

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila**

**NINETEENTH CONGRESS
First Regular Session**

House Bill No. 621



Introduced by Hon. Christopher V.P. de Venecia

**AN ACT CREATING THE LINGAYEN GULF DEVELOPMENT AUTHORITY
PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, PROVIDING FUNDS
THEREOF, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

The pandemic has ravaged the Philippine economy. It has led to the country's worst economic contraction since the last World War, with the Gross Domestic Product (GDP) dipping by 9.5% in 2020. In the same year, the unemployment rate stood at 10.3% or equivalent to 4.5 million unemployed Filipinos, which is the highest recorded annual unemployment rate since April 2005. Underemployment has hovered at 16%. It is worth noting that the figures in the Ilocos Region have been higher than the average, with unemployment at 13.4% and underemployment at 17.2%.

As the country moves forward from the pandemic's effects on the economy, alternative and more creative ways of providing jobs to the workforce must be explored. Given the country's natural gifts and physical characteristics, the government can shift the focus to countryside development, tourism, and agriculture, which have in fact been identified as having the greatest potential in realizing "AmBisyon Natin 2040": that the Philippines will be a prosperous, predominantly middle-class society where no one is poor.

In Region 1, a source of potential sustainable development can be found in the activities surrounding the Lingayen Gulf. It is the major fishing ground of northwestern Luzon. The majority of the population in the surrounding towns depends on coastal resources, especially on living marine resources, for food, income, and employment. The capture fisheries, aquaculture, and tourism sectors of the gulf are important to the regional economy.

Fishing and salt-making are also primary industries along the Lingayen Gulf. In fact, the name Pangasinan literally means "place where salt is made." Salt is collected from seawater through evaporation, leaving the crystalline salt behind.

The Lingayen Gulf is also home to the 1200 megawatt Sual Power Station, the Philippines largest coal power plant.

Dagupan City's proximity to the West Philippine Sea has established itself as one of the prime producers of marine and aquaculture.

Alaminos City is home to the Hundred Islands National Park. It is one of Pangasinan's major urban centers in the western part of the province that complement the services provided by Dagupan City in education, health, tourism, trade, information, and communication services.

With all of these natural gifts, the Lingayen Gulf coastal area serves as an ideal site for pilot testing of resource management initiatives that can be adopted to other coastal areas of the country, promoting countryside development even further. Notwithstanding the many economic activities in the Lingayen Gulf, the government still lacks a focused and long-term plan for this area, as evidenced by the challenges that stakeholders here continue to face today.

Scientific studies have shown that overfishing in the Lingayen Gulf is being caused by the unabated operation of commercial vessels, an increasing number of small fishing boats, and the prevalent occurrence of dynamite fishing and cyanide fishing. This has led to the depletion of the fishery resources and destruction of coral reefs, seagrass beds, and other coastal habitats.

Based on consultations with stakeholders in the Lingayen Gulf area, fisherfolk are having difficulties navigating municipal waters due to jurisdiction issues among LGUs in the area. Fisherfolk would have to be extremely and unreasonably cautious in catching fish, otherwise, they would be apprehended for crossing municipal borders. While the rule of law must always be upheld, this unwieldy and non-strategic manner of managing the Lingayen Gulf's resources has led to uncertainties in the fisherfolks' main source of livelihood.

While a Lingayen Gulf Coastal Area Management Commission was created under Executive Order No. 171, which was issued by then President Fidel Ramos in 1994, there is a need to institutionalize a governance framework for the Lingayen Gulf that will respond to the more current needs of the gulf's stakeholders.

Thus, the creation of a Lingayen Gulf Development Authority is being proposed to properly plan, coordinate, and implement a development strategy for the Lingayen Gulf and its surrounding areas.

For the foregoing reasons, passage of this bill is earnestly sought.



REP. CHRISTOPHER V.P. DE VENECIA

Fourth District, Pangasinan

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

CHAPTER I

DECISION OF POLICY AND CREATION OF AUTHORITY

SECTION 1. *Short Title.* – This Act may be known as the ‘Lingayen Gulf Development Authority Act.’

SECTION 2. *Declaration of Policy.* – It is hereby declared to be the national policy to promote, and accelerate the development and balanced growth of the Lingayen Gulf area and the surrounding provinces, cities and municipalities hereinafter referred to as the Region, within the context of the national and regional plans and policies for social and economic development and to carry out the development of the Lingayen Gulf with due regard and adequate provisions for environmental management and control, preservation of the quality of human life and ecological systems, and the prevention of undue ecological disturbances, deterioration and pollution."

SECTION 3. *Definition of Terms.*

- A. “Authority” refers to the Lingayen Gulf Development Authority;
- B. “Board” refers to the Board of Directors of the Lingayen Gulf Development Authority;
- C. “Region” refers to the Lingayen Gulf area proper comprising the provinces of Pangasinan and La Union, the cities of Alaminos, Dagupan, and San Fernando, and the municipalities of Agoo, Anda, Aringay, Bani, Bauang, Binmaley, Bolinao, Caba, Labrador, Lingayen, Rosario, San Fabian, Santo Tomas, and Sual;

- D. Municipal Corporation - Whenever used in this Act shall mean one that is organized for political purposes with political powers exercised for the good of the public, subject to legislative control and with officers of the government as its members to administer or discharge public duties;
- E. Government Corporation - Whenever used shall refer to corporations engaged in performing functions impressed with public interest;
- F. “Investor” refers to public and private investors whether foreign or local;
- G. “External Auditor” refers to a natural or juridical person hired outside the Authority or agency to audit the books of accounts of another corporation or agency; examine financial records, prepare audit reports on findings in the operation of the agency; review the statement on the performance report of the Authority;
- H. “Subsidiary Corporation” refers to a corporation that is organized or a corporation already in existence wherein at least fifty-one percent of its shares of stock are owned or controlled by the organizing or subscribing Authority, in this case, the Lingayen Gulf Development Authority, to carry out or accomplish its purposes;
- I. “Lingayen Gulf” or “Gulf” refers to the large gulf on northwestern Luzon in the Philippines that stretches 56 kilometers that is framed by the provinces of Pangasinan and La Union and sits between the Zambales Mountains and the Cordillera Central.

SECTION 4. *Creation of the Lingayen Gulf Development Authority.* – For the purpose of carrying out and effecting the declared policy, there is hereby created a body corporate to be known as the Lingayen Gulf Development Authority, hereinafter referred to as the Authority, which shall be organized within one hundred twenty (120) days after the approval of this Act. The Authority shall execute the powers and functions herein vested and conferred upon it in such a manner as will, in this judgment, aid to the fullest possible extent in carrying out the aims and purposes set forth below.

SECTION 5. *Location of the Principal Office.* – The Authority shall maintain its principal office at a convenient place within the Region, but it may have branch offices in such other places as are necessary for the proper conduct of its business.

SECTION 6. *Powers and Functions.* – The Authority shall exercise and perform the following powers and functions:

- a) To make a comprehensive survey of the physical and natural resources and potentialities of the Lingayen Gulf region, particularly its social and economic conditions, hydrologic characteristics, power potentials, scenic and tourist spots, regional problems, and on the basis thereof, to draft a comprehensive and detailed plan designed to conserve and utilize optimally the resources within the region particularly the Lingayen Gulf. Such survey shall

aim to promote the region's rapid social and economic development as aided by the National Economic and Development Authority (NEDA); provided, that the implementation of all fisheries plans and programs of the Authority shall require prior consensus of the Bureau of Fisheries and Aquatic Resources to ensure that such plans and programs are consistent with the National Fisheries Industry Development Plan and other plans and programs of the BFAR; *Provided further*, that for the purpose of the said survey, government agencies shall submit and private entities shall provide necessary data except such data which under existing laws are deemed inviolable;

- b) To provide the machinery of extending the necessary planning, management and technical assistance to prospective and existing Investors in the Region;
- c) To make recommendation to the proper agencies on the peso or dollar financing, technical support, physical assistance and, generally, the level of priority to be accorded agricultural, industrial and commercial projects, soliciting or requiring direct help from or through the government or any of its instrumentalities;
- d) To review all plans, programs, and projects proposed by local government offices/agencies within the region, public corporations, and private persons or enterprises where such plans, programs and/or projects are related to those of the Authority for the development of the Lingayen Gulf as envisioned in this Act. The Authority shall issue the necessary clearance for approved proposed plans, programs, and projects within thirty days from submission thereof unless the proposals are not in consonance with those of the Authority or that those will contribute to the unmanageable pollution of the Lingayen Gulf waters or will bring about the ecological imbalance of the Region: *Provided, further*, That the Authority is hereby empowered to institute necessary legal proceeding against any person who shall commence to implement or continue implementation of any project, plan or program within the Lingayen Gulf region without previous clearance from the Authority; *Provided, furthermore*, That any local government office, agency, public corporation, private person, or enterprise whose plans, programs and/or projects have been disapproved by the Authority may appeal the decision of the Authority to the NEDA within fifteen (15) days from receipt of such disapproval whose decision on the matter shall be final. Reasonable processing fees as may be fixed by the Authority's Board of Directors shall be collected by the Authority for the processing of such plans, programs and/or projects: *Provided, finally*, That expansion plans shall be considered as new plans subject to review of the Authority and to payment of the processing fees.

The Authority and national and local government offices, agencies and public corporations shall coordinate their plans, programs, projects and licensing procedures with respect to the Lingayen Gulf region for the purpose of drawing up a Lingayen Gulf Development Plan which shall be binding upon all parties concerned upon approval of the NEDA board.

- e) To engage in agriculture, industry, commerce, or other activities within the Region which may be necessary or directly contributory to the socioeconomic development of the Region, and, for this purpose, whether by itself or in cooperation with private persons or entities, to organize, finance, invest in, subsidiary corporations: Provided, That the Authority shall engage only, unless public interest requires otherwise, in those activities as are in the nature of new ventures or are clearly beyond the scope, capacity, or interest of private enterprises due to consideration or geography, technical or capital requirements, returns on investment, and risk.

- f) To plan, program, finance and/or undertake infrastructure projects such as river, flood and tidal control works, waste water and sewerage works, water supply, roads, port-works, irrigation, housing and related works, when so required within the context of its development plans and programs including the readjustment, relocation, or resettlement of population within the region as may be deemed necessary and beneficial by the Authority: Provided, That should any project be financed wholly or in part by the Authority, it is hereby authorized to collect reasonable fees and tolls as may be fixed by its Board of Directors subject to the approval of the NEDA Board from users and/or beneficiaries thereof to recover costs of construction, operation and maintenance of the projects: Provided, further, That if the Authority should find it necessary to undertake such infrastructure projects which are classified as social overhead capital projects as determined by the NEDA, the Authority shall be authorized to receive financial assistance from the government in such amount as may be necessary to carry out the said projects subject to such terms and conditions that may be imposed by the government, upon recommendation of the NEDA Board: Provided, finally, That such amount as may be necessary for the purpose is hereby authorized to be appropriated out of the funds of the National Treasury that otherwise appropriated;

- g) To make an annual report to the stockholders regarding the operation of the Authority, more particularly a statement of its financial conditions, activities undertaken, progress of projects and programs and plans of actions for the incoming years: Provided, however, that a majority of the stockholders may require the Authority to submit report or reports other than the annual report herein required, which report must be submitted within a period of thirty (30) days from notice thereof;

- h) To lend or facilitate the extension of financial assistance and/or act as surety or guarantor to worthwhile agricultural, industrial and commercial enterprises;

- i) To reclaim or cause to be reclaimed portions of the Gulf or undertake reclamation projects and/or acquire such bodies of land from the Gulf which may be necessary to accomplish the aims and purposes of the Authority subject to the approval of the NEDA Board: Provided, That the land so reclaimed shall be the property of the Authority and title thereto shall be vested in the Authority: Provided, further, That the resulting coastal area shall continue to be owned by the national government;

- j) The provisions of existing laws to the contrary notwithstanding, to engage in fish production and other aqua-culture projects in Lingayen Gulf and other bodies of water within its jurisdiction and in pursuance, thereof to conduct studies and make experiments, whenever necessary, in collaboration with the Bureau of Fisheries and Aquatic Resources, with the end in view of improving present techniques and practice: Provided, That until modified, altered or amended by the procedure provided in the following sub-paragraph, the present laws, rules and permits or authorizations remain in force.

For the purpose of effectively regulating and monitoring activities in Lingayen Gulf, the Authority shall have exclusive jurisdiction to issue new permit for the use of the Gulf waters for any projects or activities in or affecting the said Gulf including navigation, construction, and operation of fishpens, fish enclosures, fish corrals, salt making, and the like, and to impose necessary safeguards for Gulf quality control and management and to collect necessary fees for said activities and projects: Provided, That the fees collected for fisheries may be shared between the Authority and other government agencies and political sub-divisions in such proportion as may be determined by the President of the Philippines upon recommendation of the Authority's Board: Provided, further; That the Authority's Board may determine new areas of fishery development activities which it may place under the supervision of the Bureau of Fisheries and Aquatic Resources taking into account the overall development plans and programs for Lingayen Gulf and related bodies of water: Provided, finally, That the Authority shall subject to the approval of the President of the Philippines who promulgate such rules and regulations which shall govern fisheries development activities in Lingayen Gulf which shall take into consideration among others the following: socio-economic amelioration bonafide resident fisherfolk whether individually or collectively in the form of cooperatives, gulf town development, communal fishing ground for residents in the Region, and preference to the Region's residents in hiring laborers for fishery projects;

- k) To require the cities and municipalities embraced within the Region to pass appropriate zoning ordinances and other regulatory measures necessary to carry out the objectives of the Authority and enforce the same with the assistance of the Authority;
- l) The provision of existing laws to the contrary notwithstanding, to exercise water rights over public, waters within the Lingayen Gulf Region whenever necessary to carry out the Authority's projects;
- m) To act in coordination with existing government agencies in establishing water quality standards for industrial, agricultural and municipal waste discharges into the Gulf and to cooperate with said existing agencies of the government of the Philippines in enforcing such standards, or to separately pursue enforcement and penalty actions as provided for in Section 4 (d) appropriate water quality standard to be enforced, such conflicts shall be resolved thru the NEDA Board;

- n) To develop water supply from gulf water resources for municipal, agricultural and industrial usages, in coordination with the National Water Resources Board created by Presidential Decree No. 424 dated March 28, 1974, as amended, or its successors in interests, and to enter into agreements with municipalities, governmental agencies and corporations and the private sector to supply, distribute and market such water;
- o) To undertake studies on the improvement and maintenance of the desirable gulf water quality of Lingayen Gulf and in pursuance thereof, prepare a water quality management program on a continuing basis, subject to the approval of the NEDA, which the Authority shall carry out with the assistance and support of all national and local government units involved in water quality management.

The Authority shall also have the following corporate powers and functions:

- p) To succeed on its corporate name;
- q) To sue and be sued in such corporate name;
- r) To adopt, alter and use a corporate seal;
- s) To adopt, amend, and repeal its by-laws;
- t) To enter into contracts of any kind and description, to enable it to carry out its purposes and functions under this Act;
- u) To acquire, buy, purchase, hold or lease, such personal and real property as it deems necessary or convenient in the transaction of its business and/ or in relation with carrying out its purposes under this Act; and to lease, mortgage, sell, alienate, or otherwise encumber, utilize, exploit or dispose and such personal and real property held by it, subject to prior or existing individual or communal right of private parties or of the government or any agency or enterprise thereof;
- v) To exercise the right of eminent domain whenever the Authority deems it necessary for the attainment of the objectives of the Authority under this Act;
- w) To borrow funds from any local or foreign financial institutions independent of the bonds it may issue or may continue to issue, to carry out the purposes of this Authority under this Act;
- x) To purchase, hold, alienate, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bond, securities, or other evidence of indebtedness created by any other corporation, co-partnership, or government agencies or instrumentalities-, and with, the owner of said stock, to exercise all the rights of ownership, including the right to vote thereon; Provided, That the Authority shall not invest its funds in any highly risky debt instruments issued without recourse to commercial banks or investment houses as well as in any highly speculative stocks;
- y) For carrying on its business, or for the purpose of attaining or furthering any of its objectives, to perform any and all acts which a corporation, partnership, or natural person is authorized to perform under the laws now existing or which may be enacted hereafter;
- z) To issue such rules and regulations as may be necessary to effectively carry out the powers and purposes herein; including the plans, programs and projects of the Authority, subject

to the approval of the NEDA, the same to take effect thirty (30) days after publication thereof, in a newspaper of general circulation.

SECTION 7. *Award of Compensation.* - Compensation for damages to the water and aquatic resources of Lingayen Gulf and its tributaries resulting from failure to meet established water and effluent quality standards or from such other wrongful act or omission of a person, private or public, juridical or otherwise, punishable under the law shall be awarded to the Authority to be earmarked for water quality control and management.

SECTION 8. *Retention of Fees.* - The Authority is hereby empowered to collect annual fees from any person who uses the gulf waters and its tributaries for beneficial purposes including recreation, municipal, industrial, agricultural, fisheries, navigation, and waste disposal purposes. All the fees collected shall be used for the management and development of the Gulf and its coastal areas: Provided, That the rates of the fees to be collected shall be subject to the approval of the President of the Philippines.

CHAPTER II

CORPORATE MATTERS

SECTION 9. *Capitalization and Financing.* The Authority shall have an authorized capital of Five Hundred Million Pesos (P500,000,000.00) of which the amount of Two Hundred Fifty-Five Million Pesos (P255,000,000.00) shall be subscribed by the national government and Two Hundred Forty-Five Million Pesos (P245,000,000.00) shall be subscribed by cities, provinces, municipalities, government corporations and private investors: Provided, That at least twenty-Five percent of the national government's subscription shall be fully paid: Provided, further, That the authorized capital stock may be increased upon the recommendation of NEDA.

The authorized capital stock of Five Hundred Million Pesos (P500,000,000.00) shall be divided into Five Million (5,000,000) Shares of stock with a par value of One Hundred Pesos (P100) per share.

The share of stock of the Authority shall be divided into (1) 3,500,000 common shares (voting) and (2) 1,500,000 preferred shares (non-voting) with such fixed rates of return as shall be determined by the Board. Of the common shares of 3,500,000 a minimum of 2,100,000 shares shall be subscribed by the national government and at least sixty percent of the balance shall be subscribed by the Provinces of La Union and Pangasinan in such proportion as may be agreed upon by both provincial governments in accordance with their respective financial capacities. The remaining balance of the common shares shall be open for subscription to cities, provinces, municipalities and private investors.

Of the preferred shares of stock of 1,500,000 a minimum of 555,000 shares shall be subscribed by the national government. The balance of the preferred shares shall be available for subscription to cities, provinces, municipalities, government corporations, and private investors; Provided, however, that preferred shares shall enjoy preference with respect to distribution of dividends and assets in case of dissolution.

SECTION 10. *Powers of Municipal Corporations to Subscribe.* For purposes of attaining the purposes of this Authority, municipalities, cities and provinces are hereby authorized to subscribe, own, buy and hold shares of stock of this Authority.

SECTION 11. *Operating Expenses.* For the operating expenses of the Authority, the sum of Two Hundred Million Pesos (P200,000,000.00) is hereby appropriated annually for five (5) years from the general fund of the National Government not otherwise appropriated from the date of approval of this Act.

The Board of Directors may appropriate out of the funds of the Authority such as may be needed or necessary for its operating expenses.

SECTION 12. *Power to Incur Debts and to Issue Bonds.* Whenever the Board of Directors may deem it necessary for the Authority to incur indebtedness or to issue bonds to carry out the provisions of this Act, it shall by resolution so declare and state be confirmed by the affirmative vote of the stockholders representing a majority of the subscribed capital stock outstanding and entitled to vote.

The Authority shall submit to the NEDA Board and the Monetary Board of the Bangko Sentral ng Pilipinas, for approval, its proposal to incur indebtedness or to issue bonds. This shall be considered authorized upon approval of the President of the Philippines.

SECTION 13. *Bond Limit.* The bonds shall be issued in such amounts as may be needed at any one time, taking into account the rate at which said bonds may be absorbed by the buying public and the fund requirements of projects ready for execution, and considering further a proper balanced productive and non-productive project so that inflation shall be held to the minimum.

SECTION 14. *Terms of Bonds.* The Board of Directors shall prescribe the form, the rates of interest, the denominations, maturities, negotiability, convertibility, call and redemption features, and all other terms and conditions of issuance, placement, sale, servicing, redemption, and payment of all bonds issued by the Authority under this Act.

The bonds issued by virtue of this Act may be payable both as to principal and interest in Philippine currency or any readily convertible foreign currency; Said bonds shall be receivable as security in any transaction with the government in which such security is required.

SECTION 15. *Exemption from Tax.* The Authority and any of its subsidiary corporations may avail of the fiscal incentives provided within the boundaries of a performance-based, time-bound, targeted, and transparent system of incentives under the National Internal Revenue Code, as amended: *Provided*, That the activities of the Authority and any of its subsidiary corporations shall undergo the standard processes involved in the identification of preferred activities under the Strategic Investments Priorities Plan (SIPP) and shall be accompanied by a cost-benefit analysis showing the need for incentives.

SECTION 16. *Sinking Fund.* A sinking fund shall be established in such manner that the total annual contribution thereto accrued at such rate of interest as may be determined by the Board of Directors as confirmed by the stockholders representing a majority of the subscribed capital stock outstanding and entitled to vote, shall be sufficient to redeem at maturity the bonds issued under this Act.

Such fund shall be under the custody of the treasurer of the Authority who shall invest the same in such manner as the Board of Directors may direct, charge expenses of investment to said sinking fund, and credit the same with the interest on investment and other income belonging to it.

SECTION 17. Guarantee by the Government. The Republic of the Philippines hereby guarantees the payment by the Authority of both the principal and the interest of the bonds, debentures, collaterals, notes or such other obligations issued by the Authority by virtue of this Act, and shall pay such principal and interest in the event at the Authority fails to do so. In case the Authority shall be unable to pay the said principal and interest, the Secretary of Finance, shall pay the amount thereof which is hereby appropriated out of any funds in the National Treasury not otherwise appropriated, and thereupon, to the extent of the amounts so paid, the Government the Republic of the Philippines shall succeed to all the rights of the holders of which bonds, debentures, collaterals, notes or other obligations, unless the sum so aid by the Republic of the Philippines shall be refunded by the Authority within a reasonable time.

CHAPTER III

MANAGEMENT AND PERSONNEL

Section 18. Composition of the Board of Directors. The corporate powers shall be vested in an exercise' by a Board of Directors, hereinafter referred to as the Board, which shall be composed of nine (9) members, to wit:

- a) Executive Secretary, who shall be the ex officio Chairman of the Board without compensation
- b) Secretary of NEDA
- c) Secretary of the Department of Environment and Natural Resources
- d) Secretary of the Department of Agriculture
- e) Secretary of the Department of Trade and Industry
- f) Governor of the Province of La Union
- g) Governor of the Province of Pangasinan
- h) Representative of the Private Sector
- i) General Manager of the Authority

The first seven (7) members of the Board mentioned herein shall be ex-officio members of the Board without compensation. The said ex officio members may each designate a permanent alternate, who shall be an official with a rank not lower than assistant secretary or its equivalent with written authority from their principals to attend such meetings and to vote on behalf of their respective principals. Whenever the Chairman of the Board is unable to attend a meeting of the Board, or in the event of a vacancy in the office of the Secretary of Finance, and in the absence of the Vice Chairman, the members of the Board shall designate from among themselves who shall act as Chairman.

The Representative from the private sector shall be appointed by the President of the Philippines from a shortlist prepared by the Governance Commission for Government-Owned or -Controlled Corporations pursuant to Republic Act No. 10149 and shall serve for a term of six (6) years unless sooner removed.

The General Manager of the Authority, who shall be appointed by the President of the Philippines from a shortlist prepared by the Governance Commission for Government-Owned or -Controlled Corporations pursuant to Republic Act No. 10149 to serve on a full-time basis for a term of six (6) years. The General Manager of the Authority shall also serve as Vice Chairman of the Board;

The appointive directors shall continue to hold office until the successor is appointed. An appointive director may be nominated by the Governance Commission for Government-Owned or -Controlled Corporations for reappointment by the President only if one obtains a performance score of above average or its equivalent or higher in the immediately preceding year of tenure as appointive director based on the performance criteria for appointive directors of the Authority.

Appointment to any vacancy shall be only for the unexpired term of the predecessor pursuant to Republic Act No. 10149.

The presence of five (5) members shall constitute a quorum. All decisions of the Board of Directors shall require the concurrence of at least five (5) members.

In addition to the requirements of Republic Act No. 6713, otherwise known as the '*Code of Conduct and Ethical Standards for Public Officials and Employees*', any member of the Board of Directors with personal or pecuniary interest in any matter in the agenda of the Board of Directors shall disclose his or her interest to the Board and shall recuse from the meeting when the matter is taken up. The minutes shall reflect the disclosure made and the recusal of the member concerned.

There shall be a Corporate Secretary who shall be appointed by the Board.

SECTION 19. *Acting Chairman.* In case of vacancy in the position of Chairman, or in the absence of or temporary incapacity of the Chairman, the Vice-Chairman shall act as such until a new Chairman is duly elected by the Board.

SECTION 20. *Effect of Vacancies: Quorum.* Vacancies in the Board as long as there shall be five (5) members in office, shall not impair the powers of the Board to execute the functions of the Authority. The affirmative vote of five (5) members of the Board shall be necessary at all times to pass or approve any act or resolution.

SECTION 21. *Qualifications of Directors.* All members of the Board must be citizens and residents of the Philippines. They must have demonstrated executive competence and experience in the field of public administration, economic planning, resource management, or in the establishment and management of large agricultural, industrial or commercial enterprises. No person shall be nominated as member of the Board unless he/she is of unquestioned integrity and competence.

SECTION 22. *Removal, courtesy resignation.* The President of the Philippines may remove any appointive member of the Board of Directors for any of the following reasons:

- a) If the member is physically or mentally incapacitated that he or she cannot properly discharge his or her duties and responsibilities, and such incapacity has lasted for more than six (6) months; or
- b) If the member is guilty of acts or operations which are of fraudulent or illegal character or which are manifestly opposed to the aims and interests of the Authority; or
- c) If the member no longer possesses the qualifications specified in this Act; or
- d) If the member does not meet the standards for performance based on the evaluation by the Governance Commission for Government-Owned or -Controlled Corporations under Republic Act No. 10149.

SECTION 23. Board Meetings. The Board shall meet at least once a month or as often as necessary at the call of the Chairperson or majority of the members of the Board. Members of the Board who cannot physically attend or vote at Board meetings can participate and vote through remote communication technologies or other electronic means such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate.

SECTION 24. *Per Diems and Allowances.* The compensation, per diems, allowances, incentives, and other benefits for board members shall be determined by the Governance Commission for Government-Owned or -Controlled Corporations.

SECTION 25. *Powers and Functions of the Board of Directors.*

- A. To formulate, prescribe, amend and repeal rules and regulations to govern the conduct of business of the Authority;
- B. To act as the policy-making body of the Authority and constitute Board committees to oversee the management, operations and administration of the Authority;
- C. To establish a human resource management system which shall govern the selection, hiring, appointment, transfer, promotion, or dismissal of personnel. Such system shall aim to establish professionalism and excellence at all levels of the Authority in accordance with sound principles of management;
- D. To approve a compensation structure as an integral component of the Authority's human resource development program based on job evaluation studies and wage surveys, and revise the same as it may deem necessary, subject to the powers of the Governance Commission for GOCCs (GCG) and the provisions of Republic Act No. 10149;
- E. To appoint, establish the rank, fix the remuneration, benefits, including health care services through a Health Maintenance Organization (HMO) and medical benefits other than those provided for under Republic Act No. 7875, as amended, and remove any officer or employee of the Authority, for cause, subject to pertinent civil service laws: Provided, That the Board of Directors may delegate this authority to the President subject to specific guidelines: Provided, further, That in no case shall there be any diminution of existing salaries, benefits and other emoluments;
- F. To approve policy on local and foreign travel, and the corresponding expenses, allowances and per diems, of officers, employees, agents of the Authority, which shall be comparable with the expenses, allowances and per diems of personnel of other financial institutions based on prevailing market standards, notwithstanding the provisions of Presidential

Decree No. 1177, Executive Order No. 292, Executive Order No. 248, as amended, Executive Order No. 298, and similar laws;

- G. To adopt an annual budget for, and authorize such expenditures by the Authority, as are in the interest of the effective administration and operation of the Authority;
- H. To review the organizational set-up of the Authority and adopt a new or revised organizational structure as it may deem necessary for the Authority to undertake its mandate and functions, subject to the approval and authority of the GCG;

SECTION 26. Powers and Functions of the General Manager. The General Manager shall be the chief executive of the Authority. As such, he shall have the following powers and duties:

- A. Submit for consideration of the Board the policies and measures which he believes to be necessary to carry out the purposes and provisions of this Act;
- B. Executive and administer the policies, plans, programs and projects approved by the Board;
- C. Direct and supervise the operation and internal administration of the Authority. The General Manager may delegate certain of his administrative responsibilities to other officers of the Authority subject to the rules and regulations of the Board;
- D. Appoint officials and employees below the rank of division heads to positions in the approved budget upon written recommendation of the division head concerned using as guide the standard set forth in the Authority's merit system;
- E. Submit quarterly reports to the Board on personal selection, placement and training;
- F. Submit to the NEDA an annual report and such other reports as may be required, including the details of the annual and supplemental budgets of the Authority; and
- G. Perform such other functions as may be provided by law.

SECTION 27. Residence. The General Manager shall establish this residence within the region. The General Manager shall not, during his term of office, engage in any business or profession or calling other than those connected in the performance of his official duties as General Manager of the Authority.

SECTION 28. Activities of the Authority: Key Officials. In carrying out the activities of the Authority, the General Manager shall be assisted by an Assistant General Manager who shall have such powers, duties, and functions that may be delegated to him by the General Manager, and shall act as General Manager in the absence of the former during his temporary incapacity of and/or until such time as a new General Manager is duly appointed.

The Authority shall have the following divisions under the direct supervision and control of the General Manager:

- A. An Administrative Division which shall be responsible for providing services relating to personnel, training, information, records, supplies, general services, equipment and security;

- B. A Legal Division, to be headed by a Legal Counsel who shall represent the Authority in legal actions and proceedings. This division shall be responsible for providing staff advice and assistance on legal matters;
- C. A Finance Division which shall be responsible for providing staff advice and assistance on budgetary and financial matters, and safekeeping of corporate assets
- D. A Project Management Division which shall be responsible for the operation of approved projects, project evaluation and management improvement matters;
- E. A Planning and Project development Division which shall be responsible for providing services relating to planning, programming, statistics and project development; and
- F. An Engineering and Construction Division, which shall be responsible for providing services relating to detailed engineering plans and the construction and maintenance of project facilities.

The business and activities of each of these divisions shall be directed by an officer to be known as its division head. The Board may create such other divisions and positions as may be deemed necessary for the efficient, economical and effective conduct of the activities of the Authority, subject to the approval and authority of the GCG.

SECTION 29. *Merit and Compensation System.* All officials, agents and employees of the Authority shall be selected and appointed on the basis of merit and fitness in accordance with a comprehensive and progressive merit system to be established by the Authority. The recruitment, transfer, promotion and dismissal of all personnel of the Authority, including temporary workers, shall be governed by such merit system: The Director General of the NEDA shall review and recommend the approval of the staffing pattern for professional and technical personnel of the Authority including modifications thereof as may be necessary for five years from the date of approval of this Decree.

SECTION 30. *Supervision by the NEDA.* The Authority shall be directly under the NEDA for policy and program integration.

SECTION 31. *Submission of Financial Statement to NEDA.* The Authority shall submit audited financial statements to NEDA within 60 days after the close of the fiscal year, and it shall continue to operate on the basis of not more than the proceeding year's budget until the said financial statements shall have been submitted.

SECTION 32. *Management Audit by the NEDA.* The NEDA, may, at its own instance, initiate a management audit of the Authority when there is a reasonable ground to believe that the affairs of the Authority have been mismanaged. Should such audit indicate mismanagement, the NEDA shall take such appropriate measures as may be required by circumstances.

SECTION 33. *Plans to be formulated within one year.* Upon its organization, the Board of Directors shall formulate and report to the stockholders with the utmost expeditious manner, but in no case longer than one year, its plans and recommendations for the accelerated and balanced development of the region in accordance with the aims and purposes of this Act.

SECTION 34. *Auditing.* The Board of Directors shall provide and appoint an auditor who shall formulate an auditing system for the Authority, the auditor shall make a semestral and/or annual report covering the financial conditions and operation of the Authority to the Board. These auditing

reports shall contain a statement of the resources and liabilities, including earnings and expenses, the amount of paid-up capital stock, surplus, reserves, and profits, as well as losses, bad debts and such other facts which, under auditing rules and regulations, are considered necessary to accurately described the financial conditions and operation of the Authority. The auditor shall report and be directly responsible to the Board.

SECTION 35. *Penal and Civil Liability Clause.* Any person, natural or Juridical, who shall violate any of the provisions of this Act or any rule or regulation promulgated by the Authority pursuant thereto shall be liable to imprisonment of not exceeding three years or to a fine not exceeding Five Thousand Pesos or both at the discretion of the court. If the violator be a corporation, partnership or association, the officer or officers of the organization, concerned shall be liable therefore.

The Authority is hereby authorized to pursue separate civil actions for damages resulting from infractions of the provisions of this Act, rules or issued pursuant thereto and/or conditions embodied in the clearances or permits issued by the Authority.

SECTION 36. *Separability Clause.* The provisions of this Act are hereby declared to be separable, and in the event any one or more of such provisions are held unconstitutional, they shall not affect the validity of other provisions.

SECTION 37. *Transitory Provision.* The socio-economic planning functions as envisioned under this Charter shall be assumed by the aforementioned Regional Development Council in accordance with the provisions of the Integrated Reorganization Plan, as amended. All incumbent officials and employees shall continue in office and those qualified shall have preference in filling up new positions that may be created as a consequence of this Act.

SECTION 38. *Repealing Clause.* All acts, charters, executive orders, administrative orders, proclamations, rules and regulations, or parts thereof in conflict with this Act are hereby repealed or modified accordingly.

SECTION 39. *Effectivity.* This Act shall take effect upon its approval.

Approved,