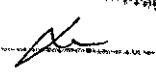


FOURTEENTH CONGRESS OF THE)
 REPUBLIC OF THE PHILIPPINES)
 First Regular Session)

8 FEB 27

SENATE
 S. No. 2096

RECEIVED BY: 

Introduced by **Senator Richard J. Gordon**

EXPLANATORY NOTE

Lake Lanao is the largest freshwater lake in Mindanao, and the second largest freshwater lake in the Philippines. The rift lake is located in the Province of Lanao del Sur at 701.35 meters above sea level. It has an area of 354.60 square kilometers and an average depth of 60.3 meters, with the deepest part at 112 meters. The lake is fed by four rivers, and its only outlet is the Agus River, which flows southwest into Iligan Bay via two channels, one over the Maria Cristina Falls and the other over the Linamon Falls.

The lake is home to 18 endemic species of freshwater fish and supports a large number of waterfowl. Lake Lanao's rich marine resources provide the fisherfolks in the surrounding cities and municipalities a major source of livelihood. It is important to note as well that a hydroelectric plant installed on the Lanao Lake and Agus River system generates 70% of the electricity used by the people of Mindanao.

It is imperative that we ensure the determined preservation, proper utilization, and sustainable development of Lake Lanao for the benefit of the people of Lanao. This proposed measure seeks to respond to this need by creating a centralized governmental agency tasked to administer and implement the over-all development of Lake Lanao and its surrounding areas.

The Lake Lanao Development Authority 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 shall undertake policy studies on the marine and natural resources of the lake through the research centers this bill seeks to establish.

Finally, the Authority shall be exempt from taxes imposed by the national government to allow it to maximize the use of its funds for the development of Lake Lanao.

The passage of this bill is therefore earnestly sought.

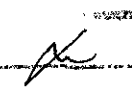

RICHARD J. GORDON
 Senator

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

OFFICE OF THE CLERK

8 FEB 27 2008

SENATE
S. No. 2096

RECEIVED BY: 

Introduced by **Senator Richard J. Gordon**

**AN ACT
CREATING THE LAKE LANA0 DEVELOPMENT AUTHORITY, DEFINING ITS
POWERS, FUNCTIONS AND DUTIES, AND FOR OTHER PURPOSES**

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

1 **SECTION 1. Title.** – This Act shall be known as the "Lake Lanao Development
2 Authority of 2008".

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

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

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

17 **Sec. 4. Powers and Functions of the Authority.** – The Authority shall have
18 the following purposes and functions:

- 19 (a) To make a comprehensive survey of the physical and natural resources
20 and potentialities of Lake Lanao and the Area, particularly its social and

1 economic conditions, hydrologic characteristics, power potentials,
2 scenic and tourist spots, conservation of water resources and such
3 other areas of concerns, and on the basis thereof, to craft a
4 comprehensive and detailed Lake Lanao Development Plan to promote
5 its rapid social and economic development; *Provided, that, the*
6 *implementation of all fisheries plans and programs of the Authority shall*
7 *require prior consultation with the Bureau of Aquatic Resources to*
8 *ensure that such plans and programs are consistent with national*
9 *fisheries plans and programs;*

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

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

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

1 and/or beneficiaries thereof to recover costs of construction, operation
2 and maintenance of the projects: *Provided, Further, That* if the Authority
3 should find it necessary to undertake such infrastructure projects as
4 social overhead capital projects, the Authority shall be authorized to
5 receive financial assistance from the government and foreign donors,
6 subject to such terms and conditions that may be imposed by the
7 Government;

8 (e) To reclaim or cause to be reclaimed portions of Lake Lanao or
9 undertake reclamation projects and/or acquire such bodies of land from
10 the Lake which may be necessary to accomplish the aims and purposes
11 of the Authority; *Provided, That*, the land so reclaimed shall be *the*
12 property of the Authority and title thereto shall be vested in the
13 Authority: *Provided, further, That* the resulting lakeshore area shall
14 continue to be owned by the National Government;

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

18 (g) To exercise exclusive jurisdiction to issue new permits for the use of the
19 lake waters for any projects, including navigation, construction,
20 operation of fish pens, fish enclosures, fish corral and the like, and to
21 impose necessary safeguards for lake quality control and management
22 and to collect necessary fees for said activities and projects: *Provided,*
23 *That*, the Authority's Board may determine new areas of fishery
24 development or activities, taking into account the over-all development
25 plans and programs for Lake Lanao: *Provided, further,* that the Authority
26 shall, subject to the approval of the President of the Philippines,
27 promulgate such rules and regulations which shall govern fisheries
28 development activities in Lake Lanao, including the advisability of
29 placing the supervision of said activities under the Bureau of Fisheries
30 and Aquatic Resources of the local government units in the Area;

31 (h) To require the cities and municipalities embraced within the area to
32 pass appropriate zoning ordinances and regulatory measures to carry

1 out the objectives of the Authority and to enforce the same with the
2 assistance of the Authority;

3 (i) The provisions of existing laws to the contrary notwithstanding, to
4 exercise water rights over public water within the Lake Lanao area
5 whenever necessary to carry out the Authority's projects; To promulgate
6 and establish, in coordination with the Department of Environment and
7 Natural Resources and other existing government agencies, water
8 quality standards for industrial, agricultural and municipal waste
9 discharges into the Lake and to ensure the cooperation of said existing
10 agencies of the Government in enforcing such standards; and

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

17 **Sec. 5. Corporate Powers** – The Authority shall exercise the following powers
18 and functions:

19 (a) To sue and be sued;

20 (b) To adopt and use a corporate seal with judicial notice;

21 (c) To undertake the programs and projects specified in Section 4 hereof;

22 (d) To engage in agricultural, industrial and commercial or other activities
23 necessary or directly contributory to the socio-economic development of
24 the Area, and, for this purpose, whether by itself or in cooperation with
25 private entities, to organize, finance, invest in, and operate subsidiary
26 corporations: *Provided, That*, the Authority shall engage only, unless
27 public interest requires otherwise, in those activities as are in the nature
28 of new ventures or are clearly beyond the scope, capacity or interest of
29 private enterprises;

30 (e) To invest in or otherwise acquire, own, hold, use, operate, sell, assign,
31 transfer, exchange, mortgage, pledge, lease, develop or otherwise deal
32 in, real property of every kind and description, including shares of stock,

1 bonds, debentures, notes, evidence of indebtedness, and other
2 securities;

3 (f) To exercise the right of eminent domain or acquire by purchase,
4 privately-owned land within the area for purposes of implementing
5 projects of the Authority;

6 (g) To borrow funds from any local or foreign financial institutions
7 independent of the bonds it may issue to carry out the purposes of the
8 authority;

9 (h) To acquire, lease, or own such property or assets in whatever form and
10 serve as the custodian of such properties or assets, real or movable,
11 and sell or otherwise dispose of the same as the Authority may deem it
12 necessary in the pursuit of its aims, objectives and purposes;

13 (i) To lend or facilitate the extension of financial assistance and/or act as
14 surety or guarantor to worthwhile agricultural, industrial and commercial
15 enterprises;

16 (j) To accept grants, donations, gifts, bequests, funds and/or properties in
17 whatever form and whatever source in coordination with the appropriate
18 agency and administer the same in accordance with the terms thereof,
19 or in the absence of any condition, in such manner consistent with the
20 policy, aims and objectives of the Authority provided for in this Act;

21 (k) To enter into a contract of any kind and description to enable it to carry
22 out its purposes and objectives;

23 (l) To issue such rules and regulations as may be necessary to effectively
24 carry out the powers and purposes herein provided, including plans,
25 programs and projects of the Authority, the same to take effect thirty
26 (30) days after publication thereof, in a newspaper of general
27 circulation; and

28 (m) For the purposes of attaining or in furtherance of any of its objectives, to
29 perform any and all acts which a corporation, co-partnership, or natural
30 person is authorized to perform under the laws existing or which may be
31 enacted hereafter.

32 **Sec. 6. Capitalization.** – The Authority shall have an authorized capital of Two
33 Billion Pesos (PhP2,000,000,000.00) no par value shares, of which the amount of One

1 Billion Pesos (PhP1,000,000,000.00) shall be subscribed by the provinces, cities, and
2 municipalities in the Area and at least twenty-five percent (25%) shall be subscribed
3 by the National Government.

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

12 **Sec. 8. Tax Exemption.** – The Authority shall be exempt from payment of all
13 taxes imposed by the National Government, its provinces, cities, municipalities and
14 other government agencies and instrumentalities: *Provided, That, its subsidiary*
15 *corporations shall be subject to all said taxes five (5) years after their establishment*
16 *under a graduated scale. Such exemption shall include any tax or fee imposed by the*
17 *Government on the sale, purchase or transfer of foreign exchange and all notes,*
18 *bonds, and debentures, and other obligations issued by the Authority, both as to the*
19 *principal and interest.*

20 **Sec. 9. Governing Body.** – The corporate powers and functions of the
21 Authority shall be vested in and exercised by a Board of Directors, hereinafter referred
22 to as the Board, which shall be composed of a Chairman and six (6) members, to be
23 appointed by the President of the Philippines who shall serve for a term of six (6)
24 years, unless sooner removed from or incapacitated to perform functions of the office;
25 *Provided, That, a majority of the members of the Board must be residents of Lanao*
26 *del Sur and Lanao del Norte.*

27 In case of any vacancy in the Board, the same shall be filled by the President
28 of the Philippines for the unexpired term. No person shall be appointed as Chairman
29 or Member of the Board, or as General Manager, unless he is a natural-born citizen of
30 the Philippines, at least thirty (30) years of age and of proven probity and integrity. In
31 addition, *the General Manager shall likewise have demonstrated executive*
32 *competence and experience in the field of public administration or the management of*

1 agricultural, industrial or commercial enterprises and knowledgeable of the
2 socioeconomic conditions of Lake Lanao and its surrounding cities and municipalities.

3 **Sec. 10. Prohibition against Conflict of Interest.** – No member of the Board
4 shall be financially interested, directly or indirectly, in any contract entered into by the
5 Authority or in any special privilege granted by the Authority during his term of office.
6 All contracts entered into in violation of the provision of this Section shall, by two-thirds
7 (2/3) vote of the Board, automatically be disqualified from serving his unexpired term,
8 and he shall furthermore be perpetually disqualified for membership in the said Board.

9 **Sec. 11. Compensation.** – The General Manager shall receive compensation
10 in accordance with the Compensation and Position Classification Act of 1998 and shall
11 not engage in any business, calling or profession during his term of office other than
12 those connected with the performance of his official functions and duties. The
13 members of the Board shall receive, for every meeting actually attended, a per diem of
14 two thousand pesos (PhP2,000.00): *Provided, That,* such per diem shall not exceed
15 six thousand pesos (PhP6,000.00) during any month for each member. Members of
16 the Board shall be reimbursed by the Authority for actual expenses (including traveling
17 and subsistence expenses) incurred by them in the performance of their duties for the
18 Authority as may be specifically authorized by the Board.

19 **Sec. 12. Quorum.** – The presence of four (4) members of the Board, including
20 the Chairman or Vice-chairman, shall constitute a quorum for the transaction of the
21 business of the Board.

22 **Sec. 13. Meetings of the Board.** – The Board shall meet preferably at its
23 principal office at least once a month and as frequently as necessary to discharge its
24 duties and responsibilities properly. The Board shall be convened by the Chairman or
25 upon the written request of a majority of its members. Except when otherwise provided
26 for in this Act, the vote of a majority of the members constituting a quorum shall be
27 sufficient for the adoption of any rule, resolution, decision or any act of the Board.

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

- 30 (a) To formulate, prescribe, amend and repeal rules and regulations to
31 govern the conduct of business of the Authority;

- 1 (b) To appoint and fix the compensation of all officials from division heads
2 and above, and others of comparable rank, including the Assistant
3 General Manager;
- 4 (c) By a majority vote of all members of the Board, suspend, remove or
5 otherwise discipline for just cause all officials appointed by the Board;
- 6 (d) To approve the annual and/or supplemental budgets of the Authority;
- 7 (e) To render annual reports to the President and such special reports as
8 may be requested; and
- 9 (f) e. To do such other acts and perform such other functions as may be
10 necessary to carry out the provisions of this Act.

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

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

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

- 1 (a) To represent the Authority in all dealings with other offices, agencies,
2 and instrumentalities of the Government and will all other persons and
3 entities, whether public or private domestic, foreign or international;
- 4 (b) To sign contracts concluded by the Authority, annual reports, balance
5 sheets, profit and loss statements, correspondences and other
6 documents of the Authority; and
- 7 (c) To represent the Authority, either personally or through counsel, in any
8 legal proceedings or actions.

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

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

19 **Sec. 19. Appropriations.** – The sum of fifty million pesos (PhP50,000,000.00)
20 necessary for the initial operating expenses of the Authority is hereby charged to the
21 appropriations authorized for the Regional Development Fund. Thereafter, the sum
22 necessary for the continued operation and maintenance of the Authority shall be
23 included in the annual budget of the Office of the President.

24 **Sec. 20. Repealing Clause.** – All republic acts, executive orders, rules and
25 other issuances, or parts thereof, that are inconsistent with this Act are hereby
26 repealed or modified accordingly.

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

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

1 Approved,