

CREATING THE SOUTHERN PHILIPPINES DEVELOPMENT ADMINISTRATION AND ABOLISHING THE COMMISSION ON NATIONAL INTEGRATION, THE MINDANAO DEVELOPMENT AUTHORITY, THE PRESIDENTIAL TASK FOR...

PRESIDENTIAL DECREE NO. 690, April 22, 1975

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WHEREAS, it is the policy of the Government to foster and accelerate the balanced growth of the Mindanao, Sulu archipelago and Palawan for the national economic, social and political stability;

WHEREAS, surveys and studies indicate a pressing need to accelerate the socio-economic growth and development of the region to make it more responsive to the national plans and policies within the context of national solidarity with the leadership, support and total commitment of the government;

WHEREAS, it is further recognized that, ultimately, sustained development of the region will rely heavily on the capabilities of the people of the area to participate in the total effort in undertaking integrated development projects under one authoritative agency;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution do hereby order and decree, as part of the law of the land, the creation of the Southern Philippines Development Administration, as follows:

SECTION 1. Declaration of Policy - It is hereby declared the policy of the Government to foster and accelerate the balanced growth of Mindanao, Sulu archipelago and Palawan, within the context of national plans and policies, by the activation of mass participation in the processes of development to be exercised through a unified responsive agency; democratization of opportunity for improvement and maximization of benefits in the utilization and allocation of all the resources that may be available.

SECTION 2. Creation of the Southern Philippines Development Administration - There is hereby created a body corporate to be known as the Southern Philippines Development Administration, hereinafter referred to as the "Administration" which shall be governed by the provisions of this Decree. Generally, the Administration shall be the agency of the government which shall be responsible for the initiation and/or implementation of development projects in such areas or fields where other government offices have not taken action or have failed to take effective positive action under such arrangements as may be agreed upon between the office or agency concerned and the Administration. Pending such arrangement or in case of conflict, the Administration may proceed to undertake the project subject to prior approval of the President of the Philippines upon recommendation of the NEDA.

The Administration shall exercise the powers and functions provided in this Decree in close coordination with the Regional Development offices of the National Economic and Development Authority and of the different Executive Departments for the alignment and integration of its programs and projects with the national development plans. For this purpose, the Administration shall coordinate with NEDA for policy formulation.

SECTION 3. Principal Office; Term - The principal office of the Administration shall be in Davao City. It may, however, establish such branches, subsidiaries, offices or agencies as it may deem proper and necessary for the attainment of the objectives of this Decree. The Administration shall have a term of fifty years from the issuance hereof, renewable for the same period unless otherwise provided by law.

SECTION 4. Purposes - The Administration shall have the purposes and objectives given as follows:

- a) Promote the development of Mindanao, Sulu archipelago and Palawan by initiating and/or undertaking by itself or otherwise, development and/or business projects in social and/or economic fields whether in agriculture, power, infrastructure, education, energy, public utilities, housing, land development, manufacturing, exploration and/or utilization of natural resources and other fields or projects;
- b) Generate and encourage mass active participation and cooperation of the members of national cultural communities in its activities which shall comprise, among others: manpower development; provision of material, financial or technical assistance; and initiation, development and/or implementation of projects giving preference to cultural community groups, including programs designed for the immediate return, resettlement and rehabilitation of evacuees;
- c) Initiate and undertake projects for the promotion of community life through organized social or economic activities and institutionalized schemes of assistance and incentives; and
- d) Make investments in any field as would enhance the socio-economic development of the region, the uplift of living standards of the people and their socio-political stability.

SECTION 5. Corporate Powers - The Administration shall exercise the powers and perform the functions given as follows:

- a) To succeed on its corporate name, with the power of succession.
- b) To sue and be sued in such corporate name.
- c) To adopt, alter and use a corporate seal, which shall be judicially noticed.
- d) To undertake the programs and projects specified or envisioned under Section 4 hereof.
- e) To make contracts of any kind and description to enable it to discharge its functions and attain the objectives provided in this Decree.
- f) To adopt, amend and repeal its by-laws.
- g) To acquire, lease or hold such personal and real property as it deems necessary or inconvenient in the transaction of its business and to lease out, mortgage, sell, alienate or otherwise dispose any such personal and real property held by it, but not to sell its properties and products for delivery or use outside of the Philippines without the approval of the President.
- h) To hold, own, possess, lease, convey, mortgage agricultural lands.
- i) To invest its funds as it may deem proper for the attainment of the objectives of this Decree provided that no funds of the Administration shall be invested in bonds or securities except those issued and guaranteed by the government.
- j) 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 government to accomplish the aims and purposes of this Decree.
- k) Whenever essential to the proper administration of its corporate affairs or necessary for the proper

transaction of its business or to carry out the purposes of its organization, to contract indebtedness and issue bonds subject to the approval of the President, upon recommendation of the Secretary of Finance.

l) To charge and collect fees, dues, or other charges at reasonable rates for such services and/or facilities that may be provided by the Administration.

m) Determine its own organizational structure and revise the same as may be necessary for the effective undertaking of its powers and functions and attainment of its objectives.

SECTION 6. Capitalization - The Administration shall have an authorized capital of Five hundred million pesos (P500,000,000.00) to be fully subscribed and paid by the Government of the Republic of the Philippines, to be appropriated out of any funds in the National Treasury not otherwise appropriated and/ or from proceeds from loans and the issuance of bonds and other forms of evidences of indebtedness which are hereby authorized to be incurred or to be issued by the Secretary of Finance for the purpose; Provided, however, that the net assets of the Mindanao Development Authority and the Commission on National Integration as of the date of this Decree shall be considered as paid-in capital of the Government. The balance of the authorized capital of the Administration shall be paid as follows:

a) The amount programmed for release during the remaining period of Fiscal Year 1975 from the existing appropriations of the Mindanao Development Authority, the Commission on National Integration and the Presidential Task Force for Reconstruction and Development of Mindanao shall also form part of the authorized capital of the Administration.

b) The remaining balance shall be paid by the Government in the sum of P100 million beginning FY 1976 and annually thereafter until the entire authorized capital of the Administration shall have been paid in full.

SECTION 7. Special Development Fund - All balances out of the existing appropriations for developmental purposes of the Mindanao Development Authority, the Commission on National Integration and the Presidential Task Force for the Reconstruction and Development of Mindanao transferred to the Administration as herein-below provided, and any additional appropriation that may be provided from time to time to the Administration for development purposes shall upon release thereof be credited to a Special Development Fund which is hereby created in the National Treasury such fund to be disbursed and expended by the Administration exclusively for the authorized purposes or projects envisioned under P.D. No. 290, as well as other existing laws, rules and regulations.

SECTION 8. Operating Expenses - There is hereby appropriated the sum of One million pesos out of the funds in the National Treasury not otherwise appropriated for the operating costs of the Administration for the remaining period of Fiscal Year 1974-75. Thereafter and for subsequent fiscal years, the amount of Five million pesos shall be provided in the General Appropriations Act to cover the operating expenses of the Administration.

SECTION 9. Bond Issuance - Whenever the Board of Directors may deem it necessary for the Administration to incur an indebtedness or to issue bonds to carry out the provisions of this Decree, it shall, by resolution, so declare and state the 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 a simple majority of all the 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 Development Authority and the Monetary Board of the Central Bank.

The bonds issued under this provisions shall in no case exceed the amount of Five Hundred Million Pesos (P500,000,000.00); Provided, that no single issue shall be made if eighty per centum of the immediately preceding issue is not yet sold.

The bonds 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 fund requirements of projects ready for execution, and considering further a proper balance between productive and non-productive projects so that inflation shall be held to a minimum.

SECTION 10. Sinking Fund - A sinking fund shall be established by the Administration 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 the provisions of this Decree. 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, charging all expenses of such investment to said sinking fund, and crediting the same with the interest on investments and other incomes accruing thereto.

SECTION 11. Government Guarantee - The Republic of the Philippines hereby guarantees the payment by the Administration of both the principal and interest on the bonds, debentures, collaterals, notes or such other obligations incurred by the Administration by virtue of the provisions of this Decree, and shall pay the said principal and interest in case the Administration fails to pay the same. The Secretary of Finance shall pay the amount thereof, to be appropriated from funds of the National Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Government of the Republic of the Philippines shall succeed to all the rights of the holders of such bonds, debentures, collaterals, notes or other obligations, unless the amount be refunded by the Administration within a reasonable time.

SECTION 12. Foreign Loans - The Administration is hereby authorized to contract loans, credit and indebtedness, in any convertible foreign currency or capital goods from time to time from foreign governments or any international financial institutions or fund sources, the total outstanding amount of which, exclusive of interest charges, shall not exceed two hundred million US dollars or the equivalent thereof in other currencies at any one time on such terms and conditions as may be agreed upon.

The President of the Philippines, by himself, or through the Secretary of Finance or the Governor of the Central Bank, is hereby authorized to negotiate and contract with foreign governments or any international financial institutions, in the name and on behalf of the Administration, one or several loans, for the purpose of assisting in the reconstruction, or promoting the development, of the economy of the Mindanao, Sulu archipelago and Palawan region.

The President of the Philippines, by himself or through the Secretary of Finance or the Governor of the Central Bank, is hereby further authorized to guarantee, absolutely and unconditionally, as primary obligor and not as surety merely, in the name and on behalf of the Republic of the Philippines, the payment of the loan or loans herein authorized, as well as the performance of all or any of the obligations undertaken by the Administration in the territory of the Republic of the Philippines, pursuant to loan agreements entered into with foreign governments or any international financial institutions.

In the negotiation and contracting of any loan, credit or indebtedness under this section, the provision of Section Four of Republic Act Numbered Four Thousand Eight Hundred Sixty, as provided in Section Five of Republic Act Numbered Six Thousand One Hundred Forty-Two, as amended, shall apply.

The loans, credits and indebtedness contracted under this subsection and the payment of the principal, interest and other charges thereon, as well as the importation of machinery, equipment, materials and supplies by the Administration, paid from the proceeds of any loan, credit or indebtedness incurred under this Decree, shall also be exempt from all taxes, fees, imposts, other charges and restrictions, including import restrictions imposed by

the Republic of the Philippines, or any of its agencies and political subdivisions.

SECTION 13. Board of Directors - The powers and functions of the Administration shall be exercised by a Board of Directors composed of nine (9) members to be appointed by the President of the Philippines. The President of the Philippines shall likewise appoint the Chairman from among the members of the Board. The members of the Board shall have their respective alternates who shall attend the meetings of the Board shall have their respective alternates who shall attend the meetings of the Board in the absence or incapacity of the regular members. Such alternates shall have the same rights and privileges as the regular members, including per diems and allowances.

The members of the Board or their alternates shall receive a per diem of two hundred fifty pesos for every meeting of the Board attended, provided that in no case shall such per diems exceed one thousand pesos per month. They shall likewise be reimbursed by the Administration for actual expenses for travelling and subsistence allowances incurred in attending such meetings.

SECTION 14. Organizational Structure - The Board of Directors shall determine the organizational structure of the Administration and the officers thereof. The Board may reorganize the same and create or abolish divisions, offices, units, branches or agencies therein, as the exigencies of the affairs of the Administration may require.

SECTION 15. Administrator - The Administration shall have an Administrator, to be appointed by the President of the Philippines, who shall be the Executive Officer of the Administration on full-time basis. He may have such Deputy Administrator/s as the Board of Directors may decide, to be appointed by the latter.

The Administrator shall have the following powers, duties and responsibilities:

- a) To prepare the agenda for the meetings of the Board and to submit for the consideration thereof the policies and measures, which in his judgment are necessary to carry out the purposes and provisions of this Decree.
- b) To prepare the budget of the Administration for consideration by the Board.
- c) To execute and administer the policies and measures approved by the Board.
- d) To direct and supervise the operations and internal administration of the Administration. He may delegate certain administrative responsibilities to other officers of the Administration subject to the rules and regulations of the Board.
- e) To prepare the plantilla and appoint all employees of the Administration except the heads of departments and divisions, whose appointments shall be made by the Board of Directors upon his recommendation and to remove, dismiss or otherwise discipline for cause, such employees of the Administration; and
- f) To exercise such other powers as may be vested in him by the Board.

The Administrator, who shall have a term of five (5) years unless sooner removed for cause, shall receive a compensation of Sixty Thousand Pesos per annum. He shall reside in the vicinity of the Administration's principal office and shall not engage in any business, calling or profession during his term of office.

SECTION 16. Merit System - All officials and employees of the Administration 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 Administration immediately upon its organization. The recruitment, transfer, promotion and dismissal of all its personnel, including temporary workers shall be governed by such merit system. In this connection, the officers and employees of the Administration shall be exempt from the application of the Civil Service Law, rules and regulations and from the rules and regulations of the Wage and Position Classification Office.

SECTION 17. Abolition of Existing Agencies - The Commission on National Integration created under RA 1888, the Mindanao Development Authority created under RA 3034, the Presidential Task Force for the Reconstruction and Development of Mindanao created under Executive Order No. 411 and the Special Program of Assistance for the Rehabilitation of Evacuees (SPARE) created under Letter of Instruction No. 30, are hereby abolished. All their appropriations, assets and liabilities as of the date of this Decree are hereby transferred to the Administration to be effected within a period of one hundred twenty (120) days after the constitution of the Board of Directors: Provided that all the qualified civil service employees of the Commission on National Integration, the Mindanao Development Authority, the Presidential Task Force for the Reconstruction and Development of Mindanao and the Special Program of Assistance for the Rehabilitation of Evacuees (SPARE) shall be given preference in filling up open positions in the Administration.

All outstanding contracts of the Commission on National Integration, the Mindanao Development Authority, the Presidential Task Force for the Reconstruction and Development of Mindanao, and the Special Program of Assistance for the Rehabilitation of Evacuees (SPARE), with other agencies and/or instrumentalities of the government or those with private entities are assumed by the Administration except, that in the case of the Commission on National Integration, all the latter's functions pertaining to the National Cultural Communities located in Luzon and Visayas under the provisions of RA 1888, as amended, shall be undertaken, by the Department of Agrarian Reform, and for this purpose the Department of Agrarian Reform shall establish a division for the National Cultural Communities.

SECTION 18. Gratuity - An employee or officer of the Commission on National Integration, the Mindanao Development Authority, the Presidential Task Force for the Reconstruction and Development of Mindanao, and the Special Program of Assistance for the Rehabilitation of Evacuees (SPARE), not selected nor appointed by the Administration or who refuses such appointment shall be paid the money value of his accumulated vacation and sick leave, and such retirement gratuity as may be due him under existing retirement laws. Any of the employees and laborers who do not qualify under any existing retirement law shall be paid one month salary for every year of service, payable in lump sum. For this purpose, there is hereby appropriated out of any funds in the national treasury not otherwise appropriated the sum of Five million pesos to provide for their separation gratuities, accumulated vacation and sick leaves and/or retirement, when and if, payable and due to them.

SECTION 19. Auditor - The Commission on Audit shall recommend to the Board a representative who shall be the Auditor of the Administration and such personnel as may be necessary to assist said representative in the performance of his duties. The salaries of the Auditor and his staff shall be fixed, and paid by the Administration.

The Auditing reports shall contain a statement of the resource and liabilities including earnings and expenses, the amount of paid up capital stock, surplus, reserves, and profits, as well as losses, bad debts and such other facts which under auditing rules and regulations, are considered necessary to accurately describe the financial conditions and operations of the Administration: Provided, that, before such reports are made, the Administration shall be given reasonable opportunity to examine the exemptions and criticisms of the Auditor of the Administration or the Chairman of the Commission on Audit 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 Administration and Chairman of the Commission on Audit in their respective reports.

SECTION 20. Tax Exemptions - The Administration shall be exempt from payment of all income taxes, franchise taxes, realty taxes and all kinds of taxes and licenses to the National Government, its provinces, cities, municipalities, and other government agencies and instrumentalities: Provided, that its subsidiary corporations shall be subject to all said taxes five years after their establishment under a graduated scale as follows: twenty per centum of all said taxes from the sixth to the seventh year, sixty per centum of all said taxes from the eighth to the

tenth year, after its establishment. Such exemption 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 Administration shall be exempted from all taxes, both as to principal and interest, except inheritance and gift taxes.

SECTION 21. Donations and Gifts - The Administration shall have the right to receive donations or bequests which shall be utilized only for the implementation of the programs and projects of the Administration. Such donations or bequests shall be exempt from the payment of gift taxes and the full amount of such donation or bequest shall be deductible from the gross income of the donor for the year during which the same is made.

SECTION 22. Presidential Supervision - The Administration shall be under the direct supervision of the President of the Philippines.

SECTION 23. Applicability of the Corporation Law - The provisions of the Corporation Law as amended, in so far as they are not inconsistent with this Decree shall be applicable to the operations of the Administration.

SECTION 24. Separability Clause - Should any provision of the decree be held unconstitutional, no other provisions thereof shall be affected thereby.

SECTION 25. Repealing Clause - Republic Act Nos. 1888 and 3034, both as amended, Executive Order No. 411, and Letter of Instruction Nos. 30 and 87, are hereby repealed. All other laws, decrees, acts, orders, executive orders, rules and regulations or parts thereof inconsistent herewith are hereby likewise repealed or modified accordingly.

SECTION 26. Effectivity - This decree shall take effect immediately.

DONE in the City of Manila this 22nd day of April in year of Our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS

President of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR

Executive Secretary

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