

AN ACT CREATING THE PANAY DEVELOPMENT AUTHORITY, PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, AUTHORIZING THE APPROPRIATION OF FUNDS THEREFOR, AND FOR OTHER PURPOSES.

REPUBLIC ACT NO. 3856, June 01, 1964

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

CHAPTER 1—Creation and Organization of Corporation

SECTION 1. Declaration of Policy.—It is hereby declared to be the policy of Congress to adopt accelerated measures and to utilize to the maximum local resources and talent to bolster agro-industrial development through the leadership, guidance and support of the government. To this end, cognizant of the necessity of grouping together regional areas having similar economic and geographical basis, the provinces grouped together as one region comprising the Island of Panay, hereinafter referred to as the region, shall create a Regional Development Authority for the purpose of conducting economic surveys to determine its agricultural and industrial potentialities and mapping out and implementing plans and programs to effect the coordinated and integrated efforts of various government agencies as well as private entities engaged in activities conducive to rapid regional agro-industrial development; of proving active leadership in the establishment of pioneering industrial, agricultural or similar enterprises and lending financial, managerial and/or technical assistance to existing or prospective ventures within the region.

SEC. 2. Creation and Organization.—There is hereby created a body corporate to be known as the Panay Development Authority, hereinafter referred to as Authority, which shall be organized within sixty days after the approval of this Act. The Authority shall exercise such powers as are expressly granted under this Act and those necessarily implied therein and shall perform such functions as are necessary for carrying out its objectives and purposes.

SEC. 3. Incorporation.—The incorporation shall be deemed effected upon the first meeting of the Board of Directors and such directors as having attended such meeting shall be deemed the incorporators.

SEC. 4. Principal Office.—The Authority shall have its principal office at a convenient place within the region which shall be chosen by the Chairman-General Manager upon recommendation of the Board of Directors. Branch offices may also be maintained in such other places as are necessary for the efficient conduct of its business.

CHAPTER II.—Purposes and Objectives

SEC. 5. The Authority shall have the following purposes and objectives:

(a) To conduct a comprehensive and detailed survey in the specific areas comprising the region of the economic, social and cultural conditions, the physical and natural resources, the industrial and agricultural potentialities, and on the basis thereof, to formulate an integrated, practical, feasible, workable and detailed plan and program within

the context of the national plans and policies designed to hasten the agro-industrial development of the region;

(b) To harmonize, synchronize, coordinate and/or integrate such activities and operations of local governments, agencies of the national government, public corporation and, whenever necessary and feasible, those of private entities as bearing upon the activities and operations set forth in the plans and programs of the Authority: Provided, That disputes involving jurisdiction between the Authority and any government agency or instrumentality arising out of the integration or coordination of projects, operations and activities shall be settled by the President of the Philippines;

(c) To engage in pioneering or ground-breaking industrial, agricultural or other similar enterprises which, due to considerations of risks, requirements of capital or return on investments are beyond the scope, interest or capacity of private investors, by itself or in cooperation with private entities and for this purpose, to invest in, finance, organize and operate subsidiary corporations whenever necessary in the discharge of its functions and in the exercise of its powers;

(d) To make recommendations to the proper government agencies or instrumentalities as to the level or priority to be accorded industrial, agricultural or similar projects within the region in their need for technical support, physical and financial assistance including allocation of foreign exchange;

(e) To submit to the President of the Philippines, to Congress and to the National Economic Council an annual report of the progress of the activities based on approved plans and programs and, in the light of its objectives and purposes, together with the operations and activities done in collaboration with various government or private entities including a general survey of conditions obtaining in the region and a relative comparison of its accomplishments with the targets and goals set for each year and providing appropriate administrative and legislative recommendations.

CHAPTER III.—Corporate Powers and Functions

SEC. 6. Powers and Functions—The Authority shall have the following powers and functions:

(a) To succeed in its corporate name;

(b) To adopt and use a corporate seal;

(c) To sue and be sued in its corporate name;

(d) To purchase, lease or otherwise acquire or hold such personal or real property as may be necessary and convenient in the performance of its functions; or mortgage, pledge, lease, sell, alienate, or otherwise dispose of any such real or personal property so acquired or held: Provided, That any contract entered into for the mortgage, sale, lease or pledge of personal or real property wherein delivery of the subject matter is to be made outside the Republic of the Philippines, the approval of the President shall be secured;

(e) To enter into or make contracts, agreements or stipulations of any kind and description necessary and convenient in the exercise of its powers and in the performance of its functions;

(f) To hold, own or acquire agricultural land as allowed by law;

(g) To exercise the right of eminent domain and to acquire title to real estate by virtue thereof for the accomplishment of its purposes and objectives;

(h) To raise funds to finance its projects by obtaining loans from local or foreign financial institutions: Provided, That such loans shall not exceed one hundred million pesos, at any one time; and to issue bonds, debentures, securities or certificates of indebtedness, provided such issue shall not exceed fifty million pesos: And provided, further, That such loans or bond issues shall be made by a resolution of the Board of Directors, passed

by the affirmative vote of at least three members at a regular or special meeting stating therein the purpose or purposes to which the proceeds of said loans or bond issues shall be applied, and approved by the president of the Philippines after consultation with the Secretary of Finance, the National Economic Council and the Monetary Board of the Central Bank.

The bonds shall be issued in such amounts as may be needed but not exceeding ten million pesos for every single issue, taking into consideration the rate at which the bonds may be absorbed by the buying public and the fund requirements of the projects ready for execution: Provided, That no new or subsequent bond issue shall be made unless fifty per centum of the preceding issues has been sold;

(i) The Secretary of Finance, in consultation with the Monetary Board, shall prescribe the form, the rates of interest, the denominations, maturities, negotiability, convertibility, call and redemption features and all other terms and conditions of issuance, placement, sale, servicing redemption and payment of all bonds issued under the authority of this Act;

The bonds issued by virtue of this Act may be made payable both as to principal and interest in Philippine Currency or any readily convertible currency. Said bonds shall be receivable as security in any transaction with the government in which such security is required;

(j) To acquire, own or hold by purchase, mortgage or pledge shares of capital stock, bonds, securities or other certificates of indebtedness of any domestic or foreign corporation and to exercise all the right of ownership including the right to vote while a holder thereof, and to mortgage, pledge, sell, alienate or otherwise dispose of the shares of stock, bonds or securities so acquired;

(k) To adopt, amend or modify its by-laws;

(l) To promulgate rules and regulations as are necessary for the exercise of its powers and in the performance of its functions;

(m) To perform any and all acts which a corporation co-partnership or natural person may perform under existing laws or those which may hereafter be enacted for the attainment of its purposes and objectives and for carrying on its business.

CHAPTER IV.—Capitalization and Financing

SEC. 7. Capitalization.—The authority shall have an authorized capital of one hundred and fifty million pesos which shall be fully subscribed and paid up by the Republic of the Philippines and authorized to be appropriated out of the general fund in the National Treasury not otherwise appropriated, and from the proceeds of loans, bonds issues, and other sources of income of the National Government and included in the General Appropriations Act every year for a period of ten years from the approval of this Act and shall be paid out according to the schedule as follows:

The sum of thirty million pesos upon the approval of this Act;

The sum of thirty million pesos for the succeeding fiscal year;

The sum of twenty million pesos for the third year;

The sum of twenty million pesos for the fourth year;

The sum of ten million pesos for the fifth year;

The sum of ten million pesos for sixth year;

The sum of ten million pesos for the seventh year;

The sum of ten million pesos for the eight year;

The sum of five million pesos for the ninth year;

The sum of five million pesos for the tenth year.

The authorized capital of one hundred and fifty million pesos shall constitute a revolving fund for financing the projects and other transactions and operations of the Authority except as herein provided.

SEC. 8. Operating Expenses.—Upon its organization, the Board of Directors of the Authority may appropriate out of the Authority's paid in capital for its operating and overhead expenses for the fiscal year a sum of not exceeding one million pesos and for the succeeding years the Authority may appropriate for such overhead and operating expenses an amount not exceeding one million pesos for each fiscal year: Provided, That the appropriation for such overhead or operating expenses may be made to exceed one million pesos upon resolution of the Board of Directors and approved by the President of the Philippines: And provided, further, That the unexpended balance of the appropriation for such expense shall, at the end of the fiscal year automatically revert to the said revolving fund including whatever earnings the Authority may have.

SEC. 9. Exemption from Tax.—The Authority shall be exempted from all taxes of both local and national origin in all its activities and operations incidental to the exercise of its powers and in the performance of its functions, including taxes imposed on the sale, purchase or transfer of foreign exchange, bonds, debentures, securities or other evidences of indebtedness both as to principal and interest: Provided, That its subsidiary corporations shall be subject to all said taxes after their establishment under a graduated scale as follows: twenty per centum of all said taxes during the sixth year, forty per centum of all said taxes during the seventh year, sixty per centum of all said taxes during the eighth year, eighty per centum of all said taxes during the ninth year and one hundred per centum of all said taxes during the tenth year, after said establishment.

SEC. 10. Sinking Fund.—There shall be established a sinking fund in such a manner that the annual contribution thereto, accrued at such rate of interest as may be determined by the Secretary of Finance in consultation with the Monetary Board, shall be sufficient to redeem at maturity the bonds issued under this Act. The Central Bank of the Philippines shall keep said fund in custody and shall invest the same in such manner as the Monetary Board may approve, charging all expenses of such investment and crediting interest or other earnings thereon and other income belonging to the said sinking fund.

Provided, That administrative expenditures of the Central Bank, while administering the fund of the Agency, shall be chargeable against the earnings of the fund: And provided, further, That fees charged shall be based on the percentage earnings of the interests.

SEC. 11. Guarantee of payment by the Republic of the Philippines.—The Republic of the Philippines hereby guarantees the payment by the Authority of both the principal and interest of bonds, debentures, notes and other certificates of indebtedness or obligations issued by the Authority under this Act. In case the Authority shall be unable to pay the bonds, debentures and such other obligations, the Secretary of Finance shall pay the amount thereof out of the funds hereby appropriated for this purpose in the National Treasury not otherwise appropriated, and there-upon, the Republic of the Philippines shall succeed to all the holders of such bonds, debentures, notes or such other obligations hereinbefore mentioned, to the extent of the amounts so paid, unless the Authority, within a reasonable time makes a refund of the amount paid by the Republic of the Philippines.

CHAPTER V.—Management and Personnel

SEC. 12. Board of Directors—Composition.—The corporate powers of the Authority shall be vested in and exercised by a Board of Directors herein referred to as the Board, which shall be composed of five members including its chairman, appointed by the President of the Philippines with the consent of the Commission on

Appointments. The governors of the provinces of Aklan, Capiz, Antique and Iloilo shall be members ex-officio of the Board and as such shall take part in all its meetings, deliberations and discussions but they shall not have the right to vote, except as hereinafter provided.

SEC. 13. Chairman-General Manager.—The President of the Philippines shall designate the Chairman of the Board, who shall at the same time be the General Manager of the Authority, notwithstanding any provision of law to the contrary.

SEC. 14. Acting Chairman-General Manager.—In case of temporary vacancy in the position of the Chairman-General Manager caused by absence or temporary incapacity, the Chairman-General Manager shall designate a person of his confidence—not necessarily a member of the Board—to act as acting Chairman-General Manager during his temporary absence or incapacity which shall not be more than forty-five days at any one time nor more than one hundred and twenty days for any one year period.

SEC. 15. Appointment and Tenure.—The members of the Board of Directors first appointed shall serve for the period designated by the president of the Philippines in their respective appointments and the terms of office shall expire as follows:

One at the end of the second year; two at the end of the fourth year; and two including the Chairman-General Manager, at the end of the sixth year after the approval of their appointments. The succeeding members of the Board shall be appointed in the same manner as the original members and shall serve for a term of six years from the date of the expiration of the term for which their predecessors were appointed: Provided, That a member appointed to fill a vacancy in the Board, occurring prior the expiration of the term for which his predecessor was appointed shall serve only for the unexpired term.

SEC. 16. Quorum.—Three members of the Board present at a meeting shall constitute a quorum to transact the business of the Board. Vacancies in the Board shall be filled as provided in Section fifteen of this act, votings shall be by a majority of actual membership.

SEC. 17. Qualifications of Directors.—No person shall be appointed member of the Board of Directors unless he be a natural born citizen of the Philippines, familiar with the social and economic conditions obtaining in the Region, a permanent resident therein and possessed with sufficient experience and background in the management of agricultural, industrial or similar enterprises or public administration.

Economists, planners or other technical persons employed in other government agencies may be appointed as members of the Board and shall receive per diem therefor: Provided, That their appointments are made with the consent of their chiefs of office.

SEC. 18. Prohibition against "conflict of interest."—No member of the Board shall, during his term of office, be financially interested directly or indirectly in any contract with the Authority or in any special privilege granted by the Authority nor shall any such member engage in any business which may be affected by or related to the exercise of the Authority of its functions and powers.

SEC. 19. Suspension or Removal.—A member of the Board may be suspended or removed by the President of the Philippines only for a cause.

SEC. 20. Board Meetings.—The Board shall hold its regular meetings at the Principal Office of the Authority once every month, the specific day to be fixed by the Board. Special meetings shall be held as frequently as the Board or the Chairman General-Manager may deem necessary, Provided, That there shall not be more than four such special meetings in any one month.

SEC. 21. Per Diems.—The Authority shall provide the members of the Board, except the Chairman-General Manager, a per diem of one hundred pesos for every regular or special meeting attended, and for the reimbursement of travelling and subsistence expenses incurred by them in the performance of their duties: Provided, That in no case will the total amount received by each exceed the sum of eight hundred pesos for any one month.

SEC. 22. Powers of the Chairman-General Manager.—The Chairman-General Manager shall be the Chief Executive of the Authority and as such shall exercise and perform the following powers and duties:

- (a) To prepare the agenda for the meetings of the Board and to submit for its consideration and approval the policies and measures which he deems necessary and proper to carry out the purposes and provisions of this Act;
- (b) To call a special meeting of the Board upon written request of at least three members thereof or on his own initiative;
- (c) To administer, execute and implement the policies and measures approved by the Board.
- (d) To exercise direct control and supervision over the operations and internal administration of the Authority. Provided, That the Chairman-General Manager may delegate some of his administrative responsibilities to other officers of the Authority subject to the rules and regulations of the Board;
- (e) To sign contracts and other documents for the Authority on prior approval of the Board of Directors; and
- (f) To exercise such other powers and perform such other acts as vested in him by the Board.

SEC. 23. Qualifications and Compensations of the Chairman-General Manager.—The Chairman-General Manager shall have the same qualifications as the members of the Board of Directors provided in Section seventeen of this Act and shall receive an annual compensation of eighteen thousand pesos, which shall be charged against the annual appropriation for the operating and overhead expenses of the Authority. A provincial governor who is an ex-officio member of the Board of Directors, as provided in Section twelve of this Act, may be appointed Chairman-General Manager of the Authority during his incumbency as Governor and shall serve as such Chairman-General Manager in the manner and for the period provided in Section fifteen of this Act: Provided, That the provincial governor so appointed Chairman-General Manager of the Authority shall receive only the salary pertaining to, either the Office of Provincial Governor or Chairman-General Manager of the Authority, whichever he may choose: And provided, further, That the Provincial Governor thus appointed shall be entitled to all allowances allowed to both offices, any provision of law to the contrary notwithstanding.

SEC. 24. Residence requirement.—The Chairman-General Manager shall be required to reside in the vicinity of the principal office of the Authority.

SEC. 25. Key officials.—The Chairman-General Manager shall supervise the activities of the Authority through the following administrative officials who shall be directly responsible to him:

- (a) An Assistant General Manager, who shall head the Department of Research and Planning—To conduct surveys, make researches and compile statistics and map out plans and programs;
- (b) An Assistant General Manager, who shall head the Program Implementation Department which shall take charge of implementation of the plans and programs, and exercise supervision and control over specific projects undertaken by the Authority;
- (c) A Corporate Counsel with the rank of Department Head to advise and represent the Authority on all legal matters, procedures and actions;

(d) Such other officials as the Board may deem necessary for the efficient conduct of the activities of the Authority.

SEC. 26. Appointment of Officials.—Department heads and division chiefs shall be appointed by the Chairman-General Manager upon recommendation of the Board. Officials and employees below the rank of division chief shall be appointed by the Chairman-General Manager upon written recommendation of the department head concerned, to positions in the approved budget. Positions in the Authority shall be exempt from the Civil Service Law and the Wage and Position Classification Office.

SEC. 27. Promotions of Officials.—Promotion of officials, employees and other agents of the Authority shall be made on the basis of merit, capacity, efficiency and fitness in accordance with the system to be devised by the Authority upon organization.

SEC. 28. Scale of wages.—All contracts entered into by the Authority which require the employment of persons shall be required to contain a provision for the payment of the minimum wage fixed by law or the current wage for work of similar nature prevailing in the vicinity where the work is to be done, whichever is the higher, to the persons so employed. Disputes as to the prevailing rates of wages for a particular work in a particular vicinity shall be referred to the Secretary of Labor for determination.

CHAPTER VI—Miscellaneous Provisions

SEC. 29. Formation of plans.—The Authority shall, upon its organization, embark upon the early and expeditious formulation of its plans within the context of the guidelines set forth by the National Economic Council and shall within six months submit and report to the President of the Philippines a broad outline of its plans and programs for approval. Details of the approved plans and programs outline shall be submitted and reported for approval to the President six months after its organization but not later than one year.

SEC. 30. Implementation of plan and program.—Upon approval of the plan and program outline referred to in the next preceeding section the Authority, upon direction of the President, shall immediately lay the necessary groundwork for its implementation. The Authority shall immediately proceed with the execution of its projects in the implementation of its plans and programs upon approval by the President of the details of the said plans and programs.

SEC. 31. Supervision by the President.—The Authority shall operate as an independent corporation subject only to the supervision by the President of the Republic of the Philippines, any provision of law to the contrary notwithstanding.

SEC. 42. Bidding for Supplies and Services—Exceptions.—All purchase of supplies or contracts for services, except for personal services, entered into by the Authority, shall be done only after the proper bidding is held: Provided, That the bidding shall not be required when (1) an emergency as certified to by the General-Manager, requires immediate delivery of the supplies or performance of the service, or (2) the aggregate amount involved in any purchase of supplies or procurement of services does not exceed the amount of ten thousand pesos for any one month: Provided, lastly, That in comparing bids and in making awards, the Authority shall consider such factors as the cost and relative quality and adaptability of supplies or services, the bidder's financial responsibility, skill, experience services; the time of delivery or performance offered; and the bidder's compliance with the specifications desired.

SEC. 33. Auditing.—The Auditor General shall be ex officio Auditor in charge of the Auditing Office of the Authority, He shall appoint a representative, who shall be the Auditor thereof. The Auditor General shall, upon recommendation of the Auditor of the Authority, appoint or remove personnel of the said Auditing Office in

accordance with the Authority's merit system. The operating expenses of the officials and employees thereof shall be fixed by the Board and paid by the Authority. Such representative shall render a semestral report on the financial condition and operations of the Authority to the Auditor General and the Board. The Auditor General shall submit to the President and the Congress an annual report covering the financial condition and operations of the Authority.

These auditing reports shall contain a statement of the resources and liabilities including earnings and expenses, the amount of paid up capital stock, surplus, reserves and profits as well as losses, and debts and such other facts which, under auditing rules and regulations are considered necessary to accurately describe the financial condition and operations of the Authority: Provided, That before such reports are made, the Authority shall be given reasonable opportunity to examine the exceptions and criticisms of the Auditor of the Authority or the Auditor General, as the case may be, to point out, explain or answer any inaccuracies therein, if any, and to file a statement which shall be appended by the Auditor of the Authority and the Auditor General in their respective reports.

SEC. 34. Separability Clause.—The provisions of this Act are hereby declared to be separable. A declaration or unconstitutionality of any one or more of its provisions shall not affect the validity of the other provisions.

SEC. 35. Laws Repealed.—All Acts, Charters, Executive Orders, Administrative Orders, rules and regulations, or parts thereof in conflict with this Act are hereby repealed or modified accordingly.

SEC. 36. Effectivity.—This Act shall take effect upon its approval.

Approved, June 1, 1964.

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