



Presidential Decree No. 1703, s. 1980

Signed on [July 26, 1980](#)

MALACAÑANG
RESIDENCE OF THE PRESIDENT OF THE PHILIPPINES
MANILA

PRESIDENTIAL DECREE NO. 1703

AMENDING PRESIDENTIAL DECREE NO. 690.

WHEREAS, it is the policy of the Government to foster and accelerate the balanced growth of the Southern Philippines (Mindanao, Sulu, Basilan and Tawi-Tawi) for the national economic, social and political stability;

WHEREAS, surveys and studies indicate a pressing need to accelerate the economic growth and development of the region to make it more responsive to the national plans and policies within the context of national solidarity with the leadership, support and total commitment of the government;

WHEREAS, sustained development of the region will rely heavily on the capabilities of the people of the area to participate in the total effort in undertaking integrated development projects under one authoritative agency;

WHEREAS, the Southern Philippines Development Administration has been created by the Presidential Decree No. 690 to serve as the specific agency of the Government which is responsible for the initiation and/or implementation of development projects in Southern Philippines; and

WHEREAS, the Southern Philippines Development Administration, in order to more effectively and vigorously promote and enhance the development of Mindanao and Sulu Archipelago, should be restructured and strengthened.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree that Presidential Decree No. 690, otherwise known as the Southern Philippines Development Administration Charter, be amended to read as follows:

SECTION 1. *Short Title.* — This Decree shall be known as the “Revised Charter of the Southern Philippines Development Authority.”

SEC. 2. *Declaration of Policy.* — It is hereby declared the policy of the Government to foster and accelerate the balanced growth of the Southern Philippines within the context of national plans and policies, by the activation of mass participation in the processes of development to be exercised through a unified responsive agency; democratization of opportunity for improvement and maximization of benefits in the utilization and allocation of all the resources that may be available; utilization of income and profit for economic growth and development and in support of the required social innovations.

SEC. 3. *Creation of the Southern Philippines Development Authority.* — There is hereby created a body corporate to be known as the Southern Philippines Development Authority, hereinafter referred to as the “Authority” which shall be governed by the provisions of this Decree. Generally, the Authority shall undertake essentially developmental and economically viable ventures within its territorial boundaries of operations which is limited to the geographical coverage of Regions IX, X, XI and XII.

SEC. 4. *Principal Office; Term.* — The principal office of the authority shall be in Davao City. It may, however, establish such branches, subsidiaries, offices or agencies as it may deem proper and necessary for the attainment of the objectives of this Decree. The Authority shall have a term of fifty (50) years from the issuance hereof, renewable for the same period unless otherwise provided by law.

SEC. 5. *Purpose.* — The Authority shall have the following purposes and objectives:

- a) To promote the development of Southern Philippines by initiating and/or undertaking, by itself or otherwise, development and/or business projects of corporate, economic nature whether in agriculture, power, infrastructure, energy, public utilities, land development, manufacturing, exploration and/or utilization of natural resources and other fields or projects;
- b) To make investments in any field as would enhance the economic development of the region.

SEC. 6. *Powers and Functions of the Authority.* — The Authority shall exercise the following powers and perform functions:

- a) To succeed on its corporate name, with the power of succession.
- b) To sue and be sued in such corporate name.
- c) To adopt, alter and use a corporate seal, which shall be judicially noticed.
- d) To undertake the programs and projects specified or envisioned under Section 5 thereto.
- e) To make contracts of any kind and description to enable it to discharge its functions and attain the objectives provided in this Decree.
- f) To adopt, amend and repeal its by-laws.
- g) To acquire, lease or hold such personal and real property as it deems necessary or convenient in the transaction of its business and to lease out, mortgage, sell, alienate or otherwise dispose any such personal and real property held by it.
- h) To hold, own, possess, lease, convey and mortgage agricultural lands.
- i) To engage or invest in or extend loans and guarantees to, or enter, into joint ventures with Filipino and foreign investors as it may deem proper, and necessary or contributory to the economic development of Southern Philippines.
- j) To exercise the right of eminent domain as may be necessary for the purpose for which the corporation is created.
- k) Whenever essential to the proper transaction of its business or to carry out the purposes of its organization, to contract indebtedness and issue bonds.
- l) To charge and collect fees, dues or other charges at reasonable rates for such services and/or facilities that may be provided by the Authority.

SEC. 7. *Availability and Utilization of Public Lands.* — Upon request by the Authority and certification by the President, the

Bureau of Lands and Bureau of Forestry shall immediately make available and deliver necessary public lands, for the Authority's priority projects. The Authority is hereby empowered and authorized to hold, administer, utilize, encumber or otherwise deal with such land in the pursuit of the said priority projects.

SEC. 8. *Capital Stock*. — The Authority shall have an authorized capital stock of Five Hundred Million Pesos (P500,000,000.00) the amount to be fully subscribed and paid by the National Government, to be appropriated out of any funds in the National Treasury not otherwise appropriated. The present assets of the Authority may be revalued as of the date of the effectivity of this Decree and such revaluation may be reflected in the Authority's capitalization. Existing liabilities of the Authority due the National Government are hereby converted as capital of the Authority.

SEC. 9. *Operating Expenses*. — There is hereby appropriated the sum of Two Million Pesos out of the funds of the National Treasury not otherwise appropriated for the operating costs of the Authority for the remaining period of Fiscal Year 1980. Thereafter and for subsequent fiscal years, the amount of Ten Million Pesos shall be provided in the General Appropriations Act to cover the operating expenses of the Authority.

SEC. 10. *Power to Issue Bonds*. — Whenever the Board Directors may deem it necessary for the Authority to incur an indebtedness or to issue bonds to carry out the provisions of this Decree, it shall, by resolution, so declare 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 a simple majority of all the members of such Board and approved by the President of the Philippines upon the recommendation of the Secretary of Finance, after consultation with the National Economic and Development Authority and the Monetary Board of the Central Bank.

SEC. 11. *Sinking Fund*. — A sinking fund shall be established by the Authority in such manner that the total annual contributions thereto, accrued at such rate of interest as may be determined by the Minister of Finance in consultation with the Monetary Board, shall be sufficient to redeem at maturity the bonds issued under the provisions of this Decree. Said fund shall be under the custody of the Central Bank of the Philippines which shall invest the same in such a manner as the Monetary Board may approve, charging all expenses of such investment of said sinking fund, and crediting the same with the interest on investments and other income accruing thereto.

SEC. 12. *Government Guarantee*. — The Republic of the Philippines hereby guarantees the payment of the Authority of both the principal and interests on bonds, debentures, collaterals, notes or such other obligations incurred by the Authority by virtue of the provisions of this Decree, and shall pay the said principal and interest in case the Authority fails to pay the same. The Minister of Finance shall pay the amount thereof, to be appropriated from the funds of the National Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid, the Government of the Republic of the Philippines shall succeed to all the rights of the holders of such bonds, debentures, collaterals, notes or other obligations, unless the amount be refunded by the Authority within a reasonable time.

SEC. 13. *Foreign Loans*. — The Authority is hereby authorized 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, the total outstanding amount of which, exclusive of interest charges, shall not exceed two hundred million US Dollars or the equivalent thereof in other currencies at any one time on such terms and conditions as may be agreed upon.

The President of the Philippines, by himself, or through the Minister of Finance or the Governor of the Central Bank, is hereby further authorized to guarantee, absolutely and unconditionally, as primary obligor and not as surety merely, in the name and on behalf of the Republic of the Philippines, the payment of any loans herein authorized, as well as the performance of all or any of the obligations undertaken by the Authority, pursuant to loan agreements entered into with foreign government or any international financial institutions.

In the negotiation and contracting of any loan, credit or indebtedness under this SEC., the provision of SEC. Four of

Republic Act Numbered Four Thousand Eight Hundred Sixty, as provided in SEC. Five of Republic Act Numbered Six Thousand One Hundred Forty-Two, as amended, shall apply.

The loans, credits and indebtedness contracted under this subsection and the payment of the principal, interest and other charges thereon, as well as the importation of machinery, equipment, materials and supplies by the Authority, paid from the proceeds of any loan, credit or indebtedness incurred under this Decree shall also be exempt from all taxes, fees, imposts, other charges and restrictions imposed by the Republic of the Philippines, or any of its agencies and political subdivisions.

SEC. 14. *Board of Directors.* — The affairs and business of the Authority shall be directed and its property managed and preserved, unless provided in this Decree, by a Board of Directors, hereinafter referred to as the Board, consisting of eleven (11) members who are as follows:

- 1) The Minister of Human Settlements who shall act as the Chairman of the Board of Directors;
- 2) Six (6) regular members to be appointed by the President;
- 3) The two Chairmen of the Lupong Tagapagpaganap ng Pook of Regions IX and XII and the two Chairmen of the Regional Development Councils of Regions X and XI, as ex-officio members of the Board.

The members of the Board shall receive a per diems of Seven Hundred Fifty Pesos for every meeting of the Board attended; Provided, that in no case shall such per diems received by each exceed Two Thousand Two Hundred and Fifty Pesos per month. They shall likewise be reimbursed by the Authority for actual expenses for travelling and subsistence allowance incurred in attending such meetings, subject to the usual auditing and accounting requirements.

SEC. 15. *Organizational Structure.* — The Board of Directors shall determine the organizational structure, staffing pattern and pay scales of the Authority and the officers and employees thereof. The Board may reorganize the same and create or abolish divisions, officers, units, branches or agencies therein, as the exigencies of the affairs of the Authority may require.

SEC. 16. *Administrator.* — The Corporation shall have an Administrator to be appointed by the President of the Philippines who shall be the Chief Executive Officer of the Authority and ex-officio Vice-Chairman of the Board of Directors.

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

- a) To submit to the Board for consideration policies and measures which, in his judgment, are necessary to carry out the purposes and provisions of this Decree.
- b) To prepare the budget of the Authority for approval of the Board.
- c) To execute and administer the policies and measures approved by the Board.
- d) To direct and supervise the operations and internal administration of the Authority. He may delegate certain administrative responsibilities to other officers of the Authority subject to the rules and regulations of the Board.
- e) To appoint all employees of the Authority except the heads of the departments and divisions whose appointments shall be made by the Board of Directors upon his recommendations; and to remove, dismiss or otherwise discipline for cause, such employees in accordance with the standard guidelines for recruitment, employment and discipline of personnel which shall be enacted by the Board.
- f) To represent the Authority in all dealings with other offices, agencies and instrumentalities of the Government and with all persons and entities, public or private.

g) Subject to the approval of the Board, to determine the rates of compensation, allowances, honoraria and such other additional compensation which the Authority to grant its officers, technical staff and consultants, including the necessary detailed personnel.

h) To exercise such other powers as may be vested in him by the Board.

The Administrator shall receive a compensation of Ninety Six Thousand Pesos per annum.

SEC. 17. *Other Officers.* — The Administrator shall be assisted in carrying out the activities of the Authority by one or more Deputy Administrators who shall be appointed and removed for cause by the Board upon recommendation of the Authority. Their salaries shall be fixed by the Board pursuant to SEC. 15 hereof.

SEC. 18. *General Counsel.* — The Government Corporate Counsel shall be the General Counsel of the Authority who shall exclusively handle, control and supervise the legal affairs of the Authority and its subsidiaries. The Authority and its subsidiaries are hereby authorized to appropriate and pay such amount representing assessments by the Office of the Government Corporate Counsel for its operation and maintenance approved by the Office of the President. The Government Corporate Counsel may designate any of the lawyers in the Office of the Government Corporate Counsel to assist him in the discharge of his functions. The Authority may extend such allowances to such lawyers so designated in such amount as may be approved by the Board.

SEC. 19. *Merit System.* — All officials and employees of the Authority shall be selected and appointed on the basis of merit and fitness in accordance with the comprehensive and progressive merit system to be established by the Authority immediately upon its organization in accordance with Civil Service Law, rules and regulations. The recruitment, transfer, promotion and dismissal of all its personnel, including temporary workers shall be governed by such merit system.

SEC. 20. *Gratuity.* — An employee or Officer of the Authority not selected nor appointed by the Authority in case of future reorganization or who refuses such appointment shall be paid the money value of his accumulated vacation and sick leave, and such retirement gratuity as may be due him under existing retirement laws. Any of the employees who do not qualify under any existing retirement law may be paid one month salary for every year of service payable in lump sum. For this purpose, there is hereby appropriated out of any funds in the National Treasury not otherwise appropriated the sum of Two Million Pesos (P2,000,000.00) to provide for their separation gratuities, accumulated vacation and sick leave and/or retirement, when and if, payable and due to them.

SEC. 21. *Auditor.* — The Commission on Audit shall appoint, subject to the approval of the Board, a representative who shall be the Auditor of the Authority and such personnel as may be necessary to assist said representative in the performance of his duties. Subsidiaries of the Authority created and registered with the Securities and Exchange Commission are to be audited by independent Certified Public Accountant as may be approved by the Board.

SEC. 22. *Subsidiaries.* — The Authority shall have the power to form, establish, organize and maintain subsidiary corporation or corporations. Such subsidiary or subsidiaries shall be formed in accordance with the Philippine Corporation Law and existing rules and regulations promulgated by the Securities and Exchange Commission, unless otherwise provided in this Decree. In all cases, the Authority shall own initially at least fifty one (51%) per centum of the capital stock of each subsidiary.

A subsidiary of the Authority shall have a Board of Directors of at least five (5) members of which at least one director shall be elected from among the members of the Board of Directors of the Authority. In addition, the Chief Executive Officer of the Authority, or his duly designated representative from the Authority shall be an ex-officio member of the Board of Directors of each subsidiary established by the Authority.

Such subsidiaries shall be exempt from coverage of the Civil Service Decree, rules and regulations, and Office of Compensation and Position Classification.

SEC. 23. *Relationship With Regional Development Councils.* — To effectively implement its purposes, duties, powers and functions, the Authority shall coordinate with, consult or implement its policies and projects through the Regional Development Councils in Southern Philippines. In addition to their present powers, duties and functions, the Regional Development Councils in the Philippines shall have the following functions:

- a) Submit recommendation to the Authority on certain economic, development, industrial and corporate projects in and for their respective territorial jurisdiction;
- b) Assist and/or implement such projects as may be approved for their respective local governments;
- c) Furnish the Authority such data and information in their respective territorial jurisdiction which the Authority may deem vital and necessary in the pursuit of its purposes and objectives; and
- d) Coordinate among themselves in the planning and implementation of their respective economic development and industrial projects falling under the Authority.

SEC. 24. *Donations and Gifts.* — The Authority shall have the right to receive donations or bequests which shall be utilized only for the implementation of the programs and projects of the Authority. Such donations or bequests shall be exempt from the payment of gift taxes and full amount of such donations or bequest shall be deductible from the gross income of the donor for the year during which the same is made.

SEC. 25. *Administrative Supervision.* — The Authority shall be placed under the Ministry of Human Settlements under the direct supervision of the Minister of Human Settlements.

SEC. 26. *Applicability of the Corporation Law.* — The provisions of the Corporation Law, as amended insofar as they are not inconsistent with this Decree shall be applicable to the operations of the Authority.

SEC. 27. *By Laws and Rules and Regulations.* — The Board of Directors shall adopt its By-Laws promulgate the rules and regulations to implement the provisions of this Decree which shall take effect upon approval by the Minister of Human Settlements.

SEC. 28. *Separability Clause.* — Should any provision of the decree be held unconstitutional, no other provisions or parts thereof shall be affected thereby.

SEC. 29. *Repealing Clause.* — All other laws, decrees, acts, orders, executive orders, rules and regulations or parts thereof inconsistent herewith are hereby likewise repealed or modified accordingly.

SEC. 30. *Effectivity.* — This Decree shall take effect immediately.

Done in the City of Manila, this 26th day of July, in the year of Our Lord, nineteen hundred and eighty.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) JOAQUIN T. VENUS
Presidential Assistant

RESOURCES

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