

SUBJECT: Revised rules and regulations governing the lease of public lands for fishpond and mangrove-friendly aquaculture

Pursuant to Section 16, Article II of the 1987 Constitution, Sections 3, 6, 12, 13, 45, 46, 50, 55, 57, 65, 103 (b) and 107 of Republic Act 8550, Republic Act 8289 as amended by Republic Act 9501 and Executive Order 26 series of 2011, the following rules and regulations governing the lease of public lands for fishpond and mangrove-friendly aquaculture are hereby promulgated for the guidance of all concerned:

I. WORDS AND TERMS DEFINED

SECTION 1. Definitions. – For purposes of this Order, the words and terms herein shall be construed as follows:

- 1.1 Abandoned fishpond – refers to public land released for fishpond development where there is no occupation, possession or operational activity by the lessee or any of his or her lawful representative as manifested by any of, but not limited to, the following conditions: (1) failure by the lessee to submit to the Bureau within ten (10) days after six months from the approval of the lease the required initial report under oath relative to the fishpond development, operation and production, duly verified by the concerned Regional Director or his or her authorized representative; (2) subleasing; or, (3) where there is absence of clear indication of fish production operations in the area;
- 1.2 Aquasilviculture Stewardship Contract (ASC) – a contract entered into by and between the Secretary and qualified fisherfolk cooperatives/associations and micro, small and medium enterprises for the use of public land for mangrove-friendly aquaculture;
- 1.3 Areas released for fishpond development – portions of public land transferred by the DENR to the Bureau for fishpond development by virtue of the following: (a) certifications issued by the Director of the Bureau of Forest Development (BFD) now the Forest Management Bureau (FMB), for releases made prior to the issuance of Presidential Decree 705; (b) BFD/FMB Administrative Orders; and, (c) individual releases of alienable and disposable areas under the Bureau of Lands, now the Land Management Bureau, made prior to the effectivity of Republic Act 8550;
- 1.4 Authorized representatives – include personnel of the Bureau or Department duly authorized by the Regional Director, the Director, the Undersecretary for Fisheries or the Secretary as the case may be;
- 1.5 Bureau – Bureau of Fisheries and Aquatic Resources;
- 1.6 Commercial-scale production – aquaculture production of fish in the required volume or its equivalent per hectare per year;
- 1.7 Department – Department of Agriculture;
- 1.8 DENR – Department of Environment and Natural Resources;

- 1.9 Developed fishpond - refers to public land released for fishpond development where the area is enclosed by dikes with functional water control structures and not vegetated with mangrove species;
- 1.10 Director - Director of the Bureau;
- 1.11 Environmental Compliance Certificate - a permit issued by the President or his duly authorized representative certifying that the new fishpond development will not bring about unacceptable environmental impact and that the proponent has complied with the requirements of Presidential Decree 1586 and its implementing rules and regulations;
- 1.12 Fish - includes not only finfish but also mollusks, crustaceans, echinoderms, marine mammals, and all other species of the aquatic flora and fauna;
- 1.13 Fisherfolk - people directly or personally and physically engaged in taking and/or culturing and processing fishery and/or aquatic resources;
- 1.14 Fisherfolk cooperative - a duly registered association of fisherfolk with a common bond of interest, who have voluntarily joined together to achieve a lawful common social or economic end, making equitable contribution to the capital requirement and accepting a fair share of the risks and benefits of the undertakings in accordance with universally accepted cooperative principles;
- 1.15 Fisherfolk organization - an organized group, association, federation, alliance or an institution of fisherfolk which has at least fifteen (15) members, a set of officers, a constitution and by-laws, an organizational structure and a program of action;
- 1.16 Fishpond - a land-based facility enclosed with earthen, stone or concrete material to impound water for the growing of fish;
- 1.17 Fishpond Lease Agreement (FLA) - an agreement entered into by and between the Secretary and a qualified applicant for the use of developed public fishpond areas;
- 1.18 Foreshore land - a string of land margining a body of water, the part of a seashore between the low-water line usually at the seaward margin of a low tide terrace and the upper limit of wave wash at high tide usually marked by a beach scarp or berm;
- 1.19 Fully developed fishpond - refers to public land released for fishpond development where the area is clean, leveled and enclosed with dikes at least one foot higher than the highest flood water level in the locality and strong enough to resist water pressure at the highest flood tide, and consists of at least a nursery pond, a transition pond, a rearing pond, or a combination of any or all of said classes of ponds and a functional water control system and producing in a commercial scale;
- 1.20 Mangroves/tidal swamps/marshes - a community of intertidal plants including all species of trees, shrubs, vines and herbs found on coasts, swamps, or border of swamps;
- 1.21 Mangrove-friendly aquaculture - aquaculture method having minimal adverse impact on the mangrove environment, which may include but is not

limited to culture of fish in pens, ponds or rafts integrated with mangrove trees inside the forest itself (aquasilviculture) or harvesting/gleaning of fishery or aquatic resources inside the mangrove forest (silvofisheries);

- 1.22 MFARMC – Municipal Fisheries and Aquatic Resources Management Council;
- 1.23 Micro, Small and Medium Enterprise (MSME) – any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have value falling under the following categories:
- micro: not more than P3,000,000
 - small: P3,000,001 – 15,000,000
 - medium: P15,000,001 – P1,000,000,000,
- which value is subject to review and adjustments by the Micro, Small and Medium Enterprises Development (MSMED) Council;
- 1.24 Occupied – actual or constructive possession over the fishpond area;
- 1.25 Permanent improvement – improvement introduced in the fishpond area which cannot be separated/removed therefrom without causing damage thereto;
- 1.26. Person – natural or juridical entities such as individuals, associations, partnerships, cooperatives or corporations;
- 1.27 Regional Director – Regional Director of the Bureau;
- 1.28 Regional Office – Regional Office of the Bureau;
- 1.29 Resource rent – the difference between the value of the products produced from harvesting a publicly owned resource less the cost of producing it, where cost includes the normal return to capital and normal return to labor;
- 1.30 Secretary – Secretary of the Department of Agriculture
- 1.31. Suitable for fishpond purposes – meeting all accepted criteria on elevation, soil type, soil depth, topography and water supply required for successful fishpond development;
- 1.32 Temporary improvement – improvement introduced in the fishpond area which can be removed/separated therefrom without causing damage thereto or diminish the usefulness thereof;
- 1.33 Unoccupied – not occupied by any person, or is occupied by a person disqualified to acquire or enter upon it, or by a person who, being qualified to occupy or use it, refuses or fails to exercise his preferential right thereto;
- 1.34 Underutilized fishpond – refers to public land released for fishpond development where the fishpond area or portion thereof is not producing in commercial scale within three (3) years from the approval of the ASC or FLA, or not fully developed and producing in commercial scale within five (5)

years as reflected in either (1) the submitted annual report on fishpond development, operation and production, under oath by the ASC holder or lessee and duly verified by the concerned Regional Office; or (2) as deduced from the information supplied in the Reports on Inspection and Verification, submitted by authorized representatives and duly endorsed by the Regional Director concerned, evidencing that such portion or the whole fishpond area is not producing on a commercial scale;

- 1.35 Undeveloped fishpond area - refers to public land released for fishpond development where the fishpond area is not enclosed by dikes; or enclosed by dikes but without functional water control structures; or enclosed by dikes with functional water control structures but the water level required for production on a commercial scale cannot be maintained either by high tides or by pumping; or a larger area enclosed only with a simple perimeter dike which has not been subdivided, which may or may not be vegetated with mangrove species;
- 1.36 Vegetated with mangrove species - an intertidal area of one (1) hectare or more with at least ten (10) percent mangrove crown cover in each hectare (i.e., when the sun is directly overhead at high noon, the shadows cast by mangrove species cover at least ten [10] percent of the area.

II. PERMITS, CONTRACTS AND LEASES

SECTION 2. Use of areas released for fishpond development. - No person shall occupy or use any portion of areas released for fishpond development as defined, without first securing a permit, contract or lease in accordance with the provisions of this Order.

SECTION 3. Permits, Contracts and Leases -

- (a) *Gratuitous Permit* - A Gratuitous Permit (GP) for portions of areas released for fishpond development may be granted by the Secretary upon the recommendation of the Director to any branch of government, academic, scientific or research institution, for scientific, research, educational or experimental breeding purposes.
- (b) *Stewardship Contract* - An Aquaculture Stewardship Contract (ASC) may be granted for mangrove-friendly aquaculture by the Secretary upon the recommendation of the Director to fisherfolk cooperative or association as well as MSME over areas released for fishpond development.
- (c) *Lease Agreement* - A Fishpond Lease Agreement (FLA) for fishpond operations may be granted by the Secretary upon the recommendation of the Director to qualified applicants over areas released for fishpond development that have already been developed into fishponds.

SECTION 4. Area that may be granted. -

- a) An area not exceeding fifty (50) hectares may be granted to a fisherfolk cooperative/association or MSME through an ASC;
- b) An area not exceeding twenty-five (25) hectares may be granted to an individual or husband and wife living together through an FLA. A person who is already a holder of FLA over an area as provided herein shall be precluded from acquiring any right or interest in another permit, contract or lease issued or granted to any

corporation, association or partnership, even if his interest is that of a stockholder or member thereof;

- c) An area not exceeding twenty-five (25) hectares subject to availability, may be granted through a gratuitous permit, to any branch of the government, academic, scientific or research institution that will engage in aquaculture for scientific, research, educational or experimental breeding purposes;
- d) An area not exceeding fifty (50) hectares may be granted through an FLA to a corporation duly registered with the Securities and Exchange Commission;
- e) The provisions of the preceding paragraphs notwithstanding, the Secretary may, in his discretion, increase the area that may be granted for reason of public interest, taking into consideration the financial capacity and/or qualification of the applicant and the importance of the project or industry for which the area is to be used.

SECTION 5. Persons who may apply for lease. –

A. The following persons shall have preference in applying for an Aquasilviculture Stewardship Contract (ASC):

(a) Fisherfolk cooperative/association organized or registered under the laws of the Philippines, provided that:

- (1) at least fifty (50) percent of its members are registered voters of the municipality where the fishpond area being applied for is located;
- (2) the cooperative/association has secured endorsement from the MFARMC;
- (3) the cooperative/association has financial capability and an existing financial management system;
- (4) the cooperative/association has been existing for at least one (1) year; and,
- (5) the technical staff of the cooperative/association has executed an affidavit stating willingness to undergo training on and to engage in mangrove-friendly aquaculture.

(b) MSMEs duly organized or registered under the laws of the Philippines, provided that:

- (1) the principal or proprietor and at least fifty (50) percent of the paid workers are registered voters of the province where the fishpond area being applied for is located;
- (2) they present a duly audited and notarized financial statement;
- (3) they have been endorsed by the MFARMC; and,
- (4) the technical staff of the MSME has executed an affidavit stating willingness to undergo training on and to engage in mangrove-friendly aquaculture.

B. In the absence or non-qualification of fisherfolk cooperative/association or MSME applicants, a citizen of the Philippines may apply for ASC provided, he or she is at least twenty-one years of age, a registered voter of the province where the fishpond area being applied for is located, has secured endorsement from the MFARMC and has executed an affidavit expressing his or her willingness to undergo training on and to engage in mangrove-friendly aquaculture.

C. The following persons may apply for FLA over developed public fishpond areas:

(a) Citizens of the Philippines who are at least twenty-one years of age;

(b) Corporations duly incorporated and registered under the laws of the Philippines at least sixty per centum (60%) of the capital stock or interest of which belongs to citizens of the Philippines.

D. Any branch of the government or any academic, scientific or research institution that will engage in aquaculture for scientific, research, educational or experimental breeding purposes may apply for a gratuitous permit over public lands released to BFAR for aquaculture purposes.

SECTION 6. Period of Permits, Contracts and Leases. – A Gratuitous Permit shall be valid for a period of five (5) years renewable for another five (5) years, and for as long as the area is needed by the permittee, subject to the submission of an annual report pertaining to the approved use of the area.

The ASC shall be for a period of ten (10) years, renewable for another ten (10) years.

The FLA shall be for a period of twenty-five (25) years, renewable for another twenty-five years but not to exceed fifty (50) years, Provided, that transfers shall only be allowed within the fifty-year period, Provided, further, that there shall be no right of renewal after fifty (50) years by the lessee, transferee or their legal heirs.

SECTION 7. General conditions under which permits, contracts and leases are issued. – Every permit, contract or lease shall be governed by the provisions of this Order, as well as by those which may hereafter be promulgated, especially by the following terms and conditions:

(a) *Power of Congress.* – The permits, contracts or leases limit in no way the right of Congress to impose such terms and conditions as it may consider necessary for public interest;

(b) *Permittee, contracting party or lessee shall comply with the law, rules and regulations.* – The permittee, contracting party or lessee shall subject himself, herself or itself unconditionally to all laws, rules and regulations now existing and to those that may hereafter be promulgated governing fisheries;

(c) *Legal status of land.* – The area granted is public forest land to the best knowledge and belief of the Director or the Secretary;

(d) *No title acquired.* – A permittee, contracting party or lessee shall have no right to a title or claim of any sort whatsoever on the land covered by the permit, contract or lease. No such land shall be deemed to be occupied within the meaning of the Public Land Act. Areas released for fishpond development, which have been titled during the lifetime of the GP, ASC or FLA, shall be referred to the Office of the Solicitor General for reversion to the public domain.

(e) *Adjudication of area and damage.* – The Secretary or the Director shall not be responsible for any loss occasioned by the adjudication of the area in favor of any claimant by the competent court and the permittee, contracting party or lessee shall have no right to claim for any damage arising from such decision;

(f) *Statements in application as part of the conditions of the permit contract or lease.* – Any or all of the statements made in the application shall be considered as essential conditions and part of the permit, contract or lease granted. Any false statement in the application or material omission of facts or alteration, change, modification of any or all of the terms and conditions therein shall *ipso facto* cause the cancellation of the permit, contract or lease;

(g) *Surface right.* – The permit, contract or lease issued under this Order shall vest in the holder thereof a surface right only to the land covered thereby; and that the permittee, contracting party or lessee shall have no right to utilize or remove any timber or other forest products, stones, or earth therefrom without authority from proper officials;

(h) *Exclusive privilege.* – No license or permit to exploit any other resources within the area granted detrimental to the interest of the permittee, contracting party or lessee shall be granted to other persons;

(i) *Free access to area.* – The Secretary, the Undersecretary for Fisheries, the Director and their authorized representatives shall have free access at all times to the land under permit, contract or lease;

(j) *Free navigation.* – The permittee, contracting party or lessee shall not obstruct or interfere with the free navigation in any public stream, lakes or bays adjoining or flowing through the area, as well as with the defined migration paths of migratory fish;

(k) *Rentals.* – Annual rentals shall be set at levels that reflect resource rent accruing from the utilization of resources and shall be determined by the Secretary through the Director in consultation with stakeholders and the National Fisheries and Aquatic Resources Management Council (NFARMC) based on a scientific study to be conducted every five (5) years;

(l) *Disposition of improvements.* –

(1) The permittee, contracting party or lessee shall have no right by virtue of the permit, contract or lease to claim for reimbursement for the expenses incurred for improvements of whatever kind, which he or she may have introduced on the land;

(2) Upon the expiration or cancellation of the permit, contract or lease, or the rejection of an application for permit, contract or lease, the improvements existing thereon shall become the property of the government.

III. APPLICATIONS

SECTION 8. Form and contents of application. – All applications for permit, contract or lease shall be submitted on a prescribed form. In case the applicant is a corporation, cooperative, MSME, association or partnership, the application shall be accompanied by documents consisting of the articles of incorporation/cooperation, by-laws, and certificate of registration and such other documents showing that the applicant is qualified under this Order.

SECTION 9. Place of filing. – An application shall be filed with the Regional or Provincial Office where the area is located.

SECTION 10. Application fee. – A non-refundable application fee of Two Thousand (P2,000.00) pesos shall be paid to the Regional Office or Provincial Office upon the filing of the application for ASC or FLA.

SECTION 11. When application is considered filed. – An application for permit, contract or lease shall be considered filed on the date and time the original thereof including the complete set of initial requirements are actually received in the Regional or Provincial Office where the area is located. Application with incomplete initial requirements shall be rejected outright and is not considered filed.

The applicant shall not cause any transfer covering all or portion of the area applied for during the course of the application process, violation of which shall cause automatic rejection of his or her application and forfeiture of all improvements introduced therein.

SECTION 12. Recording of applications. – All accepted applications for ASC or FLA shall be given serial numbers and shall be duly recorded in the registry book provided for the purpose.

SECTION 13. Priority right of application. – In determining the priority of applications, the following rules shall be observed:

- a) When two or more applications are filed for the same area, the first applicant shall have the right of preference thereto;
- b) Any Filipino citizen, with preference, primarily to qualified fisherfolk cooperatives/associations as well as MSMEs shall have priority right in the application over areas, the lease over which has expired or has been cancelled or terminated for cause;
- c) If applications are filed by two or more qualified fisherfolk cooperatives or associations or MSMEs for the same area and on the same date, the FLA or ASC shall be raffled off among the applicants.

SECTION 14. Initial requirements in the filing of application for contract or lease over areas released for fishpond development. – The initial requirements for the filing of an application for ASC or FLA are as follows:

- a) Four (4) copies of the sketch plan of the area released for fishpond purposes with its technical description as extracted from the Land Classification Map of the Forest Management Bureau;
- b) In case of a juridical person, two (2) certified true copies of By-laws and Articles of Incorporation, Cooperation, Association or Partnership duly approved by government agencies concerned, the primary purpose of which is to engage in fishery/aquaculture business ;
- c) A Certificate of Bank Deposit issued by any Banking Institution showing that the applicant has a current or checking account and has capital in cash of P5,000.00 per hectare or fraction thereof and the bank statements of said account for the preceding six (6) months;
- d) An affidavit declaring that the initial capital deposited in the Bank shall be used exclusively for the development of the area;
- e) Notarized affidavit of adherence to Good Aquaculture Practices in the form prescribed in Annex A hereof;
- f) Proof of compliance with Section 5 A (a) or 5 A (b), whenever applicable.

SECTION 15. Requirements in the filing of application for gratuitous permit. - The requirements in the filing of application for gratuitous permit are as follows:

- a) Project profile which states:
 - i) The general and specific objectives of the project;
 - ii) A brief description of the project; and,
 - iii) The methodology of project implementation, which includes: names of personnel involved and percentage of time allocated to the project; schedule of implementation, funding requirement and sources both local and foreign; target beneficiaries; and, monitoring and evaluation scheme.
- b) Sketch plan of the area.

SECTION 16. Final requirements for the application of contract or lease. - A qualified applicant whose application form and initial requirements have been accepted shall submit as final requirements the following:

- a) Twelve (12) copies of the survey plan of the area duly approved by the Director of Lands or Regional Director of Lands, or if under cadastral survey, the same shall be certified by the Bureau of Lands;
- b) Duly accomplished FLA or ASC acknowledged before a Notary Public;
- c) Certifications issued by the Regional Director and the Regional Trial Court in the judicial district where the area applied for is located to the effect that the same is not involved in any pending administrative and judicial case, respectively;
- d) Payment of cash bond deposit and initial rental;
- e) Certification issued by the Regional Director to the effect that the area applied for is not subleased to any other person/s;
- f) Environmental Compliance Certificate or Certificate of Non-Coverage from the DENR as the case may be; and,
- g) Proof of updated remittances to the Social Security System covering contributions of permanent workers employed in the fishpond, whenever applicable.

SECTION 17. Requirements for the Renewal of the ASC or FLA. - The requirements for the renewal of the ASC or FLA are as follows:

- a) Payment of application fee of P2,000;
- b) Payment of cash bond and initial rental;
- c) Certification issued by the Regional Trial Court in the judicial district where the area applied for is located to the effect that the same is not involved in any pending judicial case;
- d) Photocopy of the approved survey plan on record if the area remains unchanged as indicated therein;
- e) Inspection report endorsed by the BFAR Regional Director validating that:
 - 1. the area is developed and the applicant has adhered to Good Aquaculture Practices;
 - 2. the area is not involved in any pending administrative case;
 - 3. the lessee has no unpaid rentals and surcharges;

4. the area remains unchanged as indicated in the approved survey plan on record.
- f) A new survey plan, should there be changes in the area.

SECTION 18. Conditions on the assignment/transfer of ASC or FLA rights and interests. - The assignment or transfer of rights under ASC or FLA may be allowed under the following conditions:

- a) The assignor or transferor has held the contract or lease for a period of not less than five (5) years from the approval thereof;
- b) The fishpond area of the ASC or FLA subject of the proposed assignment or transfer has been developed;
- c) The assignor/transferor has not violated any provisions of the fishery laws, rules and regulations governing areas released for fishpond development including the terms and conditions of the contract or lease;
- d) The assignee/transferee is qualified to hold the contract or lease pursuant to the provisions of this Order;
- e) The area subject of the assignment/transfer is not involved in any administrative or judicial case; and,
- f) The transferee shall enjoy only the privilege to hold the contract or lease for the unexpired period and shall assume the obligations of the transferor relative to the said contract or lease. The transferee of a Fishpond Lease Agreement (FLA) may apply for a 25-year lease renewal, if the transferor has never exercised such option for renewal, Provided, that the combined period of the FLA for both transferor and transferee shall not exceed fifty years, Provided, further, that the transferee or his or her legal heirs shall have no right of renewal after the fifty-year period of the FLA.

SECTION 19. Requirements on assignment/transfer of ASC or FLA rights. - The assignee/transferee shall submit the following requirements;

- a) The prior written approval of the LESSOR;
- b) An application form duly accomplished;
- c) Original copy of the Deed of Assignment or Transfer and Assumption of Obligations;
- d) Certified true copies of original official receipts of updated payment of rentals;
- e) Payment of assignment or transfer fee in the amount of one hundred pesos (P100) per hectare or fraction thereof;
- f) Payment of application fee of P2,000.00;
- g) Posting of required cash bond deposit;
- h) Latest report of improvements verified by the Regional Director or his authorized representative, showing that the fishpond area of the ASC or FLA subject of the proposed assignment or transfer has been developed;
- i) Twelve (12) copies of the survey plan of the area under his/her name duly approved by the Director of Lands or Regional Director of Lands;

- j) Contract or lease form duly accomplished and acknowledged before a Notary Public;
- k) Certification issued by the BFAR Regional Director and Regional Trial Court in the judicial district where the area applied for is located to the effect that the same is not involved in any pending administrative and judicial case, respectively;
- l) Affidavit and certification executed and issued by the applicant and BFAR Regional Director respectively, to the effect that the area applied for is not subleased to any person/s; and,
- m) Notarized affidavit of adherence to Good Aquaculture Practices.

SECTION 20. Grounds for the rejection of application for contract or lease. – An application for contract or lease or an application for renewal of contract or lease shall be rejected on any of the following grounds:

- a) Lack/loss of interest of the applicant;
- b) Applicant is not qualified;
- c) Incomplete initial requirements;
- d) Death of the individual applicant;
- e) Dissolution of juridical person;
- f) Fraudulent, false or misleading statements or information in the application;
- g) Occupying or introducing improvements in the area applied for without an ASC or FLA;
- g) Failure to comply with all the requirements stated in Section 16 or Section 17 in case of renewal, or with Sections 18 and 19 hereof in case of assignment or transfer, within six (6) months from receipt of the Notice of Compliance, Provided, that if the nature of non-compliance is due to inaction or delay of concerned government agencies, the application should not be rejected; and,
- h) When public interest so requires.

IV. FEES, RENTALS AND BONDS

SECTION 21. Rentals, when due and payable. - Upon the effectivity of this Order, the annual rentals shall be due and payable to the BFAR at the rate prescribed below:

For the first year starting from January 1, 2013 until December 31, 2013, the annual rental for the fishpond area shall be at the rate of One thousand pesos (P1, 000.00) per hectare or a fraction thereof; for the second year, the annual rental shall be at the rate of One thousand one hundred pesos (P1,100.00.) per hectare or a fraction thereof; for the third year, the annual rental shall be at the rate of One thousand two hundred pesos (P1,200.00) per hectare or a fraction thereof; for the fourth year, the annual rental shall be at the rate of One thousand three hundred pesos (P1,300.00) per hectare or a fraction thereof; for the fifth year, the annual rental shall be at the rate of One Thousand four

hundred pesos (P1,400.00) per hectare or a fraction thereof; for the sixth year and every year thereafter unless increased based on results of resource rent studies, the annual rental shall be at the rate of one thousand five hundred pesos (P1,500.00) per hectare or a fraction thereof.

The annual rental for the area allocated for mangroves or silviculture shall be at the rate of five hundred pesos (P500.00) per hectare or a fraction thereof.

Scientific studies on resource rent for FLA and ASC areas shall be conducted on the sixth (6th) year upon the approval of this Order, and every five (5) years thereafter, the results of which shall be the basis for new rental rates.

The rental must be paid to the BFAR Central Office or Regional Office where the area is located not later than the last working day of the month of February of each year.

The rental may be paid in cash or by postal money order. Check payments shall be accepted subject to Article 3, Sections 76 and 77, Volume 1 of the Government Accounting and Audit Manual. Post dated checks may be accepted provided: (1) the checks are from a current account belonging to the lessee or contracting party; (2) the date of the check is on or before the due date of the account being paid for; and, (3) only acknowledgement receipts will be given to the payor, with Official Receipt to be given only upon clearing of the checks on due date.

SECTION 22. Remittance of Rentals. – Rentals from FLAs and ASCs shall accrue to a fund other than the General Fund to be remitted to the National Fisheries Research and Development Institute and other qualified research institutions to be used for aquaculture research development pursuant to Section 46 (c) of Republic Act 8550.

SECTION 23. Surcharges for default of payment of rentals. – Non-payment of annual rental when it becomes due and payable shall be subject to a surcharge in accordance with the following schedules:

Rentals paid from March 1 to March 31	5%
Rental paid from April 1 to June 30	10%
Rental paid from July 1 to December 31	15%
Rental paid after one (1) year	20%

The ASC or FLA holder who fully pays the annual rental for the following year, within December of the current year shall be given a ten (10) percent discount on the annual rental by way of incentive.

SECTION 24. Cash Bond Deposit. – Before any contract or lease is issued, as a guaranty of good faith in filing the application and for the satisfactory compliance with existing fishery laws, rules and regulations promulgated thereunder and of the terms and conditions of the contract or lease, the applicant shall be required to deposit a cash bond with the Bureau or its Regional Offices. The cash bond shall be at the rate of five hundred (P500) pesos per hectare or fraction thereof: Provided, however, that after three (3) years from the approval of the FLA or ASC and the LESSEE shall have fully developed the area and made it producing in commercial scale or the CONTRACTING PARTY shall have utilized the area for mangrove-friendly aquaculture and the LESSEE or CONTRACTING PARTY has satisfactorily complied with all the requirements and the terms and conditions of the contract or lease, the Director, may credit the cash bond for payment of annual rentals, Provided further that, should the contract or lease be cancelled for cause, the cash bond shall be forfeited in favor of the government to be used by BFAR for bio-physical rehabilitation or restoration.

SECTION 25. Forfeiture, Refund or Transfer of Cash Bond. – The Secretary or the Director may confiscate or forfeit the cash bond or part thereof in favor of the government for any of the following reasons:

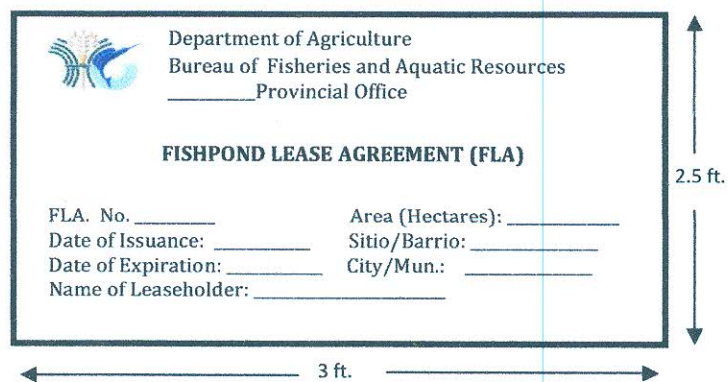
- (a) Violation of, and/or failure to fulfil any of the terms, conditions and/or requirements under which the contract or lease is issued;
- (b) Violation of any provision of fisheries law, rules and regulations;
- (c) Rescission of the contract or cancellation of the lease for cause.

Should it be justified, any bond deposit or any part thereof may be refunded upon the request of the contracting party or lessee, his administrators or heirs and upon submission of the original receipt. In case of loss of said receipt, an affidavit showing the circumstance of such loss may be submitted in lieu thereof. Prior request for approval of the transfer of cash bond in favor of an applicant for ASC or FLA, shall be made by a contracting party or lessee.

V. TERMS AND CONDITIONS OF THE CONTRACT OR LEASE

SECTION 26. Terms and conditions of the ASC or FLA. –

(a) The area covered by the ASC or FLA shall be limited to the boundaries of the parcel of land described therein and shall be utilized for silviculture and mangrove-friendly aquaculture only by the contracting party or for aquaculture purposes only by the lessee. The contracting party or the lessee shall immediately put up an all-weather signboard 3 feet by 2.5 feet indicating that the area is under an ASC or FLA; indicating further the name of contracting party or lessee, date of approval and expiration of the ASC or FLA, visible from a distance of thirty (30) meters, one at the entrance to the property and one at the main residential structure within the ASC or FLA area as shown below.



Note: Same format for ASC/GP. Image is not drawn to scale.

- (b) The contracting party or lessee shall shoulder the expenses for the removal of any construction made in violation of Section 7 (j), which removal shall be undertaken upon orders of the Secretary, through the Director, in coordination with other government agencies.
- (c) Failure to pay the annual rentals on the date the same are due shall subject the contracting party or the lessee to the corresponding surcharges as provided for in this Order. For failure to pay the annual rentals and surcharges for two (2) consecutive years without justifiable cause, the contract or lease shall be cancelled or terminated, and the bond therein forfeited in favor of the government without prejudice to any action the government may take to recover rentals due including surcharges.

- (d) Within One Hundred Eighty (180) days from the date of issuance of the ASC or FLA, the contracting party must have started utilizing the area for mangrove-friendly aquaculture while the lessee must have introduced improvements in the area. Otherwise the ASC or FLA shall be cancelled.
- (e) Within five (5) years from the approval of the FLA, the lessee must have fully developed the area and must have made it capable of producing in commercial scale.

The required level of commercial scale production is as follows:

Year 2013 -----1,000 Kilograms of fish per hectare per year or its equivalent;

Year 2014-----1,100 Kilograms of fish per hectare per year or its equivalent;

Year 2015-----1,200 Kilograms of fish per hectare per year or its equivalent;

Year 2016-----1,300 Kilograms of fish per hectare per year or its equivalent;

Year 2017-----1,400 Kilograms of fish per hectare per year or its equivalent;

Year 2018-----1,500 Kilograms of fish per hectare per year or its equivalent.

On the sixth year from approval of this Order, an evaluation shall be undertaken and the appropriate level of commercial scale production shall be determined and declared by means of an Administrative Order. Failure to attain the required level of commercial scale production for a fully developed fishpond shall thereafter be considered underutilization of the area, which shall be a ground for the cancellation of the FLA.

- (f) Within five (5) years from the approval of the ASC, the contracting party must have fully utilized the area for mangrove friendly aquaculture and must have made it capable of producing 1000 kilograms of fish per hectare per year or its equivalent, based on the actual fish production area excluding the mangrove areas, Provided, that on the sixth year from approval of this Order and based on available production data, the required level of commercial scale production for ASC shall be determined and declared by means of an Administrative Order. Failure to attain the required level of commercial scale production for the actual fish production area excluding the mangrove areas for an ASC area shall thereafter be considered underutilization of the area, which shall be a ground for the cancellation of the ASC.
- (g) The contracting party or lessee must have financial capability to develop and manage the area.
- (h) The ASC or FLA rights cannot be used by the contracting party or lessee as collateral to secure a loan for the development of the area.
- (i) The contracting party or lessee is prohibited to sublease all or any portion of the area covered by the ASC or FLA through any form of arrangement that partakes of the nature of a sub-lease;
- (j) The contracting party or lessee is prohibited from transferring or assigning his leasehold rights to any person or entity without the prior approval of the Secretary.
- (k) The contracting party or lessee shall undertake reforestation in river banks, bays, streams and seashore fronting the ASC or FLA area to at least fifty (50) meters strip whenever applicable.

- (l) Upon cancellation of the ASC or FLA for cause or upon the expiration of the contract or lease, the contracting party or lessee shall vacate the area, otherwise, the ejectment of the contracting party or lessee and/or occupants from the area shall be ordered by the Secretary or his authorized representative. Failure to vacate the area shall subject the contracting party or lessee and/or occupants thereof to applicable provisions of laws, rules and regulations thereon, and all existing improvements shall be forfeited in favor of the government.
- (m) The contracting party or lessee shall keep a record of operations and transaction of the area, which record shall be audited by an independent auditor, commissioned by the contracting party or lessee.
- (n) The contracting party or lessee shall allow the duly authorized representative of the LESSOR to inspect and validate all the records required in the operations of the area.
- (o) The ASC or FLA does not confer to the contracting party or lessee any rights or permit to cut-down or harvest mangrove timber or other forest products, Provided, that when the same is necessary for the optimum operations of the fishpond, a cutting permit must first obtained from the appropriate government agency. However, gleaning/harvesting of mangrove associated aquatic fauna that are not threatened is permitted.
- (p) ASC or FLA holders are mandated to execute within six (6) months from the effectivity of the Order, an incentive plan with their regular fishpond or prawn farm workers or fishpond or prawn farm workers' organization, if any, whereby seven point five percent (7.5%) of their net profit before tax from the operation of the fishpond or prawn farms are distributed within sixty (60) days at the end of the fiscal year as compensation to regular and other pond workers in such ponds over and above the compensation they currently receive. In order to safeguard the rights of the regular fishpond or prawn farm workers under the incentive plan, the books of the fishpond or prawn farm owners shall be subject to periodic audit or inspection by certified public accountants chosen by the workers.
- (q) Within ten (10) days after six (6) months from the approval of the ASC or FLA, the contracting party or lessee shall submit to the Director through the Regional Director concerned, an initial report. Every year thereafter, the contracting party or lessee shall submit an annual report under oath relative to the development, operation and production of the ASC or FLA, including the species and volume thereof, for statistical and evaluation purposes. Said report shall be in a prescribed form duly verified and certified to by the Regional Director concerned or his or her authorized representative, provided that the ASC or FLA of the contracting party or holder who fails to render a yearly report shall be immediately cancelled pursuant to Section 103b of RA 8550.
- (r) The contracting party or lessee shall provide facilities that will minimize environmental pollution such as settling ponds and reservoirs, Provided, that failure to comply with this provision shall be a ground for cancellation of the ASC or FLA.
- (s) The ASC or FLA shall be subject to the existing laws, rules and regulations on the matter.

SECTION 27. Termination of lease upon the death of the lessee. – The FLA shall terminate upon the death of the individual lessee. However, his or her legal spouse and/or children as legal heirs, provided they are qualified, shall have preemptive rights to the unexpired term of the FLA, upon filing of an application within ninety (90) days from the death of the lessee

subject to the same terms and conditions as originally provided therein and without renewal if the lessee had already exercised the right of renewal. Otherwise, the legal heirs may apply for a 25-year renewal, Provided, that the combined period of the FLAs of the lessee and his or her legal heirs shall not exceed fifty years.

VI. CANCELLATION OF THE ASC OR FLA

SECTION 28. Grounds for the cancellation of the ASC or FLA. - The ASC or FLA shall be cancelled on any of the following grounds:

- (a) Violation of existing fishery laws, rules and regulations and other applicable laws;
- (b) Death of the lessee, subject to the preemptive rights of legal heirs under Section 27 of this Order;
- (c) Dissolution of juridical person;
- (d) Fraudulent, false or misleading statements or information in the application and/or other documents submitted prior to or after the issuance of the lease;
- (e) Failure to submit a yearly report;
- (f) Failure to pay the rentals and surcharges for two (2) consecutive years;
- (g) Sublease of the area or any portion thereof;
- (h) Transfer or assignment of rights under the ASC or FLA without prior approval of the Secretary or undertaken in the course of the application under Section 7 (f) hereof;
- (i) Non-adherence to Good Aquaculture Practices;
- (j) Failure to provide facilities that will minimize environmental pollution, such as settling ponds or reservoirs;
- (k) Failure to comply with the other terms and conditions of the ASC or FLA or other rules and regulations governing the ASC or FLA;
- (l) Abandonment, non-development or underutilization of the area covered by the ASC or FLA.

SECTION 29. Hearing Officer. - Cases for cancellation shall be handled by a Hearing Officer chosen from the pool of trained Hearing Officers based on a raffle of the case. The Director shall create a pool of Hearing Officers who shall be trained and designated to hear cancellation cases as defined herein, within one hundred twenty (120) days from effectivity of this Order.

SECTION 30. Caption, Docket Number and Calendar of Cancellation Cases - All cases for cancellation of ASC or FLA before the Bureau or its Regional Office shall be numbered and docketed consecutively and entered into an appropriate docket book in accordance with a system of numbering and docketing of cases adopted by the Bureau.

If the complaint is initiated by any person other than Bureau personnel, the caption shall be as follows:

Republic of the Philippines
Department of Agriculture
Bureau of Fisheries and Aquatic Resources
(Office Address)

Case No. (Precede the case number with "BFAR", "RO ___", etc. to indicate origin)

FOR: Cancellation of FLA or ASC
(Due to violation of terms or conditions or rules, abandonment, non-development, underutilization)

In case the complaint is initiated by the Bureau, the caption shall be as follows:

Republic of the Philippines
Department of Agriculture
Bureau of Fisheries and Aquatic Resources
(Office Address)

IN THE MATTER OF CANCELLATION OF ASC/FLA No. ___

versus

Respondent.

x ----- x

SECTION 31. Procedure in the Cancellation of ASC or FLA. - The procedure in the cancellation of ASC or FLA shall depend on the ground for cancellation, as follows:

- A. Violation of or non-compliance with the terms and conditions of the ASC or FLA or with the rules and regulations governing the same.
 1. If the ground for cancellation consists of a violation of or noncompliance with any of the terms and conditions of the ASC or FLA or any of the rules and regulations governing the ASC or FLA, the Director or Regional Director copy furnished the Director, on the basis of inspection, or monitoring reports showing that the ASC or FLA holder failed to comply with the terms and conditions of the contract or agreement and other documents pertinent thereto or with any of the rules or regulations governing the ASC or FLA, shall issue a notice of violation to the ASC or FLA holder. The cancellation case shall be raffled off by the Director to a Hearing Officer.

2. The Notice of Violation shall state the ground therefor and shall require the ASC or FLA holder to show cause why the ASC or FLA should not be cancelled. The ASC or FLA holder shall be given ten (10) days from receipt of the Notice of Violation to submit a verified answer accompanied by all supporting documents and affidavits of witnesses. The affidavits shall state only facts of direct personal knowledge of the affiants and shall show their competence to testify on the matters stated therein. The affidavits shall take the place of the direct testimony of witnesses.
3. Should the ASC or FLA holder fail to submit a verified answer within the reglementary period, he or she shall be declared in default and the cancellation case shall be resolved on the basis of the evidence on record.
4. The Hearing Officer may conduct an ocular inspection in the presence of the ASC or FLA holder and the Provincial Fisheries Officer. As part of due process, the Hearing Officer shall furnish the ASC or FLA holder a report on the ocular inspection of the area.
5. After the Hearing Officer has gathered all the pertinent facts and has determined that there is no need for further hearing, he or she shall submit to the Regional Director a certified report within fifteen (15) days upon receipt of the verified answer of the ASC or FLA holder or upon issuance of the Order declaring the ASC or FLA holder in default. The Hearing Officer shall indicate therein his or her findings and recommendations, and shall append the original records of the case.
6. If the recommendation of the Hearing Officer is in favor of the ASC or FLA holder, meaning, there is no finding of violation of the terms or conditions of the ASC or FLA or the rules and regulations governing the same, the Regional Director shall issue a decision dismissing the cancellation case within fifteen (15) days from receipt of the report of the Hearing Officer.
7. The complainant may move for the reconsideration of the Decision of the Regional Director dismissing the Complaint for Cancellation by filing an appropriate motion specifically indicating the grounds therefor, with proof of service of copies thereof to the respondent and the Director within fifteen (15) days from the receipt of the Decision dismissing the complaint. The respondent and the other parties shall file with the Regional Director their comments within ten (10) days from receipt of the said motion. Thereafter, the motion shall be considered submitted for resolution, whether or not such comments are filed.
8. Only one motion for reconsideration of the decision of the Regional Director shall be allowed. All papers and other documents subsequently filed shall be considered supplements. The Regional Director shall decide the motion for reconsideration within fifteen (15) days from its submission. The filing of a motion for reconsideration shall suspend the running of the period to appeal.
9. Any decision or resolution of the Regional Director dismissing the Complaint for Cancellation shall become final and executory after fifteen (15) days from the date of receipt thereof, unless a motion for reconsideration is filed or an appeal to the Secretary through the Director is perfected within said period.
10. If the recommendation is for the cancellation of the ASC or FLA, the Regional Director shall endorse the findings of the Hearing Officer to the Director, within ten (10) days from receipt of the report of the Hearing Officer.
11. Upon receipt of the endorsement from the Regional Director recommending the cancellation of the ASC or FLA, the Director shall study the case. Whenever the

Director agrees that there is prima facie evidence that the ASC or FLA holder violated the terms and conditions of the ASC or FLA or the rules or regulations governing the same, he or she shall recommend to the Secretary the cancellation of the FLA, within thirty (30) days from receipt of the endorsement.

12. If the Secretary agrees with the findings of the Director, he or she shall issue the Order of Cancellation of the ASC or FLA and shall declare the area available to any qualified applicant. The Order shall clearly and distinctly state the facts and the law on which it is based. The Order shall also indicate the forfeiture of the cash bond posted by the ASC or FLA holder and the improvements in favor of the government. Copy of the Order of Cancellation shall be sent to the ASC or FLA holder ten (10) days from issuance of the signed Order.

B. Abandoned or Undeveloped Areas

1. The Director or the Regional Director copy furnished the Director, either acting on the inspection report of its regional personnel, or upon written petition of the DENR, the Local Government Unit, MFARMC or resident of the area representing his or her community or any people's organization or non-government organization, shall issue a Notice of Violation to the ASC or FLA holder on the ground that the area is abandoned or undeveloped. The cancellation case shall be raffled off by the Director to a Hearing Officer.
2. The Notice of Violation shall state the ground therefor and shall require the ASC or FLA holder to show cause why the ASC or FLA should not be cancelled. The ASC or FLA holder shall be given ten (10) days from receipt of the Notice of Violation to submit a verified answer accompanied by all supporting documents and affidavits of witnesses. The affidavits shall state only facts of direct personal knowledge of the affiants and shall show their competence to testify on the matters stated therein. The affidavits shall take the place of the direct testimony of witnesses. Should the ASC or FLA holder fail to submit his or her answer within the reglementary period, he or she shall be declared in default by the Hearing Officer and the cancellation case shall be resolved on the basis of the evidence on record.
3. The Hearing Officer shall, within ten (10) days from receipt of the verified answer or issuance of the Order declaring the ASC or FLA holder in default, convene a composite team to be comprised of the Provincial Fisheries Officer, the Community Environment and Natural Resources Officer, the Municipal/City Environment and Natural Resources Officer and the MFARMC Chairman for the conduct of the joint ocular inspection. Notice of the joint ocular inspection shall be given to the ASC or FLA holder at least ten (10) days prior to the scheduled date of inspection. The inspection team shall determine whether the area is abandoned or undeveloped and whether the area, either in whole or in part, can be reverted to its original mangrove state.
4. If the composite team finds the area not to be abandoned or undeveloped, the Hearing Officer shall prepare a report to be signed by all the members of the composite team. The Hearing Officer shall furnish the ASC or FLA holder copy of the report and submit the same to the Regional Director within fifteen (15) days from the conduct of the inspection. The Regional Director shall issue an order dismissing the case within ten (10) days from receipt of the report, copy furnished the Director and the ASC or FLA holder.

5. Upon a determination that the area is abandoned or undeveloped and that it can, either in whole or in part, be reverted to its original mangrove state, the Hearing Officer shall submit a report to the Regional Director, recommending the cancellation of the ASC or FLA and the reversion of either the whole area or portions thereof.
6. The Regional Director shall endorse the findings of the Hearing Officer to the Director within fifteen (10) days from receipt of the report of the Hearing Officer. Upon receipt of the endorsement from the Regional Director recommending the cancellation of the ASC or FLA, the Director shall study the case. Whenever the Director agrees that there is prima facie evidence that the area is abandoned or undeveloped, he or she shall recommend to the Secretary the cancellation of the ASC or FLA and the reversion of either the whole area or portions thereof within thirty (30) days from receipt of the endorsement.
7. If the Secretary agrees with the findings of the Director, he or she shall issue the Order of Cancellation of the ASC or FLA and shall declare the reversion of the area or portions thereof to the DENR. Portions of the abandoned or undeveloped area that cannot be restored to its original mangrove state shall remain under the jurisdiction of the Bureau to be either declared as reserved areas for fish sanctuary, or reserved areas for conservation and ecological purposes pursuant to Section 45 of RA 8550 or be made available for ASC. The Order shall clearly and distinctly state the facts and the law on which it is based. The Order shall also indicate the forfeiture of the cash bond posted by the ASC or FLA holder and the improvements in favor of the government. Copy of the Order of Cancellation and Reversion shall be sent to the ASC or FLA holder and the DENR within ten (10) days from issuance of the signed Order.

C. Underutilized Areas

1. The Director or the Regional Director copy furnished the Director, either acting on the inspection reports of its regional personnel, or upon written petition of the DENR, the Local Government Unit or a resident of the area representing his or her community or any people's organization or non-government organization, shall issue a Notice of Violation to the ASC or FLA holder on the ground that the area is underutilized. The cancellation case shall be raffled off by the Director to a Hearing Officer.
2. The Notice of Violation shall state the ground therefor and shall require the ASC or FLA holder to show cause why his or her ASC or FLA should not be cancelled. The ASC or FLA holder shall be given ten (10) days from receipt of the Notice of Violation to submit his or her verified answer accompanied by all supporting documents and affidavits of its witnesses. The affidavits shall state only facts of direct personal knowledge of the affiants and shall show their competence to testify on the matters stated therein. The affidavits shall take the place of the direct testimony of witnesses. Should the ASC or FLA holder fail to submit his or her answer within the reglementary period, he or she shall be declared in default by the Hearing Officer and the cancellation case shall be resolved on the basis of the evidence on record.
3. The Hearing Officer shall, within ten (10) days from receipt of the verified answer or issuance of the Order declaring the ASC or FLA holder in default, convene a

composite team to be comprised of the Provincial Fisheries Officer, the DENR CENRO, the LGU Menro and the MFARMC Chairman for the conduct of the joint ocular inspection. Notice of the joint ocular inspection shall be given to the ASC or FLA holder at least ten (10) days from the scheduled date of inspection. The inspection team shall determine whether the area is underutilized.

4. If the composite team finds the area not to be underutilized, the Hearing Officer shall prepare a report to be signed by all the members of the composite team. The Hearing Officer shall furnish the ASC or FLA holder a copy of the report and submit the same to the Regional Director within fifteen (15) days from the conduct of the inspection. The Regional Director shall issue an order dismissing the case within ten (10) days from receipt of the report, copy furnished the Director and the ASC or FLA holder.
5. Upon a determination that the area is underutilized, the composite team shall determine the reasons therefor. If there are valid reasons for the underutilization of the area, such as but not limited to the following: unstable peace and order, protest against the ASC or FLA or adverse claims, the Regional Director shall direct the ASC or FLA holder to fully develop the area within a period of two (2) years from receipt of a written order, copy furnished the Director.
6. If the ASC or FLA holder fails to show cause for the underutilization or fails to fully develop the area within two (2) years, the Regional Director shall recommend to the Director the cancellation of the ASC or FLA. Upon receipt of the endorsement from the Regional Director recommending the cancellation of the ASC or FLA, the BFAR Director shall study the case. Whenever the BFAR Director agrees that there is prima facie evidence that the area is underutilized, he or she shall recommend to the Secretary of the DA the cancellation of the ASC or FLA within thirty (30) days from receipt of the endorsement.
7. If the Secretary of Agriculture agrees with the findings of the Director, he or she shall issue the Order of Cancellation of the ASC or FLA and shall declare the area available and open to any qualified applicant for ASC or FLA. The Order shall clearly and distinctly state the facts and the law on which it is based. The Order shall also indicate the forfeiture of the cash bond posted by the ASC or FLA holder and the improvements in favor of the government. Copy of the Order of Cancellation shall be sent to the ASC or FLA holder ten (10) days from issuance of the signed Order.

SECTION 32. Motion for Reconsideration. – The ASC or FLA holder may move for the reconsideration of an Order of Cancellation and/or Reversion by filing an appropriate motion specifically indicating the grounds therefor, with proof of service of copies thereof to the Director. The Director shall file with the Secretary his or her comments within ten (10) days from receipt of the said motion. Thereafter, the motion shall be considered submitted for resolution, whether or not such comment is filed. Only one motion for reconsideration of an order of the Secretary shall be allowed. All papers and other documents subsequently filed shall be considered supplements. The Secretary shall decide the motion for reconsideration within fifteen (15) days from its submission. The filing of a motion for reconsideration shall suspend the running of the period to appeal.

SECTION 33. Finality of Order and Period to Appeal. – Subject to the provisions of the preceding rule, any order, resolution or decision of the Secretary shall become final and executory after fifteen (15) days from the date of receipt thereof, unless a motion for reconsideration is filed or an appeal is perfected within said period. The mere filing of an appeal shall not stay the decision of the Secretary.

SECTION 34. Execution of Order or Resolution. – The orders and resolutions of the Secretary, after they have become final and executory, shall be enforced and executed through the issuance of the Writ of Execution to the Director. The latter in turn shall direct the Regional Director to enforce the writ. The Regional Director shall ensure that the structures in the area, if there be any are appropriately dismantled and the illegal occupants be evicted, if there be any. The Regional Director may seek the assistance of Local Government Unit concerned and other law enforcement institutions, such as the Philippine National Police, for carrying out the Writ of Execution.

SECTION 35. Return of the Writ of Execution. – The Director shall make a return of the Writ to the Secretary at any time not less than ten (10) days or more than sixty (60) days after its receipt. The Director shall submit to the Secretary a report on the whole proceedings taken to enforce and execute the order, resolution or decision, together with the corresponding proof of service, within forty-eight (48) hours after the completion of the enforcement and execution.

VII. FINAL PROVISIONS

SECTION 36. Disposition of improvements. – Upon the cancellation or termination of the ASC or FLA, the existing improvements on the area subject of the contract or lease shall become property of the government. The improvements shall be assessed and sold at current market value to the qualified ASC or FLA applicant to answer for any unpaid rentals and surcharges incurred by the previous ASC or FLA holder.

SECTION 37. Unlawful use or occupation of public lands released for fishpond purposes. – Any person illegally occupying or introducing improvements in areas released for fishpond development without a permit, contract or lease, shall be liable for prosecution for the offense of mangrove conversion, without prejudice to the filing of other administrative or criminal charges.

SECTION 38. FLAs foreclosed by assignee-banks. For FLAs mortgaged to banks or financial institutions prior to the effectivity of this Order, in the event of default in the payment of the loan by the lessee and the assignee-bank enforces the terms and conditions of the assignment of rights, the said assignee-bank shall have a period of five (5) years thereafter to hold the area covered by the lease for the purpose of liquidating the debt, disposing of the improvements therein, and negotiating for the transfer or assignment of the rights therein to other qualified transferees who shall comply with the requirements of the Secretary. For this purpose, the assignee-bank shall notify the Secretary when such enforcement will commence. However, if after the period of five (5) years has lapsed and no transfer has been effected, then the area shall be automatically reverted to the Secretary for proper disposition, subject to the rights of the assignee bank. Released areas that have been foreclosed by the Development Bank of the Philippines or any financial institution pursuant to a loan agreement approved by the Secretary shall not be considered as abandoned or undeveloped fishponds although the same may not be operational or commercially producing. After the effectivity of this Order, the rights over an ASC or FLA can no longer be assigned or used as collateral for loans from banks and other financial institutions.

SECTION 39. Administrative and Court Action. – The Secretary, the Director or their duly authorized representative may take action either administrative or judicial, as may be necessary and proper to carry into effect the provisions of this Order.

SECTION 40. Adverse Claim or Protest. – Any person who has an adverse claim or protest over the area which is the subject of application for an ASC or FLA shall file his claim or

protest with the Bureau within thirty (30) days from knowledge thereof, otherwise such claim or protest shall not be entertained.

SECTION 41. Separability Clause. – If any section or provision of this Order, or part thereof, is declared unconstitutional or invalid, the other sections or provisions thereof which are not affected thereby shall continue in full force and effect.

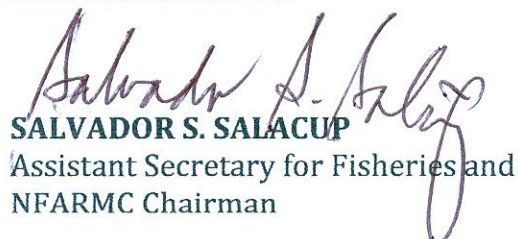
SECTION 42. Repealing clause. – Revised Fisheries Administrative Order No. 60 series of 1960, Fisheries Administrative Order No. 125 series of 1979 and Fisheries Administrative Order No. 197 series of 2000 are hereby repealed. Other fishery rules and regulations which are inconsistent with the provisions of this Order are hereby repealed or modified accordingly.

SECTION 43. Effectivity. – This Administrative Order shall take effect after fifteen (15) days following the completion of its publication in a newspaper of general circulation and its filing with the Office of the National Administrative Register (ONAR).

Issued this 17 th day of Dec., 2012, in Quezon City, Metro Manila, Philippines.


PROCESO J. ALCALA
Secretary

RECOMMENDED BY:


SALVADOR S. SALACUP
Assistant Secretary for Fisheries and
NFARMC Chairman


ATTY. ASIS G. PEREZ
Director, BFAR

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ANNEX A

Republic of the Philippines
City of _____) S.S.
X ----- X

AFFIDAVIT OF UNDERTAKING

Adherence to the General Principles and Guidelines on Good Aquaculture Practices

I _____ of legal age, Filipino, single/married/widow and with legal postal address at _____, after having been duly sworn to in accordance with law, hereby depose and say:

1. That, I am an applicant for a Fishpond Lease Agreement (FLA) covering an area of _____ hectares more or less located in _____.
2. That should my application be granted, I hereby undertake that I will adhere to the following general principles and guidelines for environmentally-sound fishpond operation for the entire duration of the FLA in keeping with Section 47 of R.A. No. 8550 promoting the sustainable development of the aquaculture industry;
 - 2.1. I shall apply proven and acceptable fishpond design and construction procedures to overcome problems related to flooding, navigation obstruction, storms, erosion, seepage, water pollution, encroachment on mangroves and wetlands/river banks;
 - 2.2. I shall strive for optimal water exchange/management to ensure high productivity and lessen water pollution load;
 - 2.3. I shall use high quality stocking materials and shall not use/introduce exotic and GMOs without the permission/accreditation/license from Department of Agriculture –Bureau of Fisheries and Aquatic Resources (DA-BFAR);
 - 2.4. I shall strive for efficient feeding-fertilization management system;
 - 2.5. I shall responsibly use approved therapeutic agents and shall not use banned chemicals and similar substances that may pose hazard to the environment and compromise food safety;
 - 2.6. I shall comply with the species-specific prescribed aquatic animal health management protocols;
 - 2.7. I shall responsibly dispose waste effluents, sediments, solid and other wastes;
 - 2.8. I shall maintain relevant farm records such as feed-fertilizer use, basic water management data, disease incidence, weather observations, production cost, sales and marketing and make such information available to DA-BFAR; and,
 - 2.9. I shall allow authorized DA-BFAR personnel to conduct inspection of the area and to avail of information stated in the preceding paragraph.
3. That should I fail to abide by any of the foregoing Good Aquaculture Practices, I understand that the same shall be a ground for the cancellation of the FLA;

4. That I am executing this affidavit in compliance with the requirements of the application for FLA

AFFIANT further sayeth none.

AFFIANT

WITNESS:

1) _____

2) _____

Subscribed and sworn to before me this ___ day of _____, 20__ in _____.
Affiant exhibiting to me his/her Residence Certificate No. _____ issued on
_____ at _____.

Notary Public

Doc. No. _____;
Page No. _____;
Book No. _____
Series of 20 _____