

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
17<sup>th</sup> Congress  
First Regular Session  
Quezon City  
HOUSE BILL NO. 4329



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**INTRODUCED BY REPRESENTATIVE ANSARUDDIN A.M. A. ADIONG**

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**EXPLANATORY NOTE**

This bill seeks to create the Lake Lanao Development Authority and Provide Funds Therefor.

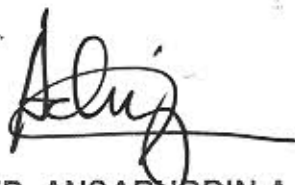
Lake Lanao is known to be one of the seventeen (17) ancient lakes in the whole world, and considered to be one of the earth's natural wonders in Asia. It is the second largest lake in the Philippines. Likewise, Lake Lanao is the most useful lake in the Philippines. It is highly suitable for fishery development. It is the major source of hydroelectric power of the island of Mindanao. It is also used to be the habitat of endemic fish species. It is the pride of the Maranao, the "people of the lake". It symbolizes our identity, culture, economy and spirituality.

However, through the years, no practicable measures and unified efforts of agencies concerned are being implemented to safeguard the ecological balance and environmental equilibrium of the Lake Lanao area. That is why, there have been various and growing clamors to save the endangered lake. Endemic fish species already disappeared. The water quality has deteriorated due to illegal logging, pollution and other environmental degradation activities in the area. The signs of neglect are now noticeable.

The lake has been the subject of intent studies. One study shows that there is a major fault-line that splits the lake's bedrock in a roughly northeast-southwest direction following the long axis of the lake. This fault-line is a southward extension of the fault-line which originates from Camiguin Island near Hibok-Hibok Volcano and extends to about 28 kilometers towards the center of the Lake's bedrock. The late Dr. Mamitua Saber, formerly Research Professor of the Mindanao State University in Marawi City, observed that fluctuations in the total weight of the water supported by the lake basin are undesirable. The fluctuations can cause vertical oscillations of unknown magnitude and may complicate the fractures in the lake bottom, especially along the immediate vicinity of the major fault-line. This may result in the production of bottom fissures of varying magnitudes that may lead somewhere else, not necessarily in the Lake Lanao area. They could produce leakage and decrease the volume of water in the lake and consequently lower its water level below the minimum requirements. If these happen, the power plants will be rendered useless.

Hence, the creation of the Lanao Lake Development Authority will undoubtedly save and rehabilitate the lake in distress. The preservation and advancement of the ecological system, environmental conditions, and rich marine resources of the Lanao Lake area will surely be addressed.

The urgency of the passage of this bill is earnestly sought for.

A handwritten signature in black ink, appearing to read 'Adiong', with a long horizontal stroke extending to the right.

REP. ANSARUDDIN A.M. A. ADIONG  
1<sup>st</sup> District, Lanao del Sur

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

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

Section 1. Title – This Act shall be known as the “Lanao Lake Development Authority Act of 2016”.

Section 2. Declaration of Policy – It is hereby declared to be the national policy to promote, and accelerate the development and balanced growth of the Lake Lanao area consistent with the national and regional plans and policies for social and economic development and to carry out a comprehensive development plan of the Lake Lanao area, within the context of adequate provisions for environmental management and control, preservation of the quality of human life, environment and ecological systems.

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

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

Section 4. Supervision – The Authority shall be under the supervision of the Office of the President.

Section 5. Territorial Jurisdiction – Except as herein otherwise provided, the Authority shall cover the Lake Lanao Area.

Section 6. Principal Office – The principal office of the Authority shall be located in Marawi City or any of its adjacent municipalities. However, whenever it deems necessary, it may establish such branches, subsidiaries, offices or agencies, in any municipality, or barangay in Lanao del Sur or any local government unit within the territorial jurisdiction of Muslim Mindanao.

Section 7. Term – The Authority shall have a term of fifty (50) years from the effectivity of this Act renewable for the same period unless otherwise provided by law.

Section 8. Special Powers and Functions – The Authority shall exercise and perform the following powers and functions:

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

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

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

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

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

- 6) To encourage people's participation in the organization and development of cooperatives, nongovernmental organizations, neighborhood organizations and other groups for the development of livelihood projects and for the economic upliftment and amelioration of the members thereof through entrepreneurship development and the

provision of such technical and financial aids, as may be necessary, to make them self-supporting, self-sustaining or self-reliant economic entities, especially such sectoral livelihood projects or income generating activities which are capital-starved but are otherwise profitable, labor-intensive and are utilizing indigenous local raw materials and traditional skills, arts and designs to promote the expansion of micro-enterprises in the area;

7) To coordinate and monitor the building, operation and transfer of projects involving the construction of abattoirs, dams, r servoirs, roads, wharfs, telephones, transmission projects as are necessary including pipes along rivers or its tributaries subject to the approval of the President of the Philippines and upon the recommendation of the department head concerned;

8) To propose the zonification and reclassification of land to the local government units concerned;

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

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

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

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

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

**Section 9. Corporate Powers** – As a corporate body, the Authority shall exercise its specific powers and functions as follows:

- 1) To succeed on its corporate name;
- 2) To sue and be sued in such corporate name;
- 3) To adopt, alter and use a corporate seal;
- 4) To adopt, amend, and repeal its by-laws;



- 5) To enter into contracts of any kind and description, to enable it to carry out its purposes and functions under this Act;
- 6) To acquire, buy, purchase, hold or lease, such personal and real property as it deems necessary or convenient in the transaction of its business and/or in relation with carrying out its purposes under this Act; and to lease, mortgage, sell, alienate, or otherwise encumber, utilize, exploit or dispose and such personal and real property held by it, subject to prior or existing individual or communal right of private parties or of the government or any agency or enterprise thereof.
- 7) To exercise the right of eminent domain whenever the Authority deems it necessary for the attainment of the objectives of the Authority under this Act;
- 8) To borrow funds from any local or foreign financial institutions independent of the bonds it may issue or may continue to issue, to carry out the purposes of this Authority under this Act;
- 9) To purchase, hold, alienate, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bond, securities, or other evidence of indebtedness created by any other corporation, partnership, or government agencies or instrumentalities-, and with, the owner of said stock, to exercise all the rights of ownership, including the right to vote thereon; Provided, That the authority shall not invest its funds in any highly risky debt instruments issued without recourse to commercial banks or investment houses as well as in any highly speculative stocks.
- 10) For carrying on its business, or for the purpose of attaining or furthering any of its objectives, to perform any and all acts which a corporation, partnership, or natural person is authorized to perform under the laws now existing or which may be enacted hereafter.
- 11) To coordinate and integrate multi-sectoral participation and activities relating to the utilization of Lake Lanao within the context of national plans and policies for social and economic development.
- 12) To issue such rules and regulations as may be necessary to effectively carry out the powers and purposes herein; provided including the plans, programs and projects of the Authority, subject to the approval of the board of directors.
- 13) To undertake survey, inventory, appraisal of the lake area and develop comprehensive plan for its protection, conservation and development;
- 14) To address the concerns on land use planning and management and flooding around the lake;
- 15) To conduct and/or promote special studies and researches with other government or private agencies on all related aspects of water resources development, such as but not limited to weather modification and environmental quality;
- 16) To exercise such powers and perform such other acts as may be necessary to effectively carry out the provisions of this Act.

Section 10. Capitol Stock – The Authority shall have an authorized capital stock of Two Hundred Million Pesos (P200,000,000.00) to be divided into two million shares (2,000,000) shares of stocks with a par value of One Hundred Pesos (P100.00) per share; Provided, That majority of the authorized capital stock shall be subscribed by the national government and any of its instrumentalities and the balance to be subscribed and paid by the private sector: Provided further, That in the case of the national government, the initial amount necessary to subscribe and pay for the initial shares of stock shall be included in the annual General Appropriations Act.

Section 11. Operating Expenses – The amount of Fifty Million Pesos (P50,000,000.00) for the initial operating expenses of the Authority shall be included in the General Appropriations Act. Thereafter, the Authority shall provide for its operations and maintenance.

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

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

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

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

Section 14. Authority to Contract Foreign Loan – The Authority is hereby authorized to contract loans, credits or indebtedness in any convertible foreign currency or capital goods from time to time from foreign governments or any international financial institutions or fund sources.

With the prior concurrence of the Monetary Board and in accordance with Section 20 of Article VII of the Constitution, the President of the Philippines is hereby further authorized to guarantee, in the name and/or 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 governments or any international financial institutions.

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

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

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

Section 16. Structure, Staffing and Pay Scale – The Board shall determine the organizational structure, staffing pattern and pay scale of the Authority, and the officers

and employees thereof conformably to that of existing government-owned or controlled corporations and subject to existing rules and regulations of the Civil Service Commission and the Department of Budget and Management.

Section 17. **Subsidiary Corporation** – The Authority may, for the attainment of its purpose and objectives, establish and maintain one or more subsidiary corporations subject to the approval of the Securities and Exchange Commission. The Chief Executive Officer of the Authority or his representatives shall be ex officio member of the Board of Directors of said subsidiary corporation.

Section 18. **Merit System** – All officials and employees of the Authority and its subsidiary corporation shall be selected and appointed on the basis of merit and fitness, in accordance with a comprehensive and progressive merit system, which shall be established by the Authority immediately upon its organization. The recruitment, transfer, promotion and dismissal of its personal including contractual workers shall be governed by such merit system in accordance with existing laws, rule and regulations.

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

- 1) Secretary, Department of Energy, as ex officio chairman;
- 2) Regional Governor, Autonomous Region in Muslim Mindanao as ex-officio, Vice-Chairman;
- 3) President, National Power Corporation, as ex-officio member;
- 4) Provincial Governor, Lanao del Sur, as ex-officio member;
- 5) Representative, 1<sup>st</sup> District of Lanao del Sur;
- 6) Representative, 2<sup>nd</sup> District of Lanao del Sur;
- 7) City Mayor, Marawi City, as ex-officio member;
- 8) Representative, Department of Environmental and Natural Resources;
- 9) Representative, Department of Agriculture;
- 10) Representative, Department of Trade and Industry; and
- 11) One (1) representative from the private sector, either from the cooperative federation or union, nongovernmental organization or any duly registered association to be appointed by the President of the Philippines who shall serve for a term of 3 years: Provided, That in the event of vacancy, the successor appointed to fill the same shall serve only the unexpired portion of the term of the member he succeeds.

Section 20. **Quorum** – The presence of a majority of the members of the board shall constitute a quorum for the transactions of the business the board.

Section 21. **Meetings** – The board shall meet preferably at its principal office at least once a month as frequently as necessary to discharge its duties and responsibilities. The Board shall be convoked by the Chairman or upon the written request of at least three (3) of its member. Except as otherwise provided for in this Act, the votes of a majority of the members constituting a quorum shall be sufficient for the adoption of any rule, resolution, decision or any act of the Board.

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

Section 22. **Powers and Functions** – The Board shall have the following powers and functions:



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

Section 23. Administrator – The Board shall have an administrator to be appointed by the President of the Philippines who shall be the Chief executive officer of the Authority. The administrator shall serve for a term of four (4) years subject to renewal upon recommendation of the Board and at the pleasure of the President.

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

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

Section 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) Executive 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.

Section 25. Department – 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.

Section 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.

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

Section 28. Applicable of the Corporation Law – The provisions of the corporation law, as amended, insofar as they are not inconsistent with this Act shall be applicable to the operations of the Authority.

Section 29. Repealing Clause – All laws, decrees, orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

Section 30. Effectivity Clause – This Act shall take effect upon its approved.

Approved.