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SENATE

S.B. No. 1222

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Introduced by **SENATOR IMEE R. MARCOS**

**AN ACT PROMOTING THE DEVELOPMENT OF AGRICULTURAL LAND,
APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Article XII, Section 1 of the 1987 Constitution states that, "*The goals of the national economy are a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged.*"

President Rodrigo Duterte stated that, "agriculture is the backbone of our economy." However, agriculture in real terms has been declining. During the past ten (10) years, the Philippine economy grew by an average of 5.8% per annum. On the same time period, the agricultural sector grew by an average of 1.0% per annum, dragging the growth rate of the national economy. Some of the reasons have all been too familiar: low productivity, lack of agricultural modernization, and limited product diversification, undeveloped processing and value adding sectors.

Although, the agriculture sector still employs 30% of the total work force, the sector's contribution to national income has been declining. One of the leading causes for low agricultural growth is the lack of investment in agriculture, both public and private, in large part attributable in the uncertainty in the status of agricultural lands.

Thus, this measure seeks to promote and exploit agricultural land as an economic asset, with the potential to create more opportunity and income for farmers in the countryside. It provides for the conversion of agricultural lands, allowing its use as collateral on loans, comprehensive land use plans, consolidation of agricultural lands, agribusiness venture agreements, lease of agricultural land with the right to use and build privileges, thus, avoiding the constitutional prohibitions on land ownership, and the establishment of agro-industrial manufacturing ecozones.

Given the abovementioned benefits, the immediate passage of this bill is necessary.


IMEE R. MARCOS



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Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

1 SECTION 1. *Short Title.* – This Act shall be known as the “*Agricultural Land*
2 *Development and Utilization Act of 2019.*”

3 Sec. 2. *Conversion of Lands.* – When the land ceases to be economically
4 feasible and sound for agricultural purposes, or the locality has become urbanized
5 and the land will have a greater economic value for residential, commercial or
6 industrial purposes, the Department of Agrarian Reform (DAR), upon application of
7 the agrarian reform beneficiary (ARB), with due notice to the affected parties, and
8 subject to existing laws, may authorize the reclassification or conversion of the land
9 and its disposition.

10 Sec. 3. *Scope of Agricultural Land Conversion.* – All irrigated and irrigable
11 agricultural lands planted but not limited to rice, corn, crops, sugar, coconut,
12 vegetables, and fruit trees blocked and mapped according to standards by the
13 Bureau of Solid Water Management shall not be converted into non-agricultural
14 uses. *Provided that,* reclassification of lands may be authorized in the following
15 circumstances:

- 16 (1) When the land ceases to be economically feasible and sound for
17 agricultural purposes, as may be determined by the Department of
18 Agriculture (DA);

1 (2) Where the land shall have substantially greater economic value for
2 residential, commercial, or industrial purposes, as may be determined by
3 the *Sanggunian* of the Local Government Unit (LGU) concerned; or

4 (3) When the land is not irrigated or irrigable and not included among
5 agricultural lands identified by Administrative Order No. 20, Series of
6 1992, as non-negotiable for conversion, as identified by the DA.

7 Sec. 4. *Agricultural Land as Collateral.* – All agricultural lands shall be
8 accepted as collateral by any lender, bank, or other financial institution to secure
9 loans of the registered owners as appearing in the Emancipation Patent (EP),
10 Homestead Patent, Free Patent, Certificate of Land Ownership Awards (CLOA),
11 Original Certificate of Title, or Transfer Certificate of Title.

12 Sec. 5. *Comprehensive Land Use Plan.* – The LGUs shall prepare, revise, and
13 update Comprehensive Land Use Plans (CLUPs) to rationalize the allocation and
14 proper use of land resources specifically for agricultural purposes. The plans should
15 be in accordance to its spatial organization and possible economic and social
16 activities.

17 Sec. 6. *Consolidation of Agricultural Land.* – The DA and the Department of
18 Agrarian Reform (DAR) may be consolidate and register agricultural land titles, as
19 may be agreed upon by the concerned landowners, to consolidate and cultivate
20 more than five (5) hectares of agricultural land, subject to the rules and regulations
21 to be provided by DA and DAR. *Provided that*, the following requirements shall be
22 met:

- 23 1. The land will be used exclusively for agriculture;
- 24 2. Utilization of mechanized farm technology, advanced methods of farming,
25 and/or block farms for increased agricultural production;
- 26 3. Proposal on how the proposed activity will be devoted to modern and
27 viable farming; and
- 28 4. Capable manpower.

29 Sec. 7. *Agribusiness Venture Agreements.* – Agrarian Reform Beneficiaries
30 (ARBs) who are awarded with EPs, CLOAs, or similar tenurial instruments issued by
31 the DAR or its predecessor and are in possession of their land, may enter into an
32 Agribusiness Venture Agreement (AVA) with any qualified investor/s of their choice,

1 in accordance with DAR Administrative Order No. 4, Series of 2016 entitled, "*Rules*
2 *on Agri-business Venture Agreements*" and other relevant laws, rules and
3 regulations, and administrative orders and issuances.

4 The AVA shall provide for the participation of ARBs in farm management
5 operations and shall include a human resource development program aimed at
6 providing management capability building and transfer of technology to ARBs and
7 hastening their transformation into rural entrepreneurs.

8 For purposes of this Act, "*Agribusiness Venture Agreement*" refers to
9 entrepreneurial collaboration between ARBs and investors to implement an
10 agribusiness venture involving lands distributed under the Comprehensive Agrarian
11 Reform Program (CARP).

12 Sec. 8. *Lease of Agricultural Land with Right to Use or Build Privileges.* – The
13 DA, in coordination with the DAR, Department of Environment and Natural
14 Resources (DENR), National Commission on Indigenous People (NCIP), and Local
15 Government Units (LGUs), may register and issue contract of leases with the
16 following privileges:

17 (1) Right to Use. – This entitles the right to use, harvest, and/or cultivate
18 from either a public or private land with the consent of the government or
19 land owner, respectively. It shall provide the right to use the subject land
20 for specific purposes, as may be agreed upon by the parties; and/or

21 (2) Right to Build. – This entitles the right to construct infrastructure, in
22 accordance with the period and stipulations.

23 *Provided that*, no contract shall be for a period exceeding fifty (50) years and
24 shall be renewable once for a period of not more than twenty- five (25) years.
25 *Provided further that*, the following shall also comply to the requirements, as
26 provided in Sec. 7 of this Act.

27 Sec. 9. *Agro-industrial Manufacturing Ecozones.* – The establishment of Agro-
28 industrial Manufacturing Ecozones, as provided in R.A. No. 7916, otherwise known
29 as the "*The Special Economic Zone Act of 1995*," as amended, shall be promoted by
30 the Philippine Economic Zone Authority (PEZA). Agro-industrial Export Manufacturing
31 shall refer to the processing and or manufacturing of agricultural products resulting
32 in the exportation of its production.

1 For purposes of this Act, "*processing*" shall mean the conversion of any
2 agricultural and marine products from its raw state into intermediate or final product
3 which undergo physical and/or chemical change through mechanical and/or chemical
4 process.

5 Foreign citizens and companies may set up enterprises in the agro-industrial
6 manufacturing ecozones, either by themselves or in joint venture with Filipinos.

7 Sec. 10. *Appropriation.* – The amount necessary to carry out the provisions of
8 this Act shall be included in the budget of the concerned departments and agencies
9 in the General Appropriations Act.

10 Sec. 11. *Implementing Rules and Regulations.* – Within ninety (90) days from
11 the effectivity of this Act, the DA and DAR shall issue the necessary rules and
12 regulations for the implementation of this Act.

13 Sec. 12. *Repealing Clause.* – All laws, decrees, orders, rules and regulations
14 or other issuances or parts thereof inconsistent with the provisions of this Act are
15 hereby repealed or modified accordingly.

16 Sec. 13. *Separability Clause.* – If any portion or provision of this Act is
17 declared unconstitutional, the remainder of this Act or any provision not affected
18 thereby shall remain in force and effect. 742051

19 Sec. 14. *Effectivity.* – This Act shall take effect after fifteen (15) days
20 following the completion of its publication either in the Official Gazette or in a
21 newspaper of general circulation in the Philippines.

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23 Approved,