

EIGHTEENTH CONGRESS OF THE  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

Senate Bill No. 389  
Office of the Secretary

SENATE

19 JUL 11 P 3:54

S.B. No. 389

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INTRODUCED BY SENATOR EMMANUEL D. PACQUIAO

**AN ACT  
CREATING LAKE LANAO DEVELOPMENT AUTHORITY PROVIDING FUNDS  
THEREFOR**

**EXPLANATORY NOTE**

Lake Lanao is the second largest lake in the Philippines and is one of the ancient lakes in the world. In 1992, Under Presidential Proclamation 971, Lake Lanao was proclaimed as a watershed reservation to ensure the protection of its forest cover and its water yield for irrigation, domestic use, and hydropower as it provides 30 percent of the region's energy.

It was once a home to various species such as cyprinid fish but its extinction was due to overfishing, pollution and competition in the lake. It was discovered that Lake Lanao is also contaminated with algae and has a major fault line that splits the lake's bedrock in a roughly northeast-southwest direction following the axis of the lake which can result to leakage and decrease in the volume of the water which will render the powerplants useless.

The purpose of this bill is to create the Lanao Lake Development Authority to ensure the protection, management and development of the watershed. The agency is tasked to administer and implement the over-all development of Lake Lanao and its surrounding areas. There is an immediate need to ensure the preservation and advancement of the ecological system and rich marine sources of the lake because it symbolizes not only the pride of the Maranao people but all the Mindanaoan people.

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



**EMMANUEL D. PACQUIAO**

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*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 “Lake Lanao Development Authority of  
2   2017.”

3  
4   **SEC. 2. Declaration of Policy.** – It is hereby declared a policy of the State to promote and  
5   accelerate the development and balanced growth of Lake Lanao and its surrounding cities and  
6   municipalities, within the context of national plans and policies for sustainable development,  
7   with due regards and adequate provisions for environmental management and control,  
8   preservation of the quality of human life and ecological systems and the prevention of undue  
9   ecological disturbances, deterioration and pollution.

10  
11       For purposes of this Act, the Lake Lanao Development Authority created under Section  
12   3 of this Act shall identify the surrounding cities and municipalities, which shall be known as  
13   the “Area.”

14  
15       **SEC. 3. Creation of the Lake Lanao Development Authority.** – To effectively carry out the  
16   declared policy, there is hereby created under the Office of the President of the Philippines, a  
17   body corporate to be known as the Lake Lanao Development Authority hereinafter referred to  
18   as the authority.

19  
20       **SEC. 4. Powers and Functions of the Authority.** – The Authority shall have the following  
21   purposes and functions:

22  
23       (a) To Make a comprehensive survey of the physical and natural resources and  
24   potentialities of Lake Lanao and the Area, particularly its social and economic  
25   conditions, hydrologic characteristics, power potentials, scenic and tourist spots,  
26   conservation of water resources and such other areas of concerns, and on the basis  
27   thereof, to craft a comprehensive and detailed Lake Lanao Development Plan to

1 promote its rapid social and economic development; *Provided, that*, the implementation  
2 of all fisheries plans and programs of the Authority shall require prior consultation with  
3 the Bureau of Aquatic Resources to ensure that such plans and programs are consistent  
4 with national fisheries plans and programs;

5  
6 (b) To pass upon and approve all plans, programs and projects proposed by local  
7 government units, public corporations and private entities that is related to the  
8 utilization of the resources and the development of Lake Lanao and the Area, and  
9 monitor the proper implementation of said plans, programs and projects, consistent with  
10 the objectives and purposes of this Act. With mandatory prior consultation with the  
11 Department of Environment and Natural Resources (DENR), the Authority shall issue  
12 the necessary permit for approved plans, programs and projects, *Provided, That*, any  
13 application for permit that has been disapproved the Authority may be appealed to the  
14 Office of the President within fifteen (15) days from receipt of such disapproval, whose  
15 decision shall be final;

16  
17 (c) To harness and promote private participation in business ventures in terms of capital  
18 expenditures, land, expertise, financing and their facilities for the development and  
19 growth of the Area;

20  
21 (d) To plan, program, finance and/or undertake infrastructure projects such as river, flood  
22 and tide control works, waster water and sewerage works, water supply, roads, pot  
23 works, irrigation, housing and related works when so required within the context of its  
24 development plans and programs, including the readjustment, relocation or restoration,  
25 or resettlement of population, as may be deemed necessary and beneficial by the  
26 Authority: *Provided, That*, should aby project be financed wholly or in part by the  
27 Authority, it is hereby authorized to collect reasonable fees and tolls as may be fixed  
28 by its Board of Directors from users and/or beneficiaries thereof to recover costs of  
29 construction, operation and maintenance of the projects:

30  
31 *Provided, Further*, That if the Authority should find it necessary to undertake such  
32 infrastructure project as social overheard capital projects, the Authority shall be  
33 authorized to receive financial assistance from the government and foreign donors,  
34 subject to such terms and conditions that may be imposed by the Government;

35  
36 (e) To reclaim or cause to be reclaimed portions of Lake Lanao or undertake reclamation  
37 projects and/or acquire such bodies of land from the Lake which may be necessary to  
38 accomplish the aims and purposes of the Authority; *Provided, That*, the land so  
39 reclaimed shall be the property of the Authority and title thereto shall be vested in the  
40 Authority: *Provided, further, That* the resulting lakeshore area shall continue to be  
41 owned by the National Government;

42  
43 (f) To establish research centers to undertake studies on the marine and other natural  
44 resources of Lake Lanao for policy or plan formation and project implementation;

- 1       (g) To exercise exclusive jurisdiction to issue new permit for the use of the lake waters for  
2       any projects, including navigation, construction, operation of fish pens, fish enclosures,  
3       fish corral and the like, and to impose necessary safeguard for lake quality control and  
4       management and to collect necessary fees for said activities and projects: *Provided,*  
5       *That*, the Authority's Board may determine new areas of fishery development or  
6       activities, taking into account the over-all development plans and programs for Lake  
7       Lanao: *Provided, further*, that the Authority shall, subject to the approval of the  
8       President of the Philippines, promulgate such rules and regulations which shall govern  
9       fisheries development activities in Lake Lanao, including the advisability of placing the  
10      supervision of said activities under the Bureau of Fisheries and Aquatic Resources of  
11      the local government units in the Area;
- 12
- 13      (h) To require the cities and municipalities embraced within the area to pass appropriate  
14      zoning ordinances and regulatory measures to carry out the objectives of the Authority  
15      and to enforce the same with the assistance of the Authority;
- 16
- 17      (i) The provisions of existing laws to the contrary notwithstanding, to exercise water rights  
18      over public water within the Lake Lanao area whenever necessary to carry out the  
19      Authority's projects;
- 20
- 21      (j) To promulgate and establish, in coordination with the Department of Environment and  
22      Natural Resources and other existing government agencies, water quality standards for  
23      industrial, agricultural and municipal waste discharges into the Lake and to ensure the  
24      cooperation of said existing agencies of the Government in enforcing such standards;  
25      and
- 26
- 27      (k) To undertake studies on the improvement and maintenance of the desirable water  
28      quality of Lake Lanao, and in pursuance thereof, prepare a water quality management  
29      program on a continuing basis, which the Authority shall carry out with the assistance  
30      and support of the national and local government units involved in water quality  
31      management.

- 1       e. To invest in or otherwise acquire, own, hold, use, operate, sell, assign, transfer,  
2       exchange, mortgage, pledge, lease, develop or otherwise deal in, real property of every  
3       kind and description, including shares of stock, bonds, debentures, notes, evidence of  
4       indebtedness, and other securities;
- 5       f. To exercise the right of eminent domain or acquire by purchase, privately-owned land  
6       within the area for purposes of implementing projects of the Authority;
- 7       g. To borrow funds from any local or foreign financial institutions independent of the  
8       bonds it may issue to carry out the purposes of the authority;
- 9       h. To acquire, lease, or own such property or assets in whatever form and serve as the  
10      custodian of such properties or assets, real or movable, and sell or otherwise dispose of  
11      the same as the Authority may deem it necessary in the pursuit of its aims, objectives  
12      and purposes;
- 13      i. To lend or facilitate the extension of financial assistance and/or act as surety or  
14      guarantor to worthwhile agricultural industrial and commercial enterprises;
- 15      j. To accept grants, donations, gifts, bequests, funds, and/or properties in whatever form  
16      and whatever source in coordination with the appropriate agency and administer the  
17      same in accordance with the terms thereof, or in the absence of any condition, in such  
18      manner consistent with the policy, aims and objectives of the Authority provided for in  
19      this Act;
- 20      k. To enter into a contract of any kind and description to enable it to carry out its purposes  
21      and objectives;
- 22      l. To issue such rules and regulations as may be necessary to effectively carry out the  
23      powers and purposes herein provided, including plans, programs and projects of the  
24      Authority, the same to take effect thirty (30) days after publication thereof, in a  
25      newspaper of general circulation; and
- 26      m. For the purposes of attaining or in furtherance of any of its objectives, to perform any  
27      and all acts which a corporation, co-partnership, or natural person is authorized to  
28      perform under the laws existing or which may be enacted hereafter.

29  
30      **SEC. 6. Capitalization** – The Authority shall have an authorized capitalization of two billion  
31      pesos (2,000,000,000php) no par value shares, of which the amount of one billion pesos  
32      (1,000,000,000php) shall be subscribed by the provinces, cities, and municipalities in the Area  
33      and at least twenty-five percent (25%) shall be subscribed by the National Government.

34  
35      **SEC. 7. Power to Incur Debts and to Issue Bonds.** – Whenever the Board of Directors may  
36      deem it necessary for the Authority to incur an indebtedness or to issue bonds to carry out the  
37      provisions of this Act, it shall, by resolution, so declare and state the purposes for which the  
38      proposed debt is to be incurred. The resolution shall be passed by the affirmative vote of at  
39      least four (4) members of the Board and approved by the President of the Philippines upon the  
40      recommendation of the Secretary of Finance in consultation with the National Economic  
41      Development Authority (NEDA) and the Monetary Board.

42  
43      **SEC. 8. Tax Exemption.** – The Authority shall be exempt from payment of all taxes imposed  
44      by the National Government, its provinces, cities, municipalities and other government  
45      agencies and instrumentalities: *Provided, That*, its subsidiary corporations shall be subject to

1 all said taxes five (5) years after their establishment under a graduated scale. Such exemption  
2 shall include any tax or free imposed by the Government on the sale, purchase or transfer of  
3 foreign exchange and all notes, bonds, and debentures, and other obligations issued by the  
4 Authority, both as to the principal and interest.

5  
6 **SEC. 9. Governing Body.** – The corporate powers and functions of the Authority shall be vested  
7 in and exercised by a Board of Directors, hereinafter referred to as the Board, which shall be  
8 composed of the Philippines who shall serve for a term of six (6) years, unless sooner removed  
9 from or is incapacitated to perform functions of the office; *Provided, That*, a majority of the  
10 members of the Board must be residents of Lanao del Sur and Lanao del Norte.

11  
12 In case of any vacancy in the Board, the same shall be filled by the President of the  
13 Philippines for the unexpired term.

14  
15 No person shall be appointed as Chairman or member of the Board, or as General  
16 Manager, unless he is a natural-born citizen of the Philippines, at least thirty (30) years of age  
17 and of proven probity and integrity. In addition, the General Manager shall likewise have  
18 demonstrated executive competence and experience in the field of public administration or the  
19 management of agricultural, industrial or commercial enterprises and knowledgeable of the  
20 socio-economic conditions of Lake Lanao and its surrounding cities and municipalities.

21  
22 **SEC. 10. Prohibition against Conflict of Interest.** – No member of the Board shall be  
23 financially interested, directly or indirectly, in any contract entered into by the Authority or in  
24 any special privilege granted by the Authority during his term of office. All contracts entered  
25 in violation of the provision of this Section shall, by two-thirds (2/3) vote of the Board,  
26 automatically be disqualified from serving his unexpired term, and he shall furthermore be  
27 perpetually disqualified for membership in the said Board.

28  
29 **SEC. 11. Compensation** – The General Manager shall receive compensation in accordance  
30 with the Compensation and Position Classification Act of 1998 and shall not engage in any  
31 business, calling or profession during his term of office other than those connected with the  
32 performance of his official functions and duties.

33  
34 The members of the Board shall receive, for every meeting actually attended, a per  
35 diem of two thousand pesos (2,000php): *Provided, that*, such per diem shall not exceed six  
36 thousand pesos (6,000php) during any month for each member. Members of the Board shall be  
37 reimbursed by the Authority for actual expenses (including traveling and subsistence expenses)  
38 incurred by them in the performance of their duties for the Authority as may be specifically  
39 authorized by the Board.

40  
41 **SEC. 12. Quorum** – The presence of four (4) members of the Boards, including the Chairman  
42 or Vice-Chairman, shall constitute a quorum for the transaction of the business of the Board.

43  
44 **SEC. 13. Meetings of the Board.** The Board shall meet preferably at its principal office at least  
45 once a month and as frequently as necessary to discharge its duties and responsibilities

properly. The Board shall be convened by the Chairman or upon the written request of a majority of its members. Except when otherwise provided for in this Act, the vote 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.

**SEC. 14. Powers and Functions of the Board.** – The Board shall have the following powers and functions:

- a. To formulate, prescribe, amend and repeal rules and regulations to govern the conduct of business of the Authority;
- b. To appoint and fix the compensation of all officials from division heads and above, and others of comparable rank, including the Assistance General Manager;
- c. By a majority vote of all members of the Board, suspend, remove or otherwise discipline for just cause all officials appointed by the Board;
- d. To approve the annual and/or supplemental budgets of the Authority;
- e. To render annual reports to the President and such special reports as may be requested; and
- f. To do such other acts and perform such other functions as may be necessary to carry out the provisions of this Act.

**SEC. 15. Powers and Functions of the General Manager.** – The General Manager shall be the chief executive of the Authority, as such, he or she shall have the following powers and functions:

- a. To submit, for the consideration of the Board, the policies and measures which he or she believes to be necessary to carry out the purposes and provisions of this Act;
- b. Execute and administer the policies, plans, programs and projects approved by the Board;
- c. Direct and supervise the operation and internal administration of the Authority. The General Manager may delegate some of his or her administrative responsibilities to other officers of the Authority subject to the rules and regulations of the Board;
- d. Prepare the annual budget of the Authority for the consideration of the Board;
- e. Prepare the plantilla and appoint officials and employees below the rank of division heads, to positions in the approved budget upon written recommendations of the division head concerned, using as a guide the standard set forth and such other parts as may be required;
- f. Exercise such other powers as may be vested in him by the Board.

**SEC. 16. Representation of the Authority.** – The General Manager shall be the principal representative of the Authority. He shall be empowered, in such capacity and in accordance with the instructions of the Board:

- a. To represent the Authority in all dealings with other offices, agencies, and instrumentalities of the Government and will all other persons and entities, whether public or private domestic, foreign or international;

- 1        b. To sign contracts concluded by the Authority, annual reports, balance sheets, profit and  
2              loss statements, correspondences and other documents of the Authority; and  
3        c. To represent the Authority, either personally or through counsel, in any legal  
4              proceedings or actions.

5        **SEC. 17. Departments.** – There shall be created the following departments within the authority:  
6              The Administrative, Legal, Operations, Financial and Management, Auditing, Planning and  
7              Programming, and such other department as may be necessary to effectively carry out the  
8              functions of the Authority. The head of each Department shall be appointed by the Board upon  
9              recommendation of the General Manager, and shall receive an annual compensation as may be  
10             fixed by the Board.

11        **SEC. 18. Auditing.** – The auditing department shall be headed by the duly appointed  
12             representative of the Commission on Audit whose salary shall be determined and paid  
13             according to law. All personnel of the auditing department shall be appointed, and their number  
14             and salaries fixed by the Commission on Audit.

15        **SEC. 19. Appropriations.** – The sum of fifty million pesos (50,000,000php) necessary for the  
16             initial operating expenses of the Authority is hereby charged to the appropriations authorized  
17             for the Regional Development Fund. Thereafter, the sum necessary for the continued operation  
18             and maintenance of the Authority shall be included in the annual budget of the Office of the  
19             President.

20        **SEC. 20. Repealing Clause.** – All republic acts, executive orders, rules and regulations, and  
21             other issuances, or parts thereof, that are inconsistent with the provisions of this Republic Act  
22             are hereby repealed or modified accordingly.

23        **SEC. 21. Separability Clause.** – If for any reason or reasons, any part or provision of this Act  
24             shall be declared or held to be unconstitutional or invalid other parts or provisions hereof,  
25             which are not affected thereby shall continue to be in full force and effect.

26        **SEC. 22. Effectivity Clause.** – This Act shall take effect fifteen (15) days after its publication  
27             in the Official Gazette or in at least two (2) national newspapers of general circulation.

34  
35              *Approved,*