

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

REPUBLIC ACT NO. 4071, June 18, 1964

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

CHAPTER 1.—Policy and creation

SECTION 1. Declaration of policy.—It is hereby declared to be the policy of Congress to foster the accelerated and balanced program of Mountain Province, within the context of national plans and policies for social and economic development through the leadership, guidance and support of the government. To achieve this end, it is recognized that a government corporation should be created to draw up the necessary plans for regional development; provide leadership in the setting up of pioneering or groundbreaking industrial and agricultural enterprises; coordinate or integrate the diverse efforts of the various public and private entities directly engaged in implementing plans and projects affecting power, manufacturing, mining, transportation and communication, conservation, resettlement, education, extension work, health and other activities leading to the rapid socio-economic growth of the province; and extend or facilitate the extension of financial, management and technical support to worthwhile industrial and commercial ventures within the province.

SEC. 2. Mountain Province Development Authority created.—There is hereby created a body corporate to be known as the Mountain Province Development Authority hereinafter referred to as the Authority, which shall be organized sixty days after the approval of this Act. The Authority shall execute the powers and functions herein vested and conferred upon it in such manner as will, in its judgment, aid to the fullest possible extent in carrying out the aim and purposes set forth below. This Act may be cited as the Mountain Province Development Authority Act of 1964.

SEC. 3. Incorporation.—The members of the Board of Directors first appointed shall be deemed the incorporators and the incorporation shall be held to have been effected from the date of the first meeting of such Board.

SEC. 4. Location of principal office.—The Authority shall maintain its principal office at a convenient place within Mountain Province, but it may have branch offices in other places as are necessary for the proper conduct of the business. After the selection of the location of the principal office or in the event it later makes a change in such location, the Authority shall publish a notice of such selection or change in the Official Gazette.

CHAPTER II.—Purposes

SEC. 5. Purposes.—The Authority shall have the following purposes:

- To make a comprehensive survey of the physical and natural resources and potentialities of the region, including its social conditions, values and institutions, and special provincial problems and, on the basis thereof, to draft comprehensive and detailed plan designated to promote the province's rapid social and economic development

along the general lines set forth by the National Economic Council: Provided, That the said plan shall first be referred to President who shall act upon it within a period of three months from the date of submission.

- To provide the machinery for extending the necessary planning, management and technical assistance to prospective and existing investors in the area.
- To make recommendations to the proper agencies on the peso or dollar financing, technical support, physical assistance, and, generally, the level of priority to be accorded industrial and agricultural projects soliciting or requiring direct help from or through the government or any of its instrumentalities.
- To coordinate and/or integrate such projects or operations of local governments, governmental agencies, public corporations and, where clearly necessary and feasible, those of private entities, as may bear directly upon the plans and activities of the Authority so as to make possible the accelerated and balanced development of the province within the context of the guidelines formulated by the National Economic Council; for this purpose, to set up a compact and well-trained staff for effective liaison and consultation or joint planning and/or implementation with such government and private entities: Provided, That disputes involving jurisdiction between the Authority and any department, bureau, office, agency or instrumentality of the government within the area covered by this Act, and those arising in the coordination or integration of government plans, projects, or operations in the area shall be settled by decision of the President of the Philippines.
- To engage in industry, agriculture, or other enterprises within Mountain Province which may be necessary or directly contributory to the socio-economic development of the province and, for this purpose, whether by itself in cooperation with private persons or entities, to organize, finance, invest in, and operate subsidiary corporations when such an arrangement is clearly necessary to implement the powers granted to it by this Act: Provided, That the Authority shall engage only in such activities as are in the nature of pioneering ventures or are demonstrably beyond the scope, capacity, or interest of purely private enterprises due to considerations of geography, technical or capital requirements, returns on investment and risk.
- To advise and cooperate in the readjustment, relocation, or resettlement of population in any part of the country that may be displaced or affected by the socio-economic measures of the government in cooperation with the national, provincial, city and municipal agencies organized towards that end.
- To make a report annually to the National Economic Council and the Congress through the President, based upon its continuing assessment and evaluation, in the light of the Authority's approved plans and objectives, of the progress of its activities including those done in collaboration with the various government and private entities engaged in the implementation of the socio-economic plans and projects in the region, including in such report, among other items, a general survey of the social and economic conditions of the province, socio-economic problems having special reference to the work of the Authority, a comparison of the development targets set for the year ending and the manner in which actual accomplishments measure up to such targets, and appropriate administrative and legislative recommendations.

CHAPTER III.—Corporate Powers

SEC. 6. Powers, functions, eminent domain, etc.—Except as otherwise specifically provided in this Act, the Authority shall have the following powers and functions:

- To succeed on its corporate name.
- To sue and be sued in such corporate name.
- To adopt, alter and use a corporate seal, which shall be judicially noticed.

- To make contracts of any kind and description to enable it to discharge its functions under this Act.
- To acquire, lease, or hold such personal and real property as it deems necessary or convenient in the transaction of its business and may lease, mortgage, sell, alienate, or otherwise dispose any such personal and real property held by it; but it may not sell its properties a products for delivery or use outside the Philippines without the approval of the President.
- To hold agricultural lands in excess of the areas permitted to private corporations or associations by the Constitution.
- To exercise the right of eminent domain in the name of the Republic of the Philippines, and in the acquisition of real estate by condemnation proceedings, the title to such real estate shall be taken in the name of the Republic of the Philippines, and thereupon all such real estate shall be entrusted to the Authority as the agent of the Republic of the Philippines to accomplish the aims and purposes of this Act.
- To make such regulations as are necessary to execute the powers and functions vested in it by this Act.
- To borrow funds from any local or foreign financial institution independent of the bonds it has issued or may still issue, to finance its projects: Provided, That the total loan outstanding pursuant to this provision shall not exceed one hundred million pesos at any one time.
- To purchase, hold, alienate, mortgage, pledge, or otherwise dispose of the shares of the capital stock of, or any bond, security, or other evidence of indebtedness created by any other corporation or co-partnership of this or any other country, and while the owner of said stock, to exercise all the rights of ownership, including the right to vote thereon.
- For carrying on its business, or for the purpose of attaining or furthering any of its objects, to perform any and all acts which a corporation, co-partnership, or natural arson is authorized to perform under the laws now existing or which may be enacted thereafter.

CHAPTER IV.—Capitalization and Financing

SEC. 7. Capitalization.—The Authority shall have an authorized capital of three hundred million pesos which all be fully subscribed by the Republic of the Philippines shall be paid out as follows:

- The sum of thirty million pesos, which is hereby authorized to be appropriated out of any funds in the National Treasury not otherwise appropriated, and from proceeds of bond issues, loans and from any other sources of income of the National Government, upon approval of this Act;
- The sum of thirty million pesos for every fiscal year thereafter, for a period of nine years, from the same source mentioned in paragraph (a) hereof, which is hereby authorized to be appropriated and to be included in the General Appropriations Act, for such subsequent years beginning with the fiscal year nineteen hundred and sixty-five and nineteen hundred and sixty-six. The authorized capital of thirty million pesos shall constitute a revolving fund for the purpose of financing its business transactions, except as herein provided for.

SEC. 8. Operating expenses.—For the operating expenses of the Authority for the fiscal year nineteen hundred sixty-four and sixty five, the sum of five hundred thousand pesos is hereby authorized to be appropriated, out of any general fund in the National Treasury not otherwise appropriated. For the succeeding fiscal years, the Board of Directors may appropriate out of the Authority's paid-in capital a sum not exceeding one million pesos during each fiscal year for operating expenses and a standing annual appropriation is hereby made out of the general fund in the National Treasury of such sum as may be necessary to reimburse the authority of the total amount actually expended out of the said one million pesos for overhead expenses at the end of each fiscal year, which

reimbursement shall accrue to the revolving fund. The unexpended balance of the appropriation for overhead expenses at the end of each fiscal year shall automatically revert to the said revolving fund and whatever earning of the Authority, if any, shall also accrue to the revolving fund.

SEC. 9. Power to issue bonds.—Whenever the Board of Directors may deem it necessary for the Authority to incur an indebtedness or to issue bonds to carry out the provisions of this Act, it shall, by resolution, so declare and state purpose for which the proposed debt is to be incurred. In order that such resolution be valid, it shall be passed by the affirmative vote of at least three members of such Board and approved by the President of the Philippines upon the recommendation of the Secretary of Finance, after consultation with the National Economic Council and the Monetary Board of the Central Bank.

SEC. 10. Bond limits.—The bonds issued under this provision shall in no case exceed the amount of fifty million pesos: Provided, That no single issue shall exceed ten million pesos and that no further issue shall be made if eighty per centum of the immediately preceding issue is not yet sold.

The bond shall be issued in such amounts as will be needed at any one time, taking into account the rate at which said bonds may be absorbed by the buying public and the fund requirements of projects ready for execution, and considering further a proper balance between productive and non-productive projects so that indication shall be held to the minimum.

SEC. 11. Form, rates of interest, etc. of bonds.—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 foreign currency. Said bonds shall be receivable as security in any transaction with the government in which such security is required.

SEC. 12. Exemption from tax.—The Authority shall be exempt from all taxes incidental to its operation: Provided, That its subsidiary corporations shall be subject to all said years after their establishment under a graduated scale as follows: twenty per centum of all said taxes during 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 their establishment. Such exemptions shall include any tax or fee imposed by the government on the sale, purchase or transfer of foreign exchange. All notes, bonds and debentures and other obligations issued by the Authority shall be exempt from all taxes as to principal and interest, except inheritance and gift taxes.

SEC. 13. Sinking fund.—A sinking fund shall be established in such manner that the total annual contributions 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. Said fund shall be under the custody of the Central Bank of the Philippines which shall invest the same in such manner as the Monetary Board may approve; charge all expenses of such investments to said sinking fund, and credit the name with the interest on investments and other income belonging to it.

SEC. 14. Guarantee by the government.—The Republic of the Philippines hereby guarantees the payment by the Authority of both the principal and the interest of the bonds, debentures, collaterals, notes or such other obligations issued by the Authority by virtue of this Act, and shall pay such principal and interest in case the Authority fails to do so. In the event that the Authority shall be unable to pay the said principal and interest, the Secretary of Finance shall pay the amount thereof which is hereby appropriated out of any funds in the National

Treasury not otherwise appropriated, and thereupon, the extent of the amounts so paid, the Government of the Republic of the Philippines shall succeed to all the rig of the holders of such bonds, debentures, collaterals, notes or other obligations, unless the sums so paid by the Republic of the Philippines shall be refunded by the Authority within a reasonable time.

CHAPTER V.—Management and Personnel

SEC. 15. Board of Directors: composition. —The corporate powers of the Authority shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board, which shall be composed of five members appointed by the President with the consent of the Commission on Appointments. The President shall designate from among the members of the Board its Chairman, who shall at the same time be the General Manager of the Authority, notwithstanding any provision of law to the contrary.

SEC. 16. Acting Chairman-General Manager.—In case of vacancy in the position of Chairman-General Manager and the President has not yet filled the same in accordance with the preceding section, or in the absence or incapacity of the Chairman-General Manager, the most senior member of the Board in point of length of service as member thereof who meets the qualifications set forth in Section twenty-seven of this Act shall act as Chairman-General Manager.

SEC. 17. Appointment and tenure.—The term of office of the first members of the Board shall expire as designated by the President at the time of nomination: 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 this Act. A successor to a member of the Board shall be appointed in the same manner as the original members and shall have a term of office expiring six years from the date of the expiration of the term for which, his predecessor was appointed.

SEC. 18. Vacancy before expiration of term.—Any 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 period.

SEC. 19. Effect of vacancies: quorum.—Vacancies in the in the Board, as long as there shall be three members in office, shall not impair the powers of the Board to execute the functions of the Authority; three of the members of the Board in office shall constitute a quorum for the transaction of the business of the Board.

SEC. 20. Qualifications of directors.—All members of the Board shall be natural-born citizens of the Philippines. No person shall be appointed as a member of the Board unless he be of unquestionable integrity and familiar with the technical aspects of socio-economic development.

Economist, planners, financial and management experts and other technical personnel employed in other government agencies shall not be barred from serving as members of the Board and receiving per diems therefor: Provided, That their appointment is made with the consent of their respective chiefs of office.

SEC. 21. Disqualifications.—No member of the Board shall directly or indirectly engage in partisan political activities or practice any profession or business which may be affected by or related to the exercise of the Authority's functions and powers. Violation of this section shall constitute a ground for dismissal.

SEC. 22. Prohibition against "conflict-of-interest."—No member of the Board shall be financially interested, directly or indirectly, in any contract entered into by the Authority or in any special privilege granted by the Authority during his term of office. Violation of this prohibition shall constitute a ground for dismissal.

SEC. 23. Removal for cause; courtesy resignation.—A member of the Board may be suspended or removed by the President only for cause. No member of the Board shall be required to submit a courtesy resignation at any time

during his term of office.

SEC. 24. Board meetings.—The Board shall meet as frequently as is necessary to perform its duties, but shall meet at least once every month. The Board shall be convoked by the Chairman or upon written request signed by a majority of the members.

SEC. 25. Per diems. —The members of the Board, except the Chairman-General Manager, shall receive for every meeting attended a per diem of one hundred pesos: Provided, That in no case will the total amount received by each exceed the sum of one thousand pesos for any one month. Members of the Board shall be reimbursed by the Authority for actual expenses (including traveling and subsistence expenses) incurred by them in the performance of their duties.

SEC. 26. Powers of General Manager.—The General Manager shall be the chief executive of the Authority. As such, he shall have the following powers and duties:

- To prepare the agenda for the meetings of the Board and to submit for the consideration thereof the policies and measures which he believes to be necessary to carry out the purposes and provisions of this Act;
- To execute and administer the policies and measures approved by the Board;
- To direct and supervise the operation and internal administration of the Authority. The General Manager may delegate certain of his administrative responsibilities to other officers of the Authority subject to the rules and regulations of the Board; and
- To exercise such other powers as may be vested in him by the Board.

SEC. 27. Qualifications of General Manager.—In addition to the qualifications for director set forth in Section twenty of this Act, no person shall be appointed General Manager unless he be of demonstrated executive competence and experience in the field of public administration or the management of agricultural, industrial or commercial enterprises.

SEC. 28. Compensation.—The General Manager shall receive a compensation of not exceeding twenty-four thousand pesos per annum which shall be charged against the Authority's annual appropriation for operating expenses.

SEC. 29. Residence requirement.—The General Manager shall be required to reside in the vicinity of the Authority's principal office. He shall be prohibited from engaging in any business, calling or profession during the whole period of his office.

SEC. 30. Activities of the Authority: key officials.—The activities of the Authority shall be carried out under the supervision of the General Manager through the following administrative officials who will be responsible directly to him:

- An assistant General Manager who shall head Department of Planning and Research.
- An assistant General Manager who shall head Program Implementation Department which shall take charge of implementing specific projects undertaken by the Authority.
- General Counsel with the rank of department head to advise and represent the Authority on legal matters procedures and actions.
- Such other officials as the Board of Directors may consider necessary for the efficient conduct of the Authority's activities.

SEC. 31. Merit system.—All officials, agents, and employees of the Authority shall be selected and appointed on the basis of merit and fitness in accordance with a comprehensive and progressive merit system to be established by the Authority immediately upon its organization and in accordance with Civil Service rules and regulations. The recruitment, transfer, promotion, and dismissal of all Authority personnel, including temporary workers, shall be governed by such merit system.

SEC. 32. Appointment by Board.—Division chiefs and officials of higher rank shall be appointed by the Board, upon recommendation of the General Manager.

SEC. 33. Appointment by General Manager.—Employees and officials below the rank of division chief shall be appointed to positions in the approved budget by the General Manager upon written recommendation of the head of the department concerned using as guide the standards set forth in the Authority's merit system: Provided, That the General Manager shall submit a quarterly report to the Board regarding personnel selection, placement and training.

SEC. 34. Minimum wage.—All contracts entered into by the Authority which require the employment of persons shall contain provisions that not less than the minimum wage fixed by law or the current rate of wage of work of a similar nature prevailing in the vicinity where such work is to be done, whichever is higher, shall be paid to such persons so employed.

SEC. 35. Wage dispute.—In the event any dispute arises what are the prevailing rates of wages for a particular work in a particular vicinity, the question shall be referred to the Secretary of Labor for determination, who shall give due regard to those rates which have been secured through collective bargaining by the representatives of employers and employees.

SEC. 36. Provision for equivalent wages.—Where such work as described in the two preceding sections is done directly by the Authority, the prevailing rates of wages shall be paid in the same manner as though such work had been let by contract.

SEC. 37. Other benefits.—As far as applicable, the benefits granted by existing labor laws shall extend to persons given employment under the provisions of this Act.

CHAPTER VI.—Miscellaneous Provisions

SEC. 38. Plans to be formulated within one year.—Upon its organization, the Authority shall formulate and report to the President of the Philippines with the utmost expedition, but in no case longer than one year, its plans and recommendations for the accelerated and balanced development of the province within the context of the guidelines set forth by the National Economic Council and in accordance with the aims and purposes of the Act.

SEC. 39. Approval of plans.—Upon approval by the President of the plans and recommendations referred to in the preceding section in accordance with Chapter II, Section 5 (a) of this Act, he shall direct the Authority to implement them with dispatch and efficiency. The President shall issue such executive orders or proclamations as may be necessary to reserve or transfer such lands or public property to the Authority as are needed by it to accomplish the purposes of this Act.

SEC. 40. Authority directly under President.—Any provision of law to the contrary notwithstanding, the Authority shall operate as an independent corporation subject only to supervision by the President of the Philippines.

SEC. 41. Supplies and services other than personals All purchases 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 bidding shall not be required when: (1) an emergency certified to by the General Manager, requires

immediate delivery of the supplies or performance of the services or (2) the aggregate amount involved in any purchase of supplies or procurement of services does not exceed two thousand pesos in the case of services; in which case, such purchase or procurement may be made in the usual course of business: Provided, further, That the Authority's emergency purchases of supplies and services shall not exceed the amount of five thousand pesos for any one month : Provided, finally, That in comparing bids and making awards, the Authority shall consider such factors as the cost and relative quality and adaptability of supplies or services; the bidders financial responsibility, skill, experience, integrity, and ability to furnish repairs and maintenance services; the time of delivery or performance offered ; and the bidder's compliance with the specifications desired.

SEC. 42. Auditing.—The General Auditing 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 this office and the salaries and traveling 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 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 operation the Authority.

These auditing reports shall contain a statement of the resources and liabilities including earnings and expenses, amount of paid-up capital stock, surplus, reserves and fits as well as losses, bad debts and such other facts 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. 43. Separability clause.—The provisions of this Act are hereby declared to be separable, and in the event any one or more of such provisions are held unconstitutional, they shall not affect the validity of other provisions.

SEC. 44. 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. 45. Effectivity.—This Act shall take effect upon its approval.

Approved, June 18, 1964.

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