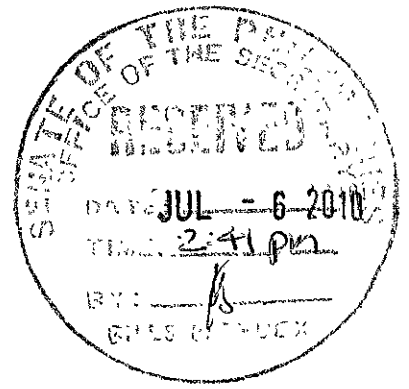


FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

S. No. 392

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.

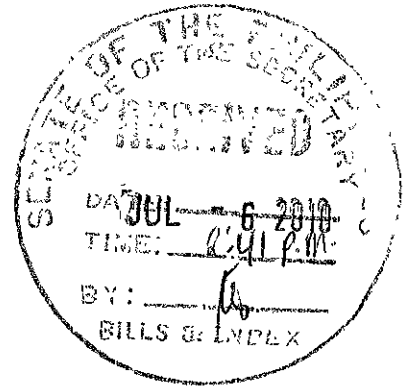
The passage of Republic Act No. 9996 or the Mindanao Development Authority Act of 2009 intended to adopt a comprehensive and integrated approach to harmonize various projects and promote the intrinsic potentials of the region. However, the agency's goal to identify the top and common problems of the local government units and to focus on addressing these concerns will not be fully realized without allowing the Authority 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.

To optimize Mindanao's potentials, the Authority, 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

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



SENATE
S. No. 392

Introduced by Senator Antonio "Sonny" F. Trillanes IV

AN ACT
AUTHORIZING THE MINDANAO DEVELOPMENT AUTHORITY TO CONTRACT
LOANS, CREDIT, AND INDEBTEDNESS FROM FOREIGN GOVERNMENTS OR
ANY INTERNATIONAL FINANCIAL INSTITUTIONS OR FUND SOURCES,
AMENDING FOR THIS PURPOSE REPUBLIC ACT NUMBERED 9996, OTHERWISE
KNOWN AS THE "MINDANAO DEVELOPMENT AUTHORITY ACT", AND FOR
OTHER PURPOSES

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

1 **SECTION. 1.** Republic Act No. 9996, otherwise known as the "Mindanao Development
2 Authority Act of 2009" is hereby amended by adding the following Sections:

3
4 **"SEC. 20. POWER TO ISSUE BONDS AND BOND LIMITS. -**
5 WHENEVER THE BOARD MAY DEEM IT NECESSARY FOR THE
6 AUTHORITY TO INCUR INDEBTEDNESS OR TO ISSUE BONDS TO
7 CARRY OUT THE PROVISIONS OF THIS ACT, IT SHALL, BY
8 RESOLUTION, SO DECLARE AND STATE THE PURPOSES FOR
9 WHICH THE PROPOSED DEBT IS TO BE INCURRED.

10 IN ORDER FOR THAT RESOLUTION TO BE VALID, IT SHALL BE
11 PASSED BY A SIMPLE MAJORITY OF ALL MEMBERS OF THE
12 BOARD, AFFIRMED BY THE ADVISORY COUNCIL, AND
13 APPROVED BY THE PRESIDENT OF THE REPUBLIC OF THE
14 PHILIPPINES UPON THE RECOMMENDATION OF THE

1 SECRETARY OF THE DEPARTMENT OF FINANCE (DOF), IN
2 CONSULTATION WITH THE MONETARY BOARD AND THE
3 GOVERNOR OF THE BANGKO SENTRAL NG PILIPINAS (BSP).

4 THE BONDS ISSUED SHALL IN NO CASE EXCEED THE AMOUNT
5 OF ONE HUNDRED MILLION PESOS (P100,000,000.00): *PROVIDED*,
6 THAT NO SINGLE ISSUE SHALL EXCEED TWENTY MILLION
7 PESOS AND THAT NO FURTHER ISSUE BE MADE IF EIGHTY PER
8 CENTUM OF THE IMMEDIATELY PRECEDING ISSUE IS NOT YET
9 SOLD.

10 THE BONDS SHALL BE ISSUED IN SUCH AMOUNTS AS WILL BE
11 NEEDED AT ONE TIME, TAKING INTO ACCOUNT THE RATE AT
12 WHICH SAID BONDS MAY BE ABSORBED BY THE BUYING
13 PUBLIC AND THE FUND REQUIREMENTS OF PROJECTS READY
14 FOR EXECUTION, AND CONSIDERING FURTHER A PROPER
15 BALANCE BETWEEN PRODUCTIVE AND NON-PRODUCTIVE
16 PROJECTS SO THAT INFLATIONS SHALL BE HELD TO THE
17 MINIMUM.

18
19 **SEC. 21. *SINKING FUND.*** – A SINKING FUND SHALL BE
20 ESTABLISHED BY THE AUTHORITY IN SUCH MANNER THAT
21 THE TOTAL ANNUAL CONTRIBUTIONS THERETO, ACCRUED AT
22 SUCH RATE OF INTEREST AS MAY BE DETERMINED BY THE
23 SECRETARY OF FINANCE IN CONSULTATION WITH THE
24 MONETARY BOARD, SHALL BE SUFFICIENT TO REDEEM AT
25 MATURITY THE BONDS ISSUED UNDER THE PROVISIONS OF
26 THIS ACT. SAID FUND SHALL BE UNDER THE CUSTODY OF THE
27 AUTHORITY, WHICH SHALL INVEST THE SAME IN SUCH

1 MANNER AS THE MONETARY BOARD MAY APPROVE,
2 CHARGING ALL EXPENSES OF SUCH INVESTMENT OF SAID
3 SINKING FUND, AND CREDITING THE SAME WITH INTEREST
4 ON INVESTMENTS AND OTHER INCOME ACCRUING THERETO.

5
6 **SEC. 22. FOREIGN LOANS.** – THE AUTHORITY IS HEREBY
7 AUTHORIZED TO CONTRACT LOANS, CREDIT, AND
8 INDEBTEDNESS, IN ANY CONVERTIBLE FOREIGN CURRENCY
9 OR CAPITAL GOODS FROM TIME TO TIME FROM FOREIGN
10 GOVERNMENTS OR ANY INTERNATIONAL FINANCIAL
11 INSTITUTIONS OR FUND SOURCES.

12
13 **SEC. 23. AUDITOR.** – THE CHAIRMAN OF THE COMMISSION ON
14 AUDIT SHALL BE EX OFFICIO AUDITOR IN CHARGE OF THE
15 AUDIT OF THE AUTHORITY. HE SHALL APPOINT A
16 REPRESENTATIVE WHO SHALL BE THE AUDITOR THEREOF.
17 THE CHAIRMAN OF THE COMMISSION ON AUDIT SHALL, UPON
18 RECOMMENDATION OF THE AUDITOR OF THE AUTHORITY,
19 APPOINT OR REMOVE PERSONNEL OF SAID AUDITING OFFICE
20 IN ACCORDANCE WITH THE AUTHORITY’S MERIT SYSTEM.

21 THE AUDITOR SHALL SUBMIT AN AUDIT REPORT CONTAINING
22 THE RESOURCES AND LIABILITIES INCLUDING EARNINGS AND
23 EXPENSES, RESERVES, AND PROFITS AS WELL AS LOSSES, BAD
24 DEBTS AND OTHER FACTS WHICH ARE UNDER THE AUDITING
25 STANDARDS, RULES AND REGULATIONS, ACCURATELY
26 DESCRIBING THE FINANCIAL CONDITIONS AND OPERATIONS
27 OF THE AUTHORITY.

1 THE AUTHORITY SHALL PUBLISH ANNUALLY ITS FINANCIAL
2 STATEMENTS IN TWO (2) NEWSPAPERS OF GENERAL
3 CIRCULATION IN MINDANAO.”
4

5 **SEC. 2. *Separability Clause.*** – If any provisions or part thereof is invalid or
6 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain
7 valid and subsisting.
8

9 **SEC. 3. *Repealing Clause.*** – Any law, presidential decree or issuance, executive order,
10 letter of instruction, administrative order, rule of regulation contrary to or inconsistent with, the
11 provisions of this Act is hereby repealed, modified or amended accordingly.
12

13 **SEC. 4. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its
14 publication in at least two (2) newspapers of general circulation.

Approved,