



**SENATE**



**SENATE**  
Office of the Secretary

**SENATE BILL NO. 90**

'19 JUL -1 P2 :40

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Introduced by **SENATOR RICHARD J. GORDON**

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

**Explanatory Note**

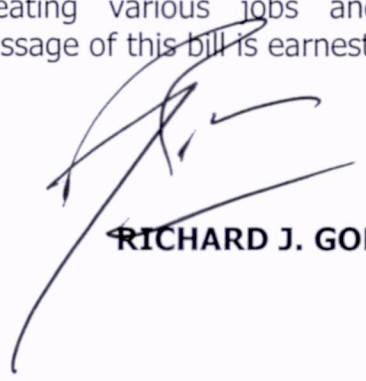
Lake Lanao is the largest freshwater lake in Mindanao, and the second largest freshwater lake in the Philippines. The rift lake is located in the Province of Lanao del Sur at 701.35 meters above sea level. Lake Lanao borders Marawi City and has an area of 354.60 square kilometers and an average depth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

The lake is one of the seventeen ancient lakes of the world and used to be home to eighteen endemic species of freshwater fish and supports a large number of waterfowls. Lake Lanao's rich marine resources provide the fisherfolks in the surrounding cities and municipalities a major source of livelihood. A hydroelectric plant is also installed in Lanao Lake and Agus River which generates 70% of the electricity used in Mindanao.

It is imperative that the determined preservation, proper utilization and sustainable development of Lake Lanao be ensured for the people of Lanao and of the Philippines, as well. This bill seeks to create an agency which shall be known as the Lake Lanao Development Authority (Authority) that is tasked to administer and implement the over-all development of Lake Lanao and its surrounding areas.

The Authority shall craft and implement a comprehensive and detailed Master Plan which is designed to promote the rapid social and economic development of lake Lanao especially for the faster socioeconomic recovery of Mindanao. The Authority shall be governed by a Board of Directors with the assistance of an Executive Director. Moreover, the Authority shall undertake research and policy studies on the marine and natural resources, among others, of the lake and its surrounding areas. The bill also exempts the Authority from the payment of taxes imposed by the National Government to allow it to maximize the use of its funds for the development of Lake Lanao and its surrounding areas.

Given the great potential of Lake Lanao, having similar topography features with well-known lakes such as the Lake Geneva in Switzerland, Lake Tahoe in Sierra Nevada, Lake George in New York which is the "Queen of American Lakes," and Lake Michigan in North America which is surrounded by countless houses, cabins, inns, hotels, recreation centers and numerous infrastructures, thus, it is but apt that the Lake Lanao Development Authority be created so as to initiate and promote the economic growth of Mindanao by encouraging entrepreneurship and, thereby, creating various jobs and business opportunities to the people. Therefore, the urgent passage of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read 'R. J. Gordon', written over the end of the paragraph.

**RICHARD J. GORDON**



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PURPOSES**

*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 2019."

3       **SECTION. 2.** *Policy.*- It is hereby declared the policy of the State to promote and  
4 accelerate a balanced growth and progress of Lake Lanao and its surrounding cities and  
5 municipalities, within the context of sustainable growth, for the development of Mindanao.  
6 The State further encourages and fosters the promotion of entrepreneurships,  
7 investments, infrastructures, tourism growth, and the creation of jobs and business  
8 opportunities for all.

9       In addition, due regard and adequate safeguards for the protection on the quality of  
10 life, environmental management and control such as the preservation of ecological  
11 systems

12       **SECTION 3.** *Lake Lanao Development Authority.*- The Lake Lanao Development  
13 Authority is hereby created under the Office of the President hereinafter referred to as the  
14 "Authority".

15       The Authority shall consist of a Board of Directors, hereinafter referred to as the  
16 "Board", which shall be composed of a Chairman and six (6) Members, to be appointed by  
17 the President. *Provided that*, majority of the Members of the Board must be residents of

1 Lanao del Sur and Lanao del Norte. The term of office for the Board shall be for six (6)  
2 years, unless sooner removed or incapacitated.

3 In case of any vacancy in the Board, the same shall be filled by the President for the  
4 unexpired term. No person shall be appointed as Chairman or Member of the Board,  
5 unless he or she is a natural-born citizen, at least thirty (30) years of age, and of proven  
6 competence, probity, and integrity.

7 For purposes of this Act, the Authority created under this Section shall identify the  
8 surrounding cities and municipalities within its jurisdiction which shall be known as the  
9 "Area".

10 **SECTION 4.** *Powers and Functions of the Board.* - The Authority through the Board  
11 shall have the following powers and functions:

- 12 a) To make a comprehensive survey of the physical and natural resources and  
13 potentialities of Lake Lanao and the Area, particularly its social, cultural,  
14 historical, and economic conditions, hydrologic characteristics, power potentials,  
15 scenic and tourist spots, conservation of water resources and such other areas of  
16 concerns, and thereafter, craft a comprehensive and detailed Master Plan, as  
17 provided in Section 10 of this Act, to promote its rapid social and economic  
18 development; *Provided that*, the implementation of all fisheries plans, projects,  
19 and programs of the Authority shall require prior consultation with the Bureau of  
20 Aquatic Resources to ensure that such plans, programs and projects are  
21 consistent with the national fisheries plans and programs;
- 22 b) To undertake other plans, programs, and projects to further the socioeconomic  
23 development of the Area and of the Philippines thereafter;
- 24 c) To promote or engage in agricultural, industrial, tourism, commercial or other  
25 activities necessary or directly contributory to the socioeconomic development of  
26 the Area, and, for this purpose, whether by itself or in cooperation with private  
27 entities, may organize, finance, invest in, and operate subsidiary corporations;
- 28 d) To study and approve all plans, programs and projects proposed by the local  
29 government units, public corporations, and private entities which is related to the  
30 utilization of the resources and the development of Lake Lanao and the  
31 surrounding Area, and monitor the proper implementation of said plans,  
32 programs, and projects consistent with the objectives and purposes of this Act, in

1 coordination and mandatory prior consultation with the Department of  
2 Environment and Natural Resources (DENR);

- 3 e) To plan, program, finance and/or undertake infrastructure projects such as flood  
4 control, sewage, water supply, roads, pot works, irrigation, housing and other  
5 related works, as may be deemed necessary, when so required within the context  
6 of its plans programs, including the readjustment, relocation, restoration, or  
7 resettlement of concerned residents, as may be deemed necessary in the best  
8 interest of the public: *Provided that*, should any project be financed wholly or in  
9 part by the Authority, it is hereby authorized to collect reasonable fees and tolls  
10 as may be fixed by its Board from users and/or beneficiaries thereof to recover  
11 costs of construction, operation, and maintenance thereof;
- 12 f) To undertake reclamation projects which may be necessary to accomplish the  
13 approved plans and projects of the Authority. *Provided that*, the land so  
14 reclaimed shall be the property of the Authority and title thereto shall be vested  
15 solely to the Authority: *Provided further that*, the resulting lakeshore area shall  
16 continue to be owned by the National Government as provided in Section 4(d) of  
17 this Act;
- 18 g) To establish research centers to undertake studies on the marine and other  
19 natural resources of Lake Lanao for policy and plan formation;
- 20 h) To preserve and enrich the history and culture of the people in Mindanao by  
21 establishing museums, historical sites, among others;
- 22 i) To implement projects and undertake studies on the improvement and  
23 maintenance of the desirable water quality of Lake Lanao, and in pursuance  
24 thereof, prepare a water quality management program on a continuing basis,  
25 which the Authority shall carry out with the assistance and support of the national  
26 and local government units involved in water quality management;
- 27 j) To invest in or otherwise acquire, own, hold, use, operate, sell, assign, transfer,  
28 exchange, mortgage, pledge, lease develop, or otherwise deal in, real or  
29 personal, including shares of stock, bonds, debentures, notes, evidence of  
30 indebtedness, and other securities. *Provided that*, no land within the shore area  
31 may be sold to any person, natural or juridical, such land shall only be available

1 for lease for a renewable period of five (5) years, unless sooner terminated by  
2 the government for just causes.

3 k) To exercise the right of eminent domain or acquire by purchase, privately-owned  
4 lands within the area for purposes of implementing plans and projects of the  
5 Authority;

6 l) To require the local government units embraced within the Area to pass  
7 appropriate zoning ordinances and regulatory measures and to enforce the same  
8 with the Assistance of the Authority;

9 m) To provide, establish, and accredit security and firefighting forces;

10 n) To formulate and implement public safety measures to ensure preservation of  
11 peace and order within the Area by establishing Peace and Order Rangers having  
12 concurrent jurisdiction with the law enforcement within the Area;

13 o) To borrow funds from any local or foreign financial institution to carry out the  
14 plans and projects of the Authority;

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

20 q) To enter into contracts to carry out its purposes and objectives;

21 r) To sue and be sued;

22 s) To issue rules and regulations as may be necessary to effectively carry out the  
23 powers herein provided, including the plans, programs, and projects of the  
24 Authority. Such rules and regulations shall take effect fifteen (15) days after  
25 publication thereof, in a newspaper of general circulation; and

26 t) To perform any other act as may be deemed necessary by the Board, upon  
27 majority vote, to undertake the plans, programs and projects of the Authority.

28 **SECTION 5. Executive Director.** In addition to the Board, an Executive Director  
29 shall be appointed by the President to who shall come from the private sector and shall  
30 have demonstrated executive competence and experience for at least ten (10) years in  
31 the management of agricultural, industrial, tourism or commercial enterprises and  
32 knowledgeable of the socio-economic conditions of Lake Lanao and its surrounding cities

1 and municipalities. Further, no person may be appointed as an Executive Director unless  
2 he or she is a natural-born citizen, at least forty (40) years of age, and of proven  
3 competence, probity, and integrity.

4 **SECTION. 6.** *Powers and Functions of the Executive Director.* The Executive  
5 Director shall have the following powers and functions:

- 6 (a) To assist in the administration and management of the Authority;
- 7 (b) To assist in the development and improvement of the Master Plan;
- 8 (c) To promote, trade, tourism, and agriculture enterprises within the Area so as  
9 to encourage more investments;
- 10 (d) To ensure that Rules and regulations established by the Authority are  
11 enforced and implemented; and
- 12 (e) To guarantee that safety and security measures are properly implemented  
13 within the Areas covered by the Authority.

14 **SECTION. 7.** *Prohibition against Conflict of Interest.*- The Board and the Executive  
15 Director shall not be allowed to have any financial interest, directly or indirectly, in any  
16 contract entered into by the Authority or in any special privilege granted by the Authority  
17 during his or her term of office. All contracts entered into by any member of the Board,  
18 the Chairman, or the Executive Director, in violation of this Section shall be immediately  
19 voted upon by the Board, no more than five (5) days after its discovery, and by two-thirds  
20 (2/3) vote thereof, the contract may be voided. Further, the member of the Board, the  
21 Chairman, or the Executive Director who violated this Section shall be disqualified from  
22 serving his or her unexpired term and shall be perpetually disqualified in any position in  
23 the Authority.

24 **SECTION. 8.** *Quorum.*- The presence of four (4) Members of the Board, including  
25 the Chairman, shall constitute a quorum for the transaction of business.

26 **SECTION. 9.** *Meetings of the Board.* The Board shall meet preferably at its principal  
27 office at least twice a month and as frequently as necessary to discharge its duties and  
28 responsibilities properly. The Board shall be convened by the Chairman or upon a written  
29 request by a majority of its Members. Except when otherwise provided for in this Act, the  
30 vote of a majority of the members constituting a quorum shall be sufficient for the  
31 adoption of any rule, resolution, decision or any act of the Board.

1           **SECTION. 10.** *Lake Lanao Development Authority Master Plan.*- Immediately upon  
2 the creation of the Authority, coordination shall be made by the Board with the local  
3 government units, through active participation, to develop the Lake Lanao Development  
4 Authority Master Plan.

5           **SECTION. 11.** *Establishment of Tourism Enterprise Zones.*- The Authority may allow  
6 the establishment of Tourism Enterprise Zones (TEZ) in complete coordination and  
7 assistance with the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), as  
8 authorized by the Department of Tourism (DOT), and under the supervision of the  
9 President.

10           An entity may qualify as an operator of a TEZ, as designated by the TIEZA, within  
11 the jurisdiction of the Authority under RA 9593 or otherwise known as the "Tourism Act of  
12 2009."

13           Competitive incentives extended to TEZs may be provided, upon qualification, in  
14 accordance with abovementioned law.

15           **SECTION. 12.** *Exemption from Tax.*- The Authority shall be exempt from payment  
16 of all taxes imposed by the National Government, its provinces, cities, municipalities, and  
17 other government agencies and instrumentalities. *Provided that*, subsidiary corporations,  
18 which may be created, shall be subject to all said taxes five (5) years after its  
19 establishment.

20           Such exemption shall include any tax or fee imposed by the National Government on  
21 the sale, purchase, or transfer of any foreign exchange and all notes, bonds, and  
22 debentures, and other obligations issued by the Authority, both as to the, principal and  
23 interest.

24           **SECTION. 13.** *Representation of the Authority.*- The Executive Director shall be the  
25 principal representative of the Authority. He or shall be empowered, in such capacity, and  
26 in accordance and approval of the Board, by two-thirds (2/3) vote, on the following:

- 27           a)       To represent the Authority in all dealings with other offices, agencies, and  
28                   instrumentalities of the Government and with all other persons and entities,  
29                   whether public or private, domestic or foreign;
- 30           b)       To sign contracts concluded by the Authority, annual reports, balance sheets,  
31                   profit and loss statements, correspondences and other documents of the  
32                   Authority; and



1 c) To represent the Authority, either personally or through counsel, in any legal  
2 proceedings or actions.

3 **SECTION. 14.** *Capitalization.*- The Authority shall have an authorized capital of Two  
4 Billion Pesos (Php 2,000,000,000.00) no par value shares, of which the amount of One  
5 Billion Pesos (Php 1,000,000,000.00) shall be subscribed by the provinces, cities and  
6 municipalities in the Area wherein twenty-five percent thereof (25%) shall be subscribed  
7 by the National Government.

8 **SECTION. 15.** *Departments.*- The following departments shall be created within the  
9 Authority: Administrative, legal, Operations, Financial and Management, Auditing,  
10 Planning and Programming, and such other departments as may be necessary to  
11 effectively carry out the functions of the Authority. The Head of each Department shall be  
12 appointed by the Board, upon recommendation by the Executive Director.

13 **SECTION. 16.** *Appropriations.*- The sum of two hundred million pesos (Php  
14 200,000,000.00) necessary for the initial operating expenses of the Authority is hereby  
15 charged to the appropriations authorized for the Regional Development Fund. Thereafter,  
16 the sum necessary for the continued operation and maintenance of the Authority shall be  
17 included in the annual budget of the Office of the President.

18 **SECTION. 17.** *Separability Clause.*- If any portion or provision of this Act is  
19 subsequently declared unconstitutional, the remainder of this Act or any provision not  
20 affected thereby shall remain in force and effect.

21 **SECTION. 18.** *Repealing Clause.*- All laws, decrees, orders, proclamations, rules and  
22 regulations or other issuances or parts thereof inconsistent with the provisions of this Act  
23 are hereby repealed or modified accordingly.

24 **SECTION. 19.** This Act shall take effect fifteen (15) days after the completion of its  
25 publication in the *Official Gazette* or in a newspaper of general circulation in the  
26 Philippines.

27  
28 Approved,