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**SENATE**

S.B. No. 1581

RECEIVED BY: *ji*

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Introduced by Senator Manuel "Lito" M. Lapid

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**EXPLANATORY NOTE**

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 kilometers and a mean depth of 60 meters, with the deepest part at 112 meters.

The lake is home to 18 endemic species of freshwater fish and supports a large number of waterfowl. A hydroelectric plant installed on the Lanao Lake and Agus River system generates 35% to 40% of the electricity that powers Mindanao. Lake Lanao is also a major source of livelihood among fisherfolks in the surrounding cities and municipalities of the lake.

Over the past months, the National power Corporation, the Department of Agriculture, and several local communities have expressed concern over the deteriorating condition of the lake. Because of its economic benefits and environmental importance to the people of Lanao, it is important that we ensure the proper utilization, sustainable development and preservation of Lake Lanao. This proposed measure seeks to create a centralized governmental agency tasked to oversee and implement the over-all development of Lake Lanao and its surrounding areas.

The proposed measure 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. 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.

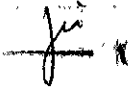
In view of the foregoing, early passage of this bill is earnestly requested.

**MANUEL "LITO" M. LAPID**  
Senator

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**SENATE**

S. No. 1581

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**AN ACT**  
**CREATING THE LAKE LANA O DEVELOPMENT AUTHORITY, DEFINING**  
**ITS POWERS, FUNCTIONS, AND DUTIES, AND APPROPRIATING FUNDS**  
**THEREFOR**

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

1        **SECTION 1. Short Title.** - This Act shall be known as the "**Lake Lanao**  
2 **Development Authority Act of 2013**".

3  
4        **SEC. 2. Declaration of Policy.** - It is the policy of the State to promote and  
5 accelerate the development of Lake Lanao and the local government units (LGUs) in its  
6 vicinity, within the context of national plans and policies for sustainable development. In  
7 pursuit of this policy, the State shall act with due regard and adequate provision for  
8 environmental management and control, preservation of the quality of human life and  
9 ecological systems, and the prevention of undue ecological disturbances, deterioration  
10 and pollution.

11  
12  
13        **SEC. 3. Creation of the Lake Lanao Development Authority.** - There is  
14 hereby created under the Office of the President, a body corporate to be known as the  
15 Lake Lanao Development Authority hereinafter referred to as the "Authority".

16  
17        **SEC. 3. Covered Area.** - The whole area covered by the waters of Lake  
18 Lanao as well as the local government units directly surrounding the same, such vicinity  
19 to be specifically identified and delineated by the Authority, shall be subject to the  
20 provisions of this Act and shall hereafter be referred to as the "Area".

21  
22        **SEC. 4. Powers and Functions of the Authority.** - The Authority shall  
23 have the following powers and functions:

24  
25        (a) To make a comprehensive survey of the condition and natural of the Area,  
26 particularly its social and economic potential, hydrologic characteristics, power  
27 generation potential, scenic and tourism value, and such other areas of concerns;

28        (b) On the basis of the survey conducted pursuant to paragraph (a), to craft a  
29 comprehensive and detailed Lake Lanao Development Plan to promote rapid social and  
30 economic development: *Provided*, That the implementation of all fisheries plans and  
31 programs of the Authority shall require prior consultation with the Bureau of Fisheries  
32 and Aquatic Resources to ensure consistency with national fisheries plans and  
33 programs;

34

1 (c) To review and decide on proposals from local government units, public  
2 corporations, and private entities that relate to the development of the Area and the  
3 utilization of its resources;

4  
5 (d) To monitor the proper implementation, consistent with the objectives and  
6 purpose of this Act of said plans, programs, and projects approved in accordance with  
7 the previous paragraph and consistent with the objectives and purposes of this Act;

8  
9 (e) Upon prior consultation with the Department of Environment and Natural  
10 Resources (DENR), the Authority shall have the power to issue the necessary permits  
11 for approved plans, programs, and projects;

12  
13 (f) To promote private participation and business ventures in the form of  
14 capital expenditures, real property, expertise, financing, and facilities for the  
15 development and growth of the Area;

16  
17 (g) To plan, program, finance, or undertake infrastructure projects, such as  
18 river, flood, and tide control works, waste water and sewerage works, water supply,  
19 roads, pot works, irrigation, housing, and related works, when so required within the  
20 context of its development plans and programs, and in accordance therewith, to pursue  
21 the readjustment, relocation, restoration, or resettlement of affected populations, if the  
22 same shall be deemed necessary and beneficial;

23  
24 (h) Should any project be financed wholly or in part by the Authority, it may  
25 collect reasonable fees and tolls as may be fixed by its Board of Directors from users  
26 and/or beneficiaries to recover costs of construction, operation, and maintenance of the  
27 project: *Provided*, That if the Authority deems it necessary to undertake an infrastructure  
28 project as a social overhead capital project, the Authority may receive financial  
29 assistance from the government or foreign donors, subject to such terms and conditions  
30 as may be imposed by law or regulations;

31  
32 (i) To reclaim or cause to be reclaimed portions of Lake Lanao to acquire  
33 such bodies of land adjacent to the Lake which may be necessary to accomplish the  
34 aims and purposes of the Authority: *Provided*, That the land so reclaimed shall be the  
35 property of the Authority and title thereto shall be vested in the Authority: *Provided*,  
36 *further*, That the resulting lakeshore area shall continue to be the property of the State;

37  
38 (j) To establish research centers for or undertake studies on marine and  
39 other natural resources of Lake Lanao for policy or plan formation and project  
40 implementation;

41  
42 (k) To exercise exclusive jurisdiction over the issuance of new permits for the  
43 use of lake waters for any projects, including navigation, construction, operation of fish  
44 pens, fish enclosures, fish corral, and the like; to impose necessary safeguards for lake  
45 quality control and management; and to collect necessary fees for said activities and  
46 projects: *Provided*, That the Authority's Board may determine new areas of fishery  
47 development or activities, taking into account the over-all development plans and  
48 programs for Lake Lanao: *Provided, further*, That the Authority shall, subject to the  
49 approval of the President of the Philippines, promulgate rules and regulations to govern  
50 fisheries development activities in Lake Lanao, as well as the advisability of placing the  
51 supervision of said activities under the Bureau of Fisheries and Aquatic Resources of  
52 the local government units in the Area;

53  
54 (l) To require the vicinity covered by the Area to pass appropriate zoning  
55 ordinances and regulatory measures to carry out the objectives of the Authority and to  
56 enforce the same with the latter's assistance;

1 (m) The provisions of existing laws to the contrary notwithstanding, to exercise  
2 water rights over Lake Lanao, whenever necessary to carry out the Authority's projects;  
3

4 (n) To promulgate and establish, in coordination with the Department of  
5 Environment and Natural Resources and other concerned government agencies, water  
6 quality standards for industrial, agricultural, and municipal waste discharge into the  
7 Lake;  
8

9 (o) To ensure the cooperation of concerned agencies of the Government in  
10 enforcing water quality standards; and  
11

12 (p) To undertake studies on the improvement and maintenance of the  
13 desirable water quality of Lake Lanao, and in pursuance thereof, prepare a water quality  
14 management program on a continuing basis, which the Authority shall carry out with the  
15 assistance and support of the national and local government units involved in water  
16 quality management.  
17

18 **SEC. 5. Corporate Powers.** - The Authority shall exercise the following  
19 powers and functions:  
20

- 21 a. To sue and be sued;
- 22 b. To adopt and use a corporate seal;
- 23 c. To undertake the programs and projects specified in Section 4 hereof;
- 24 d. To engage in agricultural, industrial, commercial, or such other activities  
25 necessary or directly contributory to the socio-economic development of the Area, and,  
26 whether by itself or in cooperation with private entities, to organize, finance, invest in,  
27 and operate subsidiary corporations for this purpose; *Provided*, That the Authority shall,  
28 unless public interest requires otherwise, only engage in activities that are in the nature  
29 of new ventures or are clearly beyond the scope, capacity, or interest of private  
30 enterprises;
- 31 e. To invest in or otherwise acquire, own, hold, use, operate, sell, assign,  
32 transfer, exchange, mortgage, pledge, lease, develop or otherwise deal in real property  
33 and securities of any kind and description, including, but not limited to, shares of stock,  
34 bonds, debentures, notes, and other such evidence of indebtedness;
- 35 f. To exercise the power of eminent domain or acquire privately owned land  
36 within the Area for the purpose of implementing projects of the Authority;
- 37 g. To borrow funds from any local or foreign financial institutions independent  
38 of the bonds it may issue to carry out the purpose of the Authority;
- 39 h. To acquire, lease, or own such property or assets in whatever form and to  
40 act as custodian over such properties or assets, real or movable, and to sell or  
41 otherwise dispose of the same as the Authority may deem necessary in the pursuit of its  
42 aims, objectives, and purposes;
- 43 i. To lend or facilitate the extension of financial assistance to, and/or act as  
44 surety or guarantor for worthwhile agricultural, industrial, and commercial enterprises;
- 45 j. To accept grants, donations, gifts, bequests, funds, and/or properties in  
46 whatever form and from whatever source, in coordination with appropriate agencies and  
47 administer the same in accordance with the terms thereof, or in the absence of any  
48 condition, in such manner consistent with the policy, aims, and objectives of the  
49 Authority provided for in this Act;
- 50 k. To enter into a contract of any kind and description to enable it to carry out  
51 its purposes and objectives; and
- 52 l. For the purpose of attaining or in furtherance of any of its objectives, to  
53 perform any and all acts which a corporation, partnership, or other juridical person is  
54 authorized to perform.  
55

56 **SEC. 6. Capitalization.** - The Authority shall have an authorized capital of  
57 Two Billion Pesos (Php2,000,000,000), of which the amount of One Billion Pesos

1 (Php1,000,000,000) shall be subscribed by the provinces, cities, and municipalities in  
2 the Area and at least twenty-five percent (25%) thereof to be subscribed by the National  
3 Government.

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

13  
14 **SEC. 8. Denial of Permit Applications.** - Any application for permit  
15 pursuant to Section 5(e) herein that is disapproved by the Authority may be appealed to  
16 the Office of the President within fifteen (15) days from the applicant's receipt of the  
17 denial. The decision of the Office of the President shall be final.

18  
19 **SEC. 9. Tax Exemption.** - The Authority shall be exempt from payment of  
20 all taxes payable to the National Government or concerned local government units:  
21 *Provided, That,* its subsidiary corporations shall be subject to taxes for the first five (5)  
22 years after their establishment.

23  
24 **SEC. 10. Governing Body.** - The corporate powers and functions of the  
25 Authority shall be vested in and exercised by a Board of Directors, hereafter referred to  
26 as the Board, which shall be composed of a Chairman and six (6) members, to be  
27 appointed by the President of the Philippines and who shall serve for a term of six (6)  
28 years, unless sooner removed from or incapacitated to perform functions of the office:  
29 *Provided, That* a majority of the members of the Board must be residents of Lanao del  
30 Sur and Lanao del Norte.

31  
32 In case of any vacancy in the Board, the same shall be filled by the President of  
33 the Philippines for the unexpired term.

34  
35 No person shall be appointed as Chairman or member of the Board, or as  
36 General Manager, unless he is a natural-born citizen of the Philippines, at least thirty  
37 (30) years of age and of proven probity and integrity. In addition, the General Manager  
38 should have demonstrated competence and experience in the field of public  
39 administration or the management of agricultural, industrial, or commercial enterprises,  
40 and should be knowledgeable of the socioeconomic conditions of the Area.

41  
42 **SEC. 11. Prohibition Against Conflict of Interest.** - No member of the  
43 Board shall be financially interested, directly or indirectly, in any contract entered into by  
44 the Authority or in any special privilege granted by the Authority during his term of office.  
45 Any member who violates this Section shall, by two - thirds (2/3) vote of the Board,  
46 automatically be disqualified from serving his unexpired term, and he shall furthermore  
47 be perpetually disqualified from membership in the said Board.

48  
49 **SEC. 12. Compensation.** - The General Manager shall receive  
50 compensation in accordance with the Compensation and Position Classification Act of  
51 1998 and shall not engage in any business, calling, or profession during his term of  
52 office other than those connected with the performance of his official functions and  
53 duties.

54  
55 The members of the Board shall receive, for every meeting actually attended, a  
56 per diem of Two Thousand Pesos (Php2,000): *Provided, That* such per diem shall not  
57 exceed Six Thousand Pesos (Php6,000) per month. Members of the Board shall be

1 reimbursed by the Authority for actual expenses, including travel and subsistence  
2 expenses, incurred by them in the performance of their duties for the Authority as may  
3 be specifically authorized by the Board.  
4

5 **SEC. 13. Quorum.** - The presence of four (4) members of the Board,  
6 including the Chairman or Vice-chairman, shall constitute a quorum for the transaction  
7 of business.  
8

9 **SEC. 14. Meetings of the Board.** - The Board shall meet, preferably at its  
10 principal office, at least once a month and as frequently as necessary to discharge its  
11 duties and responsibilities. The Board shall be convened by the Chairman or upon the  
12 written request of a majority of its members. Except when otherwise provided for in this  
13 Act, the vote of a majority of the members constituting a quorum shall be sufficient for  
14 the adoption of any rule, resolution, decision, or act of the Board.  
15

16 **SEC. 15. Powers and Functions of the Board.** - The Board shall have the  
17 following powers and functions:

18 a. To formulate, prescribe, amend, and repeal rules and regulations to  
19 govern the conduct of business of the Authority;

20 b. To appoint and fix the compensation of all officials of the level of division  
21 head and above, and others of comparable rank, including the Assistant General  
22 Manager;

23 c. By a majority vote of all members of the Board, suspend, remove, or  
24 otherwise discipline officials appointed by the Board, provided that the same be for just  
25 cause;

26 d. To approve the annual and/or supplemental budgets of the Authority;

27 e. To render annual reports to the President and such special reports as may  
28 be requested; and

29 f. To do such other acts and perform such other functions as may be  
30 necessary to carry out the provisions of this Act.  
31

32 **SEC. 16. Powers and Functions of the General Manager.** - The General  
33 Manager shall be the Chief Executive of the Authority. As such, he or she shall have the  
34 following powers and functions:

35 a. To submit, for the consideration of the Board, the policies and measures  
36 which he or she believes to be necessary to carry out the purposes and provisions of  
37 this Act;

38 b. Execute and administer the policies, plans, programs, and projects  
39 approved by the Board;

40 c. Direct and supervise the operation and internal administration of the  
41 Authority. Pursuant thereto, the General Manager may delegate some of his or her  
42 administrative responsibilities to other officers of the Authority, subject to the rules and  
43 regulations of the Board;

44 d. Prepare the annual budget of the Authority for the consideration of the  
45 Board;

46 e. Prepare the plantilla and appoint officials and employees below the rank of  
47 division head to positions in the approved budget upon written recommendations of  
48 concerned division heads; and

49 f. Exercise such other powers as may be vested in him by the Board.  
50

51 **SEC. 17. Representation of the Authority.** - The General Manager shall be  
52 the principal representative of the Authority, and is hereby empowered, in accordance  
53 with the instructions of the Board:

54 a. To represent the Authority in all dealings with other offices, agencies, and  
55 instrumentalities, whether public or private;

1           b. To sign contracts concluded by the Authority, as well as to sign annual  
2 reports, balance sheets, profit and loss statements, correspondences and other  
3 documents of the Authority; and

4           c. To represent the Authority, either personally or through counsel, in any  
5 legal proceedings or actions.  
6

7           **SEC. 18. Departments.** - There shall be created the following departments  
8 within the Authority: Administrative, Legal, Operations, Financial and Management,  
9 Auditing, Planning and Programming, and such other department as may be necessary  
10 to effectively carry out the functions of the Authority. The head of each Department shall  
11 be appointed by the Board, upon recommendation of the General Manager, and shall  
12 receive an annual compensation as may be fixed by the Board.  
13

14           **SEC. 19. Auditing.** - The auditing department shall be headed by the duly  
15 appointed representative of the Commission on Audit whose salary shall be determined  
16 and paid according to law. All personnel of the auditing department shall be appointed,  
17 and their number and salaries fixed by the Commission on Audit.  
18

19           **SEC. 20. Implementing Rules and Regulations.** - The Authority shall issue  
20 such rules and regulations as may be necessary to effectively carry out its powers,  
21 functions, and purposes, as provided in this Act, as well as to carry out plans, programs,  
22 and projects approved by the Authority pursuant to this Act. Such rules and regulations  
23 shall take effect within thirty (30) days from its publication in a newspaper of general  
24 circulation.  
25

26           **SEC. 21. Appropriations.** - The sum of Fifty Million Pesos (Php50,000,000)  
27 necessary for the initial operating expenses of the Authority is hereby charged to the  
28 appropriations authorized for the Regional Development Fund. Thereafter, the sum  
29 necessary for the continued operation and maintenance of the Authority shall be  
30 included in the annual budget of the Office of the President.  
31

32           **SEC. 22. Repealing Clause.** - All laws, decrees, orders, rules or regulations  
33 or part thereof not consistent with this Act are hereby repealed or modified accordingly.  
34

35           **SEC. 23. Separability Clause.** - If any section or provision of this Act is  
36 declared unconstitutional or invalid, the other parts or provisions not affected thereby  
37 shall continue to be in full force and effect.  
38

39           **SEC. 24. Effectivity Clause.** - This Act shall take effect fifteen (15) days  
40 after its publication in the Official Gazette or in at least two (2) newspapers of general  
41 circulation.

**Approved,**