

[REPUBLIC ACT NO. 3856, June 01, 1964]

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

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 or 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 rights 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. *Capilatization.*—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 millionpesos 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