

**[DA JOINT ADMINISTRATIVE ORDER NO. 1, S.
1996 (DA-DILG-DAR-DTI-DENR-DOST), April 23,
1996]**

**IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT
NO. 7900, OTHERWISE KNOWN AS THE HIGH-VALUE CROPS
DEVELOPMENT ACT OF 1995**

Pursuant to the provisions of Republic Act No. 7900, otherwise known as the High-Value Crops Development Act of 1995 which was enacted on February 23, 1995, the following rules and regulations are hereby adopted in order to carry out and enforce the provisions of the Act.

Rule I

Statement of Policy and Objectives

SECTION 1. The rules and regulations were formulated in consonance with the declared policy of the State to accelerate the growth and development of agriculture in general, enhance productivity and incomes of farmers and the rural population, improve investment climate, competencies and efficiency of agribusiness and develop high-value crops as export crops that will significantly augment the foreign exchange earnings of the country, through an all out promotion of the production, processing, marketing and distribution of high-value crops in suitable areas of the country by both the government and the private sector.

The guidelines, moreover, reflect the avowed policy of the State to effect an efficient use of land and enforce the principles that land has a social function and that land ownership has a social responsibility attached to it.

SECTION 2. The general objective of these guidelines is to insure the proper, effective and efficient implementation and enforcement of the provisions of R.A. No. 7900 in order to enhance the development of high-value crops in the Philippines.

The specific objectives are as follows:

1. Define and clarify terms for uniformity of interpretation by all implementors of the Act.
2. Define and clarify institutional roles and responsibilities of implementing agencies and proponents (e.g., farmer-cooperative, commercial producers, etc.).
3. Define mechanics of implementing tenurial arrangements as well as the various services offered by the Act through the different agencies such as the incentives/privileges, credit assistance, market linkage, technical support, etc.

4. Define and clarify the management and disbursement of the High-Value Crops Development Fund (HVCDF).

Rule II

Scope and Coverage

SECTION 1. *Scope and Coverage* — The implementing rules and regulations shall cover upland dwellers, lowland tenants, indigenous and cultural communities, Comprehensive Agrarian Reform Program (CARP) beneficiaries, upland farm owners, farmers, farmers' organizations/associations/cooperatives community associations, farmworkers and other entities material to the success of the implementation of the law such as agro-processors, input suppliers, corporations engaged in, but not limited to transportation, warehousing, packaging, NGOs and to the extent herein provided, the departments, offices, agencies, subdivisions, branches or instrumentalities in the areas identified by the Department of Agriculture (DA) as key commercial crop production areas.

Rule III

Definition of Terms

SECTION 1. *Definition of Terms* — When used in relation to the implementation of these rules and regulations, the following terms shall be defined as follows:

1. **Non-Traditional Crops** — shall refer to crops other than rice, corn, coconut and sugarcane.

2. **High-Value Crops** — shall refer to crops that can be optimally and sustainably produced in the area and which can generate revenues higher than that of traditional crops. Such crops include, but are not limited to: coffee and cacao, fruit crops (citrus, cashew, guyabano, papaya, mango, pineapple, strawberry, jackfruit, rambutan, durian, mangosteen, guava, lanzones and watermelon), root crops (potato and ubi), vegetable crops (asparagus, broccoli, cabbage, celery, carrots, cauliflower, radish, tomato, bell pepper and patola), legumes (pole sitao, snap beans and garden pea), spices and condiments (black pepper, garlic, ginger, and onion), and cutflower and ornamental foliage plants (chrysanthemum, gladiolus, anthuriums, orchids, and statice).

The priority crops identified under the Department of Agriculture's Key Commercial Crops Development Program (KCCDP) shall be considered as HVC.

3. **Idle and Abandoned Land** — shall refer to any agricultural land not cultivated, tilled or developed to produce any crop devoted to any specific economic purpose continuously for a period of three (3) years immediately prior to the receipt of notice of acquisition by the government as provided under CARP, but does not include land that has become permanently or regularly devoted to non-agricultural purposes. It does not include land which has become unproductive by reason of force majeure or any other fortuitous event, provided that such land was previously used for agricultural or other economic purpose.

4. **Alienable and Disposable Land** — shall refer to those lands of the public

domain which have been the subject of the present system of classification and declared as not needed for forest purposes.

5. **Forest Land** — shall refer to the lands of the public domain which have not been declared as alienable or disposable, public forests, permanent forests or forest reserves, forest reservations, timber land, grazing lands, game refuge, and bird sanctuaries.

6. **Marginally Suitable Land** — shall refer to land with severe physical limitations for the sustained application of a given land use. The productivity of marginally suitable land is slow; an increase of expenditure on required inputs is only marginally justified (Food Agriculture Organization, 1976). A land is considered marginal if it exhibits one or all of the following traits: (1) located in an ecozone with high climatic variability; (2) exposed to the threat of soil degradation; (3) manifests diminishing returns to production inputs; and (4) requires a high level of management to sustain productivity. (Report of Asian Productivity Organization [APO] Seminar on Development of Marginal Land, 1992).

7. **Cooperative** — shall refer to a duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve a lawful common social, economic end, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles.

8. **Farmers' Organization** — shall refer to farmers' cooperatives, associations, or corporations duly registered with appropriate government agencies and which are composed primarily of small agricultural producers, farmers, farmworkers and other agrarian reform beneficiaries who voluntarily join together to form business enterprises which they themselves own, control and patronize.

9. **Small Scale Commercial Producer** — shall refer to grower/producer with total projects worth fifteen million pesos (P15,000,000) and below.

10. **Farmworker** — shall refer to a natural person who renders service for value as an employee or laborer in an agricultural enterprise or farm regardless of whether his compensation is paid on a daily, weekly, monthly or "pakyaw" basis.

11. **Upland Farming** — shall refer to planting of upland crops which usually require less water than other crops, as in non-irrigated and elevated farm areas.

12. **Certified Seed** — shall refer to seeds that passed the seed certification standards of the Bureau of Plant Industry (BPI) and which are the progeny of foundation, registered or certified seeds that are so handled as to maintain satisfactory genetic identity and varietal purity.

13. **Good Seeds** — shall refer to seeds that are the progeny of certified seeds so handled as to maintain a minimum acceptable level of genetic purity and identity and which is selected at the farm level.

14. **Private Sector** — shall refer to entities not belonging to the government.

Rule IV

Site Identification

SECTION 1. The Department of Agriculture and the Department of Agrarian Reform, in coordination with the Department of Environment and Natural Resources and the Department of Interior and Local Government/Local Government Units and the private sector, shall determine the areas nationwide that have comparative advantage in the production of specific high-value crops. These areas which have been identified as having comparative advantage shall be given priority in the implementation of this Act. For an area to have comparative advantage, the following basic criteria should have been met:

- a) favorable agro-climatic conditions (e.g. land, water resources and climate are suitable for the crop)
- b) accessibility to markets
- c) availability of support facilities (e.g. irrigation, transport, roads, etc.)
- d) availability of viable groups (e.g. cooperatives and farmers' association with existing economic projects)

SECTION 2. The Department of Agriculture and Department of Agrarian Reform (DAR), in coordination with the Department of Environment and Natural Resources (DENR) and Department of Interior and Local Government/Local Government Units (DILG/LGUs) and the private sector, shall also identify specific locations which are potential areas for specific high value crops, i.e., they met the criteria in Section 1, Rule IV. The aforementioned agencies shall consequently identify and prepare specific development interventions needed for these potential areas to totally meet the criteria for comparative advantage. These agencies are encouraged to consult with farmers' groups and the private sector as much as possible.

SECTION 3. The suitable sites shall include the 1.3 million hectares of marginally suitable rice and corn areas and 1.2 million hectares of existing commercial crop areas, as provided in the Key Commercial Crops Development Program of the Department of Agriculture as well as areas planted to coconuts which can be intercropped with high value crops.

SECTION 4. The Department of Agriculture and Department of Agrarian Reform, in coordination with Department of Environment and Natural Resources and Department of Interior and Local Government/Local Government Units and the private sector, shall determine the suitable areas for high-value crops production within 6 months after the effectivity of the High Value Crops Act.

SECTION 5. The Department of Agriculture, Department of Environment and Natural Resources, Department of Agrarian Reform and Department of Interior and Local Government/Local Government Units and the private sector shall review identified sites every year to ensure consistency with their respective mandates/programs and the national land use policy. These agencies are encouraged to consult with farmer-groups and private sector in the review of identified sites.

Rule V

Tenurial Arrangement

SECTION 1. Farmer-cooperatives and associations including indigenous cultural communities who are actually tilling or cultivating the land to be allocated, and living in the areas or adjacent barangay, shall have priority in availing of the tenurial arrangements under the High-Value Crops Development Program (HVCDP).

SECTION 2. The Department of Agrarian Reform (DAR) and the Department of Environment and Natural Resources (DENR), in coordination with the Department of Agriculture (DA), may allow the use of lands under their administrative jurisdiction issuing the tenurial instruments under their various programs which are appropriate to the intents and purposes of R.A. 7900.

SECTION 3. Subject to the conditions imposed by the concerned agencies in Section 2 above, and in accordance with Section 6 of R.A. 7900, farmer-cooperatives may lease the lands for a period of twenty-five (25) years, renewable for another twenty-five (25) years, and not to exceed one thousand (1,000) hectares in area.

Rule VI

Farm Model for High-Value Crops Production

SECTION 1. The farm model for high-value crops production shall adhere to the Key Production Area or KPA development approach of the Department of Agriculture to enable the sector to achieve the program's objectives as stated in Rule I, particularly those relating to the promotion of High-Value Crops as preferred areas of investment and their development as export crops/products.

SECTION 2. The KPA development approach seeks to modernize the agriculture sector in general, and high-value crops production in particular, in order to achieve world competitiveness and empower the program participants. Modernization shall enable the country to produce world class products for the world market and for these products to compete on an even footing with imports in the domestic market. Modernizing the agricultural sector shall provide the base for industrialization as increased productivity shall allow farm and rural labor to move into industry.

SECTION 3. The KPA approach encourages farmers/proponents to produce high-value crops only in those areas of the country where the land, water resources and climate are suitable for those commodities, and where ready markets are available.

SECTION 4. The farmers/proponents preferably have control over resources, to make high-value crops production profitable.

SECTION 5. Farmers/proponents of the HVC model may organize themselves into cooperatives and thus qualify to benefit from government's assistance in terms of needed technical and institutional support. The Department of Agriculture, Department of Agrarian Reform, Department of Environment and Natural Resources, Department of Interior and Local Government/Local Government Units and Cooperative Development Authority (CDA) shall provide the needed technical and social infrastructure support to develop cooperatives.