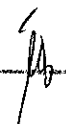


FOURTEENTH CONGRESS OF THE)
 REPUBLIC OF THE PHILIPPINES)
 First Regular Session)

8 MAY 14 2019

SENATE
 S. NO. 2279

RECEIVED BY: 

Introduced by Senator Antonio "Sonny" F. Trillanes IV

EXPLANATORY NOTE

Mindanao, as one of the three main geographical divides of the Philippine archipelago, has been a hub of various development activities. These development efforts, however, are mostly concentrated on first class provinces, highly urbanized, and component cities.

This bill, thus, seeks to provide equal opportunities to other local government units and improve the quality of life of many poor communities by creating the Mindanao Development Authority (MDA).

The Mindanao Development Authority will be the central authority for the development of Mindanao. It is intended to adopt a comprehensive and integrated approach to harmonize various projects and promote the intrinsic potentials of the region. To achieve this, the agency will be assigned to identify the top eight (8) common problems of the local government units and focus on addressing these concerns.

To optimize Mindanao's potentials, the Authority, moreover, shall be tasked to pursue aggressive promotion campaigns through linkages with other international organizations and national government agencies to increase investments in the field of tourism, education, transportation, shipbuilding, agri-business, IT-enabled business, power development, and other related infrastructure development projects. It shall also promote competitive export products and services from Mindanao to other foreign countries, especially the East ASEAN Growth Area (EAGA).

In view of the foregoing, immediate passage of this bill is earnestly sought.


 ANTONIO "SONNY" F. TRILLANES IV
 Senator

FOURTEENTH CONGRESS OF THE)
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SENATE
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Introduced by Senator Antonio "Sonny" F. Trillanes IV

**AN ACT
CREATING THE MINDANAO DEVELOPMENT AUTHORITY, DEFINING ITS
POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES**

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

1 **SECTION. 1. *Short Title.*** – This Act shall be known as the “*Mindanao Development*
2 *Authority Act.*”

3
4 **SEC. 2. *Declaration of Policy.*** – It is hereby declared policy of the State to accelerate the
5 development of the regions of Mindanao as an integrated area, encourage greater productivity,
6 promote the responsible use, processing, and harvest of its forest, marine life, mineral resources,
7 and such other productive natural resource and ensure its sustainable development as well as
8 promote conservation and protection of its endemic habitats for the common good. To attain this
9 end, the Government will, in addition to its intra-regional activities, consolidate plans, priorities,
10 and programs that will link projects to other regional, provincial, and urban centers focusing on
11 the top eight (8) most common urgent priorities of these local government units in terms of
12 educational reforms, transportation and communication development, infrastructure
13 development, tourism promotions, and economic activities not limited to manufacturing,
14 farming, mariculture, and horticulture.

15 It is further declared policy of the State to promote accelerated economic growth in
16 Mindanao by strengthening its linkage and coordination with partner countries in the BIMP-
17 EAGA as well as promote Mindanao products and services in the international market.

18

1 **SEC. 3. *Creation of the Mindanao Development Authority.*** -- There is hereby created a
2 body corporate to be known as the Mindanao Development Authority, hereinafter referred to as
3 the Authority, which shall be governed by the provisions of this Act.

4
5 **SEC. 4. *Territorial Jurisdiction.*** -- The Authority shall cover all towns, component, cities,
6 highly urbanized cities, and provisions of Regions IX, X, XI, XII, and XIII in Mindanao.

7
8 **SEC. 5. *Principal Office and Term.*** -- The Authority shall have its main office at
9 Malaybalay City, Bukidnon. It may establish such branches, subsidiaries, offices, or agencies as
10 it may deem necessary to achieve the objectives of this Act. The Authority shall have a term of
11 fifty (50) years from the effectivity of this Act and renewable for the same period unless
12 otherwise provided by law.

13
14 **SEC. 6. *Purposes.*** -- The Authority is created to plan and catalyze the development of
15 Mindanao as an integrated cohesive economy. As such, it shall have the following purposes:

- 16 a) Identify the top eight (8) most basic social and infrastructure needs shared by all
17 provinces and cities and draft a comprehensive detailed plan designed to address
18 these problems and accelerate social and economic development;
- 19 b) Extend technical assistance to prospective investors and locators as well as to existing
20 investors in Mindanao to promote further economic activity and community
21 development and provide employment opportunities;
- 22 c) Make recommendations to proper agencies as to the technical support, financial, and
23 infrastructure requirement of Mindanao to achieve the intents and purposes of this
24 Act;
- 25 d) Initiate and undertake social project for the promotion of community life and improve
26 the quality of life of children, senior citizens, women folks, cultural minorities and
27 tribal communities, farmers and fisher folks;

- 1 e) Promote socio-political stability and vigorously pursue projects that will benefit the
2 rebel-returnees and their families;
- 3 f) Develop micro-industries and promote technical vocational educational, horticulture,
4 and agro-business in upland areas;
- 5 g) Utilize idle government lands into productive farm models for use of farmers' and
6 fishermen's cooperatives;
- 7 h) Make an annual report to the National Economic Development Authority and the
8 Congress through the President based upon its continuing assessment and evaluation,
9 in the light of the Authority's approved plans and objectives, of the progress of its
10 different activities and actual accomplishments and development targets including
11 appropriate administrative and legislative recommendations;
- 12 i) Strengthen linkages with BIMP-EAGA partners and promote economic and social
13 programs for the various regions in Mindanao;
- 14 j) Harness the technical skills of workers to be at par with international standards and
15 provide employment opportunities for the residents of Mindanao;
- 16 k) Promote Mindanao products at the international market and increase productivity at
17 the domestic market;
- 18 l) Pursue such other activities for the continued development of all Mindanao regions
19 that are consistent with this Act.

20
21 **SEC. 7. Corporate Powers.** – The Authority shall exercise the powers and perform the
22 functions given as follows:

- 23 a) To sue and be sued, enter into contracts, acquire, purchase, hold, lease, transfer,
24 dispose of property of any kind or nature necessary to carry out the purposes of this
25 Act;
- 26 b) To cause the reclamation of lands, including foreshore and submerged areas within its
27 operation by dredging filling or other means or to acquire reclaimed lands;

- 1 c) To cause the development, improvement, acquisition, administration, dealing in,
2 subdivision, disposition, leasing, and selling of reclaimed areas and any or all kinds of
3 lands owned, managed, controlled, and/or operated under its jurisdiction, and to
4 provide such services as may be necessary for the efficient, economic and beneficial
5 utilization of the Authority's properties;
- 6 d) To receive, take, and hold by bequest devise, gift, purchase, loan, lease, or by any
7 lawful manner; to manage or administer either absolutely or in trust for any of its
8 purposes, any asset, grant, or property, real or personal, from foreign or domestic
9 sources, subject to such limitations as are provided in existing laws and regulations;
10 and to convert such assets, grant or property; invest and reinvest the same under this
11 provision;
- 12 e) To acquire, purchase, alter, construct, enlarge, occupy mortgage, manage, and
13 dispense by lease or sale or otherwise deal in lands and buildings of every kind and
14 character, whether belonging to or to be acquired by the Authority;
- 15 f) To issue such regulations as may be necessary for the proper use by private parties or
16 government entities of any or all of the Authority's properties and to impose or
17 collect fees or tolls for their use;
- 18 g) To engage or invest on, or enter into joint venture with Filipino and foreign investors
19 in Mindanao-wide inter-regional projects in terms of road infrastructure development,
20 port, and airport development and rehabilitation, improve transportation
21 infrastructure, telecommunications, real estate development, education, agriculture,
22 fisheries industry promotion, natural resources, power projects, trade and tourism
23 industry promotions and such other major economic and development projects;
- 24 h) To exercise the right of eminent domain in the name of the Republic of the
25 Philippines as may be necessary to carry out the purposes of this Act;

- 1 i) To review and recommend for approval by the Mindanao Development Advisory
2 Council such Mindanao-wide and interregional programs, projects, and plans by
3 national and local government authorities;
- 4 j) To borrow funds from any local or foreign financial institution independent of the
5 bonds it has issued or may still issue, to finance its projects: *Provided*, That the total
6 loan outstanding pursuant to this provision shall not exceed Two Hundred Million
7 Pesos at any one time; In excess, thereof, the Authority shall secure the approval of
8 the President upon the recommendation of the Secretary of the Department of
9 Finance;
- 10 k) For carrying on its business or for the purpose of attaining or furthering any of its
11 objects, to perform any and all acts which a corporation, co-partnership, or natural
12 person is authorized under the laws now existing or which may be enacted hereafter;
13 and
- 14 l) Determine its own organizational structure and revise the same in accordance with
15 existing guidelines and laws on civil service.

16
17 **SEC. 8. Capitalization.** – The Authority shall have an authorized capital stock of One
18 Billion Pesos (P1,000,000,000.00) to be fully subscribed and paid by the Government of the
19 Republic of the Philippines, to be appropriated out of any funds in the National Treasury not
20 otherwise appropriated and/or proceeds from loans and the issuance of bonds and other forms of
21 evidences of indebtedness which are hereby authorized to be incurred or to be issued by the
22 Secretary of Finance for the purpose.

23 The Southern Philippines Development Authority and Mindanao Economic and
24 Development Council are hereby abolished and all its assets and liabilities are hereby absorbed:
25 *Provided*, That existing liabilities of the Southern Philippines Development Authority and
26 Mindanao Economic and Development Council due the National Government are hereby
27 converted into capital of the Authority.

1 **SEC. 9. *Operating Expenses.*** – There is hereby appropriated the sum of Five Million
2 Pesos (P5,000,000.00) out of the funds of the National Treasury not otherwise appropriated for
3 the operating costs of the Authority for the current year. Thereafter and for subsequent fiscal
4 years, the amount necessary for its operations and implementation of its priority projects shall be
5 included in the General Appropriations Act.

6
7 **SEC. 10. *Board of Directors and Advisory Council.*** – The Authority shall be led and
8 directed by a Board Directors. The Board shall have eleven (11) members and shall be headed by
9 a Chairman, to be appointed by the President of the Philippines. The members shall be the
10 chairpersons of the respective Regional Development Councils of Regions IX, X, XI, XII, XIII,
11 and ARMM, two (2) representatives from reputable non-government organizations as chosen by
12 the Advisory Council, the Chairperson of the Philippine Economic Zone Authority (PEZA) and
13 the Chairperson of the Board of Investments (BOI).

14 The Board shall receive policy guidance from an Advisory Council, hereinafter referred
15 to as the Mindanao Development Advisory Council composed of the Secretary of the National
16 Economic Development Authority (NEDA), Secretary of the Department of Budget and
17 Management (DBM), Secretary of the Department of Energy (DOE), Secretary of the
18 Department of Agriculture (DA), Secretary of Department of Public Works and Highways
19 (DPWH), Secretary of the Department of National Defense (DND), Secretary of the Department
20 of Trade and Industry (DTI), Secretary of the Department of Environment and Natural Resources
21 (DENR), Secretary of the Department of Tourism (DOT) and from two (2) representatives from
22 the private sector to be appointed by the President of the Republic of the Philippines from a short
23 list that will be submitted by the Board of Directors. The two (2) shortlist representatives shall
24 have at least fifteen (15) years of experience in the field of banking infrastructure development,
25 urban or rural planning, financial management, business administration, agriculture, environment
26 protection and cultivation, or in the legal profession and is well-versed in the geography of
27 Mindanao and with residency in Mindanao for the past ten (10) years.

1 The Board shall:

- 2 a) Formulate policies, develop programs, and promulgate rules and regulations to carry
3 out the powers and functions of the Authority;
- 4 b) Approve its annual budget to cover its operation and special projects;
- 5 c) Submit its yearly appropriation requirement to the Department of Budget and
6 Management and to Congress;
- 7 d) Appoint its officers and personnel, fix their salaries and allowances in accordance
8 with existing budgetary laws and civil service regulations;
- 9 e) Perform whatever functions as may be necessary to carry out the provisions of this
10 Act.

11

12 **SEC. 11. *Terms of Office.*** – The Chairman of the Authority shall serve a term of six (6)
13 years from the date of his appointment and can only be removed for cause. The members of the
14 Board shall have a term of three years which is consistent with their terms as Regional
15 Development Chairpersons. In the case of the two (2) representatives from non-government
16 organizations, the first appointee shall serve for three years and the second appointee for two (2)
17 years.

18 The term of office of Regional Development Council Chairperson is dependent on
19 respective tenure with their Regional Development Councils.

20 The first appointee to the Council from the non-government organizations shall serve a
21 period of three (3) years and the second appointee for two (2) years. They can be reappointed
22 only for two (2) consecutive terms only.

23 In case of vacancies, the successor can only serve the remaining unexpired term of his
24 predecessor.

25

26 **SEC. 12. *Duties and Functions of the Chairman of the Board.*** – The Chairman shall:

- 1 a) Call and preside at the meetings of the Board and see to it that the policies, programs
2 and rules and regulations developed and promulgated by the Board are properly
3 implemented;
- 4 b) Present and submit for the approval of the Board:
- 5 (a) Annual budget of the Authority;
- 6 (b) Rules and regulations needed to carry out the intents and purposes of this Act;
- 7 (c) Quarterly reports on the projects, programs and finances of the Authority;
- 8 (d) Annual report to be submitted to the President of the Philippines and to both
9 Houses of Congress:
- 10 (e) Other matters which he may deem necessary for the effective implementation
11 of the provisions of this Act.
- 12 c) Perform such other functions which the Board and the Advisory Council may direct
13 to carry out the provisions of this Act.
- 14

15 **SEC. 13. *Organizational Structure.*** – The Board shall determine the organizational
16 structure, staffing pattern, and pay scales subject to existing civil service laws and compensation
17 laws. The Board may reorganize the same, create or abolish divisions, offices, or branches as the
18 exigencies of the affairs of the Authority may require.

19

20 **SEC. 14. *Administrator.*** – The Board shall have an Administrator to be appointed by the
21 President of the Philippines who shall be the Chief Executive Officer of the Authority and ex-
22 officio Vice Chairman of the Board with the rank and salary of an Undersecretary. The
23 Administrator shall be a resident of Mindanao for at least ten (10) years and has a proven track
24 record in any of the following fields: business, management, economics, law, and infrastructure
25 development for the past fifteen (15) years.

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

- 1 a) To submit to the Board, through the Chairman, policies and measures which are
2 necessary to carry out the provision of this Act;
- 3 b) To prepare the Budget of the Authority for approval of the Board;
- 4 c) To execute and administer the policies and measures approved by the Board;
- 5 d) To direct and supervise the operations and internal administration of the Authority.
6 He may delegate certain administrative responsibilities to other officers of the
7 Authority, subject to the approval of Board;
- 8 e) To appoint all employees of the Authority, except the heads of departments and
9 divisions whose appointments shall be made by the Board upon his
10 recommendations; and to remove, dismiss, or otherwise discipline for cause such
11 employees in accordance with existing laws, rules and regulations;
- 12 f) To represent the Authority in all dealings with other offices, agencies, and
13 instrumentalities of the Government and with all persons and entities, public or
14 private;
- 15 g) To exercise such other powers as may be granted to him by the Board.
- 16

17 **SEC. 15. *Power to Issue Bonds and Bond Limits.*** – Whenever the Board may deem it
18 necessary for the Authority to incur indebtedness or to issue bonds to carry out the provisions of
19 this Act, it shall, by resolution, so declare and state the purposes for which the proposed debt is
20 to be incurred.

21 In order for that resolution to be valid, it shall be passed by a simple majority of all
22 members of the Board, affirmed by the Advisory Council, and approved by the President of the
23 Republic of the Philippines upon the recommendation of the Secretary of the Department of
24 Finance (DOF), in consultation with the Monetary Board and the Governor of the Bangko
25 Sentral ng Pilipinas (BSP).

1 The bonds issued shall in no case exceed the amount of One Hundred Million Pesos
2 (P100,000,000.00): *Provided*, That no single issue shall exceed Twenty Million Pesos and that
3 no further issue be made if eighty per centum of the immediately preceding issue is not yet sold.

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

8
9 **SEC. 16. *Sinking Fund.*** – A sinking fund shall be established by the Authority in such
10 manner that the total annual contributions thereto, accrued at such rate of interest as may be
11 determined by the Secretary of Finance in consultation with the Monetary Board, shall be
12 sufficient to redeem at maturity the bonds issued under the provisions of this Act. Said fund shall
13 be under the custody of the Authority, which shall invest the same in such manner as the
14 Monetary Board may approve, charging all expenses of such investment of said sinking fund,
15 and crediting the same with interest on investments and other income accruing thereto.

16
17 **SEC. 17. *Foreign Loans.*** – The Authority is hereby authorized to contract loans, credit,
18 and indebtedness, in any convertible foreign currency or capital goods from time to time from
19 foreign governments or any international financial institutions or fund sources.

20
21 **SEC. 18. *Auditor.*** – The Chairman of the Commission on Audit shall be ex officio
22 Auditor in charge of the audit of the Authority. He shall appoint a representative who shall be the
23 auditor thereof. The Chairman of the Commission on Audit shall, upon recommendation of the
24 Auditor of the Authority, appoint or remove personnel of said auditing office in accordance with
25 the Authority's merit system.

26 The Auditor shall submit an audit report containing the resources and liabilities including
27 earnings and expenses, reserves, and profits as well as losses, bad debts and other facts which are

1 under the auditing standards, rules and regulations, accurately describing the financial conditions
2 and operations of the Authority.

3 The Authority shall publish annually its financial statements in two (2) newspapers of
4 general circulation in Mindanao.

5
6 **SEC. 19. *Relationship with Regional Development Councils.*** – To effectively
7 implement the provisions of this Act, the Authority shall coordinate with, consult or implement
8 its policies and projects in coordination with local government units and regional development
9 councils covered under this Act.

10 All local government units and regional development councils shall assist the Authority
11 in the pursuit of its socio-economic development efforts to promote Mindanao.

12
13 **SEC. 20. *Merit System.*** – All officials and employees of the Authority shall be selected
14 and appointed on the bases of merit and fitness in accordance with Civil Service Law, rules and
15 regulations. Their qualifications being equal, long time residents of Mindanao shall be preferred
16 in recruiting Authority personnel. The recruitment, transfer, promotion, and dismissal of all its
17 personnel including temporary workers shall be governed by a merit system that will be
18 established by the Authority in compliance with existing laws, rules and regulations.

19
20 **SEC. 21. *Donations and Gifts.*** – The Authority shall have the right to receive donations
21 or bequests which shall be utilized only for the implementation of its programs and project. Any
22 such donations or bequests shall be exempt from the payment of taxes and the full amount of
23 such donations or bequests shall be deductible from the gross income of the donor for the year
24 during which the same is made.

25

1 **SEC. 22. *Applicability of Corporation Law.*** – The provisions of Corporation Law, as
2 amended insofar as they are not inconsistent with this Act shall be applicable to the operations of
3 the Authority.

4
5 **SEC. 23. *Abolition of the Southern Philippines Development Authority (SPDA) and***
6 ***the Mindanao Economic Development Council (MEDC).*** – The Southern Philippines
7 Development Authority (SPDA) under Presidential Decree No. 1703, amending P.D. No. 690
8 and Republic Act No. 3034 are hereby abolished. All its budgetary appropriations, finances,
9 properties, records, equipment, rights, chooses in action, and other assets as well as liabilities are
10 hereby transferred to the Authority.

11
12 **SEC. 24. *Appropriations.*** – The amount necessary to carry out the provisions of this Act
13 shall be included in the General Appropriations Act of the year following its enactment into law.

14 The current appropriations of the Mindanao Economic Development Council and
15 Southern Philippines Development Authority shall be transferred to the Mindanao Development
16 Authority to commence its activities.

17
18 **SEC. 25. *Separability Clause.*** – Should any provisions of this Act be declared invalid or
19 unconstitutional, any provision not affected thereby shall remain in full force and effect.

20
21 **SEC. 26. *Repealing Clause.*** – Republic Act No. 3034, and Presidential Decree No. 690,
22 as amended are hereby repealed. Executive Order Nos. 149 (Series of 2002), 149-A (Series of
23 2002) and 560 (Series of 2006) are hereby repealed.

24 Executive Oder No. 512, as amended by Executive Order No. 10 (Series of 1998),
25 Executive Order No. 244 (Series of 2000) are hereby repealed.

26 All other laws, decrees, orders, rules and regulations and other issuances or parts thereof
27 inconsistent with this Act are hereby repealed or modified accordingly.

1 **SEC. 27. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in
2 two (2) newspapers of general circulation in Mindanao and the entire country.

Approved,