

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Seventeenth Congress
Second Regular Session

HOUSE BILL NO. **7712**



Introduced by Honorable Mark O. Go

EXPLANATORY NOTE

The 1987 Constitution recognizes the rights of indigenous cultural communities to their ancestral lands in ensuring economic, social and cultural well-being. In 1997, Republic Act No. 8371 of the Indigenous Peoples Rights Act (IPRA) substantiated said constitutional guarantee by determining the rights of Indigenous Cultural Communities/ Indigenous Peoples (ICCs/IPs) to their ancestral domains, among which includes the right to benefit and share the profits from allocation and utilization of the natural resources found therein.

The Free, Prior and Informed Consent (FPIC) Process was established to protect these rights of the ICCs/IPs to their ancestral land by facilitating negotiations on the term and conditions that would govern the projects operated on their lands. However, ICCs/IPS are often placed at a very disadvantageous position during the FPIC process when dealing with power generation companies and energy resource developers who insist on relying on the restrictive provisions of the Electric Power Industry Reform Act (EPIRA) or RA No. 9136 on the benefits given to host communities. Currently, the EPIRA, pointing to Section 289 of the Local Government Code of 1991, provides for the equitable share of local government units in the proceeds derived from the utilization and development of national wealth within their respective areas, without any consideration of areas recognized as ancestral domains of ICCs/IPs which host energy generating facilities resource development.

It is the intent of this bill to correct this unjust situation that has befallen our IP brothers and sisters, while power generation companies and energy resource developers continue to profit from their resource-rich lands. This bill seeks to provide meaning to the right of ICCs/IPs to economic well-being from their ancestral domains by requiring said companies and developers to provide hosting ICCs/IPs at least one percent (1%) of their gross sale or output as royalty and other negotiated benefits. More than mere social commitments of investing companies and developers, these benefits stand as a concrete way of honoring the rights of ICCs/IPs.

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


MARK O. GO

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**AN ACT AMENDING SECTION SIXTY-SIX OF REPUBLIC ACT NUMBERED
NINE THOUSAND ONE HUNDRED THIRTY-SIX (R.A. NO. 9136), OTHERWISE
KNOWN AS THE “ELECTRIC POWER INDUSTRY REFORM ACT OF 2001”**

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

SECTION 1. Section 66 of Republic Act No. 9136 is hereby amended to read as
follows:

“SEC. 66. Benefits to Host Communities **AND INDIGENOUS
CULTURAL COMMUNITIES/ INDIGENOUS PEOPLES OWNERS
OF THE ANCESTRAL DOMAIN.** – The obligations of generation
companies and energy resource developers to communities hosting energy
generating facilities and/or energy resource developers as defined under
Chapter II, Sections 289 to 294 of the Local Government Code and
Section 5(i) of Republic Act No. 7638 and their implementing rules and
regulations and applicable orders and circulars consistent with this Act
shall continue: Provided, That the obligations mandated under Chapter II,
Section 291 of Republic Act No. 7160, shall apply to privately-owned
corporations or entities utilizing the national wealth of the locality.

To ensure the effective implementation of the reduction in cost of
electricity in the communities where the source of energy is located, the
mechanics and procedures prescribed in the Department of the Interior
and Local Government (DILG)-DOE Circulars No. 95-01 and 98-01 dated

October 31, 1995 and September 30, 1998, respectively and other issuances related thereto shall be pursued.

Towards this end, the fund generated from the eighty percent (80%) of the national wealth tax shall, in no case, be used by any local government unit for any purpose other than those for which it was intended.

In case of any violation or noncompliance by any local government official of any provision thereof, the DILG shall, upon prior notice and hearing, order the project operator, through the DOE, to withhold the remittance of the royalty payment to the host community concerned pending completion of the investigation. The unremitted funds shall be deposited in a government bank under a trust fund.

IN ANCESTRAL DOMAINS WHOSE INDIGENOUS CULTURAL COMMUNITIES/ INDIGENOUS PEOPLES (ICCs/IPs) HAVE GIVEN THEIR CONSENT TO THE ENERGY GENERATING FACILITIES AND/OR ENERGY RESOURCE DEVELOPMENT, THE GENERATION COMPANIES AND ENERGY RESOURCE DEVELOPERS ARE REQUIRED TO PROVIDE TO THE ICCs/IPs AT LEAST ONE PERCENT (1%) OF THEIR GROSS SALE OR OUTPUT AS ROYALTY AND OTHER FINANCIAL BENEFITS AND BENEFITS IN KIND, AS MAY BE NEGOTIATED DURING THE FPIC PROCESS. THE DISPOSITION OF SUCH PROCEEDS SHALL BE SUBJECT TO R.A. NO. 8371 AND APPLICABLE GUIDELINES.

SECTION 2. *Repealing Clause.* – All laws, decrees, orders, rules and regulations, or other issuances or parts inconsistent with the provisions of this Acts are hereby repealed or modified accordingly.

SECTION 3. *Effectivity Clause.*— This Act shall take effect fifteen (15) days from the date of its publication in the *Official Gazette* or in two (2) newspapers of general circulation in the Philippines.

Approved,