

**[DAR ADMINISTRATIVE ORDER NO. 01, S. 1999,
March 30, 1999]**

**REVISED RULES AND REGULATIONS ON THE CONVERSION OF
AGRICULTURAL LANDS TO NON-AGRICULTURAL USES**

Pursuant to Sections 65 and 49 of Republic Act (RA) No. 6657, the "Comprehensive Agrarian Reform Law of 1988", Sections 4 (j) and 5 (I) of Executive Order No. 129-A, the "Reorganization Act of the Department of Agrarian Reform", and the pertinent provisions of RA 8435, the "Agriculture and Fisheries Modernization Act", and in compliance with the President's directive on December 29, 1998, the revised rules and regulations on the conversion of agricultural lands to non-agricultural uses are hereby promulgated as follows:

**Article I
Preliminary Provisions**

Section 1. Statement of Policies. — The conversion of agricultural lands to non-agricultural uses shall be governed by the following policies:

- (a) The State shall preserve prime agricultural lands to ensure food security, including sufficiency in our staple food, namely rice and corn;
- (b) The State shall ensure that all sectors of the economy and all regions of the country are given optimum opportunity to develop through the rational and sustainable use of resources peculiar to each area in order to maximize agricultural productivity, promote efficiency and equity, and accelerate the modernization of the agriculture and fisheries sectors of the country; and
- (c) Conversion of agricultural lands to non-agricultural uses shall be strictly regulated and may be allowed only when the conditions prescribed under RA 6657 and/or RA 8435 are present.

SEC. 2. Definition of Terms. — As used in this Order, the terms enumerated are defined as follows:

- (a) Agricultural Lands refer to lands devoted to or suitable for the cultivation of the soil, planting of crops, growing of trees, raising of livestock, poultry, fish or aquaculture production, including the harvesting of such farm products, and other farm activities and practices performed in conjunction with such farming operations by persons whether natural or juridical, and not classified by law as mineral land, forest or timber, or national park, nor reclassified as residential, commercial, industrial or other non-agricultural uses before June 15, 1988.
- (b) Areas Highly Restricted from Conversion refer to agricultural lands enumerated in Section 5 of these Rules whose conversion, if at all, shall be subject to certain

additional requirements as prescribed therein and to the Secretary's approval regardless of the area.

(c) Areas Non-Negotiable for Conversion refer to agricultural lands not eligible for conversion as enumerated in Section 4 of these Rules.

(d) Comprehensive Land Use Plan refers to a document accompanied by maps and similar illustrations which represent the community-desired pattern of population distribution and a proposal for the future allocation of land to the various land-using activities. It identifies the allocation, character and extent of the area's land resources to be used for different purposes and includes the process and the criteria employed in the determination of the land use.

(e) Conversion Moratorium refers to the policy enunciated in RA 8435 which prohibits the conversion of irrigated lands, irrigable lands already covered by irrigation projects with firm funding commitments, and lands with existing or having the potential for growing high-value crops so delineated and included within the Strategic Agriculture and Fisheries Development Zones (SAFDZ) for the period starting 10 February 1998 to 9 February 2003.

(f) Environmentally Critical Areas (ECAs) refer to areas which are ecologically, socially, or geologically sensitive as declared by law such as:

(1) Areas declared by law as national parks, watershed reserves, wildlife preserves and sanctuaries;

(2) Areas set aside as potential tourist spots;

(3) Areas which are the habitats of endangered or threatened species of indigenous Philippine plants and animals;

(4) Areas of unique historic, archeological or scientific interest;

(5) Areas which are traditionally occupied by indigenous people and cultural communities;

(6) Areas frequently hit by natural calamities (geologic hazards, floods, typhoons and volcanic activities);

(7) Areas with critical slopes;

(8) Areas classified as prime agricultural lands;

(9) Recharged areas of aquifers;

(10) Water bodies which are used for domestic supply, or support fisheries and wildlife;

(11) Mangrove areas which have critical ecological functions or on which people depend for livelihood;

(12) Coral reefs;

(13) Mossy and virgin forests;

(14) River banks; and

(15) Swamp forests and marshlands.

(g) Illegal Conversion is the conversion by any landowner of his agricultural land into any non-agricultural use with intent to avoid the application of RA 6657 to his landholding and to dispossess his tenant farmers of the land tilled by them; or the change of the nature of lands outside urban centers and city limits either in whole or in part after the effectivity of RA 6657, as provided in Sec. 73 (c) and (e), respectively, of the said Act.

(h) Irrigable Lands refer to lands which display marked characteristics justifying the operation of an irrigation system;

(i) Irrigated Lands refer to lands serviced by natural irrigation or irrigation facilities. These include lands where water is not readily available as existing irrigation facilities need rehabilitation or upgrading or where irrigation water is not available year-round;

(j) Land Use refers to the manner of utilizing of land, including its allocation, development and management;

(k) Land Use Conversion refers to the act or process of changing the current use of a piece of agricultural land into some other use as approved by DAR;

(l) Network of Protected Areas for Agricultural and Agro-Industrial Development (NPAAAD) refers to agricultural areas identified by the Department of Agriculture through the Bureau of Soils and Water Management in coordination with the National Mapping and Resource Information Authority in order to ensure the efficient utilization of land for agriculture and agro-industrial development and promote sustainable growth. The NPAAAD covers all irrigated areas, all irrigable lands already covered by irrigation projects with firm funding commitments; all alluvial plains highly suitable for agriculture, whether irrigated or not; agro-industrial croplands or land presently planted for industrial crops that support the viability of existing agricultural infrastructure and agro-based enterprises; highland or areas located at an elevation of five hundred (500) meters or above and have the potential for growing semi-temperate and high-value crops; all agricultural lands that are ecologically fragile, the conversion of which will result in serious environmental degradation, and mangrove areas and fish sanctuaries; all fishery areas as defined pursuant to the Fisheries Code of 1998;

(m) National Integrated Protected Areas System (NIPAS) refers to the classification and administration of all designated protected areas to maintain essential ecological processes and life-support systems, to preserve genetic diversity, to ensure sustainable use of resources found therein, and to maintain their natural conditions to the greatest extent possible. NIPAS includes areas designated as initial components of the system under Sec. 5 (a), RA 7586 and those proclaimed as part of the system in accordance with the procedure established under the said Act such as strict nature reserve, natural park, natural monument, wildlife sanctuary,

protected landscapes and seascapes; resource reserve; natural biotic areas; and, other categories established by law, conventions or international agreements wherein the Philippine Government is a signatory;

(n) Premature Conversion of Agricultural Land refers to the undertaking of any development activity, the results of which modify or alter the physical characteristics of the agricultural lands to render them suitable for non-agricultural purposes without an approved order of conversion from the DAR;

(o) Prime Agricultural Lands refer to lands that can be used for various or specific agricultural activities and can provide optimum and sustainable yield with a minimum of inputs and development costs as determined by the Department of Agriculture (DA).

(p) Private Agricultural Lands refer to agricultural lands as defined herein and owned by natural or juridical persons or by the government in its proprietary capacity;

(q) Project Feasibility Study involves the investigation of the market, technical, financial, economic and operational viability of the project. Specifically, it looks into alternative technical schemes to attain the project's objectives including possible size, location, production process, and physical and financial resource requirements. The study also determines whether the project would generate sufficient benefits to offset estimated investment and operating costs. Similarly, it ascertains which of the alternatives would yield the largest positive returns to the economy that would justify the allocation of resources. Finally, it seeks the most suitable legal, administrative and organizational arrangements to ensure that implementation would proceed as planned and that completed facilities would be properly maintained and operated.

(r) Reclassification of Agricultural Lands refers to the act of specifying how agricultural lands shall be utilized for non-agricultural uses such as residential, industrial, commercial, as embodied in the land use plan, subject to the requirements and procedure for land use conversion. It also includes the reversion of non-agricultural lands to agricultural use;

(s) Strategic Agriculture and Fisheries Development Zones (SAFDZ) refer to areas within the NPAAAD identified for production, agro-processing and marketing activities to help develop and modernize, with the support of the government, the agriculture and fisheries sectors in an environmentally and socio-culturally sound manner;

(t) Socio-Economic Benefit Cost Study is an assessment of the project's net contribution to the national economic and social welfare which is done through a comparison of the economic and social benefits expected to be generated from the project with the social and economic costs of its implementation and operation.

(u) Socialized Housing refers to housing programs and projects covering houses and lots or homelots undertaken by the government or the private sector for the underprivileged and homeless citizens where the maximum cost per unit does not exceed the maximum amount as prescribed by the Housing and Urban Development Coordinating Council (HUDCC) which include sites and services development, long-term financing, liberalized terms on interest payments, and such other benefits in

accordance with RA 7279;

(v) Special Economic Zone or ECOZONE refers to selected areas which are highly developed or which have the potential to be developed into agro-industrial, tourist, recreational, commercial, banking, investment and financial centers whose metes and bounds are delimited by Presidential Proclamation;

(w) Unauthorized Conversion is the act of changing the current use of the land from agricultural (e.g. riceland) to another agricultural use the effect of which is to exempt the land from CARP coverage (e.g., livestock) without an order of conversion from DAR, or changing the use of the land other than that allowed under the order of conversion issued by DAR;

(x) Watershed refers to a catchment area or drainage basin from which the waters of a stream or stream system are drawn;

(y) Zoning is the delineation/division of a city/municipality into functional zones where only specific land uses are allowed. It directs and regulates the use of all lands in the community in accordance with an approved and adopted land use plan for the city/municipality. It prescribes setback provisions, minimum lot sizes, building heights and bulk;

(z) Zoning Ordinance refers to a local legislation approving the comprehensive land use plan and providing for the regulations and other conditions, on the uses of land including the limitation on the infrastructures that may be placed thereon within the territorial jurisdiction of a city or municipality.

Article II Coverage

SEC. 3. Applicability of Rules. — These Rules shall apply to the following agricultural lands:

(a) Those to be converted to residential, commercial, industrial, institutional and other non-agricultural purposes;

(b) Those to be devoted to another type of agricultural activity such as livestock, poultry, and fishpond the effect of which is to exempt the land from CARP coverage;

(c) Those to be converted to non-agricultural use other than that previously authorized; and

(d) Those reclassified to residential, commercial, industrial, or other non-agricultural uses on or after the effectivity of RA 6657 on June 15, 1988 pursuant to Section 20 of RA 7160 and other pertinent laws and regulations, and are to be converted to such uses. However, for those reclassified prior to June 15, 1988, the guidelines on securing exemption clearance shall apply.

SEC. 4. Areas Non-Negotiable for Conversion. — The following areas shall not be subject to conversion:

(a) Agricultural lands within protected areas designated under the National