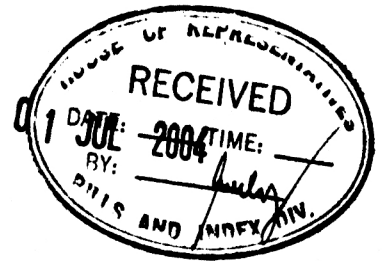


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 865

Introduced by Representative Faysah RPM Dumarpa

EXPLANATORY NOTE

With the multifarious problem facing the government, especially in Mindanao where identified groups have indeed disturbed the peace and order condition, it is not surprising that the Lake Lanao Watershed Area (Area for brevity) has always been neglected even as it proves the main source of electric power for the country particularly in Mindanao, through the National Power Corporation.

The Area is a national patrimony, which explains why the surrounding local government units are indifferent to its preservation. It is a case of come what may attitude. Sad to state, some unscrupulous individuals or establishments have taken advantage of the situation by resorting to illegal activities such as illegal logging, thereby endangering the Area.

This bill aims to fill in the vacuum by creating the Lake Lanao Development Authority LLDA that will be tasked not only to preserve the Area but also promote development in its commercial, moral and social aspects. Your affirmative support to this bill will go a long way in helping develop the Area and the well being of the people of Lanao del Sur not to mention that the lake will be salvaged from environmental degradation.

In this view, the immediate passage of this bill is earnestly sought considering that this was already approved by the Lower House in the 10th Congress and pending approval at the Senate and was re-filed in the 12th Congress.


FAYSAH RPM DUMARPA

Republic of the Philippines
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THIRTEENTH CONGRESS
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HOUSE BILL No. 865

Introduced by Representative Faysah RPM Dumarpa

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

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

SECTION 1. *Title.* – This Act shall be known as “*The Lake Lanao Development Authority Act of 1999*”.

SECTION 2. *Definition of Policy.* – It is hereby declared to be the policy of the State to foster and accelerate the development of the Lake Lanao Area, hereinafter referred to as the Area, and consistent with national and regional policies and plans, to carry out such development through a comprehensive plan which shall be called “Lake Lanao Development Plan,” that shall envision social and economic programs for the balanced growth of the Area and which will guarantee local autonomy and financial support for the utilization of the resources of the Area, and the preservation and advancement of its ecological systems and environmental conditions.

It is hereby further declared to be the [policy of the State that the aims of such Plan shall be to promote higher productivity, increase income, alleviate poverty, create more employment opportunities, encourage the people in the Area to become self-reliant, competitive and progressive on the basis of sustainable development so that, by the equitable distribution of the benefits of development, equity and social justice may be enhanced and people empowerment attained.

For the preservation of the quality of human life in the Area, it is also hereby declared to be the State policy to conserve and develop its forest, fauna, aquatic, marine and mineral resources and to regulate and manage the disposal of wastes, discharges and pollutants.

SECTION 3. *Creation of Lake Lanao Development Authority.* – For the purpose of carrying out the above-stated policies, there shall be created a body to be known as the Lake Lanao Development Authority, hereinafter referred to as the Authority.

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 watershed Area.

In view hereof, it shall extend technical and such other necessary assistance to the Autonomous Government of Muslim Mindanao for the implementation of development plans, programs or projects and to cooperate with it on all matters of mutual interest.

SECTION 6. *Principal Office; Term.* – 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.

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.

It shall exercise the powers and functions expressly vested in and conferred upon it by the provisions of this Act, in the most efficient and effective manner, as will aid, to the fullest possible extent, in the attainment of the purposes and objectives hereunder enumerated.

SECTION 7. *Purposes and Objectives.* – The Authority shall have the following purposes and objectives:

(1) To gather and collate planning data, research references, statistics, as well as to consolidate 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 Lake Lanao Area, after taking stock and carefully evaluating the present social and economic conditions, available 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 development of the Area by means of higher productivity in farming, manufacturing, trading and fishing, and 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 commercial use;

(5) To adapt 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, non-governmental organizations, neighborhood organizations and other groups for the development of livelihood 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, reservoirs, roads, wharf's, telephones, transmission lines, transportation systems, and such other infrastructure projects to the approval of the President of the Philippines and upon the recommendation of the department of 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 to acquire reclaimed lands in joint venture 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/ 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 activities;

(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 devilment of the natural resources of the area or any of the places within its territorial jurisdiction subject to such limitations as are provided 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 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 projects such as river flood control, sewerage work, water supply, irrigation and such 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 be necessary to prospective and present investors.

SECTION 8. *Corporate Powers.* – As a corporate body, the Authority shall exercise its specific powers and functions:

(1) To succeed in the corporate name with the power of succession;

(2) To sue and be sued in such corporate name;

(3) To adopt, alter and use a corporate seal which shall be judicially noticed;

(4) To coordinate the implementation of the programs and projects specified herein or envisioned in Section 7 hereof;

(5) To enter into or make contracts of any kind and description to enable it to discharge its duties and functions and for the attainment of its purposes and objectives;

(6) To adopt, amend and repeal its by-laws;

(7) To acquire, purchase, lease or hold such personal and real property and it may deem proper or necessary in the transaction of its business and/or to lease, mortgage, sale, alienate, encumber such property, whichever is convenient;

(8) To receive, take and hold bequest, devise, gift or purchase, loan, lease by any lawful manner, and to manage, administer, either absolutely or in trust for any of its purposes, any asset, grant or property, real or personal, from foreign or domestic sources, subject to such limitations as are provided under existing laws and regulations.

(9) To issue, subject to the approval of the Board of Directors, such rules and regulation's for the use of its properties;

(10) 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;

(11) To formulate and promulgate rules and regulations for the exploitation and optimum utilization of Lake Lanao;

(12) To review and propose lake water development plans and programs of any agency within the context of the overall national plans and programs;

(13) To undertake survey, inventory and appraisal of the lake watershed 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 appraise and/or advise the President of the Philippines on matters

(17) To recommend to the President of the Philippines the adoption of general policies and guidelines and short/long-term plans and programs for the conservation and protection of the Lake Lanao watershed and flood control; and

(18) To exercise such powers and perform such other acts as may be necessary to effectively carry out the provisions of this Act.

SECTION 9. *Capital Stock.* – The Authority shall have an authorized capital stock of Two Hundred Million Pesos (P200, 000,000.00) to be divided into two (P2, 000,000.00) shares of stocks with a par value of One Hundred Pesos (P100.00) per share: *Provided*, That majority of the authorized capital stocks shall be subscribed by the national 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 10. *Operating Expenses.* – Such sums as may be necessary for the initial operating expenses of the Authority shall be included in the annual General Appropriations Act. Thereafter, the Authority shall provide for its operations and maintenance.

SECTION 11. *Power to Issue Bonds.* – Whenever the Board of Directors deems it necessary for the Authority to incur indebtedness or to issue bonds to carry out the provisions of this Act, shall, by resolution, so declare and to carry out the provisions of this Act, it shall, by resolution, so declare and state the purpose or purposes for which the proposed debt is to be incurred.

In order that such resolution shall be valid, it shall be passed by the affirmative vote of, at least, a simple majority of all members of said Board and approved by the President of the Philippines upon the recommendation of the Secretary of Finance, after consultation with the National Economic and Development authority (NEDA) and the Monetary Board of the Bangko Sentral ng Pilipinas (BSP).

SECTION 12. *Sinking Fund Account.* – A sinking fund account shall be established by the Authority in such manner that the total annual contributions thereto, accrued at such rate of interests as may be determined by the Secretary of Finance in consultation with the Monetary Board shall be sufficient to redeem at maturity date the bonds issued under the provisions of this Act. Said fund shall be under the custody of the Bangko Sentral ng Pilipinas (BSP) which shall invest the amount in such manner as the Monetary Board may approve, charging all expenses of such investments of said sinking fund and crediting the same with the interest on investments and other income according thereto.

SECTION 13. *Authority to Contract Loans.* - The Authority is hereby authorized to contract loans, credit 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 loans, credit 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, imports, other charges and restrictions imposed by the Republic of the Philippines or any of the agencies and political subdivisions.

SECTION 14. *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, municipalities and other government agencies and instrumentalities: *Provided*, That its subsidiary corporations 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 principal and interest.

SECTION 15. *Structure, and Pay Scale.* – The board shall determine the organizational structure, staffing pattern and pay scales of the Authority, and the officers and employees thereof conformably to that of existing government-owned or controlled corporations and subject to the evaluation or screening by the Civil Service Commission and the Department of Budget and Management.

SECTION 16. *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 representative shall be *ex officio* member of the Board of Directors of said subsidiary corporations.

SECTION 17. *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 personnel including contractual workers shall be governed by such merit system in accordance with existing laws.

SECTION 18. *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* members;
- (4) Provincial Governor, Lanao del Sur, as *ex officio* members;
- (5) Representative of the Congressman, First District of Lanao del Sur;
- (6) Representative of the Congressman, Second District of Lanao del Sur.
- (7) City Mayor, Marawi City, as *ex officio* members;
- (8) Representative, Department of Environment and Natural Resources;
- (9) Representative, Department of Agriculture;
- (10) Representative, Department of Trade and Industry;
- (11) One (1) representative from the private sector, either from the cooperative federation or union, non-governmental organizations or any duly registered association to be appointed by the President of the Philippines who shall serve for a term of three (3) years: *Provided*, that in the event of a vacancy, the successor appointed to fill the same serve only the unexpired portion of the term of the member he succeeds.

SECTION 19. *Quorum.* – The presence of a majority of the members of the Board shall constitute a quorum for the transaction of the business of the Board.

SECTION 20. *Meetings.* – The Board shall meet preferably at its principal office at least once a month and 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 members. 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.

SECTION 25. *Auditing.* – The Auditing Department shall be headed by the duly appointed representative of the Commission on Audit whose salary shall be determined and 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 26. *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 27. *Applicability 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 28. *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 39. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days from its publication in two national newspapers of general circulation.

Approved.