

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **3147**

HOUSE OF REPRESENTATIVES

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Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

Explanatory Note

Article II, Section 16 of the Philippine Constitution provides, "The State shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature."

Lake Lanao is the second largest freshwater lake in the Philippines. It is located in the Province of Lanao del Sur and stands at 701.35 meters above sea level. It has an area of 354.60 square kilometres and a mean depth of 60 meters, with the deepest part at 112 meters. It is home to 18 endemic species of freshwater fish and supports a large number of water fowl.

The lake is known as one of the world's 17 ancient lakes, hence, its historical, cultural, economic, and ecological importance to the country, more importantly to the Maranao people who continue to live in its surroundings. It is highly suitable for fishing development and is a major source of livelihood among fisherfolks in the surrounding cities and municipalities of the lake. Lake Lanao is more importantly known, however, as a major source of energy in Mindanao. It supplies water to existing hydroelectric power plants in the area generating up to 70% of the island energy needs.

However, experts have expressed their concern with regard the deteriorating condition of the lake. Reportedly, a number of fish species endemic to the lake have gone extinct. The water quality has deteriorated due to a number of factors such as illegal logging, pollution, and other environmental activities in the area. Likewise, the absence of a clear framework to manage Lake Lanao also contributed to its current poor state.

This proposed measure therefore creates a Lake Lanao Development Authority that shall make and implement a comprehensive development plan designed to promote the rapid social and economic development of Lake Lanao as well as its protection and conservation. The Authority shall be governed by a Board of Directors who shall exercise the corporate powers granted under this bill. Moreover, the Authority is tasked to establish research centers to undertake studies on the marine and natural resources of Lake Lanao for policy or plan formulation. Finally, the Authority shall be exempt from taxes to allow the optimal use of its funds for the development of Lake Lanao.

In view of the foregoing, approval of this measure is earnestly sought.


HON. GARY C. ALEJANO

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AN ACT
CREATING THE LAKE LANAO WATERSHED DEVELOPMENT AUTHORITY AND
PROVIDING FUNDS THEREFOR

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

1 **SECTION 1. Title.** - This Act shall be known as the "Lanao Lake
2 Watershed Development Authority Act of 2016".
3

4 **SEC. 2. Declaration of Policy.** - It is hereby declared to be the national policy
5 to promote, and accelerate the development and balanced growth of the Lake Lanao
6 Watershed area consistent with the national and regional plans and policies for social
7 and economic development and to carry out a comprehensive development plan of the
8 Lake Lanao Watershed area, within the context of adequate provisions for
9 environmental management and control, preservation of the quality of human life,
10 environment and ecological systems.

11 It is further declared to be the policy of the State that the development plan of
12 Lake Lanao Watershed shall likewise promote higher productivity, increase income,
13 alleviate poverty, create more employment opportunities, encourage sustainable
14 development and people empowerment.
15

16 **SEC. 3. Creation of Lake Lanao Watershed Development Authority.** -
17 For the purpose of carrying out and effecting the declared policy, as provided
18 for in Section one hereof, there is hereby created a body corporate to be
19 known as the Lake Lanao Watershed Development Authority,
20 hereinafter referred to as the Authority, which shall be organized within
21 one hundred twenty (120) days after the approval of this Act. The
22 Authority shall execute the powers and functions herein vested and conferred
23 upon it in such a manner as will aid to the fullest possible extent in carrying
24 out the purposes set forth below.

1 **SEC. 4. *Supervision.*** - The Authority shall be under the supervision of the
2 Office of the President.

3
4 **SEC. 5. *Territorial jurisdiction.*** - Except as herein otherwise provided,
5 the Authority shall cover the Lake Lanao Watershed Area.

6
7 **SEC. 6. *Principal Office.*** - The principal office of the Authority shall
8 be located in Marawi City or any of its adjacent municipalities.
9 However, whenever it deems necessary, it may establish such branches,
10 subsidiaries, offices or agencies, in any municipality, or barangay in
11 Lanao del Sur or any focal government unit within the territorial jurisdiction
12 of Muslim Mindanao.

13
14 **SEC. 7. *Term.*** - The Authority shall have a term of fifty (50) years from
15 the effectivity of this Act renewable for the same period unless otherwise
16 provided by law.

17
18 **SEC. 8. *Special Powers and Functions.*** - The Authority shall exercise and
19 perform the following powers and functions:

20 1. To gather and collate planning data, research references, statistics, as well
21 as their relevant and essential elements,, and on the basis of such materials, draft a
22 holistic, rational, systematic, comprehensive plan consisting of the short, medium and
23 long-term programs for the development of the Lake Lanao area, after carefully
24 evaluating the present social and economic conditions, available resources and
25 opportunity costs, problems and difficulties, as well as the existing national and
26 regional policies and plans for the area and providing for such safeguards as are
27 necessary for ecological balance and environmental protection;

28 2. To monitor and coordinate the implementation of such plan according to
29 the Authority's multi-level and multi-sectoral programs, particularly, such part of the
30 Plan as will benefit the preservation and conservation of the ecological system, as
31 well as the protection and advancement of the environmental condition in the area; to
32 preserve life, protect public health and safety; and to maximize the utilization of the
33 area's spatial land, manpower resources and indigenous raw materials for agricultural,
34 industrial and commercial uses; water resources for fisheries and fishing; unique arts,
35 cultural designs and scenic landscapes for tourism; and to induce and engender higher
36 production, employment, income, savings and investments in the area for Its
37 economic growth and social progress;

1 3. To plan and coordinate the establishment of such economic and social
2 structures as may be necessary for entrepreneurial mobilization as will provide local
3 traders, craftsmen, farmers, fishermen, and workers access to credit facilities,
4 equipment and machineries, raw materials and agri-inputs, transportation and
5 communications, storage and drier, skills training and tax exemptions to fast-track the
6 development of the area by means of higher productivity in farming, manufacturing,
7 trading and fishing, stimulate the efficient use of the factors of production;

8 4. To identify and recommend viable areas which will be given priority
9 industrial and commercial development, as well as their possible sources of financing,
10 whether domestic or foreign; to encourage their early utilization and development for
11 economic growth and expansion through government action or by private initiative;
12 and to promote the use or appreciation of such modern technology, facilities and
13 equipment, methods and processes as are available for their maximum and
14 economical use;

15 5. To adopt workable and long-range policies for the intensification of local
16 products for export; to sustain agricultural, industrial and commercial development in
17 the area; to pave the way for the expansion of its domestic market structure, and to
18 support the internal growth of income and the accumulation of savings for local
19 investment;

20 6. To encourage people's participation in the organization and development of
21 cooperatives, nongovernmental organizations, neighborhood organizations and other
22 groups for the development of livelihood projects and for the economic upliftment
23 and amelioration of the members thereof through entrepreneurship development and
24 the provision of such technical and financial aids, as may be necessary, to make them
25 self-supporting, self-sustaining or self-reliant economic entities, especially such
26 sectoral livelihood projects or income generating activities which are capital-starved
27 but are otherwise profitable, labor-intensive and are utilizing indigenous local raw
28 materials and traditional skills, arts and designs to promote the expansion of micro-
29 enterprises in the area;

30 7. To coordinate and monitor the building, operation and transfer of projects
31 involving the construction of abattoirs, dams, reservoirs, roads, wharfs, telephones,
32 transmission projects as are necessary including pipes along rivers or its tributaries
33 subject to the approval of the President of the Philippines and upon the
34 recommendation of the department head concerned;

35 8. To propose the zonification and reclassification of land to the local
36 government units concerned;

1 9. To reclaim lands or cause the reclamation of portions of the lake including
2 foreshore and submerged areas by dredging, filling or other means, or acquire
3 reclaimed lands in joint venture with private entities under a sharing agreement,

4 10. To rationalize the uses of, or to hold, administer, utilize, encumber or
5 otherwise deal with public lands and/or to acquire, by purchase urban idle lands,
6 whether public or private for the underprivileged, displaced or homeless citizens; to
7 make available to them decent housing at affordable costs with appropriate basic
8 services and access to employment opportunities and/or "growth center" for
9 livelihood projects or income-generating projects;

10 11. To formulate and recommend plans, programs and projects and monitor
11 the issuance of licenses, franchises or concession relating to or for the utilization and
12 development of the natural resources of the area or any of the places within its
13 territorial jurisdiction subject to such limitations as are provided for by law or the
14 Constitution and to promulgate such rules and regulations as are necessary for the
15 preservation, conservation and advancement of the natural resources of the area,
16 prescribing therein the form and manner through which their uses or utilization may
17 be authorized particularly its timber, mineral land, water and fisheries resources
18 subject to the approval of the President, and upon the recommendation of the
19 Secretary of the Department of Environment and Natural Resources and the Secretary
20 of the Department of Agrarian Reform;

21 12. To coordinate programs, projects or activities pertaining to the
22 construction of infrastructure program such as river flood control, sewerage work,
23 water supply, irrigation and such other related public works as may be required under
24 its development plan or programs including the readjustment, relocation or restoration
25 of population within the area as may be necessary; and

26 13. To extend the Authority's expertise on planning, management and such
27 other facilities as may be necessary to prospective and present investors.

28
29 **SEC. 9. Corporate Powers.** - As a corporate body, the Authority shall
30 exercise its specific powers and functions as follows:

- 31 1) To succeed on its corporate name;
32 2) To sue and be sued in such corporate name;
33 3) To adopt, alter and use a corporate seal;
34 4) To adopt, amend, and repeal its by-laws;
35 5) To enter into contracts of any kind and description, to enable it to carry
36 out its purposes and functions under this Act;
37 6) To acquire, buy, purchase, hold or lease, such personal and real property
38 as it deems necessary or convenient in the transaction of its business and/ or in

1 relation with carrying out its purposes under this Act; and to lease, mortgage, sell,
2 alienate, or otherwise encumber, utilize, exploit or dispose and such personal and real
3 property held by it, subject to prior or existing individual or communal right of
4 private parties or of the government or any agency or enterprise thereof.

5 7) To exercise the right of eminent domain whenever the Authority deems it
6 necessary for the attainment of the objectives of the Authority under this Act;

7 8) To borrow funds from any local or foreign financial institutions
8 independent of the bonds it may issue or may continue to issue, to carry out the
9 purposes of this Authority under this Act;

10 9) To purchase, hold, alienate, mortgage, pledge or otherwise dispose of the
11 shares of the capital stock of, or any bond, securities, or other evidence of
12 indebtedness created by any other corporation, partnership, or government agencies
13 or instrumentalities, and with, the owner of said stock, to exercise all the rights of
14 ownership, including the right to vote thereon; Provided, That the authority shall not
15 invest its funds in any highly risky debt instruments issued without recourse to
16 commercial banks or investment houses as well as in any highly speculative stocks.

17 10) For carrying on its business, or for the purpose of attaining or furthering
18 any of its objectives, to perform any and all acts which a corporation, partnership, or
19 natural person is authorized to perform under the laws now existing or which may be
20 enacted hereafter;

21 11) To coordinate and integrate multi-sectoral participation and activities
22 relating to the utilization of Lake Lanao within the context of national plans and
23 policies for social and economic development;

24 12) To issue such rules and regulations as may be necessary to effectively
25 carry out the powers and purposes herein; provided including the plans, programs and
26 projects of the Authority, subject to the approval of the board of directors;

27 13) To undertake survey, inventory and appraisal of the lake watershed area
28 and develop comprehensive plan for its protection, conservation and development;

29 14) To address the concerns on land use planning and management and
30 flooding around the lake;

31 15) To conduct and/or promote special studies and researches with other
32 government or private agencies on all related aspects of water resources development,
33 such as but not limited to weather modification and environmental quality;

34 16) To exercise such powers and perform such other acts as may be necessary
35 to effectively carry out the provisions of this Act.

36
37 **SEC. 10. Capital Stock.** - The Authority shall have an authorized capital
38 stock of Two Hundred Million Pesos (P200,000,000.00) to be divided into

1 two million shares (2,000,000) shares of stocks with a par value of One
2 Hundred Pesos (P100.00) per share; Provided, That majority of the authorized
3 capital stock shall be subscribed by the national government and any of its
4 instrumentalities and the balance to be subscribed and paid by the private
5 sector: Provided further, That in the case of the national government,
6 the initial amount necessary to subscribe and pay for the initial shares of
7 stock shall be included in the annual General Appropriations Act.

8
9 **SEC. 11. *Operating Expenses.*** - The amount of Fifty Million Pesos
10 (P50,000,000.00) for the initial operating expenses of the Authority shall
11 be included in the General Appropriations Act. Thereafter, the Authority
12 shall provide for its operations and maintenance.

13
14 **Sec. 12. *Power to Incur Debts and to Issue Bonds.*** - Whenever the Board of
15 Directors may deem it necessary for the Authority to incur indebtedness or to issue
16 bonds to carry out the provisions of this Act, it shall by resolution so declare and state
17 be confirmed by the affirmative vote of the stockholders representing a majority of
18 the subscribed capital stock outstanding and entitled to vote.

19 The authority shall submit to the NEDA Board and the Monetary Board of
20 Central Bank, for approval, its proposal to incur indebtedness or to issue bonds. This
21 shall be considered authorized upon approval of the President of the Philippines.

22
23 **SEC. 13. *Sinking Fund Account.*** - A sinking fund shall be established in
24 such manner that the total annual contribution thereto accrued at such rate of interest
25 as may be determined by the Board of Directors as confirmed by the stockholders
26 representing a majority of the subscribed capital stock outstanding and entitled to
27 vote, shall be sufficient to redeem at maturity the bonds issued under this Act.

28 Such fund shall be under the custody of the treasurer of the Authority who
29 shall invest the same in such manner as the Board of Directors may direct, charge
30 expenses of investment to said sinking fund, and credit the same with the interest on
31 investment and other income according thereto.

32
33 **SEC. 14. *Authority to Contract Foreign Loan.*** - The Authority is hereby
34 authorized to contract loans, credits or indebtedness in any convertible foreign
35 currency or capital goods from time to time from foreign governments or any
36 international financial institutions or fund sources.

37 With the prior concurrence of the Monetary Board and in accordance with
38 Section 20 of Article VII of the Constitution, the President of the Philippines is

1 hereby further authorized to guarantee, in the name and/or behalf of the Republic of
2 the Philippines, the payment of any loans herein authorized, as well as the
3 performance of all or any of the obligations undertaken by the Authority, pursuant to
4 loan agreements entered into with foreign governments or any international financial
5 institutions.

6 In the negotiation and contracting of any loan, credit or indebtedness under
7 this section, the provision of Section 4 of Republic Act No. 4860, as provided in
8 Section 5 of Republic Act No. 6142, as amended, shall apply,

9 The foreign loans, credits or indebtedness contracted under this subsection
10 and the payment of the principal Interest and other charges thereon, as well as the
11 importation of machineries, equipment, materials and supplies by the Authority, paid
12 from the proceeds of any loan, credit or indebtedness, incurred under this Act shall be
13 exempt from all taxes, fees, imposts, other charges and restrictions imposed by the
14 Republic of the Philippines or any of the agencies and political subdivisions.

15
16 **SEC. 15. Tax exemption.** — Within five (5) years from the effectivity of this
17 Act, the Authority shall be exempt from the payment of income taxes, franchise taxes,
18 realty taxes, and all kinds of taxes and licenses to the national government, its
19 provinces, cities and municipalities and other government agencies and
20 instrumentalities; Provided, That its subsidiary corporation shall be subject to all said
21 taxes five (5) years after their establishment under graduated scale. Such exemption
22 shall include any tax or fee imposed by the government on the sale, purchase or
23 transfer of foreign exchange and all notes, bonds and debentures, and other
24 obligations issued by the Authority, both as to its principal and interest.

25
26 **SEC. 16. Structure, Staffing and Pay Scale.** - The Board shall determine the
27 organizational structure, staffing pattern and pay scale of the Authority, and the
28 officers and employees thereof conformably to that of existing government-owned or
29 controlled corporations and subject to existing rules and regulations of the Civil
30 Service Commission and the Department of Budget and Management.

31
32 **SEC. 17. Subsidiary Corporation.** - The Authority may, for the attainment of
33 its purpose and objectives, establish and maintain one or more subsidiary corporations
34 subject to the approval of the Securities and Exchange Commission. The Chief
35 Executive Officer of the Authority or his representative shall be ex officio member of
36 the Board of Directors of said subsidiary corporation.

1 **SEC. 18. Merit System.** - All officials and employees of the Authority and its
2 subsidiary corporation shall be selected and appointed on the basis of merit and
3 fitness, in accordance with a comprehensive and progressive merit system, which
4 shall be established by the Authority immediately upon its organization. The
5 recruitment, transfer, promotion and dismissal of its personnel including contractual
6 workers shall be governed by such merit system in accordance with existing laws,
7 rule and regulations.

8
9 **SEC. 19. Board of Directors.** - The corporate powers and functions of the
10 Authority shall be vested in and exercised by a Board of Directors, hereinafter
11 referred to as the Board, which shall be composed of eleven (11) members as follows:

- 12 1) Secretary, Department of Energy, as ex officio chairman;
- 13 2) Regional Governor, Autonomous Region In Muslim Mindanao as ex-
14 officio, Vice-Chairman;
- 15 3) President, National Power Corporation, as ex-officio member;
- 16 4) Provincial Governor, Lanao del Sur, as ex-officio member;
- 17 5) Representative, 1st District of Lanao del Sur;
- 18 6) Represetative of the Congressman, First District of Lanao del Sur;
- 19 7) City Mayor, Marawi City, as ex officio member;
- 20 8) Representative, Department of Environment and Natural Resources;
- 21 9) Representative, Department of Agriculture;
- 22 10) Representative, Department of Trade and industry; and
- 23 11) One (1) representative from the private sector, either from the cooperative
24 federation or union, nongovernmental organization or any duly registered
25 association to be appointed by the President of the Philippines who shall
26 serve for a term of three (3) years: Provided, That in the event of vacancy,
27 the successor appointed to fill the same shall serve only the unexpired
28 portion of the term of the member he succeeds.

29
30 **SEC. 20. Quorum.** - The presence of a majority of the members of
31 the board shall constitute a quorum for the transactions of the business the
32 board.

33
34 **SEC. 21. Meetings.** - The board shall meet preferably at its principal office
35 at least once a month and as frequently as necessary to discharge its duties and
36 responsibilities. The Board shall be convoked by the Chairman or upon the written
37 request of at least three (3) of its member. Except as otherwise provided for in this

1 Act, the votes of a majority of the members constituting a quorum shall be sufficient
2 for the adoption of any rule, resolution, decision or any act of the Board.

3 The members of the Board shall receive per diem for every meeting actually
4 attended and shall be reimbursed by the Authority for actual expenses (including
5 travelling and subsistence expenses) incurred by them in the performance of their
6 duties in accordance with existing law.

7
8 **SEC. 22. Powers and Functions** - The Board shall have the following
9 powers and functions;

- 10 1) To formulate policies, develop programs and establish projects, and
11 promulgate rules and regulations to govern the conduct of the affairs of the
12 authority;
- 13 2) To adopt and approve the annual or supplemental budget of the authority
14 to cover its financial operation;
- 15 3) To appoint and fix the compensation and allowances of all the officers and
16 employees of the Authority including the Deputy Administrator and
17 Assistant Deputy Administrator in accordance with existing laws;
- 18 4) Upon the majority vote of all members on the Board do suspend, remove
19 or otherwise discipline its officers and employees for just cause;
- 20 5) To submit an annual report to the President and render such special reports
21 as may be required or deemed necessary; and,
- 22 6) To perform such other functions as may be necessary to carry out the
23 provisions of this Act.

24
25 **SEC 23. Administrator.** - The Board shall have an administrator to be
26 appointed by the President of the Philippines who shall be the Chief executive officer
27 of the Authority. The administrator shall serve for a term of four (4) years subject to
28 renewal upon recommendation of the Board and at the pleasure of the President.

29 The administrator shall be assisted by such Deputy Administrator and
30 Assistant Deputy Administrator as the Board may authorize and appoint. Their
31 tenure, qualification and compensation shall be determined and fixed by the board in
32 accordance with existing laws.

33 Preferably, the administrator shall possess, at least, a master's degree in
34 economics or shall have attended an MBA course at a reputable institution of higher
35 learning for, at least, two (2) consecutive years. He must also have held for, at least
36 five (5) years an executive or managerial position, and he must be a native of the area
37 and is an actual resident thereof.

SEC. 24. Duties and Functions of the Administrator. - The administrator shall perform the following duties and functions:

- 1) Submit, for the consideration of the Board, the policies and measures which he believes to be necessary to carry out the provisions of this Act;
- 2) Execute and administer the policies and measures approved by the board;
- 3) Direct and supervise the operation and internal administration of the Authority. He may, for efficiency and effectiveness, delegate certain administrative responsibilities to other officers of the Authority subject to the rules and regulations of the Board;
- 4) Represent the Authority in all dealings with other offices, agencies and instrumentalities of the government and with all other persons, entities or enterprises, whether public or private, domestic or foreign;
- 5) Sign contracts entered into or concluded by the Board, and such other correspondence and documents of the Authority;
- 6) Represent the Authority, either personally or through counsel, in any legal action or proceedings; and,
- 7) Exercise such other duties and functions as may be granted to him by the Board.

SEC. 25. Service Departments. - There shall be created by the authority the following service departments: Administration Operation, Finance and Management, Planning and Programming, Legal, auditing, and such other department, division, section or unit as the Board may deem necessary to carry out its powers and functions. The tenure qualification and compensation of the personnel of these departments or any of its unit shall be determined and fixed by the Board in accordance with existing laws.

SEC. 26. Auditing. - The auditing department shall be headed by duly appointed paid according to law All personnel of the auditing department shall be appointed and their number and salaries fixed by the Commission on Audit in accordance with existing laws.

SEC. 27. Miscellaneous Provision. - Within ninety (90) days upon the effectivity of this Act, the Authority shall be organized to carry out its purposes and objectives: Provided, That the Authority shall, furthermore, within one (1) year upon organization, formulate a comprehensive plan for the rapid and balanced development of the Lake Lanao Area; Provided, finally, That the aforesaid plan shall be submitted

1 to the President after proper evaluation and upon the recommendation of the National
2 Economic and Development authority.

3
4 **SEC. 28. *Applicable of the Corporation Law*** - The provisions of the
5 corporation law, as amended, insofar as they are not inconsistent with this Act
6 shall be applicable to the operations of the Authority.

7
8 **SEC.29. *Repealing Clause.*** - All laws, decrees, orders, rules and
9 regulations or parts thereof inconsistent with the provisions of this Act are
10 hereby repealed, amended or modified accordingly.

11
12 **SEC. 30. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days after
13 its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,