

**[ DAR ADMINISTRATIVE ORDER NO. 01, S. 2002,  
FEBRUARY 28, 2002, February 28, 2002 ]**

**2002 COMPREHENSIVE RULES ON LAND USE CONVERSION**

Pursuant to Section 65 and 49 of Republic Act (RA) No. 6657 (Comprehensive Agrarian Reform Law of 1988), Section 4(j) and 5(l) of Executive Order (EO) No. 129-A (Reorganization Act of the Department of Agrarian Reform), the pertinent provisions of RA 8435 (Agriculture and Fisheries Modernization Act), EO-45-2001 [25 October 2001], and in order to provide effective means of evaluating applications for land use conversion, these Rules are hereby promulgated:

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:

- 1.1. The State shall preserve prime agricultural lands to ensure food security.
- 1.2. 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, to promote efficiency and equity, and to accelerate the modernization of the agriculture and fisheries sectors of the country.
- 1.3. 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 and complied with.

SECTION 2. Definition of Terms. — All references in these Rules in the masculine gender form (he/him/his) shall interchangeably mean the feminine form (she/her/hers) or may refer to a group (it/it's/their). As used in this AO, the terms enumerated are defined as follows:

- 2.1. Agricultural land refers to land 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, or classified for residential, commercial, industrial or other non-agricultural uses before 15 June 1988.
- 2.2. Area Highly Restricted from Conversion refers to agro-industrial cropland, or

land presently planted to industrial crops that support the economic viability of existing agricultural infrastructure and agro-based enterprises; highland or area located at an elevation of 500 meters or higher and have the potential for growing semi-temperate and/or high value crops; land covered by a notice of land valuation and acquisition; irrigable land not covered by irrigation projects with firm funding commitment; and Environmentally Critical Area and Environmentally Critical Projects as determined by the Department of Environment and Natural Resources (DENR).

2.3. Area Non-Negotiable for Conversion refers to agricultural land not eligible for conversion as enumerated in Section 4 hereof.

2.4. Comprehensive Land Use Plan refers to a document accompanied by maps and similar illustrations, which represent the community-desired pattern of population distribution and proposal for the future allocation of land for various land use 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's use.

2.5. 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 for the period starting 10 February 1998 to 09 February 2003.

2.6. Environmentally Critical Areas (ECA) refer to areas that are ecologically, socially, or geologically sensitive as declared by law such as:

2.6.1. Areas declared by law as national parks, watershed reserves, wildlife preserves and sanctuaries;

2.6.2. Areas identified as potential tourist spots;

2.6.3. Areas that are habitats of endangered or threatened species of indigenous Philippine plants and animals;

2.6.4. Areas of unique historic, archeological or scientific interest;

2.6.5. Areas traditionally occupied by indigenous people or cultural communities;

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

2.6.7. Areas with critical slopes of 18% and above;

2.6.8. Areas classified as prime agricultural lands;

2.6.9. Recharged areas of aquifer;

2.6.10. Water bodies used for domestic supply or to support fisheries and wildlife;

2.6.11. Mangrove areas with critical ecological functions or on which people depend

for livelihood; or

2.6.12. Coral reefs.

2.7. Environmentally Critical Project (ECP) refers to a:

2.7.1. Heavy industry project involving ferrous metals, iron or steel mills; petroleum or petro-chemicals, oil, gas, or smelting plants;

2.7.2. Resource extractive project such as major mining and quarrying project, forestry logging project, major wood processing, introduction of fauna or exotic animals in public or private forests, forest occupancy, extraction of mangrove products, grazing, fishery dikes, or fishpond development;

2.7.3. Major infrastructure project such as dam, power plant (utilizing fossil-fuel, hydroelectric, geothermal, or nuclear power), reclamation, bridge, or a major road; or

2.7.4. Golf course project.

2.8. 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 nature of lands outside urban centers and city limits either in whole or in part after the effectivity of RA 6657, as provided in Section 73 (c) and (e), respectively, of the said Act.

2.9. Irrigable Land refers to land displaying marked characteristics justifying the operation of an irrigation system.

2.10. Irrigated Land refers to land serviced by natural irrigation or irrigation facilities. This includes lands where water is not readily available because existing irrigation facilities need rehabilitation or upgrading or where irrigation water is not available year-round.

2.11. Land Use refers to the manner of utilization of land, including its allocation, development and management.

2.12. Land Use Conversion refers to the act or process of changing the current physical use of a piece of agricultural land into some other use or for another agricultural use other than the cultivation of the soil, planting of crops, growing of trees, including harvesting of produce therefrom, as approved by DAR.

2.13. 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 Section 5 (a) of RA 7586 which include all areas or islands in the Philippines proclaimed, designated or set aside, pursuant to a law, presidential decree, presidential proclamation or executive order as national park, game refuge, bird and wildlife sanctuary, wilderness area, strict nature reserve,

watershed, mangrove reserve, fish sanctuary, natural and historical landmark, protected and managed landscape/seascape as well as identified virgin forest before the effectivity of RA 7586; 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.

2.14. Network of Protected Areas for Agricultural and Agro-Industrial Development (NPAAAD) refers to agricultural areas identified by the Department of Agriculture (DA) 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 to 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 lands presently planted to 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, which 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; and all fishery areas as defined pursuant to the Fisheries Code of 1998.

2.15. Premature Conversion of Agricultural Land refers to the undertaking of any development activity, the result of which may modify or alter the physical characteristics of the agricultural land as would render it suitable for non-agricultural purposes without an approved Conversion Order from the DAR.

2.16. Prime Agricultural Land refers to land that can be used for various or specific agricultural activities and can provide optimum and sustainable yield with minimum inputs and development costs as determined by the DA.

2.17. Private Agricultural Land refers to agricultural land as defined herein and owned by natural or juridical persons or by the government in its proprietary capacity.

2.18. Project Feasibility Study involves the investigation of the market, technical, financial, economic, and operational viability of the project. Specifically, it looks into the 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 return to the economy that would justify its use 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.

2.19. Reclassification of Agricultural Land 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, undertaken by a Local Government Unit (LGU) in accordance with Section 20 of RA 7160 and Joint Housing and Land Use Regulatory Board (HLURB), DAR, DA, and Department of Interior and Local Government (DILG) MC-54-1995. It also includes the reversion of non-agricultural lands to agricultural use.

2.20. 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 shall include sites and services development, long-term financing, liberalized terms on interest payments, and such other benefits in accordance with RA 7279.

2.21. Socio-Economic Benefit-Cost Study involves the assessment of the project's net contribution to the national economic and social welfare, 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.

2.22. Special Economic Zone or Eco Zone 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.

2.23. Strategic Agriculture and Fisheries Development Zone (SAFDZ) refer to the 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.

2.24. 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 exclude the land from CARP coverage (e.g. livestock) without a Conversion Order from the DAR, or changing the use of the land other than that allowed under the Conversion Order issued by the DAR.

2.25. Watershed refers to a catchment area or drainage basin from which the waters of a stream or stream system are drawn.

2.26. 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 or adopted land use plan for the city/municipality. It prescribes setback provisions, minimum lot sizes, building heights and bulk.

2.27. 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.