



## **GCG MEMORANDUM CIRCULAR NO. 2014 – 01**

**SUBJECT : NOMINATION AND APPOINTMENT IN ECONOMIC ZONE  
AUTHORITIES (EZAs) AND RESEARCH INSTITUTIONS (RIs)**

**DATE : 17 March 2014**

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- 1. BACKGROUND AND PURPOSE.** – Section 4 of the “*GOCC Governance Act of 2011*” (R.A. No. 10149) specifically excludes economic zone authorities (EZAs) and research institutions (RIs) from the coverage of the law. However, it provides that “in economic zone authorities and research institutions, the President shall appoint one-third (1/3) of the board members from the list submitted by the GCG.”

Accordingly, this Circular has been issued to provide for the rules and process of appointments and nominations in EZAs and RIs.

- 2. DEFINITIONS.** – EZAs and RIs are defined as follows:

*Economic Zone Authorities:* The term “economic zone authorities” referred to in Section 4 of R.A. No. 10149 as being excluded from the coverage of the Act, shall cover only those having a charter which provides the primary purpose of which is to act as an economic zone authority, such as Philippine Economic Zone Authority (PEZA), Aurora Pacific Economic Zone and Freeport Authority (APEZFA), Cagayan Economic Zone Authority (CEZA), Subic Bay Metropolitan Authority (SBMA), Tourism Infrastructure and Enterprise Zone Authority (TIEZA), and Zamboanga City Special Economic Zone Authority (ZCSEZA).

All other chartered GOCCs where regulation of zone authorities is just an additional function, such as the Bases Conversion Development Authority (BCDA), and nonchartered GOCCs organized and registered with the Securities and Exchange Commission, which under their articles of incorporation are to engage in the regulation of economic zones, such as the Clark Development Corporation (CDC), John Hay Management Corporation (JHMC), and Poro Point Management Corporation (PPMC) are within the full coverage of R.A. No. 10149, not falling within the technical term of “authorities”.

*Research Institutions:* The term “research institutions” referred to in Section 4 of R.A. No. 10149 as being excluded from the coverage of the Act, shall cover only those having a charter which provides the primary purpose of which is to act as a research institution, such as Philippine Rice Research Institute (PRRI) and the Philippine Institute Development Studies (PIDS).

All other chartered GOCCs where engaging in research constitutes merely an additional function of the GOCC, such as the Development Academy of the

Philippines (DAP), and nonchartered GOCCs organized under their articles of incorporation to engage in institutional research, are within the full coverage of R.A. No. 10149.

**3. APPOINTMENT OF THE ONE-THIRD (1/3).** – The GCG shall submit a shortlist of nominees for one-third (1/3) of the board members of EZAs and RIs, subject to the following rules:

**3.1. One-Third (1/3) of the Board Members.** – “One-Third of the Board Members” shall refer to 1/3 of the non-*ex officio* members of the board of EZAs and RIs.

**3.2. Nomination and Shortlisting.** – As provided under GCG MC No. 2012-04<sup>1</sup>, the following rules shall be observed in the nomination and shortlisting process of the board members of EZAs and RIs:

**“5.2. From Whom Formal Nomination Shall Be Solicited**

5.2.2. In preparing the shortlist for the one-third (1/3) of the members of their boards of Economic Zone Authorities and Research Institutions, GCG shall formally solicit nominations from the following:

- (a) The Department or Government Agency to which they are attached;
- (b) Board of Directors/Trustees of the parent GOCC, when applicable;
- (c) Sectoral organizations for Appointive Members who are designated to represent such sector, when applicable.

5.2.3. Individual Applications and Other Nominations/Endorsements:

The foregoing provisions are without prejudice to GCG processing individual applications received from interested candidates, as well as nominations/endorsements received from other sectors, and imposing the same or similar documentary requirements as provided for above.

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<sup>1</sup> Nomination and Appointment of Appointive Members of the Board of Directors/Trustees of GOCCS, Subsidiaries and Affiliates.



### 5.3. Submissions Required for Nominations

5.3.1. All nominations shall be accompanied by a Formal Nomination Form submitted to the GCG that shall:

- (a) Contain a certification that the nominees are qualified under the law and the charter of the particular Economic Zone Authority or the Research Institution covered; and
- (b) Accompanied for or each of the individuals nominated by:
  - A biographical write-up or curriculum vitae
  - Clearance from: Office of the Ombudsman, Civil Service Commission, Sandiganbayan and the National Bureau of Investigation.

5.3.2. For Department or Government Agency to which the GOCC is attached, the formal nomination form addressed to the GCG, shall be:

- (a) Certified by Head of Agency;
- (b) The nominees shall be a number of at least 150% of the one-third (1/3) of the numbers of the Board for which they shall be appointed.

5.3.3. For the Board of Directors/Trustees of parent GOCCs, the formal nomination form addressed to the GCG shall be:

- (a) Certified by the Chairman of the Board;
- (b) Accompanied by a formal Board resolution confirming the nomination by the Board of each of the nominees;
- (c) The nominees shall be a number of at least 150% of the one-third (1/3) of the positions for which the nomination is made."

**4. TERM OF OFFICE.** – Since EZAs and RIs are expressly excluded from the coverage of R.A. No. 10149, they are not bound by Section 17 thereof on the "Term of Office" of Appointive Directors. Consequently, the Term of Office of the members of the Boards of EZAs and RIs, appointed by the President from the shortlist prepared by the GCG, continue to be governed by the relevant provision of their charters.



**5. SEATS IN THE EZAs AND RIs TO BE PROCESSED BY GCG.** – The seats to be processed by the GCG in EZAs and RIs shall be as follows:

- 5.1. AURORA PACIFIC ECONOMIC ZONE AND FREEPORT AUTHORITY (APECO)**
  - a. one (1) Member representing the Domestic Investors
  - b. one (1) Member representing the Foreign Investors
  
- 5.2. AUTHORITY OF FREEPORT AREA OF BATAAN (AFAB)**
  - a. one (1) Member representing the Domestic Investors
  - b. one (1) Member representing the Foreign Investors
  - c. one (1) Member representing the Workers working in the FAB
  
- 5.3. CAGAYAN ECONOMIC ZONE AUTHORITY (CEZA)**
  - a. two (2) Members who must come from the investors from the Municipality of Sta. Ana
  - b. two (2) Members who must come from the investors from Municipality of Aparri
  
- 5.4. PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA)**
  - a. one (1) Member representing the Investor/Business sector
  
- 5.5. PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES (PIDS)**
  - a. one (1) Member, Board of Trustees
  
- 5.6. PHILIPPINE INSTITUTE OF TRADITIONAL AND ALTERNATIVE HEALTH CARE (PITAHC)**
  - a. one (1) Member from the Academe/Research Institution engaged in Traditional and Alternative Healthcare Research
  - b. one (1) Member from the Natural Food Industry and/or Organic Food Industry
  
- 5.7. PHILIPPINE RICE RESEARCH INSTITUTE (PRRI)**
  - a. two (2) Members from the Business Community
  - b. one (1) Member from the Agribusiness Sector
  - c. one (1) Member from the Grains Business Sector
  
- 5.8. PHIVIDEC INDUSTRIAL AUTHORITY (PHIVIDEC-IA)**
  - a. two (2) Members, Board of Directors
  
- 5.9. SUBIC BAY METROPOLITAN AUTHORITY (SBMA)**
  - a. five (5) Members representing the private sector

**5.10. ZAMBOANGA CITY SPECIAL ECONOMIC ZONE AUTHORITY  
(ZAMBOECOZONE)**

- a. one (1) Member representing the Domestic Investors
- b. one (1) Member representing the Foreign Investors

6. **REPEALING CLAUSE.** – All other GCG orders, circulars, issuances, and decisions, as well as Board resolutions, or parts of the foregoing, which are inconsistent with this Memorandum Circular are hereby repealed or modified accordingly.

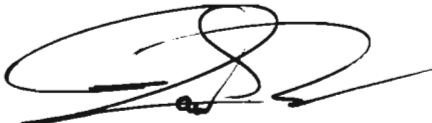
7. **EFFECTIVITY CLAUSE.** – This Circular shall take effect immediately upon its publication in the Commission's website at [www.gcg.gov.ph](http://www.gcg.gov.ph).



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