RULES AND REGULATIONS GOVERNING THE ISSUANCE OF DEVELOPMENT PERMITS AND LICENSES TO SELL TO ECOZONE DEVELOPERS/OPERATORS

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The following Sections shall hereby be added PART III -ESTABLISHMENT OF THE ECOZONES of the Rules and Regulations to Implement Republic Act No. 7916 (The Special Economic Zone Act of 1995) and shall constitute the Rules and Regulations Governing the Issuance of Development Permits and Licenses to Sell to Ecozone Developers/Operators.

SECTION 9. Issuance of Development Permits. — After issuance of the Presidential Proclamation and signing of the Registration Agreement for a proposed ecozone, its Developer/Operator shall formally apply with the Authority for a Development Permit prior to undertaking any groundwork, construction and/or any other activity pertaining to the physical establishment of the ecozone. The application shall be submitted with the following documents:

a. A vicinity map indicating various landmarks and uses of land within one kilometer radius of the site of the proposed ecozone;

b. A detailed physical/ground plan of the proposed ecozone, drawn to scale and in accordance with standard architectural/engineering practice, duly signed by a licensed architect/engineer-planner, and indicating the following infrastructures, facilities and other features:

> Land improvements and physical infrastructure, including perimeter fences, roads, easements and rights of way (with information on roadway width, alignment, gradients, etc.);

> Power and water utilities (production and distribution systems), communication facilities, drainage and sewerage systems, central wastewater treatment plant, etc.;

The Developer/Operator that will supply the water requirements of a proposed ecozone shall also submit a permit to drill and operate deep wells and, subsequently, a certification on water resistivity issued by the appropriate government agency. On the other hand, the Developer/Operator of an ecozone that will source its water requirements from the Local Water Utility Unit (LWU), shall submit the corresponding supply contract with the LWU.

> Proposed breakdown and lay-out of industrial lots to be sold or leased and provisions for open spaces, green areas, etc.

> Other infrastructures, facilities and features to be established inside the proposed ecozone.

c. Certified true copy of Original Certificate of Title (OCT) or Transfer Certificate of Title (TCT) and evidence of payment of real property tax (i.e., receipts and/or tax clearance) for the year immediately preceding and the current year; and

d. Environmental Compliance Certificate.

The Development Permit shall be issued upon verification of satisfactory compliance or consistency of the

ecozone development plans with the existing Design Standards and Guidelines for the Establishment of Industrial Subdivisions promulgated by the Housing and Land Use Regulatory Board, and other requirements as may be prescribed by the Board, as well as upon payment of the prescribed fee, as provided in Section 15.

The Development Permit shall be valid for the duration of the approved ecozone development schedule, unless revoked or otherwise amended.

An Ecozone Developer/Operator, who has already secured a Development Permit from the Housing and Land Use Regulatory Board (HLURB) or the Local Government Unit (LGU) for its proposed ecozone, prior to the effectivity of these Rules and Regulations, need not apply for issuance of a Development Permit with the Authority but shall furnish the Authority a copy of the approved ecozone development plans and the Development Permit issued by the HLURB or LGU.

SECTION 10. Clearances for Changes/Alteration of Approved Ecozone Development Plans. — An Ecozone Developer/Operator shall secure prior clearance from the Authority for any changes/alterations to be made on the approved ecozone development plan by submitting the following documents and other information requirements:

a. Letter-request describing in detail the changes/alterations to be undertaken on the approved ecozone development plan, the specific reasons for the proposed changes/alterations and implications on the ecozone development timetable and cost, target investors/activities, etc.; and

b. Written consent of all lot buyers that will be affected by the proposed changes.

The Board shall take note and approve the proposed changes/alterations provided none of these are in violation of conditions in the Environmental Compliance Certificate, Registration Agreement, Design Standards and Guidelines and/or Contract with Lot Buyers (agreed conditions).

Alternatively, a Developer/Operator may undertake changes in the approved development plans of its proposed ecozone without securing prior clearance from the Authority, at its own risk, and subsequently, inform the Authority on such changes: Provided, that the Authority shall take note of the changes if these are not in violation of agreed conditions: and Provided further, that the Developer/Operator shall undertake corrective measures prescribed by the Authority on changes/alterations found to be in violation of agreed conditions and pay whatever penalties will be imposed by the Authority.

SECTION 11. Issuance of Licenses to Sell. — An Ecozone Developer/Operator may apply for a License to Sell with the Authority by submitting the following requirements:

a. Application form, duly accomplished and signed by the Chairman of the Board, President or Chief Executive Officer (CEO) of the company;

b. Verified Survey Returns;

c. Certified true copy, which shall not be more than one month old, of the OCT or TCT;

d. Sworn affidavit that the ecozone land is free from liens and encumbrances;

e. Development Program/Timetable;

f. Pro-forma copies of Contract to Sell or Deed of Absolute Sale; and

g. Other requirements as may be prescribed by the Authority.

The License to Sell shall be issued upon Developer/Operator's payment of the prescribed fee, as provided in Section 15, and posting of the required performance bond, as described in Section 12.

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A Developer/Operator, who has already secured a License to Sell from the Housing and Land Use Regulatory Board (HLURB) for its proposed ecozone prior to the effectivity of these Rules and Regulations, need not apply for issuance of a License to Sell with the Authority but shall furnish the Authority a copy of the License to Sell issued by the HLURB.

SECTION 12. Performance Bond. — An Ecozone Developer/Operator shall post any of the following types of performance bonds which shall remain in force and in effect until its cancellation is authorized by the Board:

a. A Surety Bond equivalent to twenty percent (20%) of the estimated total development cost of the proposed ecozone.

b. A Real Estate Mortgage in favor of the Authority, on an unencumbered/lien-free property, other than that to be used for the approved ecozone, the computed value of which is at least twenty percent (20%) of the approved total ecozone development cost, based on the most recent zonal valuation of the Bureau of Internal Revenue; and

c. A Cash Bond, in the form of a fiduciary deposit, equivalent to ten percent (10%) of the total development cost of the proposed ecozone, made out to the Authority.

SECTION 13. Replacement of Lost or Damaged Development Permits and/or Licenses to Sell. — An Ecozone Developer/Operator may secure replacements for lost and/or damaged Development Permit and/or License to Sell from the Authority by submitting a notarized Affidavit of Loss or by surrendering the damaged document and payment of the prescribed fee as provided in Section 15.

SECTION 14. Suspension and/or Revocation of Development Permits and Licenses to Sell. — The Authority may suspend any Development Permit and/or License to Sell issued to an Ecozone Developer/Operator upon determination of the existence of prima facie evidence on the following conditions/circumstances:

a. Submission and/or dissemination of false and/or misleading information or the withholding of important information by an Ecozone Developer/Operator with the intent to defraud prospective buyers;

b. Failure of the Developer/Operator to undertake the development of the ecozone in accordance with conditions stipulated in the Registration Agreement and/or Development Permit issued by the Authority;

c. Upon filing of request for alteration of the ecozone development plan approved by the Authority: Provided, that the suspension shall apply only to the portion of the ecozone to be affected by the proposed changes/alterations.

d. Other violations of R.A. No. 7916 and/or its Implementing Rules and Regulations.

The Suspension Order shall be lifted upon approval by the Authority of proposed changes/alterations of the approved ecozone development plans or if, after due notice and hearing, the Authority verifies that the conditions/circumstances that led to the issuance of such Suspension Order are not true/accurate and/or that the Developer/Operator has undertaken corrective measures on questioned deficiencies and/or failures towards satisfactory compliance with agreed conditions.

The Authority shall revoke a Development Permit and/or License to Sell if, after due notice and hearing, the Authority convincingly verifies that the conditions/circumstances that led to the issuance of the Suspension Order are not only true and accurate, but also grave and serious in terms of fraudulent intent and purpose; thus requiring the intervention of the Authority for the protection of ecozone stakeholders.

Subsequently, at the expense of the erring developer/operator, the Authority shall cause the announcement of the revocation of the Development Permits and/or Licenses to Sell in at least one newspaper of general circulation.

SECTION 15. Schedule of Application Fees for Development Permits, Licenses to Sell and Other Issuances. —

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Ecozone Developers/Operators shall pay the following application fees to the Authority for Development Permits, Licenses to Sell and other issuances:

- Development Permit > P2,500 per hectare
- Alteration of Development Plan > P1,000 per application
- Extension of Development Timetable > P1,000 per application
- Change of Ecozone Ownership > P1,000 per application
- Change of Ecozone Name/Title > P1,000 per application
- Replacement of Lost or Damaged Development Permit > P1,000 per application
- License to Sell > P1.00 per sq. meter

SECTION 16. Design Standards and Guidelines. — In the issuance of development permits, the Authority, guided by provisions of the Design Standards and Guidelines for the Establishment of Industrial Subdivisions promulgated by the Housing and Land Use Regulatory Board, and other requirements as may be prescribed by the Board, shall ensure that ecozone development plans satisfy the following minimum requirements:

a. The ecozone physical/ground lay-out shall facilitate the safe, efficient and economical movement and transport of people and goods/materials;

b. The natural features of the site shall be preserved for environmental consideration, as much as possible;

c. At least 15% of the total ecozone area shall be reserved for open spaces/green areas.

d. The mix and types of activities in the ecozone, as well as the physical structures to be established, shall comply with land use and related regulations which shall be clearly specified in the contracts of lease or sale of the lots.

e. Subdivision of industrial lots shall be undertaken to ensure the following:

1) Lots shall be oriented to front a street;

2) The lengths and widths of lots shall be adequate to provide off-street parking facilities, in addition to the industrial requirements.

3) Where the ecozone abuts or contains an existing or proposed limited access highway, expressway or railroad tract, lots shall not front such transportation system, unless provided with a service road within the ecozone along the same.

4) No lots shall be bisected by water courses/drainage ways.

f. The design of ecozone infrastructures, utilities, service facilities and other features shall also take into consideration the following:

1) Where the ecozone lies along, or is traversed by a water course/drainage way, channel, or stream, the easements along the entire length of the banks or rivers and streams, shore of the seas and lakes, shall be in accordance with the standards for public use as provided for in the Water Code.

2) Buffer strips of at least five (5) meters wide along the entire stretch of the ecozone, where it abuts conflicting uses, shall be maintained. Such buffer strip may be in the form of a perimeter road, a parking area, or preferably a strip planted to trees.

3) Roads in ecozones shall follow a hierarchical system and shall be classified as main, secondary, and service,

all of which shall be of concrete pavement. These shall be so laid out to intersect as nearly as possible at right angle, and shall be so designed to accommodate containerized cargo. Dead ends shall be avoided where possible.

4) Planting of trees especially along the major roads within the ecozone shall be required in accordance with the provision of Presidential Decree No. 953 and its Implementing Rules and Regulations.

5) Pathways — The separation of vehicular and pedestrian traffic shall be encouraged. Pedestrian pathways shall be paved to connect to the road network, factory buildings and facilities within the ecozone.

6) Parking, Loading and Unloading Areas — On-street parking shall be discouraged. Allocation for parking spaces within each lot shall conform to the provisions of the National Building Code.

Land shall be allocated for off-street loading and unloading. The loading and unloading bays shall be so located as to cause minimum traffic obstruction on the road.

7) Entrance and Exit Points — Entrances and exit points within the ecozone shall be strategically located for security and emergency considerations.

8) Other Transport Facilities — Establishment of wharves and other transport facilities within the ecozone shall conform with standards and guidelines of pertinent agencies, i.e. DPWH, PPA, etc.

9) Water Supply System — The water requirement within the ecozone will depend on the type and number of industries and the number of workers/population in the area and the available facilities/services. Conservation of water shall be required, as in proper impounding and/or distribution of water from free flowing and high-pressure wells. Provision of system for water reuse shall be required.

10) Waste Disposal System

a) Liquid Waste — disposal of liquid wastes shall be governed by the pertinent provisions of the Implementing Rules and Regulations of RA 7916, specifically Part X, Rule XXIV, Section 5, and all other environmental laws and regulations. The installation and operation of a centralized final treatment facility inside each ecozone is strongly encouraged.

b) Solid Waste Disposal — The developer/operator, in coordination with the locators, local government unit's concerned, the NGO's, and waste management specialists, shall implement a sound solid waste management program focused on waste reduction, either through waste exchange or reuse. The ecozone developer/operator shall take full responsibility, either on its own or through a contract with waste management companies, for the proper handling and disposal of solid wastes from the ecozone.

11) Drainage System— there shall be a drainage system within the ecozone which shall connect to an existing drainage system or water body. In the absence of an existing drainage system, the ecozone developer/operator shall provide a drainfield or outfall within or off the site upon the consent of all affected parties.

12) Power Supply and Communication System — A power supply and communication system shall be put up by the ecozone developer/operator, either by itself or through a contract with utilities provider, ensuring availability to each industrial lot in accordance with its individual requirements.

13) Facilities and Amenities — The developer/operator shall allocate spaces for facilities necessary for the well-being of the workers and employees of its locator firms, the areas of which shall be based either on the ecozone's scale or on the projected number of employees. These facilities and amenities shall include but shall not be limited to administration building, fire protection/security services, trash removal/disposal system, playground and canteen.

SECTION 17. Extension of Time for Completion of Ecozone Development. — Requests for extension of time for

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completion of ecozone development shall be submitted with the revised ecozone development program/timetable.

The Authority may grant a request for extension where the delay is caused by factors beyond the control of the Developer/Operator (e.g., natural calamities, legal orders/actions, and other credible and meritorious reasons); Provided, that the Authority may require the Developer/Operator, where deemed necessary to safeguard the interests of other ecozone stakeholders, to post a performance bond based on the remaining ecozone development cost.

SECTION 18. Non-Forfeiture of Payments. — Where a buyer, after due notice to the Developer/Operator, and with clearance from the Authority, desists from further payment of a contracted ecozone lot(s) for failure of the Developer/Operator to develop the project in accordance with the approved plans and timetable, all payments made by the buyer, excluding delinquency charges, shall, at its option, be reimbursed by the Developer/Operator, including interest thereon at legal rate, except where the failure of the Developer/Operator to comply with approved development plans/timetable is caused by factors beyond the control of the Developer/Operator (e.g., natural calamities, legal orders/actions, and other credible and meritorious reasons).

SECTION 19. Transfer of Ownership. — An Ecozone Developer/Operator shall secure clearance from the Authority prior to transferring ownership of its ecozone. The Authority may grant a request for clearance to transfer ownership of an ecozone subject fulfillment of the following minimum requirements/conditions:

a. Transferee formally commits to the Authority that it will fully assume all responsibilities and obligations to the Authority and other ecozone stakeholders as regards the development. Operation and management of the ecozone; and for this purpose, transferee shall be registered with the Authority; and

b. All buyers and lessors of ecozone lots interpose no objections to the transfer of ecozone ownership.

Corollarily, Ecozone Developers/Operators shall seek clearance of the Authority prior to entering into any transaction/arrangement that may involve or lead to the transfer of ownership of the ecozone (e.g., mortgage or use of ecozone TCT as collateral for a loan, etc.);

SECTION 20. Access to Public Offices in the Ecozone. — Administration buildings, where appropriate government agencies will hold office, shall be strategically located for accessibility to the general clientele, to ensure fast, efficient, and effective delivery of service.

SECTION 21. Inspection and Monitoring. — The Authority may, motu propio, or upon receipt of a complaint/petition/information from any party, send its representative/s to conduct periodic inspection of the ecozone and to monitor progress of ecozone development for the following purposes.

Determine whether nature, extent and pace of development of the ecozone is in accordance with the approved development plans and timetable;

a. Determine Developer/Operator's compliance with physical design standards and guidelines for ecozone development and other agreed conditions;

b. Ascertain the accuracy and/or validity of specific complaints or informal petitions/reports filed against the Developer/Operator;

SECTION 22. Amendments. — The Authority may amend, suspend or revoke these Rules as may be necessary: Provided, however, that any amendment, suspension or revocation undertaken by the Board in connection therewith shall take effect fifteen days after its publication in a newspaper of general circulation in the Philippines.

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SECTION 23. Separability Clause. — In the event any of these Rules, or Section, provision, or part thereof is declared contrary to law, or is otherwise invalidated, the remainder shall not be affected and therefore shall remain in force and in effect.

SECTION 24. Effectivity. — These rules shall take effect after fifteen (15) days following the completion of its publication in the Official Gazette, or in a newspaper of general circulation.

Adopted: 27 Jan. 1999

(SGD.) LILIA B. DE LIMA
Director General and
Chairperson of the Board of Directors, PEZA

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