policy**

It is the policy of the State to sustainably manage, develop, protect and conserve the country's forest lands and forest resources and provide a favorable and stable investment environment that shall promote the development of efficient, globally-competitive, climate-resilient and environment-friendly forest-based industries to boost inclusive growth and rural development. It shall likewise pursue equal opportunities for women and men in sustainable forest management.

### **Sec. 2. Objectives**

The general objective of this Order is to operationalize the Forestry Investment Portfolio Approach in the development of forestry related projects that encourage private sector investments in forestry.

It has the following specific objectives:

- a. To develop and make available to qualified investors forest investment portfolio package for forest and forest-based investment opportunities;
- b. To facilitate an efficient process of securing tenure instruments and its documentary requirements;
- c. To provide necessary technical assistance;
- d. To ensure that forestry projects are in accordance with the National and Local priority plans; and
- e. To establish and strengthen linkages with the women and men from the private sector, other government agencies and other stakeholders to explore investment, potential financing windows, product promotion and marketing to encourage them to engage in forest and forest-based industry.

### **Sec. 3. Definition of Terms**

The following terms as used in these guidelines shall be defined as follows:

- a. *Cattle Grazing* – refers to an activity for raising cattle in a potential area for commercial purposes.

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- b. *Economic Analysis* – is a systematic approach to determine the optimum use of scarce resources, involving comparison of two or more alternatives in achieving a specific objective under the given assumptions and constraints.
- c. *Ecotourism* – is a form of tourism within a natural and cultural heritage area where community participation, protection and management of natural resources, culture and indigenous knowledge and practices, environment education and ethics, as well as economics are fostered and pursued for the enrichment of host communities and satisfaction of visitors.
- d. *Feasibility Study* – refers to an analysis and evaluation of a proposed project to determine if it (1) is technically feasible, (2) is feasible within the estimated cost, and (3) is profitable.
- e. *Financial Analysis* – assessment of the effectiveness with which funds (investment and debt) are employed in the firm, efficiency and profitability of its operations, and value and safety of debtor's claims against the firm's assets.
- f. *Forest* – land with an area of more than 0.5 hectare and tree crown cover (or equivalent stocking level) of more than 10%. The trees should be able to reach a minimum height of 5 meters at maturity in situ. It consists either of closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground or open formations with a continuous vegetation cover in which tree crown cover exceeds 10%. Young natural stands and all plantations established for forestry purposes, which have yet to reach a crown density of more than 10% or tree height of 5 meters are included under forest.
- g. *Forestlands* - include public forest, permanent forest or forest reserves, forest reservations, and unclassified public lands.
- h. *Forestry Investment Portfolio Package* – refers to a package consists of investment development plan with necessary documentary requirements in the issuance of tenure instrument and draft appropriate tenure instrument.
- i. *Forestry Investment Development Plan* – is an individual plan of forestry investment project for best potential use of an area such as forest plantation, cattle grazing, eco-tourism outside NIPAS areas, other ecosystem services, and among others. It is a written document describing the nature of the business, the sales and marketing strategy, schedule of return of investment, internal rate of return, initial investment requirement, and the financial background, including the projected profit and loss statement.
- j. *Forest Land Use Plan (FLUP)* – is a document developed through iterative, accountable and participatory process to ensure sustainable management of forests and forestlands providing environmental, social and economic benefits to society.
- k. *Forest-based Industry* – is an economic activity concerned with the processing of raw materials and manufacture of goods using forest resources.
- l. *Forest Tenure Instrument*– the tenure instrument issued by the government to allocate public forests and forest lands to interested individuals, organization or entities and put these areas into effective and responsible onsite management.
- m. *Forestry Investment Portfolio Approach (FIPA)* – refers to the strategy in the development of investment portfolio packages (plans) on potential forestry

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business to facilitate and encourage development capital in forestry in the form of investment by women and men from the private sector.

- n. *Forest plantation*– refers to a stand composed primarily of timber, non-timber, fuelwood/biomass and high value crops established by planting or artificial seeding.
- o. *High Value Crops* – refer to coffee, cacao and rubber that have competitive returns on investment and characterized by defined regular or potential domestic and/or export markets, command high prices, with value added or are good foreign exchange earners.
- p. *Other Ecosystem Services* – refer to forest functions such as but not limited to protection and regulation of water supply, conservation of biodiversity, and protection for soil erosion.
- q. *Production Forests* – forest lands that are open for forestry investment (round wood, fuelwood, biomass, HVC, grazing and ecotourism outside NIPAS areas). Forest lands available for timber and agroforestry production, range lands for grazing, and other forest lands special uses.

#### **Sec. 4. Scope and Coverage**

This Order shall cover untenured production forest lands with Forest Land Use Plan (FLUP). This shall offer an investment Forestry Investment Portfolio Package which shall include the forestry investment development plan, all documentary requirements, (e.g. CNO, CNC, LGU endorsement, and others) and draft (appropriate) forest tenure instrument.

#### **Sec. 5. Potential Forestry Investment Projects**

Potential investment areas that can be explored and implemented include but not limited to the following:

- a. Forest plantations (Timber, Non-timber, Fuelwood/Biomass, High Value Crops);
- b. Cattle Grazing;
- c. Ecotourism outside NIPAS areas; and
- d. Projects dependent on/providing other forest ecosystem services.

A combination of any of these potential investment areas may be allowed depending on the bio-physical characteristics of the area and appropriate land uses described in the investment plan.

For those projects located in E-NIPAS areas particularly in Multiple-Use Zones and those not included in the potential investment categories mentioned above shall be governed by the existing rules and regulations including PAMB endorsements.

#### **Sec. 6. Creation of Forestry Investment Review Committee (FIRC) and Technical Working Group (TWG) for the Forestry Investment Portfolio Package Preparation**

A Forestry Investment Review Committee (FIRC) shall be created at the Regional Office to oversee Forestry Investment Portfolio Package preparation, review and recommend its approval to the RED. It shall be composed of the following:

- a. Assistant Regional Director (ARD) for Technical Services as Chairperson;

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- b. ARD for Management Services as Vice Chairperson;

Members:

- c. Chief/Representative, Licenses, Patents, and Deeds Division;
- d. Chief/Representative, Planning and Management Division;
- e. Chief/Representative, Finance Division;
- f. Chief/Representative, Surveys and Mapping Division;
- g. Chief/Representative, Conservation Development Division;
- h. Concerned Provincial Environment and Natural Resources Officer (PENRO);
- i. Concerned Community Environment and Natural Resources Officer (CENRO);
- j. Representative, Mines and Geosciences Bureau (MGB); and
- k. Representative, Environmental Management Bureau (EMB).

Representative(s) from the Local Government Units, other government agencies and other stakeholders concerned shall be invited for consultation.

The FIRC shall create a Secretariat to serve as technical support and assist them in the proper coordination and documentation of FIPA activities.

A FIPA Technical Working Group (FIPATWG) shall be created and composed of the following members:

- a. PENRO Chief, Technical Services Division as Chairperson where the project is located;
- b. PENRO Chief Management Services Division;
- c. Representative, PENRO Planning Section;
- d. Representative, PENRO/CENRO Conservation and Development Section;
- e. Representative, PENRO/CENRO Regulation and Permitting Section;
- f. Representative, PENRO/CENRO Monitoring and Enforcement Section; and
- g. Representative, CENRO Planning and Support Unit.

The Chairperson may appoint additional members depending on their expertise and involvement, and may also invite other experts from other concerned offices/agencies as resource person/s.

The FIPA TWG has the following primary functions:

- a. Identify and assess potential investment areas;
- b. Prepare Forestry Investment Development Plan of potential areas;
- c. Endorse the Forestry Investment Development Plan to the FIRC for vetting;
- d. Secure necessary clearances and endorsement;
- e. Prepare Forestry Investment Portfolio Package;
- f. Endorse the Forestry Investment Portfolio Package to the FIRC for review and approval;
- g. Regular monitoring of project implementation; and
- h. All other tasks necessary to carry out its primary functions.

## Sec. 7. Procedures

The following procedures shall be observed in the implementation of the Forestry Investment Portfolio Approach:

### 7.1. Assessment Phase

During this phase, the FIPATWG shall conduct the following:

- 7.1.1. Identify an area of forestland with potential for investment based on the FLUP and other local development plans of the LGU concerned;

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- 7.1.2. Conduct Survey, Mapping, Assessment and Planning (SMAP) of the identified area for forest investment in coordination with the stakeholders to determine the availability and suitability of the identified area for the investment project;
- 7.1.3. Identify potential projects (e.g. forest plantations, cattle grazing, ecotourism outside NIPAS areas, other ecosystem services, among others) and possible forest tenure instrument to be issued for purposes of forestry investment;
- 7.1.4. Conduct a feasibility study which is a preliminary assessment of project viability for financial and economic analysis, and technical, social and institutional aspects of the project;
- 7.1.5. Compare and choose the best investment or combination of investments for the area to be approved by the RED as endorsed by the PENRO.

## **7.2. Securing of Documentary Requirements Phase**

The FIPATWG shall secure necessary clearances, and other requirements in the Forestry Investment Portfolio Package from the concerned government agencies/offices:

- a. Endorsement from the LGU concerned
- b. Certificate of Non-Overlap (CNO) from the National Commission on Indigenous Peoples (NCIP)
- c. Certificate of Non-Coverage (CNC) from the Environmental Management Bureau (EMB)
- d. Strategic Environmental Plan (SEP) Clearance from the Palawan Council for Sustainable Development (PCSD), in case the area is in Palawan

For investment areas needing Environmental Compliance Certificate (ECC) and/or Free and Prior Informed Consent (FPIC) or Certification Pre-condition (CP), the proponent shall secure the ECC, FPIC, or CP. The DENR shall provide technical assistance, as necessary.

## **7.3. Formulation Phase**

Formulate the Forestry Investment Development Plan based on the data gathered and recommendations from the assessment phase. The Plan should be consistent with existing national and local development and management plans.

## **7.4. Packaging Phase**

Package the Forestry Investment Portfolio which shall include the forestry investment development plan, all documentary requirements, (e.g. CNO, CNC, LGU endorsement and others) and draft (appropriate) forest tenure instrument.

If project activity needs Certificate Pre-condition from the NCIP, and Environmental Compliance Certificate (ECC) from the EMB, the proponent shall secure such requirements once the tenure instrument is approved and awarded to the proponent.

## **Sec. 8. Review and Approval of Forestry Investment Portfolio Package**

Upon completion, the Forest Investment Portfolio Package shall be forwarded to

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the FIRC for review and endorsement to the Regional Executive Director for approval. The RED shall provide clearance/approval before bidding of the investment package by the Regional Office.

### **Sec. 9. Bidding and Awarding of the Approved Forestry Investment Portfolio Package**

The FIPA Package shall be offered to interested and qualified parties through public bidding. A bid/floor price shall be based on the actual costs incurred in the development of the package. The package shall be awarded to the winning bidder. In this case, the winning bidder shall be the one who offers the highest bid.

#### 9.1. Registry of Investment Areas

A registry of areas shall be established by DENR RENRO, PENRO and CENRO. It shall include the FIPA package documents. The registry shall be made available through the DENR website, public notices posted at the DENR Regional, PENR and CENR Offices and at the Provincial, City, Municipal and Barangay Offices concerned.

#### 9.2. Creation of Screening and Awards Committee

The Regional Executive Director (RED) shall create a FIPA Screening and Awards Committee (FIPASAC) which shall be primarily responsible for the proper receipt, recording, safekeeping and evaluation of prequalification and bid financial proposals pertaining to the potential FIPA packages. It shall also be responsible for the conduct of bidding and in recommending the award of the FIPA package.

The members of the FIPASAC shall be designated by the RED and shall be composed of the Assistant Regional Director for Management Services (as Chairperson, the Legal Officer and three (3) representatives from the technical forestry group with rank not lower than a Division Chief, or its equivalent as members and the Commission on Audit representative as observer.

The FIPASAC shall create a Secretariat to serve as technical support and assist them in the proper receipt and documentation of the bidding process.

#### 9.3. Bidding Procedures

##### 9.3.1. Qualified Applicants

- a. A Filipino citizen of legal age
- b. An association, corporation, cooperative or partnership or a juridical person, at least 60% of the capital of which by Filipino citizens, whether public or private, duly created and/or registered under Philippine laws, which is financially capable, or has the capability to mobilize finances, to develop the area applied for FIPA.

##### 9.3.2. Invitation to Pre-qualify to Bid

Prospective bidders over available areas for FIPA shall be invited to pre-qualify to bid over the area through public announcement by way of public invitation, weekly publication in at least two (2) newspapers (one for general circulation and the other for local circulation) for two (2)

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consecutive weeks and DENR website. Copy of the Notice shall be posted at the DENR Regional, Provincial and Community Offices concerned.

### 9.3.3. Submission of Documents/Pre-qualification Requirements

All requirements shall be submitted in five (5) copies together with prequalification documents in sealed envelopes at the DENR Regional Office concerned not later than the time and date specified in the invitation to prequalify.

#### Pre-Qualification Requirements:

- a. Registration Certificate from SEC, DTI for sole proprietorship, CDA for cooperatives;
- b. Mayor's Business permit;
- c. Audited Financial Statement stamped received by the BIR with comparative analysis for the last five (5) years;
- d. Tax clearance certificate;
- e. List of similar projects conducted for the last five (5) years; and
- f. The company has been existing for the past five (5) years.

### 9.3.4. Bidding Fee

The Cost of Bidding Documents shall correspond to the approved and affirmed cost of Forest investment Portfolio Package range as indicated in the table below:

Approved and affirmed cost of Forest Investment Portfolio Package	Maximum Cost of Bidding Documents (in Philippine peso)
500,000 and below	500.00
More than 500,000 up to 1 million	1,000.00
More than 1 million up to 5 million	5,000.00
More than 5million up to 10 million	10,000.00
More than 10 million up to 50 million	25,000.00
More than 50 million upt to 500 million	50,000.00
More than 500 million	75,000.00

### 9.3.5. Evaluation of Prequalification Requirements

The FIPASAC shall, upon receipt of a prospective bidder's application documents and supporting papers, immediately number the pages of the submitted documents and record the same and the date and time of receipt, including the number of pages. The FIPASAC shall, within 10 working days from deadline for submission of prequalification applications, evaluate the documents taking into account the completeness of requirements.

The prospective bidder should show proof of : 1) available capital to undertake developmental activities provided in the Forestry Investment Development Plan. This shall be supplemented by proofs of: 2) available credit line together with the 3) certificate of undertaking stating among others that the said amount shall be used only in the development of the subject area.

### 9.3.6. Action on Application Documents

If, upon evaluation the prospective bidder meets all the requirements, the

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application for prequalification shall be stamped "PREQUALIFIED". Subsequently, the FIPASAC shall inform the concerned parties within five (5) days after approval by the RED that they have been prequalified and be required to submit their financial bid proposal and through a resolution are willing to pay bidding fee, on the date and place specified therein.

On the other hand, applications of prospective bidders who do not meet the requirements shall be stamped "DISQUALIFIED". Applicants shall be informed in writing within five (5) days that they have been disqualified, stating the grounds for disqualification.

#### 9.3.7. Receiving and Opening Bids

The Bid containing the Financial proposal in a sealed envelope shall be submitted to the FIPASAC within the specified period and shall be stamped by the record officer of the Secretariat indicating the date and time of receipt thereof. All bids must be accompanied by Bidder's Bond of not less than Two Hundred Pesos (Php 200) per hectare, in cash or surety bond from a reputable bonding company.

The Chairperson shall open the sealed bids publicly at the place, time and date stated in the notice which shall be attended by bidders or their duly authorized representatives. Every page of the bid proposal shall be numbered consecutively and initialed by the FIPASAC members.

#### 9.3.8. Basis of Award

The area subject of bid shall be awarded to one who has the highest bid offer. *Provided*, that if there are two or more equal bids, another sealed bidding shall be conducted between and among those who submitted equal bids.

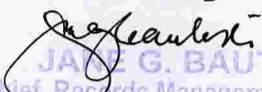
#### 9.3.9. Decision of Award

The RED, based on the review of the evaluation report of FIPASAC, shall render his decision within 10 days from receipt of the recommendation through a resolution, as to whom the FIPA area shall be awarded, and for which a Notice of Award shall be issued; *Provided*, that should the awardee refuse or fail to comply with the requirements called for in the Notice of Award within the period prescribed therein, the award shall be nullified and the Bidder's bond submitted shall be forfeited in favor of the Government. *Provided further*, that in such an eventually, the second highest complying bidder shall be considered provided that his offer is at least 75% of the highest bidder offer. *Provided furthermore*, that these rules shall apply to the third highest bidder in case of refusal on the part of the second highest bidder, and so on.

In case the second highest bidder is less than 75% of the highest bidder and is not willing to undertake the project with the said amount including the other bidders, the FIPASAC shall declare a failure of bidding through a Resolution approved by the RED and recommend for a re-posting of the project. In the event of two (2) failed biddings, the FIPASAC can now enter into a negotiated bidding.

The Notice of Award shall be given to the winning bidder within three (3) working days from the date signed by the RED. Likewise, the losing bidder(s) shall be informed accordingly within the same period

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## **Sec. 10. Approval of Forest Tenure Instrument**

Upon acceptance by the winning bidder, applicable forest tenure instrument shall be issued in accordance with the existing guidelines.

## **Sec. 11. Implementation Phase**

The winning bidder may incorporate changes to the Forestry Investment Development Plan. Within ninety (90) days upon receipt of award notice, the investor shall submit the revised investment plan to the DENR Regional Office concerned for review and approval. Otherwise, the winning bidder shall start implementing the activities in the investment plan.

## **Sec. 12. Monitoring and Evaluation**

The Regional Office concerned shall conduct the regular monitoring of the FIPA project based on the existing guidelines and standards for monitoring and shall submit an annual report to the Secretary copy furnished the Forest Management Bureau for monitoring purposes.

## **Sec. 13. Capacity Building**

The DENR through the Forest Management Bureau shall develop a continuing program on capacity building for the Regional field offices to enhance their knowledge and skills on FIPA planning and development.

## **Sec. 14. Funding**

The DENR shall allocate funds for the implementation of the activities stipulated in this Order. The DENR Regional Offices shall prepare and submit Work and Financial Plan to be incorporated in the General Appropriations Act (GAA).

## **Sec. 15. Separability Clause**

Should any provision herein be subsequently declared unconstitutional, the same shall not affect the validity or the legality of the other provisions.

## **Sec. 16. Repealing Clause**

All existing rules, regulations, circulars, instructions, memoranda inconsistent with this Order are hereby repealed or amended accordingly.

## **Sec. 17. Effectivity**

This Order shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation and upon acknowledgement of receipt of a copy thereof by the Office of the National Administrative Register (ONAR) of the UP Law Center.

Publication: The Philippine Star  
March 30, 2021  
The Manila Times  
March 30, 2021

  
**ROY A. CIMATU**  
Secretary



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