

# [ PRESIDENTIAL DECREE NO. 690, April 22, 1975 ]

## **CREATING THE SOUTHERN PHILIPPINES DEVELOPMENT ADMINISTRATION AND ABOLISHING 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), APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES.**

**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