

[PRESIDENTIAL DECREE NO. 625, December 26, 1974]

CREATING THE LEYTE SAB-A BASIN DEVELOPMENT AUTHORITY, DEFINING ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES.

I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, in order:

1. To integrate Government and private sector efforts and resources for a planned development and balanced growth of the Sab-A Basin in the Province of Leyte, as proposed in its 1975-1979 development program, through the combined and harmonized pursuit of entrepreneurial and social objectives on a self-sustaining basis;
2. To reclaim swamps, wastelands and drain waterlogged areas to minimize the scourge of schisto-somiasis and fasciolasis both endemic in the area;
3. To develop a food basket within the Province of Leyte and Region VIII by increasing agricultural productivity; and
4. To provide a model for the development of agricultural estates.

do hereby decree and order:

ARTICLE I. — *Creation, Jurisdiction, Purposes and Powers*

SECTION 1. *Body Corporate Created.* — For the purpose of carrying out and effecting the general objectives declared herein, there is hereby created a body corporate to be known as the Leyte Sab-A Basin Development Authority, hereinafter referred to as the Authority, which shall be organized by the President of the Philippines within three months from the effectivity of this Decree. The Authority shall execute and exercise all the functions and powers herein vested, as well as those vested by general law to juridical persons, in such a manner as will, in its Judgment, aid to the fullest extent the successful carrying out of the aims and objectives set forth hereinbelow.

SEC. 2. *Territorial Jurisdiction.* — The territorial jurisdiction of the Authority shall, without prejudice to established and pre-existing private proprietary rights, encompass all the lands, timber, vegetation, minerals and waters within the municipalities of Alang-Alang, Barugo, Palo, San Miguel, Sta. Fe and Babatñgon; that portion of the Municipality of Jaro covering the barrios of Parasan, Sarisari, Badiang, Villa Paz, Sta. Cruz, Pangì, San Roque Macanip, Batog, Alahag, Malobago, Buri Sagoahan, Buena-vista, Poblacion, Olatan, Caglawan and Bukid; and all the forestlands, timberlands, pasturelands and reforestation areas in the City of Tacloban. The lands herein embraced shall be referred to as the Basin.

The Directors of Lands is hereby directed to demarcate the metes and bounds of the territorial domain of the Authority in terms of geodetic longitude and latitude and/or by degrees and minutes reckoned in relation to a principal meridian traversing an initial reference point established in the City of Tacloban. This demarcation and description shall properly segregate all the public lands and waters within the identified boundaries.

All disposable public lands, within the area are hereby transferred and conveyed to the Authority and title thereto shall forthwith be issued by the Director of Lands to the Authority according to law. Additionally, the Authority is granted preventive jurisdiction over timber and mineral lands within the Basin to the end that the same may not be disposed of as favor of users or converted to agricultural, administration as timber or mineral lands, without the Authority's prior recommendation and the approval of the President of the Philippines.

All fees, rentals and charges and revenues derived from the exploitation, development, conservation and utilization of natural resources within the area shall pertain to the Authority.

SEC. 3. *Principal Office.* — The Authority shall establish its principal office within the Basin. It may set up branch offices in such other places as may be authorized by the Board of Directors.

SEC. 4. *Purposes.* — The Authority shall have the following purposes:

- a. To undertake and continuously update a comprehensive survey and inventory of the physical and natural resources, problems and opportunities in the province of Leyte, more particularly those of the Sub-A Basin as delineated and described in Section 2, to provide the officials of the Province of Leyte and managers of the Authority up-to-date and accurate data and information for the most economic and socially beneficial development projects of the province and of the Basin;
- b. To provide the manpower capabilities and facilities by extending the necessary planning, management and technical assistance to existing and prospective investors in the Basin, the Province of Leyte or elsewhere;
- c. To arrange for and negotiate with the proper bodies and institutions, whether Governmental or private, domestic or foreign, and/or directly provide guaranty, venture or debt financing, technical support, or other form of assistance or service, to any entity, enterprise or project organized, operating or habitually engaged in substantial trade, with or within the Basin;
- d. (d) To pass upon all plans, programs and projects within the Basin proposed by the national, provincial and municipal governmental agencies, public corporations and private enterprises where such plans, programs and/or projects are related to the development of the Basin as envisioned in this Decree. The Authority shall determine whether such plans programs and/or projects need its approval, modification or implementive supervision and where the Authority makes a decision in this respect, its decision shall be conclusive and final upon the parties concerned.
- e. To engage in all projects and enterprises, whether in the agricultural, mining, forestry, fishery, commercial, industrial or service lines: *Provided*, That such projects or enterprises are located or doing substantial business in the Basin; for this purpose, whether by itself or in joint venture or cooperation with private persons or entities, to organize, finance, invest in the operate subsidiary corporations;
- f. To plan, program and undertake the readjustment, relocation, resettlement of populations within the Basin as may be deemed necessary for the attainment of the objectives of this decree. A suitable relocation site will be developed for the residents thus displaced;
- g. To undertake and/or provide social benefit services, works and facilities to and for the inhabitants of the Basin, particularly in the containment of endemic

diseases to humans and animals, and in the creation of opportunities for gainful employment, housing, education and wholesome recreation for such inhabitants;

- h. To dredge and otherwise undertake works on waterways, irrigate, inundate, dry or fill up natural water basins, and to undertake reclamation projects, as may be necessary to accomplish the aims and purposes of the Authority; and
- i. To control and regulate the use of lands, rivers, waterfalls, springs and lakes in the Basin.

SEC. 5. Powers and Functions. — The Authority shall have the following powers and functions;

- a. To have perpetual succession in its corporate name;
- b. To sue and be sued;
- c. To adopt, alter and use a corporate logo, seal and/or emblem;
- d. To adopt, amend and repeal its by-laws;
- e. To enter into contracts of any kind and description to enable it to carry out its purposes and functions under this Decree;
- f. To acquire, lease or hold real property and personal property as it deems necessary or convenient in the successful prosecution of its business, and may lease, mortgage, sell, alienate, or otherwise dispose of such personal and real property held by it, but may not dispose any of its real properties under conditions which would limit its developmental control over the area herein defined; and/or dispose of its capital assets for delivery or use outside of the Province of Leyte without the approval of the Governor, or outside of the Philippines without the approval of the President of the Philippines;
- g. To exercise the power of eminent domain in the name of the Republic of the Philippines;
- h. To adopt and implement measures designed to protect the life, liberty and properties of persons within the Basin: *Provided*, That such measures are approved by the President of the Philippines;
- i. To perform prior screening functions, as a condition precedent to the approval by any national, provincial or municipal governmental agency, of any permit, license, lease, franchise or concession for the operation of any business or the exploitation, development or utilization of natural resources within the Basin;
- j. To arrange and negotiate with the private landowners within the Basin, for the lease or other use of tracts of land required for extensive mechanized cultivation by private corporations;
- k. To grant loans to farmers' cooperatives, implementing development projects previously approved by the Authority, subject to applicable requirements of law on the matter;
- l. To negotiate and enter into management and/or consulting contracts with local and/or foreign management consulting firms for the management of the Authority and/or the planning and implementation of agro-industrial development projects in the Basin. Moreover, the Authority shall also have the power to effect advance payment of the stipulated fees;
- m. To avail of the expertise of any particular employee, technician, or group of persons in any bureau, office or department of the National Government whose services are deemed urgently needed for the attainment of the goals of the Authority, with the consent and approval of the department head concerned;

- n. To conduct scientific experiments, investigation and research to discover economical and practical methods of increasing agro-industrial production and other related endeavors;
- o. To encourage and organize by arranging appropriate financing schemes, cooperative ventures in agriculture, agri-business, industry and commerce;
- p. To arrange and negotiate on behalf of the Province of Leyte and for the Republic of the Philippines for local and/or foreign financing of projects undertaken by the Authority subject to the approval of the Governor of the province or the President of the Philippines as the case may be;
- q. To engage in agro-industrial and business activities including the organization and/or financing of rural or cooperative banks;
- r. To make such regulations as are necessary to execute the powers and functions vested in it by this Decree; and
- s. To do such other things as are directly or indirectly necessary, incidental or conducive to the attainment of the objectives of this Decree.

ARTICLE II. — *Capitalization Sourcing and Application of Funds*

SEC. 6. *Capital structure.* — The authority shall have two (2) capital funds: (I) a Capital fund for Operations; and (II) a capital fund for Social Services.

- a. The authorized Capital Fund for Operations shall be devoted primarily to the pursuit of profit-making or self liquidating (i.e. at least "break-even") projects, and shall be dealt with, accounted for and liquidated in case of dissolution in the same manner as the capital stock of an ordinary private commercial corporation. It shall have a maximum authorized capital of one hundred million pesos (P100,000,000.00) divided into one million shares with a par value of one hundred pesos (P100.00) per share.
- b. The Capital Fund for Social Services shall be administered as a trust for investment, the income from which, but not the principal, shall be devoted to the financing of social benefits and/or public services to inhabitants of the area, such as but not limited to medical, dental and hospitalization services, construction of civil works and public infrastructure within the Area, free education and scholarship benefits, athletic and recreation facilities; and other free services and basic scientific research. The Capital Fund for Social Services shall be invested in fixed income securities in the money and capital markets or in the shares of stocks of corporations which have continuously paid dividends on such shares during the last preceding three years. The Capital Fund for Social Services shall consist of funds contributed from sources mentioned in Section 8. Upon the dissolution of the Authority, the remainder of the trust corpus and its income shall accrue to the General Fund of the Republic of the Philippines.

SEC. 7. *Subscriptions to Capital Fund for Operations.* — Of the one million shares of the Capital Fund for Operations, the following shall be allotted, taken up and/or paid for by the following subscribers as follows:

SUBSCRIPTION IN P000

	Subscribed	Paid up	%
National Government	20,000	5,000	888.7
Province of	1,000	330	4.4

Leyte			
City of Tacloban	550	251	2.3
Municipalities:			
Palo	250	35	1.1
Alang-Alang	250	35	1.1
Barugo	125	15	0.6
San Miguel	125	15	0.6
Sta. Fe	75	5	0.4
Babatngon	75	5	0.4
Jaro	75	5	0.4
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	22,525	5,660	100

For the purposes of this Decree, municipalities, cities and provinces are hereby authorized to subscribe, own, buy or hold shares of stock of the Authority.

The total paid-up requirement shall be remitted to the treasury of the Authority upon its organization, with the National Government advancing the full requirement of five million six hundred sixty thousand pesos (P5,660,000) for and in its own behalf and that of the Province of Leyte, City of Tacloban and the municipalities of Alang-Alang, San Miguel, Sta. Fe, Palo, Barugo, Babatngon and Jaro. Yearly thereafter, for a period of four years, the National Government shall on each anniversary date of the organization of the Authority, advance to the Treasury of the Authority, for and in its own behalf and that of the local Governments concerned, one fourth of the balance of the total subscriptions until the whole subscription has been fully paid up. For this purpose, the necessary funds are hereby set aside and appropriated.

Beginning the sixth year of the Authority's operations, and every year thereafter up to the fifteenth year, the National Government shall liquidate its aforesaid advances by means of withholding, from the respective Internal Revenue allocation of each local government concerned, one-tenth of the full amount of paid-up subscription which the National Government may have advanced for each of the local governments mentioned.

Whenever demanded by the operation of the Authority, the Board of Directors may direct the public offering or private placement of the unissued shares of the Authority to private investors: *Provided*, That the total number of shares offered to private investors at any one time shall not exceed one-third of the total subscriptions of the Government in the Authority. Such offering may be made at such price and terms as the Board of Directors may at the time consider to be fair and reasonable.

SEC. 8. *Participations in the capital fund, for social services.* — The corpus of Capital Fund for Social Services shall consist of grants, endowments and bequests from, the Government, the private sector, foreign governments, and international institutions and foundations. All Social Services shall be exempted from gift, estate and inheritance taxes, and shall be fully deductible from the taxable income of the grantor.

The Capital Fund for Social Services shall be administered as a true trust fund, and shall for all legal purposes be invested with the attributes of a trust or estate subject to separate accounting and with capacity to borrow for and in its own behalf and