

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 363

PRESCRIBING GUIDELINES FOR THE PROTECTION OF AREAS NON-NEGOTIABLE FOR CONVERSION AND MONITORING COMPLIANCE WITH SECTION 20 OF THE LOCAL GOVERNMENT CODE

WHEREAS, Section 21, Article II of the 1987 Constitution provides that “the State shall promote comprehensive rural development and agrarian reform”;

WHEREAS, Section 1, Article XII of the Constitution provides that “the State shall promote industrialization and full employment based on sound agricultural development and agrarian reform, through industries that make full and efficient use of human and natural resources”;

WHEREAS, Section 9, Article XIII of the Constitution provides that “the State shall, by law, and for the common good, undertake, in cooperation with the private sector, a continuing program of urban land reform and housing which will make available at affordable cost decent housing and basic services to underprivileged and homeless citizens in urban centers and resettlement areas”;

WHEREAS, it is necessary to rationalize the policy of government in protecting prime agricultural lands and in providing areas for industry, housing and commerce;

WHEREAS, the President is empowered to issue guidelines to Executive Agencies to further define the roles they are to undertake in pursuing the mandate of their respective agencies and in accordance with the priorities of government.

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Philippines, by virtue of the powers vested in me by law, do hereby direct the observance of the following guidelines:

SECTION 1. Declaration of Principles and Governing Policies

A. General Principles

1. The State shall give priority to the provision for a rational and sustainable allocation, utilization, management and development of the country's land resources.

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2. The State shall protect prime agricultural lands for food production activities, and give highest priority to the completion of the Comprehensive Agrarian Reform Program (CARP).
3. The State shall ensure food self-sufficiency and food security through efficient and sustainable use of land resources, consistent with the principles of sound agricultural development, natural resources development and agrarian reform.
4. The State shall promote the dispersal of industries nationwide to catalyze countryside development through the Regional Growth Centers (RCGs), economic zones, and growth networks/corridors.
5. The State shall promote and encourage the development of economic and socialized housing projects in order to make available adequate economic and socialized housing units for average and low-income earners in urban and rural areas.
6. The State shall institutionalize the participation of people's organizations, non-government organizations, and local communities in the formulation of a national land use plan.

B. Governing Policies

1. The following areas shall not be subject to or non-negotiable for conversion:
 - a. Protected areas designated under the National Integrated Protected Areas (NIPAS), including watershed and recharge areas of aquifers, as determined by the Department of Environment and Natural Resources (DENR), pursuant to RA 7586 (1992);
 - b. All irrigated lands, as delineated by the Department of Agriculture (DA) and/or the National Irrigation Administration (NIA) and approved by the President, where water is available to support rice and other crop production, and all irrigated lands where water is not available for rice and other crop production but are within areas programmed for irrigation facility rehabilitation by the DA and the NIA,

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pursuant to Presidential Administrative Order 20 (1992);
and

- c. All irrigable lands already covered by irrigation projects with firm funding commitments, as delineated by the DA and/or NIA and approved by the President.

For this purpose, the Network of Protected Areas for Agriculture (as of 1991), as determined by the DA and/or NIA shall serve as guide in determining non-negotiable areas. The Network may only be revised upon the approval of the President, upon favorable recommendation by the Cabinet Cluster on Agro-Industrial Development.

In all cases, applications for conversion involving lands protected from and non-negotiable for conversion shall not be given due course by the DAR.

2. The following areas shall be highly restricted from conversion:

- a. Lands classified as 'Highly Restricted from Conversion' in the Network of Protected Areas for Agriculture as delineated by the DA, as follows:
 - a.1 Irrigable lands not covered by irrigation projects with firm funding commitments;
 - a.2 Agro-industrial croplands, or lands presently planted to industrial crops that support the economic viability of existing agricultural infrastructure and agro-based enterprises; and
 - a.3 Highlands, or areas located in elevations of 500 meters or above and have the potential for growing semi-temperate and usually high value crops.
- b. Lands issued a Notice of Acquisition/Valuation under the agrarian reform program or subject of a perfected agreement between the landowner and the beneficiaries under Voluntary Land Transfer (VLT) or Direct Payment Scheme (DPS) under CARP, as determined by the DAR; and
- c. Areas identified as environmentally critical as determined by the DENR, pursuant to PD 1586 (1978) and its implementing rules and regulations;

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Lands classified as highly restricted from conversion may be converted only upon compliance with existing laws, rules and regulations. An additional requirement of the social benefit cost analysis approved by the DA shall also be required before these lands may be approved for conversion.

Applications for conversion covering areas under 2 (c) above shall be subject to the Environmental Impact Assessment (EIA) and/or Environmental Compliance Certificate (ECC) of the DENR.

3. Conversion of priority areas under Executive Order 124 (1993), as identified below, falling within the areas highly restricted from conversion may be allowed and the social benefit cost analysis for these areas may be waived; PROVIDED that the requirement of an EIC or ECC shall always be required; PROVIDED FURTHER that in no case shall conversion be allowed if these sites fall under those classified as non-negotiable areas:
 - a. specific sites in regional agri-industrial centers/regional industrial centers (RAICs/RICs) identified by the Department of Trade and Industry (DTI) and the Department of Agriculture (DA), attached as Annex A;
 - b. tourism development areas (TDAs) identified by the Department of Tourism (DOT), attached as Annex B; and
 - c. sites identified by the local government units (LGUs) for socialized housing.
4. In all cases, farmers or prospective beneficiaries of the agrarian reform program affected by the conversion shall be paid sufficient disturbance compensation. In addition, the owners and or developers of the land shall be encouraged to provide capital which will enable the affected farmers and other legitimate stakeholders to shift to another livelihood, skills training, relocation sites, and priority in employment for them and their children. Investment arrangements which give affected farmers and other legitimate stakeholders a stake in the development of the land, such as, but not limited to, joint ventures and partnerships, shall also be encouraged.
5. No application for reclassification by LGUs shall be given due course by HLURB without the approved Comprehensive Land Use Plan approved by the HLURB for provinces, highly urbanized cities, independent component cities and the cities and municipalities of Metropolitan Manila, or the Sangguniang Panlalawigan for component cities and

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municipalities, after 1 January 1989. The following requirements or certifications from various agencies shall also be required:

- a. Certification from the local HLURB specifying the total area of zoned agricultural lands in the local government concerned based on the approved Comprehensive Land Use Plan or Zoning Ordinance prior to the application for conversion;
 - b. Certification from the NIA that the area to be reclassified is not covered under Presidential A.O. 20, s. 1992;
 - c. Certification from the DAR indicating that such lands are not distributed or covered by a Notice of Valuation under CARP; and
 - d. Certification from DENR that the area applied for reclassification has been classified as alienable and disposable, and is not needed for forestry purposes in case the area applied for falls within public lands.
6. No application for conversion shall be given due course by DAR without the following certifications from various agencies:

- a. Certification of the Viability or Non-Viability of Agricultural Land from the DA and that the land is not part of the area identified as non-negotiable for conversion or a certification as to whether the land is classified as highly restricted from conversion or not;
- b. Certification that the land does not fall under the NIPAS area or is not classified as environmentally critical from the DENR. For applications for conversion involving environmentally critical areas, the DAR may issue an Order of Conversion, subject to the issuance of an ECC by the DENR.

The DENR, in coordination with the DAR, shall institute an Environmental Guarantee Fund to ensure environment protection and to provide government the financial capability to handle negative impacts of the conversion;

- c. Certification from the NIA stating that the area is not covered under Presidential A.O. 20, S. 1992; and
- d. Certification from the HLURB that the land has been reclassified and that said reclassification is within or outside the maximum allowable limits set by law.

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7. In all cases, the decision of the DAR Secretary shall be appealable to the Office of the President. The President may allow the conversion of areas considered non-negotiable for conversion only upon the favorable recommendation of the Cabinet Cluster on Agro-Industrial Development; PROVIDED that where lands affected are irrigated, the owner/developer shall be required to replace the areas affected by an equal area of irrigated lands, whether within or outside the area/locality being applied for conversion; and PROVIDED FURTHER that such conversion shall not adversely affect the irrigation system.

SEC. 2. Definition of Terms. As used in and for purposes of this Administrative Order, the following terms shall mean:

Agricultural Lands refer to lands devoted to agricultural activity and not classified as mineral, forest, residential, commercial or industrial land (Sec. 3 (c), RA 6657).

Aquifer Recharge Areas refer to sources of water replenishment where rainwater or seepage actually enters the aquifers. Aquifers are sources of water from the ground.

Environmentally Critical Areas refer to areas declared by law as: a) areas for natural parks, watershed reserves, wildlife preserves, and sanctuaries; b) areas set aside as aesthetic potential tourist spots; c) areas which constitute the habitat for any endangered or threatened species of indigenous Philippine wildlife (flora and fauna); d) areas of unique historic, archeologic, or scientific interests; e) areas which are traditionally occupied by cultural communities and tribes; f) areas with critical slopes; g) areas frequently visited and/or hard hit by natural calamities (geologic hazards, floods, typhoons and volcanic activities); h) areas classified as prime agricultural lands; i) recharge areas of aquifers; j) water bodies; k) mangrove areas; l) coral reefs; m) mossy and virgin forests; n) river banks; and o) swamp forests and marshlands.

Highly Restricted Areas Within Network of Protected Areas for Agricultural Development refers to the most efficient agricultural land that can be grown to a wide range of crops with minimum to moderate level of farm management requirement.

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

Land Use Conversion refers to the act or process of changing the current use of a piece of agricultural land into some other use.

Land Use Plan refers to a document embodying a set of policies accompanied by maps and similar illustrations which represent the

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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.

Network of Protected Areas for Agriculture (NPAA) refers to land reserved for agricultural activities. The specific types of land reserved for agricultural activities covered by the NPAA are:

- a. All irrigated and potentially irrigable land;
- b. All alluvial, plain land that are highly suitable for agricultural production and/or can be devoted to food production;
- c. All sustainable land that are traditional sources of food;
- d. All crop land that support the existing economic scale of production required to sustain the economic viability of existing agricultural infrastructure and agro-based enterprises in the province or region;
- e. All productive land in the low-calamity risk areas that are suitable for the production of economic trees and other cash crops; and
- f. All agricultural land that are ecologically fragile and whose conversion will result in serious environmental problems.

National Integrated Protected Areas System is 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 extent possible.

Premature Conversion of Agricultural Land means the undertaking of any development activities whose results will modify or alter the physical characteristics of the agricultural lands to render them sustainable for non-agricultural purposes without an approved order of conversion from the DAR.

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 cost as determined by the DA.

Protected Areas refer to identified portions of land and water set aside by reason of their unique physical and biological significance, managed to



enhance biological diversity, and protected against destructive human exploitation.

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 conversion. It also includes the reversion of non-agricultural lands to agricultural use (Joint HLURB, DAR, DA, DILG Memorandum Circular, s. 1995).

Regional Agri-Industrial Growth Centers are specific locations in each of the country's regions outside the National Capital Region (NCR) identified for development by providing it with the full range of infrastructure/utilities needed by industries to establish operations in the countryside. The RGCs are growth centers envisioned to strengthen complementary linkages between agriculture and industry; between urban centers and rural areas; and their integration into a mutually reinforcing national system of production, distribution and exchange, and into the highly competitive international market.

Regional Growth Networks/Corridors are neighboring provinces/regions which are linked together and are identified through the collaboration and cooperation of various local government units. The linking of these areas permits the comparative advantages/strengths of each area to be shared with one another, thereby ensuring the optimum utilization of resources and the development of networks/corridors and its radiation areas.

Socialized Housing refers to housing programs and projects covering houses and lots or homelots only undertaken by the government or the private sector for the underprivileged and homeless citizens which shall include sites and services development, long-term financing, liberalized terms on interest payments, and such other benefits in accordance with RA 7279.

Special Economic Zones refer to selected areas with highly developed or which have the potential to be developed into agro-industrial, industrial, tourist/recreational, commercial, banking, investment and financial centers. An ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers.

Tourism Development Areas refer to specific sites for tourism development located in areas identified as priorities in the national and regional tourism master plans as well as those designated through legislative and executive issuances as tourist spots and tourist zones which can be developed into tourism estates or integrated resort, leisure and recreation complexes, and other tourism related facilities.

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

Zoning refers to 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.

Zoning Ordinance refers to a local legislation approving the development control/zoning plan and providing for the regulations and other conditions, on the uses of land including the limitation on the infrastructures that may be places thereon within the territorial jurisdiction of a city or municipality.

SEC. 3. *Monitoring Compliance with Sec. 20 of RA 7160.* The implementation of Sec. 20 of R.A. No. 7160 authorizing cities and municipalities to reclassify agricultural lands into non-agricultural uses shall observe the guidelines set by the Joint HLURB, DAR, DA and DILG Memorandum Circular, s. 1995, pursuant to M.C. 54, s. 1993 from the Office of the President.

SEC. 4. *Penalties and Sanctions.* The following prohibited acts, defined and penalized in related laws and administrative issuances, specifically: RA 6657 (Comprehensive Agrarian Reform Law), RA 7586 (National Integrated Protected Areas System Law), Executive Order 184 (Creation of Socialized Housing One-Stop Processing Centers), Executive Order 648 (Reorganizing the Human Settlements Regulatory Commission, now the Housing and Land Use Regulatory Board), DAR Administrative Order 12 (1994), DAR-DOJ Administrative Order 4 (1993) and 5 (1994), DA Administrative Order 2 (1992), and DENR Administrative Order 96-37 (1996) shall apply to this Administrative Order:

1. The conversion by any landowner of his agricultural land into non-agricultural use with the intent to avoid the application of RA 6657 to his landholdings and to dispossess the tenant farmers of the land tilled by them;
2. The sale, transfer, conveyance or change of the nature of lands outside of urban centers and city limits either in whole or in part after the effectivity of RA 6657;
3. Squatting, mineral exploration, or otherwise illegally occupying any land inside protected areas;

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4. Constructing or maintaining any kind of structure, fence, or enclosures and conducting any business enterprise without permit inside protected areas;
5. Failure of the developer/proponent to comply with his undertaking or socialized housing project;
6. Misrepresentation or concealment of material facts in the application for land use conversion, and any other violations of the rules and regulations which are material to the grant of the conversion;
7. Failure to implement and complete the land development of the area approved for conversion within the specified time;
8. Knowingly or wilfully converting any agricultural land without the approval of the DAR;
9. Misrepresentation or concealment of material facts for the issuance of the Certificate of Eligibility for Conversion (CEC) by the DA, or any attempt to misrepresent or conceal any material fact for the issuance of a CEC;
10. Any project or activity which has been classified as environmentally critical and/or located in an environmentally critical area established and/or operating without a valid Environmental Compliance Certificate (ECC) from the DENR;
11. Projects violating ECC conditions, environmental management plans (EMP) or rules and regulations pertaining to the environmental impact statement (EIS) system; and
12. Misrepresentations in EIS/IEE (Initial Environment Examination) or any other documents submitted by the proponent pursuant to DENR A.O. 96-37.

SEC. 5. *Transitory Provisions.* The pertinent government agencies are hereby directed to harmonize and amend their procedures and guidelines on land use and land use conversion based on the principles enunciated herein within sixty (60) days from the effectivity of this Order.

The following agencies are also mandated to perform the following functions towards the full implementation of this Order within six (6) months from the effectivity hereof:

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1. The Department of Agriculture shall:
 - a. Update and revise the Network of Protected Areas for Agriculture, including the maps, taking into account the provisions of this Order;
 - b. Identify criteria for certifying that the land has ceased to be economically sound and suitable for agriculture;
 - c. Design, in consultation with DAR, DENR, NEDA, HLURB, DTI and DOT, the social benefit cost analysis which will be used in evaluating lands prior to the issuance of the CEC; and
 - d. The National Irrigation Administration of the DA shall prepare and update maps of irrigated and irrigable lands that shall be protected from and non-negotiable for conversion.

2. The Department of Environment and Natural Resources shall:
 - a. Prepare and/or validate maps of the initial components of the NIPAS, including watershed and aquifer areas, in consultation with and active support from local government units; and
 - b. Identify and map environmentally critical areas subject of an EIA or ECC, in consultation with and active support from local government units.

3. The Department of Agrarian Reform shall identify lands already issued a: 1) Notice of Valuation under the Compulsory Acquisition (CA), or 2) Voluntary Offer to Sell (VOS) process, or 3) lands subject of a perfected agreement between the landowner and the beneficiaries under Voluntary Land Transfer (VLT) or Direct Payment Scheme (DPS) under CARP.

4. The Housing and Land Use Regulatory Board shall, pursuant to M.C. 54 (1993) from the Office of the President and in coordination with DA, DAR, DILG, NEDA, League of Provinces, League of Cities and League of Municipalities, in consultation with People's Organizations and NGOs, design and install a monitoring and evaluation system for the reclassification of agricultural lands into non-agricultural uses.

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5. The Department of Interior and Local Government shall, in coordination with HLURB, cause the LGUs' immediate compliance with the provisions for the formulation and updating of their respective comprehensive land use plans, to be reviewed and approved by the HLURB or the Sangguniang Panlalawigan, pursuant to EO 72 (1993).

In the absence of a Presidential Approval of the delineation of irrigated and irrigable lands non-negotiable for conversion, the DA's Network of Protected Areas for Agriculture shall govern.

SEC. 6. Repealing Clause. All other issuances inconsistent herewith are hereby repealed or modified accordingly.

SEC. 7. Effectivity Clause. This Administrative Order shall take effect ten (10) days after its publication in two (2) national newspapers of general circulation.

DONE in the City of Manila, this 9th day of October in the year of Our Lord, Nineteen Hundred and Ninety-Seven.



By the President:



RUBEN D. TORRES
Executive Secretary

REGIONAL AGRI-INDUSTRIAL GROWTH CENTERS (RGC'S)
SPECIFIC SITE

REGION	RGC NAME	LOCATION	COVERED BARANGAY'S	TOTAL AREA	AREA for DEVT.
CAR-A	Baguio Export Processing Zone		-Loakan Rd, Baguio City	62	—
CAR-B	CAR RGC	Tabuk, Kalinga	-Brgy. Ileb, Namparan	250	—
I	Bacnotan RGC	Bacnotan La Union	-Brgy's. Salongin, Tammocalao, Maragayap, Cabarsican, Sta. Cruz Sipulo, Pandacan, Bulala, Sta Rita, & portion of Pobalcion, San Marin, Cabaroan Bitalag, Cabugao, & Nangalisan.	1,098	250
II-A	Cagayan Economic Zone	Port Irene, Sta Ana Cagayan	-Brgy's. Casambalan, Sta Ana, Rakat, & Zinungan	800	24
II-B	Cauayan RGC	Cauayan Isabela	-Brgy. Tagaran	108	80
III-A	Bataan Export Processing Zone		-Mariveles, Bataan	1,600	-
III-B	Hermosa RGC	Hermosa Bataan	-Brgy. Pandatung	116	3
IV-A	Cavite Export Processing Zone	Rosario Cavite		275	
IV-B	Batangas RGC	Batangas City	-Brgy Tabangao	700,	50
V	Bicol RGC	Legazpi City, Albay	-Brgy.Homapon	57	57
VI	Pavia RGC	Pavia Iloilo	-Pavia	1,109	169
VII	Mactan Export Processing Zone	Mactan, Cebu	-Brgys. Pusok & Ibo	150	
VIII	Eastern Visayas RGC	Faclobun City, Leyte	-Brgy's. New Kawayan, Old Kawayan, Sto.Nino & Tagpuro	264	40.12
IX	Ayala de Zamboanga Industrial Park	Zamboanga City	-Brgy. Ayala	200	50
X	PHIVIDEC Industrial Estate	Misamis Oriental	-Brgy. Tagoloan, Villanueva	3,000	1,011,
XI-A	Davao City RGC	Davao City	Phase 1 Phase 11 -Brgy. Ilang, Panacan	30.44	24
XI-B	Makar Industrial Estate	Hac. Espina, Gen. Santos, City	-Brgy. Ilang, Panacan	100	60
XII-A	Metro Iligan RGC	Lanao Del Norte	-Brgy. Labangal	973	126
XII-B	Metro Cotabato RGC	Cotabato City	-Brgy's. Busque, Larapan, Napo and Linamon	344	344
XIII	Nasipit Agri-Industrial Estate	Nasipit, Agusan Del Norte	-Tamontaka Cotabato City	-	-
ARMM	Parang RGC	Parang Maguindanao	-Brgy's. Camagong, Aclan, Sta Ana and Amontay	296	33
			-Brgy. Sarmiento	75	-
TOTAL HECTARAGE				10907	1310.12

BUCK	DA SITE	AREA	CONVERSION	REMARKS	REMARKS
CAR	Camp John Hay	895.00	895.00	N - Southdrive Barangay S - Loakan E - City Proper W - Happy Hallow	Happy Hallow, Scout Barrio, Hillside, Upper Dagsian, Sta. Escolastica, Green Water Country Club, South Drive, Loakan - Apugan, Liwanag, Loakan Proper, Atok Trail, EPZA, Camp 7
I	Pagudpud, Ilocos Norte (Saud Portion)	400.00	200.00	N - Suguib S - Busayoc E - Saud Beach, Suguib Pt. W - Camayen	Saud
	Caunayan (Balaoi Portion)		200.00	N - Mara -ira Point S - Malingay E - Caunayan Bay W - Baugan Bay	Balaoi and Caunay
IV	Hacienda Looc, Nasugbu, Batangas	1,378.00	1,378.00	N, NE - Maragondon and Magallanes, Cavite SW - Balaytique, Botukan W - South China Sea E - Cavite NW - Manila Bay	Bulihan, Calayo, Papaya
IV	Northern Palawan	-	-	-	-
IV	Aplaya, Laiya, San Juan Batangas	1,200.00	1,200.00	N - Balsa, Bataan S - Verde Island E - Lobo W - Tayabas Bay	Hugom, Laiya Playa, Laiya Ibabaw, Baruaite,
V	Boracay Island, Malay, Aklan	1,000.00	1,000.00	N - Sibuyan Sea S - Sibuyan Sea E - Sulu Sea W - Sibuyan Sea	Yapac, Manoc-manoc, Balabag
	Panglao Island	2,000.00	120.00	N - Lourdes, Bilisan, Binsang S - E - Pob. Daus W - Tinago, San Isidro	Libaong, Dao, Tawala, Bolod

REGION	DA SITE	AREA (HAS)	CONVERSION	BOUNDARIES	BARANGAYS COVERED
XI	Samal Island, Davao del Norte, Mainland			N - Kaputian, Pob. S - Talikud Strait E - Talikud Strait W - Talikud Strait	San Remigio, Libertad, San Isidro, Pangubatan
	Kaputian	4,000.00	889.00		
	Talikud Island	2,000.00	2,000.00	N - Davao Gulf S - Talikud Strait E - Davao Gulf W - Talikud Strait	Linusotan, Cogon, Sta. Cruz
	TOTAL	12,873.00	7,882.00		