



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City



EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2438

Introduced by
REPRESENTATIVE PANTALEON D. ALVAREZ

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

EXPLANATORY NOTE

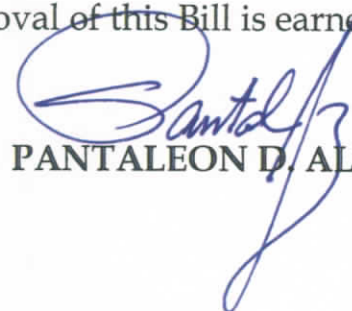
Siargao Island, located at the coordinates of 9°52'N, 126°03'E, is composed of forty eight (48) islands and islets, which are politically divided into nine (9) municipalities: Burgos, Dapa, Del Carmen, Gen. Luna, Pilar, San Benito, San Isidro, Santa Monica, and Socorro. This group of Islands also compose the First Legislative District of Surigao del Norte.

Siargao, and its surrounding islands, are famous destinations for local and international tourists for their natural beauty: the largest mangrove forest reserves are located in the Municipality of Del Carmen; Pansukian or the "Naked Island", is a long sand bar surrounded by massive coastal reefs; and the intensified waves in the east coast of the Siargao Island are very attractive to surfers here and abroad.

The economic potential of Siargao is unquestionable. This bill seeks to spur further growth by reclassifying and converting the land from the shore

lines of the main island of Siargao, and three (3) kilometers inwards, into commercial, residential, and tourist areas. Further, this bill declares the Siargao Island and all the surrounding islands therein as ecotourism zones. To manage the development of the areas herein specified, this bill creates the Siargao Development Authority to ensure the sustainable development of the islands.

In view of the foregoing, the approval of this Bill is earnestly sought.



PANTALEON D. ALVAREZ



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

CHAPTER I
DECLARATION OF POLICY
AND CREATION OF THE AUTHORITY

SECTION 1. *Short Title.* – This Act shall be known as “Siargao Development Authority Act.”

SECTION 2. *Declaration of Policy.* It is the policy of the State to undertake measures to adopt sustainable and progressive development strategies of forestlands, national parks, marine areas and sanctuaries, and the resources therein, to promote the economic and social development of Siargao.

SECTION 3. *Creation of the Siargao Development Authority.* For the purpose of carrying out the policy of this Act, a body corporate, granted the

powers of a corporation, is herein created to be known as the Siargao Development Authority ("SDA"), hereinafter referred to as the "*Authority*."

The Authority shall be organized within thirty (30) days after approval of this Act. It shall have a term of fifty (50) years from its organization: Provided, That Congress, by a joint resolution, may dissolve the Authority whenever in its judgment the primary purpose for its creation has been accomplished. It shall establish its principal office in the Siargao Islands unless otherwise provided by the Authority and may put up such branches as may be necessary.

SECTION 4. *Purposes of the Siargao Development Authority.* The Authority shall have the following purposes:

- a.) To adopt, prepare and implement a comprehensive and detailed development plan embodying a list of projects to promote the economic and social development of the Siargao Island and the surrounding areas therein;
- b.) To encourage the active participation of the private sector in developing the Siargao Island into other productive and sustainable uses;
- c.) To establish a mechanism of consultation and coordination with the local government units, and other stakeholders, regarding the plans, programs and projects of the Authority for the islands of Siargao and the surrounding areas therein; and
- d.) To plan, program and undertake the adjustment, relocation, or resettlement of the people living in the area as may be deemed necessary and beneficial to the development of Siargao Islands, in coordination with the appropriate government agencies and local government units.

SECTION 5. *Powers of the Siargao Development Authority.* To carry out its objectives under this Act, the Authority is hereby vested with the following powers:

- A. To succeed in its corporate name, to sue and be sued in such corporate name and to adopt, alter and use a corporate seal which shall be judicially noticed;
- B. To enter into, make, perform, and carry out contracts of every class, kind, and description which are necessary or incidental to the realization of its purposes with any person, firm or corporation, private and public, and with foreign government entities;
- C. To adopt, amend, and repeal its by-laws;
- D. To contract loans, indebtedness, credit, and issue commercial papers and bonds, in any local or convertible foreign currency from any international financial institutions, foreign government entities, and local or foreign private commercial banks or similar institutions under terms and conditions prescribed by law, rules and regulations;
- E. To construct, own, lease, operate and maintain public utilities as well as infrastructure facilities;
- F. To acquire, hold, administer, and lease real and personal properties, including agricultural lands, property rights and interests and encumber, lease, mortgage, sell, alienate, or otherwise dispose of the same at fair market value it may deem appropriate;
- G. To receive donations, grants, bequeaths, and assistance of all kinds from local and foreign government and private sectors and utilize the same;
- H. To exercise the right to eminent domain;
- I. To exercise oversight functions over the Siargao Islands declared under this Act and by subsequent presidential proclamations within the framework of the declared policies of this Act;
- J. To identify, collect, and manage the fees (to be) collected, in relation to its functions;
- K. To promulgate all necessary rules and regulations; and

- L. To perform such other powers as may be necessary and proper to carry out the purposes of this Act.

SECTION 6. *Capitalization.* The Authority shall have an authorized capital of Two Hundred Million Pesos (Php 200,000,000.00) which may be fully subscribed and paid up by the Republic of the Philippines.

SECTION 7. *Composition of the Board.* The powers and functions of the Siargao Development Authority shall be exercised through its Board which shall be composed of fifteen (15) members, as follows:

- a.) The Authority shall be composed of one (1) representative from the respective Planning and Development Offices ("PDO") of the following municipalities:
1. Burgos
 2. Dapa
 3. Del Carmen
 4. General Luna
 5. San Benito
 6. Pilar
 7. San Isidro
 8. Santa Monica
 9. Socorro
- b.) A representative of the Department of Tourism ("DOT"), the Department of Environment and Natural Resources- Protected Areas and Wildlife Bureau ("DENR-PAWB"), and the Department of Agriculture - Bureau of Fisheries and Aquatic Resources ("DA-BFAR");
- c.) Three (3) representatives from the private sector who are stakeholders in the development of Siargao Islands; from the initial representatives appointed, one shall serve for four (4) years, the others shall serve for two (2) and one (1) year respectively, with no reappointment; after the initial representatives shall have served their term, the subsequent

representatives shall serve for a period of five (5) years each without reappointment.

SECTION 8. *Qualifications of Board Members.* No person shall be appointed as a member of the Board unless he/she is a Filipino citizen, at least twenty-five (25) years old, of good moral character, of unquestionable integrity, and of recognized competence in relevant fields including, but not limited to, economics, management, development, law or engineering. The citizenship requirements shall not apply to the three (3) appointed representatives from the stakeholders from the private sector.

SECTION 9. *Chairman of the Board.* The Chairman, who must be a Filipino citizen, shall be appointed by the President from the members of the Board. The Chair shall have no fixed term from the date of his/her appointment. He/She must have demonstrated executive competence and experience in the field of public administration, economic planning, environmental and natural resource management, or in the establishment and management of large agricultural, commercial or industrial enterprises. No person shall be nominated as Chairman unless he/she is of unquestioned integrity and competence. Finally, the Chairman shall be responsible to the Board and the President of the Philippines for the efficient management and operation of the Authority.

SECTION 10. *Duties and Responsibilities of the Chairman of the Authority.* The Chairman shall have the following duties and functions:

- a.) Call and preside over the meetings of the Board and see to it that the policies, programs and rules and regulations are implemented efficiently and effectively;
- b.) Call on stakeholders in the formulation and implementation of a comprehensive and integrated plan for the development of the Siargao Islands;

- c.) Identify solutions to key issues and concerns, taking into account related risks, affected parties and impact, in coordination with the Board and key stakeholders;
- d.) Accept, on behalf of the Authority, donations, contributions, grants and bequests or gifts, in cash or in kind, from members, foreign governments, international agencies, private entities or any individual for purpose that will realize the functions of the Authority;
- e.) Call on any agency, group, individual member of the Board, local government unit, and host community to address issues and concerns relating to implementation of major programs, projects and activities;

SECTION 11. *Functions of the Board.* The Board shall be the policy-making and implementing body of the Authority and shall perform the following functions:

- a.) Determine the organizational structure of the Authority, define the duties and responsibilities of all officials and employees and adopt a compensation and benefit scheme.
- b.) Prepare the annual and supplemental budgets of the Authority;
- c.) Submit an annual report of the operation and accomplishments to the President of the Philippines, Senate of the Philippines, and House of Representatives.

SECTION 12. *Meetings and Quorums.* The Board shall meet regularly once every month at its principal office. There must be notice to all members of the Board, sent through electronic or traditional means, at least three (3) days before said meeting. The Board may also conduct special meetings whenever necessary.

A majority of the members shall constitute a quorum for the transaction of corporate business, and every decision of at least a majority of the members present, at which there is a quorum, shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the board.

SECTION 13. *Executive Director.* The Executive Director shall be appointed by the President of the Philippines, from the persons recommended by the Board, who shall serve as the Authority's Chief Operating Officer for a term of three (3) years with reappointment for another term.

SECTION 14. *Qualifications of the Executive Director.* The Executive Director ("Director"), who shall not be a member of the Board, must be at least twenty-five (25) years of age at the time of his/her appointment by the Board and must possess at least three (3) years of substantial executive and management experience. He/She shall serve at the pleasure of the President.

SECTION 15. *Duties and Responsibilities of the Director of the Authority.*

- a.) Supervise administrative operations including disbursement of any fund of the Authority, subject to the usual accounting and auditing procedures, and submit reports thereon;
- b.) Supervise the monitoring and timely implementation of Mindanao-wide and/or Mindanao-specific inter-regional programs, projects and activities
- c.) Execute and administer the policies and measures approved by the Board;
- d.) Appoint all employees of the Authority and, with approval of the Board to remove, dismiss or otherwise discipline for cause, such employees in accordance with the standard guidelines for recruitment, employment, and discipline in the Civil Service Code;
- e.) Represent the Authority in all dealings with other offices, agencies, and instrumentalities of the government and with all persons and entities, public or private;
- f.) Sign agreements and/or contracts on behalf of the Authority, including those for expert and consultant services and other reports of accountabilities emanating from the Authority; and

- g.) Perform such other functions that the Board may direct to carry out the provisions of this Act.

CHAPTER II *DEVELOPMENT OF THE SIARGAO ISLANDS*

SECTION 16. *Conversion and Reclassification of Lands.* There shall be an easement from the low water line along the coast and extending up to twenty (20) meters into the coast along the entire Siargao Island covering the coasts of the municipalities of Burgos, Dapa, Del Carmen, General Luna, San Benito, Pilar, San Isidro, Santa Monica, and Socorro. The metes and bounds of the area covered by this Section shall be determined by the DENR.

The respective shorelines beginning at the end of the easement specified in the immediately preceding paragraph, and extending inwards for a distance of three (3) kilometers, is hereby converted and classified into commercial, and residential purposes. Constructions of ports and related facilities, as approved by the Authority, shall not be subject to the construction limitations imposed by the shoreline easements.

The entirety of the Siargao Islands is exempted from the coverage of Republic Act ("RA") 6657, otherwise known as "*Comprehensive Agrarian Reform Law of 1988*", as amended by RAs 7881, 7905, 8532 and 9700, respectively.

SECTION 17. *Siargao Islands Special Economic Freeport Zone.* - There is hereby created the Siargao Islands Special Economic and Freeport Zone, hereinafter referred to as the Freeport Zone, consisting of the municipalities of Burgos, Dapa, Del Carmen, General Luna, Pilar, San Benito, San Isidro, Santa Monica, and Socorro.

Within thirty (30) days after the approval of this Act, each LGU comprising the Freeport Zone shall submit its resolution to the Office of the President on its concurrence to be part of the Freeport Zone and shall identify a contiguous area in their respective jurisdiction that shall form part

of the Freeport zone. Thereafter, the President of the Philippines shall issue a proclamation defining the metes and bounds of the Freeport Zone as provided herein.

SECTION 18. *Governing Principles of the Siargao Islands Special Economic Zone.* - The Freeport Zone shall be managed and operated within the framework and subject to the mandate and limitations of the 1987 Constitution and the pertinent provisions of Republic Act No. 7160, also known as the "*Local Government Code of 1991.*" The Freeport Zone shall be developed into a self-sustaining, industrial, commercial, financial, agro-industrial, banking and investment center to generate employment opportunities in and around the Freeport Zone and to attract and promote productive local and foreign investments.

The Authority, in the management of the Freeport Zone shall be guided by the following policies:

- (a) The Freeport Zone shall continue to be provided with transportation, telecommunications and other facilities needed to attract legitimate and productive investments, generate linkage industries and employment opportunities for the people residing in the areas comprising the Freeport Zone and its neighboring towns and cities;
- (b) The Freeport Zone may establish mutually beneficial economic relations with other entities or enterprises within the country or with foreign entities or enterprises;
- (c) The Freeport Zone shall be managed and operated as a separate customs territory ensuring free flow or movement of goods and capital within, into and out of its territory;
- (d) The Freeport Zone shall provide incentives such as tax and duty-free importations of raw materials, capital and equipment to registered enterprises located therein. However, exportation or removal of goods

from the territory of the Freeport Zone to the other parts of the Philippines shall be subject to customs duties and taxes under the Tariff and Customs Code of the Philippines, as amended, and the National Internal Revenue Code (NIRC) of 1997, as amended;

- (e) The Bangko Sentral ng Pilipinas, through the Monetary Board, shall supervise and regulate the operations of banks and other financial institutions within the Freeport Zone;
- (f) Banking and finance shall be liberalized with the establishment of foreign currency depository units of local commercial banks and offshore banking units of foreign banks, subject to regulations by the Bangko Sentral ng Pilipinas;
- (g) The areas comprising the Freeport Zone may be expanded or reduced when necessary. For this purpose, the Authority, with the concurrence of the LGUs comprising the Freeport Zone and in accordance with existing laws and local ordinances, shall have the power to acquire either by purchase, negotiation or condemnation proceedings, any private lands within or adjacent to the area comprising the Freeport Zone for the following purposes:
 - (1) Consolidation of lands for development by the Authority;
 - (2) Acquisition of right of way by the Authority; and
 - (3) Protection of watershed areas and the maintenance and improvement of its yield and natural assets valuable to the prosperity of the Freeport Zone, the management of solid and water waste and its impact to adjacent areas within the LGU concerned.

The Authority and the LGUs comprising the Freeport Zone shall provide for a mechanism to address inappropriate exploitation of the natural environment and disruptive land use within the jurisdiction of the Authority.

- (h) Goods manufactured by enterprises within the Freeport Zone shall be made available for immediate retail sale in the domestic market, subject to the payment of corresponding taxes on raw materials and other regulations that may be formulated by the Authority, together with the Philippine Economic Zone Authority (PEZA), the Bangko Sentral ng Pilipinas, the Department of Finance, the Bureau of Customs (BOC) and the Department of Trade and Industry, in accordance with the NIRC of 1997, as amended, and the Tariff and Customs Code of the Philippines, as amended. However, in order to protect the domestic industries, a negative list of industries shall be drawn up and regularly updated by the PEZA. Enterprises engaged in industries included in such negative list shall not be allowed to sell their products locally; and
- (i) The defense of the Freeport Zone and the security of its premises shall be the responsibility of the National Government in coordination with the Authority and the LGUs comprising the Freeport Zone.

CHAPTER III

DECLARATION OF MARINE SANCTUARY AND PROTECTED AREAS

SECTION 19. *Marine Protected Area Declared.* For the purpose of the sustainability of the marine resources in the Siargao Island and the surrounding islands therein, it shall be declared as a Marine Protected Area ("MPA") under the jurisdiction and management of the Authority.

SECTION 20. *Siargao Master Plan.* The SDA, in coordination with DENR and DOT, must conduct a full survey of the flora and fauna, both in land and water, found within the Islands within one hundred twenty (120) days from the effectivity of this Act. The aforementioned must thereafter provide a master plan for the development of the area and the conservation of the flora and fauna in the area within six (6) months from the conduct of the full survey described herein.

SECTION 21. *Responsible Entities.* - The concerned LGU, along with members of the community and civil society, the Bureau of Fisheries and

Aquatic Resources ("BFAR") of the Department of Agriculture ("DA"), the Protected Areas and Wildlife Bureau ("PAWB") of the Department of Environment and Natural Resources ("DENR"), the Fisheries and Aquatic Resources Management Councils ("FARMCs"), the Philippine Coast Guard ("PCG") and the private sector, as well as the Authority, shall be responsible for the designation, establishment and management of the MPAs within municipal waters, based on a co-management scheme that considers the interests of all the stakeholders involved.

SECTION 22. *Funding of the Management of Marine Protected Areas.* – The funding for the establishment of the MPA shall be provided for by the Authority and its budget from the General Appropriations Act.

SECTION 23. *Management of Existing Marine Protected Areas* – The DENR shall manage MPAs established under the National Integrated Protected Areas System ("NIPAS") and all initial components of the System that have passed the requirements pursuant to Republic Act No. 7586, otherwise known as the National Integrated Protected Areas System Act of 1992.

All marine protected areas, fishery reserves, fishery refuges or sanctuaries and mangrove swamp forest reserves previously declared or proclaimed by the President, or legislated as such by the Congress of the Philippines, shall continue to be supervised by the agency charged with its administration. Should there be jurisdictional conflicts, however, the decision of the Authority shall prevail.

SECTION 24. *Violations and Sanctions.* – Unless otherwise allocated in accordance with this Act, the NIPAS Law, and the Wildlife Act (Republic Act No. 9147), it shall be unlawful for any person to willfully and knowingly exploit, damage or destroy MPAs and/or any of its parts. Violators shall be subject to the applicable fines and penalties as provided for in the NIPAS Law, and Republic Act no. 9147, otherwise known as the "Wildlife Resources Conservation and Protection Act," and other related laws, rules and regulations.

Should an LGU fail to maintain an existing MPA as herein provided, the mayor, the vice mayor and the members of the Sanggunian shall be liable for prosecution under the Republic Act No. 3019, otherwise known as the

"Anti-Graft and Corrupt Practices Act" and Republic Act No. 6713, otherwise known as the "Code of Conduct and Ethical Standards for Public Officials and Employees" or other applicable laws.

CHAPTER IV **CLARIFICATION OF JURISDICTION**

SECTION 25. *Defense and Security.* - The "Authority" shall be assigned a special patrol unit from the Philippine National Police and the PCG.

SECTION 26. *Separability Clause.* - If any provision or part thereof is declared unconstitutional, the remainder of this Act or any provision not affected shall remain in full force and effect.

SECTION 27. *Repealing Clause.* - All law, presidential decrees, executive orders, rules and regulations, including but not limited to DENR Memorandum Order 2011-04, dated 03 November 2011, or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 28 *Effectivity.* - This Act shall take effect immediately after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,