

**[OP EXECUTIVE ORDER NO. 62, February 27,
1993]**

**PRESCRIBING POLICIES AND GUIDELINES TO IMPLEMENT
REPUBLIC ACT NO. 7227**

WHEREAS, Republic Act No. 7227, otherwise known as the Bases Conversion and Development Act of 1992 (Act), creates the Bases Conversion and Development Authority (BCDA) and defines its powers and functions;

WHEREAS, the Act also creates the Subic Bay Metropolitan Authority (SBMA) and stipulates that the BCDA may create subsidiaries, joint ventures, authorities, and special economic zones in implementing the conversion program;

WHEREAS, the National Government is committed to the alleviation of poverty and the further empowerment of the people to be carried out under the Medium Term Philippine Development Plan (1993-1998) which emphasizes national unification, sustained economic growth, accelerated infrastructure development, protection of the environment, and streamlining of the bureaucracy;

WHEREAS, responsive policy guidelines are needed to clarify the oversight and management functions of the BCDA in relation with the subsidiaries and attached authorities;

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue of the powers vested in me by law, and upon recommendation of the Chairman of the BCDA, do hereby order the adoption and implementation of the following policies and guidelines:

SECTION 1. Policy Framework - The BCDA shall be guided by the following policy framework in its conversion program:

1.1 The primary objective of the conversion program is to create immediate employment and livelihood opportunities utilizing existing world class infrastructure and support facilities in the reverted baselands in line with the national government objective of poverty alleviation and sustained economic recovery and growth;

1.2 The preparation and implementation of conversion development plans shall be undertaken with the active and meaningful participation of the private sector, including non-governmental and peoples organizations, and affected local communities;

1.3 The BCDA shall adopt investor-friendly policies, rules and regulations and create an efficient business environment with no or minimum bureaucratic red tape to attract local and foreign investments;

1.4 The BCDA shall plan and implement fund generating projects which will maximize the use of the military camps in Metro Manila that shall be sold pursuant to Section 8 of the Act with the funds generated therefrom to be strictly utilized as provided for in the Act; and

1.5 Conversion projects must be financially self-sustaining in the long term and should contribute significantly to national economic development.

SECTION 2. Purposed of the BCDA - As provided in Section 4 of the Act, the BCDA shall have the following purposes:

2.1 Own, hold and administer the reverted baselands and the portions of Metro Manila military camps transferred to it, and adopt, prepare and implement a comprehensive and detailed development program for its subsidiaries and attached authorities in consonance with the following directional plans:

2.1.1 Subic Naval Base - To be developed as a special economic and free-port zone ensuring the free flow of goods and capital in accordance with prescribed rules, to generate employment opportunities in and around the zone, and to attract and promote productive local and foreign investments. The Subic Special Economic and Free-port Zone shall be developed, operated, administered, and managed by the SBMA;

2.1.2 Clark Air Base - To be developed as a special economic zone with such incentives and privileges granted the Subic Special Economic and Free-port Zone and Export Processing Zones. The Clark Special Economic Zone (CSEZ) shall form part of the growth triad connecting with Subic and Metro Manila as a buffer to in-migration to the metropolis. The CSEZ is envisioned as a new industrial townsite and a major civil aviation complex for international passenger and/or cargo;

2.1.3 Camp John Hay - To be preserved, maintained, enhanced and developed as a forest watershed and tourist destination. The natural attributes and character of the Camp shall be maintained. The facilities shall be developed with the expertise of the private sector to maximize its potential for both local and foreign tourism;

2.1.4 Other Baselands - The Wallace Air Station, O'Donnel Transmitter Station, San Miguel Naval Communication Station, and Mt. Sta. Rita Station shall be developed in accordance with its best land use and the national concerns as stated in the Act and as may be determined by the President in line with national priorities;

2.1.5 Other Special Economic Zones - To create, develop and manage other special economic zones covering the municipalities of Morong, Hermosa, Dinalupihan in Bataan and Castillejos, San Antonio and San Marcelino in Zambales subject to economic viability studies; and

2.1.6 Metro Manila Military Camps - To develop and/or dispose of portions of the military camps transferred to the BCDA for other productive uses to generate funds for base conversion, military housing and military modernization. The timetable of disposition and conversion of Metro Manila camps shall be approved by the President of the Philippines in

close coordination with the Department of National Defense and the Armed Forces of the Philippines.

2.2 Encourage the active and meaningful participation of the private sector in financing, managing and overseeing conversion projects, particularly in Clark and Subic;

2.3 Establish a mechanism of coordination with the appropriate local government units to effect meaningful consultation with communities affected by the conversion plans and projects.

2.4 Serve as the holding company of subsidiary companies, to coordinate attached authorities, invest in special economic zones, and manage and operate development projects through private sector companies; and

2.5 Plan and undertake the readjustment, relocation or resettlement of population within the baselands and their extensions, particularly the affected military personnel, in coordination with appropriate local government units and government agencies, particularly the Department of National Defense and the Armed Forces of the Philippines.

SECTION 3. Subsidiaries and Attached Authorities - The BCDA shall have the power to form, establish, organize and maintain subsidiary corporation(s) pursuant to Section 16 of the Act.

In accordance with Section 14(a) of the Act, the BCDA shall exercise oversight function over the SMBA.

To perform its oversight function over subsidiaries, attached authorities and special economic zones declared under the Act, including SMBA, the BCDA shall adopt and implement an effective oversight mechanism to encourage efficient utilization of scarce government resources and to ensure that plans and programs of subsidiaries, attached authorities and special economic zones are proceeding according to national goals and objectives.

3.1 Governing Board of Directors - The subsidiaries and attached authorities shall be governed by their respective policy making Board of Directors which shall perform the following, subject to existing laws and regulations:

3.1.1 Approve corporate plans and programs consistent with the policy directions of the BCDA;

3.1.2 Approve and adopt internal administrative and operating rules and regulations for implementation by the officials and management of the subsidiary or attached authority;

3.1.3 Establish financial and operations performance targets for management as basis for evaluating and monitoring corporate performance;

3.1.4 Determine the organizational structure, define the duties and responsibilities of all officials, and adopt a pay plan and position

classification;

- 3.1.5 Appoint all officials down to the third level and authorize the President of the subsidiary or attached authority to appoint all others: Provided that, all appointments shall be on the basis of merit, experience, integrity and fitness;
 - 3.1.6 Prepare and approve the annual and supplemental budget of the subsidiary or attached authority;
 - 3.1.7 Approve capital expenditures and investments program, all forms of indebtedness, substantial sales, transfers and alienation of assets and properties of the subsidiary or attached authority;
 - 3.1.8 Require management to periodically submit to the Board such management reports as may be required by it to include, among others the following: annual budgets organization, personnel plantilla and programs, report of operations, infrastructure programs and major capital investment programs;
 - 3.1.9 Develop and implement a privatization, commercialization and/or divestment program of all its major assets and facilities within two (2) years from start of operation; Provided that, by the fourth year of full operation, a privatization or divestment program shall have been in place; and
 - 3.1.10 Submit to the BCDA a copy of its management reports to include, among others, the following: annual budgets, organization, personnel, report of operations, infrastructure program and capital investment program, and any other reports which the BCDA may require.
- 3.2 Organization - Organization of subsidiaries or attached authorities shall have the following common features, subject to existing laws and regulations:
- 3.2.1 The powers and functions of the subsidiaries or attached authorities of the BCDA shall be exercised by their respective Board of Directors to be appointed by the President of the Philippines upon recommendation of the Chairman of the BCDA. The Board shall be composed of a minimum of seven (7) members who being trustees of the Government, may be removed at any time by the President;
 - 3.2.2 The governing Board of each subsidiary and attached authority shall approve the annual budget, plans and program organization, and personnel plantilla of the subsidiary or authority during an annual planning workshop with the management committee;
 - 3.2.3 The Chairman of the Board shall be the Chief Executive Officer of the subsidiary or attached authority who shall be responsible for ensuring that the plans and programs shall be directed towards the attainment of the corporate goals and objectives;
 - 3.2.4 The Board shall appoint a Chief Operating Officer who shall be responsible for the day-to-day operations of the subsidiary or