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

Thirteenth Congress
First Regular Session

HOUSE BILL NO. 1177

Introduced by Honorable Eric D. Singson

EXPLANATORY NOTE

This bill seeks the creation of the Ilocos Sur Upland Development Authority, a body envisioned to develop, manage, conserve and preserve the fourteen upland municipalities of the second district of Ilocos Sur, namely, Alilem, Sugpon, Suyo, Cervantes, Quirino, Sigay, Gregorio del Pilar, San Emilio, Lidlidda, Banayoyo, Salcedo, Galimuyod, Burgos and Nagbukel. Included in this group are remote barangays of coastal towns which have been recognized as belonging to the cultural minorities.

Ilocos Sur is one area in the Philippines today which has great potentials for development. The province is endowed with rich natural resources, vast marine and aquatic resources, large area of grazing lands and vast fertile agricultural lands. The province is also blessed with many scenic landscapes and beaches for tourism development. The great potential for development of the province can promote higher productivity, creation of employment opportunities, generation of income, accumulation of savings and increase in investment for development.

However, this development of the province can only go full blast if the upland municipalities will also be given full attention. Those upland municipalities occupy roughly about one-third of the land area of the entire Province of Ilocos Sur. Since their location is far from the national road and very mountainous, they are less developed than their counterpart municipalities in the lowland area.

It is therefore imperative to create an agency that will directly plan, coordinate and implement an overall program to maximize the exploration, development and proper utilization of the immense natural resources of the upland area, thereby ensuring the full development and progress of the entire Province of Ilocos Sur.

In view of the foregoing considerations, approval of this bill is highly and earnestly recommended.

ERIC D. SINGSON

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HOUSE BILL NO. 1177

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AN ACT
CREATING THE ILOCOS SUR UPLAND DEVELOPMENT AUTHORITY, DEFINING ITS POWERS AND FUNCTIONS, AND APPROPRIATING FUNDS THEREFOR.

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

SECTION 1. ***Title.*** – This Act shall be known as the "Ilocos Sur Upland Development Authority Act of 2001."

SEC. 2. ***Declaration of Policy.*** – It is hereby declared to be the policy of the State to foster and accelerate the development of the Ilocos Sur Upland Area, hereinafter referred to as the Area; promote overall economic development through assistance to commercial, industrial, agricultural, mining and other ventures; encourage local government units, in the spirit of meaningful local autonomy, to generate funds that will help maximize opportunities for the development of the upland area, in particular and the nation, in general; facilitate the delivery of basic services and the provision of public utilities, services and infrastructures to ensure the full development of the nation and its people and insure the viability and health of the environment amidst progress, consistent with the concept of sustainable development. To this end, it is recognized that it is best to create an agency that will directly coordinate, plan and manage an overall program to maximize the development of the area, thereby ensuring the full development and progress of the upland area in the Province of Ilocos Sur particularly in the municipalities of Alilem, Sugpon, Suyo, Cervantes, Quirino, Sigay, Gregorio del Pilar, San Emilio, Lidlidda, Banayoyo, Salcedo, Galimuyod, Burgos and Nagbukel.

SEC. 3. ***Ilocos Sur Upland Development Authority.*** – For the purpose of carrying out the above-stated policy, there is hereby created a body to be known as the Ilocos Sur Upland 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 its judgment, aid to the fullest possible extent in carrying out the aims and purposes set forth herein.

SEC. 4. ***Principal Office.*** – The Authority shall maintain its principal office in the City of Candon, Province of Ilocos Sur but it may have branch offices in such other places as are necessary for the proper conduct of its business.

SEC. 5. ***Supervision.*** – The Authority shall be under the supervision of the Office of the President. All policies and programs formulated; all orders, rules and regulations promulgated; and all appointments made by the Authority, as well as all transactions subject to its authority and jurisdiction shall be subject to the approval of the President of the Philippines.

SEC. 6. ***Territorial Jurisdiction.*** – The Authority shall cover the fourteen (14) upland municipalities in the second district of Ilocos Sur, namely, Alilem, Singpon, Suyo, Cervantes, Quirino, Sigay, Gregorio del Pilar, San Emilio, Lidlidda, Banayoyo, Salcedo, Galimuyod, Burgos and Nagbukel, including the remote barangays of coastal towns which have been recognized as belonging to the cultural communities.

SEC. 7. ***Term.*** – The Authority shall have a term of twenty-five (25) years from the effectivity of this Act renewable for the same period.

SEC. 8. ***Purposes and Objectives.*** – The Authority shall have the following purposes and objectives:

1. To gather and collate planning data, research references, statistics, as well as to consolidate their relevant and essential elements, and on the basis of such materials, draft a wholistic, rational, systematic, comprehensive plan consisting of the short, medium and long-term programs for the development of the upland area, after taking stock and carefully evaluating the present social and economic conditions, available resources and opportunity costs, problems and difficulties, as well as the existing national and regional policies and plans for the Area and providing for such safeguards as are necessary for ecological balance and environmental protection;

2. To implement, according to such Plan, the Authority's multi-level and multi-sectoral programs, particularly, such part of the Plan as will benefit the preservation and conservation of the ecological system as well as the protection and advancement of the environmental condition in the Area; to preserve life, protect public health and safety; and to maximize the utilization of the Area's power potentials, spatial land, cheap labor and indigenous raw materials for agricultural, industrial and commercial uses, water resources for fisheries and fishing, unique arts, cultural designs an scenic landscapes for tourism and recreation; and to induce or engender higher production, employment, income, savings and investments in the Area for its economic growth and social progress;

3. To establish such economic and social structures as may be necessary for entrepreneurial mobilization as will provide local traders, craftsmen, farmers, fishermen and workers access to credit facilities, equipment and machineries, raw materials and agri-inputs, transportation and communications, storage and drier, skills training and tax exemptions to fast-track the development of the Area by means of higher productivity in farming, manufacturing, trading and fishing and stimulate the efficient use of the factors of production;

4. To identify viable areas which will be given priority industrial and commercial development as well as their possible sources of financing, whether domestic or foreign; to encourage their early utilization and development for economic growth and expansion through government action or by private initiative; and to promote the use or application of such modern technology, facilities and equipment, methods and processes as are available for their maximum and economical use;

5. To adopt workable and long-ranged policies for the intensification and diversification of local products for export; to sustain agricultural, industrial and commercial development in the Area; to pave the way for the expansion of its domestic market structure; and to support the internal growth of income and the accumulation of savings for local investment;

6. To encourage people's participation in the organization and development of cooperatives, non-governmental organizations, neighborhood organizations and other groups for the development of livelihood projects and for the economic upliftment and amelioration of the members thereof through entrepreneurship development and the provision of such technical and financial aids, as may be necessary, to make them self-supporting, self-sustaining or self-reliant economic entities, especially such sectoral livelihood projects or income generating activities which are capital-starved but are otherwise profitable, labor-intensive and are utilizing indigenous local raw materials and traditional skills, arts and designs to promote the expansion of micro-enterprises in the Area;

7. To build, operate and maintain, if necessary, power plants or lighting systems and to generate, sell or distribute electricity to rural or urban communities, local government units, public or private institutions, electric cooperatives, franchise holders, subdivision developers and homeowners: *Provided*, That the Authority shall not engage in said business activities in areas or places where there are enough supply of electricity: *Provided, further*, That in certain communities where existing electricity supply is grossly inadequate, it shall, for the public interest, engage in said enterprises upon the consent of the local cooperative officials or the franchise holder therein: *And, Provided, finally*, That the Authority shall not collect fees for electrical services nor

impose charges or fines against its beneficiaries except on the basis of rates fixed or approved by the Energy Regulatory Board (ERB);

8. To build, operate and transfer projects involving the construction of abattoirs, dams, reservoirs, roads, telephones, transmission lines, transportation systems, and such other infrastructure projects as are necessary including pipes along the rivers or its tributaries subject to the approval of the President of the Philippines and upon the recommendation of the department head concerned;

9. To reclassify lands according to its uses and provide for the zonification of such lands upon consultation of or in coordination with the Housing and Land Use Regulatory Board (HLURB): *Provided,* That it shall encourage the local government units, private or public institutions to adopt zoning ordinances based on such reclassification, uses or zonification;

10. To rationalize the uses, or to hold, administer, utilize, encumber or otherwise deal with public lands and upon request by the Authority and after certification by the President, to require the Lands Management Bureau (LMB) and Forestry Management Bureau (FMB) in the Department of Environment and Natural Resources (DENR) and the Department of Agrarian Reform (DAR) to make available and immediately deliver to the Authority such public lands in the Area as may be needed for development into settlement or resettlement sites and for distribution as farmlots or homelots to rural beneficiaries or for proclamation into "Agro-industrial Development Area," except forested lands and lands subject to reforestation; and/or to acquire, by purchase or condemnation in idle lands, whether public or private for the underprivileged, displaced or homeless citizens; to make available to them decent housing at affordable costs with appropriate basic services and access to employment opportunities and/or for the creation, establishment or organization of "growth center" for livelihood projects or income-generating activities;

11. To pass upon, review or approve plans, programs and projects, prepared by local government offices/agencies within the Area or to control, regulate and/or issue licenses, franchises or concessions relating to or for the utilization and development of the natural resources of the Area or any of the places within its territorial jurisdiction, subject to such limitations as are provided for by law or the Constitution and to promulgate such rules and regulations as are necessary for the preservation, conservation and advancement of the natural resources of the Area, prescribing therein the form and manner through which their uses or utilization may be authorized, particularly, its timber, mineral, land, water and fisheries resources, subject to the approval of the President, and upon recommendation of the Secretary of the DENR and the DAR: *Provided*, That applications for licenses, franchises or concessions, when disapproved by the majority vote of the members of the Board of Directors, may be

appealed from within fifteen (15) days, effective upon receipt of such disapproval, to the Office of the President: *Provided, finally*, That a reasonable amount to be fixed by the Board shall be collected from holders of licenses, franchises or concessions for the support of reforestation, shedding and water management projects or for the disposal of wastes, discharges or pollutants which otherwise cause environmental dysfunctions that affect public health and safety; and

12. To undertake programs, projects or activities and/or to finance the construction of infrastructure projects such as river flood control, sewerage work, water supply, irrigation and such related public works as may be required under its underdevelopment plan or programs including the readjustment, relocation or restoration of population within the area as may be necessary.

SEC. 9. ***Corporate Powers.*** - As a corporate body, the Authority shall exercise the following specific powers and functions as follows:

1. To succeed in its corporate name with the power of succession;
2. To sue and be sued in such corporate name;
3. To adopt, alter and use a corporate seal, which shall be of judicial notice;
4. To execute the policies, undertake the programs and implement the projects specified herein or envisioned in Section 8 hereof;
5. To enter into or make contracts of any kind and description to enable it to discharge its duties and functions and for the attainment of its purposes and objectives;
6. To adopt, amend and repeal its by-laws;
7. To acquire, purchase, lease or hold such personal and real property as it may deem proper or necessary in the transaction of its business and/or to lease, mortgage, sale, alienate, encumber such property whichever is convenient;
8. To receive, take, and hold bequest, device, gift or purchase, loan, lease by any lawful manner, and to manage, administer, either absolutely or in trust for any of its purposes, any asset, grant or property, real or personal, from foreign or domestic sources, subject to such limitations as are provided under existing laws and regulations and to convert such assets, grant or property; invest and re-invest the same under this provision and deal with and expand its assets and income in such manner as will best promote its purposes and objectives;
9. To issue, subject to the approval of the Board of Directors, such rules and regulations for the use of its properties and to impose or collect fees or tolls therefrom provided that all receipts or revenues derived by the Authority from such fees, tolls and other charges are automatically appropriated for its own use;
10. To exercise the right of eminent domain through condemnation or expropriation proceedings in order to accomplish its missions or tasks; and

11. To contract indebtedness or issue bonds whenever it is essential to the proper transaction of its business or to carry out the corporate affairs of the Authority subject to the approval of the President of the Philippines and upon the recommendation of the Secretary of Finance.

SEC. 10. ***Capital Stock***. - The Authority shall have an authorized capital stock of Two Hundred Million Pesos (P200,000,000.00), the amount of One Hundred Million Pesos (P100,000,000.00) of which shall be subscribed and paid by the National Government to be appropriated out of any funds in the National Treasury not otherwise appropriated: *Provided*, That at least 25% thereof shall be fully paid: *Provided, further*, That Fifty Million Pesos (P50,000,000.00) of such amount shall be subscribed and paid by the Department of Agriculture (DA): *And, Provided, finally*, That the remaining Fifty Million Pesos (P50,000,000.00) shall be subscribed and paid by the private sector until the entire authorized capital stock of the Authority shall have been fully subscribed and paid.

The authorized capital stock of Two Hundred Million Pesos (P200,000,000.00) shall be divided into Two Million (2,000,000) shares of stock with a par value of One Hundred Pesos (P100.00) per share.

SEC. 11. ***Authority to Contract Foreign Loans***. - The Authority is hereby authorized to contract loans, credit or indebtedness, in any convertible foreign currency or capital goods from time to time from foreign governments or any international financial institution or fund sources subject to existing laws, rules and regulations.

The importation of machineries, equipment, materials, and supplies by the Authority, paid from the proceeds of any loan, credit or indebtedness incurred under this Act shall be exempt from all taxes, fees, imposts, other charges and restrictions imposed by the Republic of the Philippines or any of its agencies and political subdivisions.

SEC. 12. ***Tax Exemption***. - The Authority shall be exempt from the payment of income taxes, franchise taxes, realty taxes and all kinds of taxes and licenses to the National Government, its provinces, cities, municipalities and other government agencies and instrumentalities: *Provided*, that its subsidiary corporations shall be subject to all said taxes five (5) years after their establishment under graduated scale. Such exemption shall include any tax or fee imposed by the Government on the sale, purchase or transfer of foreign exchange and all notes, bonds and debentures, and other obligations issued by the Authority, both as to principal and interests.

SEC. 13. ***Structure, Staffing and Pay Scale***. - The Board shall determine the organizational structure, staffing pattern, and pay scales of the Authority and the officers and employees thereof conformably to that of existing government-owned or controlled corporations and subject to the evaluation or screening by the Civil Service Commission

and the Office of Compensation and Position Classification. The Board may, further, reorganize said structure, modify such pattern, or alter the same scale and create or abolish division, sections or units and any of its subsidiaries.

SEC. 14. ***Merit System***. - All officials and employees of the Authority and its subsidiary corporation shall be selected and appointed on the basis of merit and fitness, in accordance with a comprehensive and progressive merit system, which shall be established by the Authority immediately upon its organization. The recruitment, transfer, promotion and dismissal of its personnel including contractual workers shall be governed by such merit system.

SEC. 15. ***Board of Directors***. - The corporate powers and functions of the Authority shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board, which shall be composed of nine (9) members to wit:

a) Representative, Second District of Ilocos Sur;
b) The Secretary of Agriculture;
c) The Director-General of the National Economic Development Authority;
d) The Secretary of Environment and Natural Resources;
e) The Secretary of Trade and Industry;
f) Administrator, National Electrification Administration;
g) Provincial Governor, Province of Ilocos Sur;
h) A representative of the Agricultural Sector; and
i) A representative of Private investors.

Provided, That the representatives of the private investors and the agricultural sector shall likewise be appointed by the President of the Philippines from among the list of recommendees to be submitted by the private investors and the agricultural sector and shall continue as members until the President appoints their successor. The Board of Directors shall elect annually, from among themselves, a Chairman and a Vice-Chairman. There shall be a Corporate Secretary who shall be appointed by the Board.

The officials next in rank to the above-mentioned members shall serve as permanent alternate members and shall attend meetings of the Board in the absence of their principals and receive the corresponding per diems.

SEC. 16. ***Quorum***. - The presence of a majority of the members of the Board shall constitute a quorum for the transaction of the business of the Board.

SEC. 17. ***Meetings***. - The Board shall meet preferably at its principal office, at least, once a month and as frequently as necessary to discharge its duties and responsibilities. The Board shall be convoked by the Chairman or upon the written request of, at least, three (3) of its members. Except as otherwise provided for in this Act, the votes of a majority of the members constituting a quorum shall be sufficient for the adoption of any rule, resolution, decision or any act of the Board.

SEC. 18. ***Powers and Functions***. - The Board shall have the following powers and functions:

1. To formulate policies, develop programs, and establish projects and promulgate rules and regulations to govern the conduct of the affairs of the Authority;

2. To adopt and approve the annual or supplemental budget of the Authority to cover its financial operation;

3. To appoint and fix the compensation and allowances of all the officers and employees of the Authority including the Deputy Administrator and Assistant Deputy Administrator;

4. Upon the majority vote of all members of the Board, to suspend, remove or otherwise discipline its officers and employees for just cause;

5. To submit an annual report to the President and render such special reports as may be required or deemed necessary; and

6. To perform such other functions as may be necessary to carry out the provisions of this Act. Whenever the Board deems it necessary for the Authority to incur an indebtedness or issue bonds to carry out the provisions of this Act, it shall, by resolution, so declare and state the purposes for which the projected debt is to be incurred.

The resolution shall be passed by the affirmative vote of at least a simple majority of all members of the Board, subject to the approval of the President of the Philippines, upon the recommendation of the Secretary of Finance, after consultation with the National Economic and Development Authority and the Monetary Board of the Bangko Sentral ng Pilipinas.

SEC. 19. ***Administrator***. - The Board shall have an Administrator to be appointed by the President of the Philippines who shall be the Chief Executive Officer of the Authority. The Administrator shall serve for a term of four (4) years subject to renewal upon the recommendation of the Board and at the pleasure of the President.

The Administrator shall be assisted by such Deputy Administrator and Assistant Deputy Administrator as the Board may authorize and appoint. Their tenure, qualification and compensation shall be determined and fixed by the Board.

Preferably, the Administrator shall possess, at least, a Masters degree in Economics or shall have attended an MBA course at a reputable institution of higher learning for at least two (2) consecutive years. He must also have held for at least five (5) years an executive or managerial position, and he must be a native of the area and is an actual resident thereof.

SEC. 20. ***Duties and Functions of the Administrator***. - The Administrator shall perform the following duties and functions:

1. Submit, for the consideration of the Board, the policies and measures which he believes to be necessary to carry out the provisions of this Act;

2. Execute and administer the policies and measures approved by the Board;

3. Direct and supervise the operation and internal administration of the Authority. He may, for efficiency and effectiveness, delegate certain administrative responsibilities to other officers of the Authority subject to the rules and regulations of the Board;

4. Represent the Authority in all dealings with other offices, agencies and instrumentalities of the government with all other persons, entities or enterprises, whether public or private, domestic or foreign;

5. Sign contracts entered into or concluded by the Board, and such other correspondence and documents of the Authority;

6. Represent the Authority, either personally or through counsel, in any legal action or proceedings; and

7. Exercise such other duties or functions as may be granted to him by the Board.

SEC. 21. ***Departments***. - There shall be created within the Authority the Following service departments: Administration, Operation, Finance and Management, Planning and Programming, Legal, Auditing and such other department, division, section or unit as the Board may deem necessary to carry out its powers and functions. The tenure, qualification and compensation of the personnel of these departments or any of its units shall be determined and fixed by the Board.

SEC. 22. ***Auditing***. - The Auditing Department shall be headed by the duly appointed representative of the Commission on Audit whose salary shall be determined and paid according to law. All personnel of the auditing department shall be appointed and their number and salaries fixed by the Commission on Audit.

SEC. 23. ***Appropriations***. - The amount of Fifty Million Pesos (P50,000,000.00) is hereby appropriated for the necessary initial operating expenses of the Authority out of any fund in the National Treasury not otherwise appropriated. Thereafter, such sum as may be necessary for the continued operation of the Authority shall be included in the annual General Appropriations Act.

SEC. 24. ***Applicability of Corporation Law***. - The provisions of the Corporation Law, as amended, insofar as they are not inconsistent with this Act shall be applicable to the operations of the Authority.

SEC. 25. ***Separability Clause***. - Should any provisions of this Act be declared unconstitutional, no other provision shall be affected thereby.

SEC. 26. ***Repealing Clause***. - All laws, decrees, orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 27. ***Effectivity***. - This Act shall take effect after fifteen (15) days.

Approved,