

**[ PRESIDENTIAL DECREE NO. 594, December 03,  
1974 ]**

**AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NUMBERED  
THIRTY HUNDRED AND THIRTY-FOUR ENTITLED "AN ACT  
CREATING THE MINDANAO DEVELOPMENT AUTHORITY,  
PRESCRIBING ITS POWERS, FUNCTIONS, AND DUTIES,  
PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES"**

**WHEREAS**, it is a declared policy to promote and accelerate the socio-economic growth and development of the Mindanao region;

**WHEREAS**, in pursuance of such policy there is an urgent need to strengthen and extend over-all support to the Mindanao Development Authority to enable it to meet the implementation requirements of its expanding programs and activities in its area of responsibility;

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers vested in me by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines and pursuant to Proclamation No. 1081 dated September 21, 1972, and General Order No. 1 dated September 22, 1972, as amended and in order to effect the desired changes and reforms in the social, economic and political structure of our Society, do hereby order and decree as follows:

**SECTION 1.** Section 1 of Republic Act numbered thirty hundred and thirty-four is hereby amended to read as follows:

**"SECTION 1. Declaration of policy.** — It is hereby declared to be the policy to foster the accelerated and balanced growth of the Mindanao and Sulu region, hereinafter referred to as the region, within the context of national plans and policies for social and economic development, through the leadership, guidance and support of the government. To achieve this end, it is recognized that a government corporation should be created for the purpose of drawing up the necessary plans for regional development; providing leadership in the setting up of pioneering or groundbreaking industrial and agricultural enterprises; coordinating or integrating the diverse efforts of the various public and private entities directly engaged in implementing plans and projects affecting power, manufacturing, mining transportation and communication, conservation, resettlement, education, extension work, health and other activities leading to the rapid, socio-economic growth of the region; and extending or facilitating the extension of financial, management and technical support to worthwhile industrial and commercial ventures within the region.

**SEC. 2.** Section 5, Subsections (a), (d), (e), (f) and (g) of the said Act are hereby amended to read as follows:

**"SEC. 5. Purposes.**—The Authority shall have the following purposes:

- a. To make a comprehensive survey of the physical and natural resources and potentialities of the region, including its social conditions, values and institutions, and special regional problems

and, on the basis thereof, to draft a comprehensive and detailed plan designed to promote the region's rapid social and economic development along the general lines set forth by the National Economic and Development Authority.

- d. To coordinate and/or integrated such projects or operations of local governments, governmental agencies, public corporations and, where clearly necessary and feasible, those of private entities, as bear directly upon the plans and activities of the Authority so as to make possible the accelerated and balanced development of the region within the context of the guidelines formulated by the National Economic and Development Authority; for this purpose, to set up a compact and well-trained staff for effective liaison and consultation or joint planning and/or implementation with such government and private entities: *Provided*, That disputes involving jurisdiction between the Authority and any department, bureau, office, or agency or instrumentality of the government within the area covered by this Act, and these arising in the coordination or integration of government plans, projects or operations in the area shall be settled by decisions of the President of the Philippines.
- e. To engage in industry, agriculture or other enterprises within the region which may be necessary or directly contributory to the socio-economic development of the region and, for this purpose, whether by itself or in cooperation with private persons or entities, to organize, finance, invest in, and operate subsidiary corporations when such an arrangement is clearly necessary to implement the powers granted to it by this Act: *Provided*, That the Authority shall engage only in those activities as are in the nature of pioneering ventures or are demonstrably beyond the scope, capacity, or interest of purely private enterprises due to consideration of geography, technical or capital requirements, returns on investments, and risks : *Provided, further*, That the Authority may undertake and/or invest in social and/or invest in social and/or service-oriented projects upon the prior approval of the President, on recommendation of the National Economic and Development Authority [NEDA].
- f. To advise, cooperate in and, if necessary, to undertake by itself the readjustment, relocation or resettlement of population in any part of the country that may be displace or affected by the socio-economic measures of the government in cooperation with the national, provincial, city and municipal agencies organized towards that end.
- g. To make a report annually to the National Economic and Development Authority and the President, based upon its continuing assessment and evaluation, in the light of the Authority's approved plans and objectives, of the progress of its activities, including those done in collaboration with various government and private entities engaged in the implementation of socio-economic plans and projects in the region, including in such report, among other items, a general survey of the social economic conditions of the regions, socio-economic problems having special reference to work of the Authority, a comparison of the development targets set for the year

ending and the manner in which actual accomplishments measure up to such targets, and appropriate administrative and legislative recommendations.

**SEC. 3.** Section 6, Subsections (f) and (h) of the same Act are hereby amended to read as follows:

**"SEC. 6.** *Power, functions, eminent domain, etc.* — Except as otherwise specifically provided in this act, the Authority-shall have the following powers and functions:

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- f. To acquire, lease, or hold such personal and real property as it deems necessary or convenient in the transaction of its business and may lease, mortgage, sell, alienate or otherwise dispose of any such personal and real property held by it.
- h. 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 Republic of the Philippines, but thereafter the title to all such real estate shall be transferred to the Authority by presidential decree or proclamation to accomplish the aims and purpose of this Act.

**SEC. 4.** Section 7, Subsection (c) of the same Act is amended to read as follows:

**"SEC. 7.** *Capitalization.* — The Authority shall have an authorized capital of three hundred million pesos (P300,000,000) which shall be fully subscribed by the Republic of the Philippines and shall be paid out as follows:

- c. In case the Authority shall undertake social and/or service-oriented projects as provided under Section 5 (e) of this Act, the Board of Directors may appropriate out of the Authority's revolving fund such amounts as may be necessary to prosecute the said projects. The National Government shall reimburse the authority for such expenses actually incurred in the prosecution of such projects which reimbursement shall accrue to the authority's revolving fund.

**SEC. 5.** Section 8 is hereby repealed in its entirety and a new provision to be known as Section 8 is hereby inserted which shall read as follows:

**"SEC. 8.** *Operating Expenses.*—For the operating expenses of the authority, the Board of Directors may appropriate out of the authority's revolving fund a sum not exceeding two million pesos during the fiscal year. A standing annual appropriation of two million pesos is hereby authorized to be appropriated in the General Appropriations Act for the current fiscal year, which amount shall be used to reimburse the authority of the total expenses actually incurred out of the two million pesos for operating expenses during the preceding fiscal year, which reimbursement shall accrue to the revolving fund. The unexpended balance of the appropriation for operating expenses shall automatically revert to said revolving fund at the end of each fiscal year and whatever

net income of the authority, if any, shall also accrue to the revolving fund. However, the Board of Directors may appropriate, in addition to the two million pesos operating expenses herein authorized, such amount as may be necessary to augment the operating expenses of the authority: *Provided*, That such additional appropriation shall be subject to the approval of the President, upon the recommendation of the National Economic and Development Authority.

**SEC. 6.** Section 9 of the same act is amended to read as follows:

**"SEC. 9. *Power to issue bonds.*** — Whenever the Board of Directors may deem it necessary for the Authority to incur an indebtedness or to issue bonds to carry out the provisions of this Act, it shall, by resolution, so declared 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 three members of such Board and approved by the President of the Philippines upon the recommendation of the National Economic and Development Authority, after consultation with the Monetary Board of the Central Bank.

**SEC. 7.** Section 21 of the same Act is amended to read as follows:

**"SEC. 11. *Form, rates of interest of bonds, etc.*** — The National Economic and Development Authority, 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 foreign currency. Said bonds shall be receivable as security in any transactions with the Government in which such security is required.

**SEC. 8.** Section 12 of the same Act is amended to read as follows:

**"SEC. 12. *Exemption from tax.*** — The Authority shall be exempt from all taxes, fees, imports and duties of whatever nature, whether national, provincial, city or municipal, incidental to its operations: *Provided*, That its subsidiary corporations shall likewise be exempt from all said taxes, fees, imports and duties: *Provided, further*, That in the event the Authority shall have transferred control or ownership of such subsidiary corporation to the private sector, the same shall be subject to all said taxes after said transfer. All notes, bonds and debentures and other obligations issued by the Authority shall be exempt from all taxes, both as to principal and interest.

**SEC. 9.** Section 13 of the same Act is amended to read as follows:

**"SEC. 13. *Sinking Fund.*** — A sinking fund shall be established in such manner that the total annual contributions thereto, accrued at such rate of interest as may be determined by the National Economic and Development Authority in consultation with the Monetary Board, shall be