

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2155



Introduced by: Rep. Abdullah D. Dimaporo and Rep. Mohamad Khalid Q. Dimaporo

EXPLANATORY NOTE

This bill seeks to create the Kapatagan Valley Development Authority, prescribe its powers and functions and appropriate funds therefor.

Kapatagan Valley is located in the southern part of Lanao del Norte and covers the municipalities of Kapatagan, Lala, Salvador and Sapad, and the peripheral watershed municipalities of Tubod, Baroy, Nunungan, Magsaysay and Sultan Naga Dimaporo. These municipalities are among the fastest growing municipalities in the province and are considered small urban centers serving the hubs of commerce and trade in Northern Mindanao. The area likewise has the largest settlements after Iligan City and has a population density that is substantially higher than the provincial average.

Considered as the rice granary of Lanao del Norte, Kapatagan Valley is supported by the Maranding Watershed which runs across seven municipalities. The sources of the watershed include Lakes Penda and Nunungan, Dipolo and Maranding Rivers, Cathedral, Putadun, Kabugan, Mapurog, Balimbing, Inudaran and Kapatagan Creeks. Kapatagan Valley is also home to Mount Inayawan Range Natural Park, a protected area located in the municipality of Nunungan. Both the watershed and rainforest are crucial to the supply of needed water for irrigation and drinking in Kapatagan Valley. The area is endowed with rich natural resources that the community established therein fish sanctuaries, fisheries development zones, agro-forestry zones, livestock farms, and crop and vegetable plantations. It also has great potential for tourism for its waterfalls, hot and cold springs and the rainforest.

Given the vast resources of Kapatagan Valley, the local government must ensure that priorities for its sustainable development are met, namely: infrastructure support like farm-to-market roads, irrigation, post-harvest facilities, and food processing facilities; enhanced links between agri-production, processing and marketing; increased access to capital and a sound housing or settlement program,

while at the same time preserving the integrity of land use, particularly agricultural and forest areas, and mitigating the detrimental effects of development to the protected areas.

There is a need for an authorized entity to govern the affairs of Kapatagan Valley, especially that it is extremely vulnerable to natural hazards. The Mines and Geo-sciences Bureau identified the area to have a high probability of occurrence of rain-induced landslides, floods, flash floods, storm surges and tornadoes due to the province's topographic landscape. Hence, a viable program for disaster mitigation, and public safety and rescue during calamities must be established. There should only be one body to formulate, implement and provide a comprehensive policy guideline for the preservation and development of this valley. Hence, the creation of the Kapatagan Valley Development Authority.

This bill also welcomes the participation of the private sector as members of the board of directors. Public-private sector partnership is likewise considered as the government opens up not just management but also financing options.

The Filipino people and generations after them deserve the generous bounty that Kapatagan Valley has to offer.

To keep Kapatagan Valley from degradation, immediate passage of this bill is earnestly sought.



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AN ACT

**CREATING THE KAPATAGAN VALLEY DEVELOPMENT AUTHORITY,
PRESCRIBING ITS POWERS AND FUNCTIONS AND APPROPRIATING
FUNDS THEREFOR**

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

SECTION. 1. **Short Title.** – This Act shall be known as the “*Kapatagan Valley
Development Authority Act.*”

SEC. 2. **Declaration of Principles and Policies** –It is the policy of the State
to protect and advance the right of the people to a balanced and healthful ecology in
accord with the rhythm and harmony of nature. Towards this end, the State shall
promote sustainable development by building a globally competitive, ecology
conscious community of self-reliant and highly efficient people while supporting the
protection, preservation and revival of the quality of our watersheds, mountain
ranges and forest reserves.

The State shall likewise formulate and implement a framework to enhance the
capabilities of the people where they are given equitable access to local resources,
basic social services and economic opportunities while ensuring the implementation,

1 management and oversight of the necessary measures and programs on the
2 protection and preservation of Kapatagan Valley.

3 SEC. 3. **Definition of Terms.** – As used in this Act:

4 a) *Discharge* includes the act of spilling, leaking, pumping, pouring,
5 emitting, emptying, releasing or dumping of any material into a water body or onto
6 land from which it might flow or drain into the water;

7 b) *Effluent* refers to sewage passed into a body of water or land or
8 industrial waste or wastewater flowing out of a manufacturing plant, industrial plant
9 and domestic household including commercial and recreational facilities; and

10 c) *Geographic Information System(GIS) Mapping* refers to computerized
11 data management system to capture, store, manage, retrieve, analyze, and display
12 spatial information in which data are geo-referenced to the coordinates of a particular
13 projection system which allows precise placement of features on the earth's surface
14 and maintains the spatial relationships between mapped features such as slope, soils,
15 hydrography, bathymetry, demography, wetlands and land use which are combined
16 to develop maps suitable for regulatory and planning decisions.

17 SEC. 4. **Kapatagan Valley Coverage.** – The Kapatagan Valley shall consist of
18 the municipalities of Kapatagan, Lala, Salvador and Sapad, including the peripheral
19 watershed municipalities of Tubod, Baroy, Nunungan, Magsaysay and Sultan Naga
20 Dimaporo, in Lanao del Norte.

21 SEC.5. **Kapatagan Valley Development Authority.** – There shall be created
22 under the Office of the President, an independent regulatory body to be known as

1 the Kapatagan Valley Development Authority, hereinafter referred to as the
2 “Authority.” The Authority shall be the primary government agency that shall
3 coordinate, plan, manage and implement the development programs and resource
4 utilization in the Kapatagan Valley. The Authority shall execute the powers and
5 functions vested and conferred by this Act. It shall have its principal office in
6 Kapatagan, Lanao del Norte and, if necessary, may establish area management
7 offices (AMOs) to achieve the objectives of this Act.

8
9 SEC. 6. *General Policies.* – In the exercise of its powers and duties, the
10 Authority is guided by the following policies:

11 a) The sustainable development and preservation of the Kapatagan Valley
12 are given due importance to protect and develop the ecological balance within the
13 area;

14 b) The preparation, development and implementation of a comprehensive
15 and detailed Kapatagan Valley Roadmap and Master Plan based on the framework
16 of sustainable management of watersheds, protected areas, fish sanctuaries and
17 rainforest shall be prioritized in consultation and coordination with the local
18 government units (LGUs), Department of Environment and Natural Resources
19 (DENR), Department of Interior and Local Government (DILG), Department of
20 Public Works and Highways (DPWH), National Economic Development Authority
21 (NEDA) and other appropriate government agencies and stakeholders;

- 1 c) The implementation of short and medium-term programs, activities and
2 projects consistent with the Kapatagan Valley Roadmap and Master Plan to attain
3 the objectives of this Act;
- 4 d) The implementation of environmental laws and regulations, including
5 Republic Act No. 7586, otherwise known as the "*National Integrated Protected Area*
6 *System Act of 1992*" and Republic Act No. 8435, otherwise known as the
7 "*Agriculture and Fisheries Modernization Act of 1997*," to regulate commercial,
8 industrial and similar activities within the Kapatagan Valley;
- 9 e) The encouragement of the active participation of the LGUs specifically
10 the barangays in the implementation and enforcement of existing environmental
11 laws;
- 12 f) The participation of the private sector and civil society organizations in
13 transforming the Kapatagan Valley into a conducive environment for recreation,
14 business and other productive uses through private sector-driven and cleaner
15 technology-based investments in ecosystem development;
- 16 g) Planning, programming, social preparation and adjustment, relocation
17 or resettlement of the population within the protected areas of Kapatagan Valley in
18 coordination with appropriate government agencies and LGUs to ensure that
19 relocation and resettlement areas have permanent access to adequate basic social
20 services and livelihood opportunities;

1 h) Management and implementation of information and education
2 campaign to amplify stakeholder awareness and voluntary participation on the
3 importance of protection and conservation of the Kapatagan Valley in close
4 coordination with LGUs and other government agencies; and

5 i) Formulation and implementation of programs, policies and procedures
6 to achieve public safety, especially preparedness for preventive or rescue operations
7 during times of calamities and disasters such as earthquakes, floods and mudslides,
8 as well as coordination and mobilization of resources and the implementation of
9 contingency plans for the rehabilitation and relief operations in coordination with
10 the appropriate national agencies.

11 **SEC. 7. Powers and Functions.** – The Authority shall exercise the following
12 powers and functions:

13 a) Formulate and implement the comprehensive Kapatagan Valley
14 Roadmap and Master Plan with the help of the NEDA and other agencies or entities;

15 b) Review all plans, projects and programs in the Kapatagan Valley and
16 the expansions thereto including those submitted by LGUs, public corporations,
17 public utility franchisees, concessionaires, private persons or corporations that relate
18 to the development of the Kapatagan Valley to ensure that they conform to
19 environmental standards prescribed by the Authority and other environmental laws;

20 c) Through coordination with the DPWH and other appropriate
21 government agencies, implement infrastructure projects for water supply, among
22 others, post-harvest irrigation, food processing, flood control, solid waste

1 management, wastewater and sewerage works, water supply facilities, access roads,
2 access ports, housing, leisure parks and related works within the context of its master
3 plan including the readjustment, relocation or resettlement of population within the
4 Kapatagan Valley that may be deemed necessary and beneficial in pursuit of its
5 mandate. In case any of these projects is financed wholly or in part by the Authority,
6 it shall collect fees and tolls from users or beneficiaries to recover costs of
7 construction and maintenance of the projects;

8 d) Periodically conduct comprehensive scientific surveys, studies, field
9 sampling and laboratory testing, and Geographic Information System (GIS)-
10 mapping of the Kapatagan Valley, in coordination with the Department of Science
11 and Technology (DOST), DENR-Environmental Management Bureau (EMB), and
12 National Mapping and Resource Information Authority (NAMRIA) to monitor,
13 evaluate, update and analyze among others, the physical, biological, chemical,
14 geological characteristics including the socio-economic profile of stakeholders,
15 trade, industrial and commercial profile of business entities, status of the national
16 government agency and LGU programs and projects, biometric tagging and
17 identification of settlers, parcellary land use and zoning aspects, mapping of critical
18 effluent discharge areas, transportation and navigation attributes, and historical and
19 tourism elements;

20 e) Engage the services of the private sector through the Public-Private
21 Partnership (PPP) process or through the Build Operate and Transfer (BOT) Scheme
22 under Republic Act No. 6957, entitled "*An Act Authorizing the Financing,*

1 *Construction, Operation and Maintenance of Infrastructure Project by the Private*
2 *Sector, and For Other Purposes”* as amended or other acceptable forms of
3 partnership and agreements in establishing an environmental, biological or
4 microbiological laboratory, GIS-mapping system, surveillance, monitoring and
5 enforcement system through high-definition closed circuit televisions or other
6 surveillance and monitoring technologies and new technologies on highly-
7 specialized fields;

8 f) Engage in land swapping in securing relocation and resettlement areas,
9 whether by itself or in cooperation with private persons or entities, enter into other
10 acceptable exchange agreements related to social and ecological development
11 projects;

12 g) Identify, secure and possess near-site or on-site development areas for
13 low-cost and socialized mass housing of qualified informal settler families;

14 h) Engage in experimental community-based integrated waste
15 management technologies and strategies including the collection and disposal
16 system, sewage and septage treatment, collection and disposal of floating garbage,
17 solid waste, wastewater by-products, sludge or contaminated sediments;

18 i) Clear and dismantle all illegal structures, in coordination with the local
19 government units, DILG and Philippine National Police (PNP), and ensure that the
20 easements provided for in this Act and other related laws are enforced;

21 j) Conduct, in close coordination with the DENR, DOST, the academe
22 and other private and public research institutions, continuing research and

1 development programs on environmental management technologies, integrated
2 agricultural management models and techniques, and appropriate aquaculture
3 technologies, with the end view of promoting sustainable development;

4 k) Without prejudice to existing environmental laws, establish and enforce
5 anti-pollution standards on domestic, municipal, commercial and industrial waste
6 being discharged into the Kapatagan Valley watershed and river system;

7 l) Require all projects or activities affecting the Kapatagan Valley to
8 secure environmental compliance certificates (ECCs) required under Presidential
9 Decree No. (PD)1586 entitled "*Establishing An Environmental Impact Statement*
10 *System, Including Other Environmental Management Related Measures and For*
11 *Other Purposes*" and grant clearances and permits for projects and activities within
12 or affecting the Kapatagan Valley including industrial and commercial activities,
13 recreation and tourism, navigation, housing and other forms of land developments,
14 construction and operation and impose necessary safeguards, management and
15 control of waste and collect necessary fees for such activities and projects;

16 m) Issue, renew or cancel permits, subject to reasonable guidelines, for the
17 discharge of sewage, septage, industrial waste and installation or operation of
18 sewerage works and industrial disposal systems or parts thereof, for the prevention
19 and abatement of pollution;

20 n) Issue, after due notice and hearing, orders or decisions to compel
21 compliance with the provisions of this Act and its implementing rules and
22 regulations;

1 o) Issue, alter or modify, after due notice and hearing, orders or decisions
2 requiring the discontinuance of pollution specifying the conditions and the time
3 within which such discontinuance must be accomplished;

4 p) Revoke, suspend or modify, after due notice and hearing, any clearance
5 or instrumentalities for the purpose of enforcing the provisions of this Act and its
6 implementing rules and regulations;

7 q) Deputize or request the assistance of appropriate government agencies
8 or instrumentalities for the purpose of enforcing the provisions of this Act and its
9 implementing rules and regulations and the orders and decisions of the Authority;

10 r) Enter, inspect or investigate at all reasonable times any public and
11 private property devoted to commercial and industrial use within the Kapatagan
12 Valley, on any matter relating to pollution and existing or imminent environmental
13 hazard and danger;

14 s) Fix, impose, collect, periodically review and adjust reasonable fees and
15 other related charges for services rendered in the performance of its mandate; and

16 t) Exercise powers and perform other functions as may be necessary to
17 carry out its duties and responsibilities under this Act.

18 SEC. 8. **Corporate Powers.** – The Authority shall exercise the following
19 corporate powers:

20 a) Succeed in its corporate name;

21 b) Sue and be sued in its corporate name;

22 c) Adopt, alter and use a corporate seal;

- 1 d) Adopt, amend or repeal its bylaws;
- 2 e) Enter into, make, perform and carry out contracts of any class,
3 kind and description with any person, firm or corporation, private or public and with
4 foreign government entities which are necessary or incidental to the realization of its
5 purpose;
- 6 f) Acquire, buy, purchase, hold or lease personal and real property
7 as it deems necessary or convenient in the transaction of its business, or to lease,
8 mortgage, sell, alienate or otherwise encumber, utilize, exploit or dispose of any such
9 personal and real property held by the Authority, subject to prior or existing
10 individual or communal right of private parties, the government, any agency or
11 enterprise thereof. No real property within the Kapatagan Valley shall be sold or
12 disposed of without the approval of the President of the Philippines;
- 13 g) Receive and utilize donations, grants, bequeaths and assistance
14 of all kinds from local and foreign governments and private sectors;
- 15 h) Exercise the right of eminent domain whenever the Authority
16 deems it necessary to carry out the objectives under this Act;
- 17 i) Borrow funds from any local or foreign sources independent of
18 the bonds it may issue to carry out the purposes of this Act;
- 19 j) Purchase, hold, alienate, mortgage, pledge or otherwise dispose
20 of the shares of the capital stock or any bond, securities or other evidence of
21 indebtedness created by any other corporation, co-partnership or government
22 agencies or instrumentalities. The Authority shall not invest its funds in any high-

1 risk instruments or in any highly speculative stocks issued without recourse to
2 commercial banks or investment houses;

3 k) Provide incentives to encourage the private sector to fully
4 subscribe to its shares of stock;

5 l) Perform any acts which a corporation or a juridical person is
6 authorized to perform under the existing laws; and

7 m) Issue such other rules and regulations as may be deemed
8 necessary to carry out the purposes of this Act.

9 SEC. 9. **Board of Directors.** – The corporate powers of the Authority shall be
10 vested in and exercised by a Board of Directors, hereinafter referred to as the Board,
11 which is composed of the following:

- 12 a) General manager of the Authority, as chairperson;
13 b) Secretary of the DENR, as *ex-officio* vice-chairperson;
14 c) Secretary of the DPWH, as *ex-officio* member;
15 d) Secretary of the DILG, as *ex-officio* member;
16 e) A representative from the Office of the Governor of the Province
17 of Lanao del Norte; and
18 f) Two (2) representatives from the private sector who are
19 shareholders or stakeholders in the Kapatagan Valley, as members.

20 The *ex-officio* members of the Board may designate the officer next in rank as
21 a permanent alternate representative to the Board.

1 The appointment and qualification of the members of the Board shall be in
2 accordance with the provisions of Republic Act No. 10149, otherwise known as the
3 “*GOCC Governance Act of 2011*.” The Governance Commission for Government-
4 Owned or-Controlled Corporations shall give utmost consideration to the nominees
5 recommended by the general manager. The general manager shall recommend at
6 least three (3) names for every vacant position.

7 SEC. 10. ***Powers and Functions.*** – The Board shall exercise the following
8 powers and functions:

9 a) Provide a comprehensive policy guidance for the sustainable
10 development and preservation of the Kapatagan Valley;

11 b) Prescribe and promulgate policies, rules and regulations to govern the
12 conduct of business of the Authority and ensure that the Authority performs its
13 functions in a proper, efficient and effective manner;

14 c) Decide the objectives, strategies and policies of the Authority in
15 accordance with the provisions of this Act;

16 d) Exercise appellate powers on the decision of the general manager;

17 e) Issue subpoena *ad testificandum* or *subpoena duce tecum* requiring the
18 attendance and testimony of witnesses in any matter or inquiry pending before the
19 Board and requiring the production of books, papers, contracts, agreements and all
20 other documents;

1 f) Exercise appellate powers to order the taking of depositions at any stage
2 of any proceeding or investigation pending before the Board;

3 g) Approve the organizational and administrative structures and the
4 corresponding staffing pattern of the Authority; fix their reasonable compensation,
5 allowances and other benefits in accordance with the Salary Standardization Law;
6 prescribe their duties and establish such methods and procedures as may be
7 necessary to ensure the efficient, honest and economical administration of the
8 provisions and purposes of this Act. All personnel of the Authority shall be appointed
9 by the general manager. Those personnel with the rank of assistant manager down
10 to department heads, and others of comparable rank, shall be subject to the
11 confirmation of the Board: *Provided*, That the personnel of the Authority shall be
12 selected only from those with civil service eligibility and shall be subject to civil
13 service laws, rules and regulations;

14 h) Approve the annual and supplemental budgets of the Authority and
15 authorize each operating and capital expenditure and disbursement as may be
16 necessary for the effective management, operation and administration of the
17 Authority;

18 i) Create and organize *ad-hoc* technical working groups composed of
19 representatives from the government and other stakeholders to assist the Board; and

20 j) Perform such other functions as may be necessary to carry out the
21 provisions of this Act.

1 SEC. 11. **Quorum.** – The presence of at least five (5) members of the Board
2 shall constitute a quorum and the majority vote of at least four (4) members in a
3 meeting where a quorum is present shall be necessary for the adoption of any ruling,
4 order, resolution, decision or act of the Board in the exercise of its functions.

5 SEC. 12. **Board Meetings.** – The Board shall meet regularly once a month and
6 may hold special meetings to consider urgent matters upon the call of the chairperson
7 or upon the initiative of five (5) members. The rules and procedures in the conduct
8 of Board meetings shall be prescribed by the Board.

9 SEC. 13. **Per Diems.** – The members of the Board shall receive a *per diem* for
10 each meeting actually attended. The *per diems* of the members of the Board shall be
11 determined by the Board in accordance with the existing rules and regulations.

12 SEC. 14. **General Manager.** –A general manager who is the chief executive
13 officer of the Authority shall exercise the following powers and functions:

14 a) Submit for consideration of the Board, the policies and measures that
15 are necessary to carry out the purposes and objectives of this Act;

16 b) Head and administer the Kapatagan Valley Adjudication Panel as the
17 implementing arm for the quasi-judicial powers of the Authority;

18 c) Execute, administer and implement the policies, plans, programs and
19 projects approved by the Board;

20 d) Manage and supervise the operation and administration of the
21 Authority;

1 e) Appoint all officials and employees of the Authority and remove,
2 suspend or otherwise discipline the same for cause, in accordance with existing civil
3 service laws, rules and regulations;

4 f) Submit quarterly reports to the Board on personnel selection, placement
5 and training;

6 g) Render an annual report to the Board and various stakeholders
7 regarding the operation of the Authority including its latest financial statements;

8 h) Represent the Authority in all its dealings with offices, agencies, and
9 instrumentalities of the government and with all persons and other entities, public or
10 private, domestic and foreign; and

11 i) Perform such other functions as may be provided in the bylaws and as
12 may be vested by the Board.

13 The general manager shall be vested with the rights, privileges,
14 disqualifications and prohibitions of a general manager as prescribed by existing
15 Position Classification and Compensation Scheme, laws, issuances and pertinent
16 civil service rules and regulations.

17 SEC. 15. **Qualifications.** – The general manager must be:

18 a) A citizen and resident of the Philippines;

19 b) At least thirty-five (35) years of age;

20 c) With good moral character, unquestionable integrity and recognized
21 competence; and

1 d) A degree holder with at least five (5) years supervisory or management
2 experience in the field of public administration, economic planning, environmental
3 planning and natural resource management, or in the establishment and management
4 of large agricultural, commercial or industrial enterprises or other related fields.

5 SEC. 16. *Term of Office.* – The general manager shall be appointed by the
6 President of the Philippines and shall have a term of six (6) years which may be
7 extended for another non-extendible term of two (2) years. The general manager may
8 only be removed for cause in accordance with the rules and regulations prescribed
9 by the Civil Service Commission.

10 SEC. 17. *Management Structure.* – In carrying out the activities of the
11 Authority, the general manager shall be assisted by an assistant general manager and
12 four (4) department heads: one (1) for legal services, one (1) for administration and
13 finance services, one (1) for technical services, and one (1) for agricultural
14 development, who shall have such powers, duties and functions as the general
15 manager may prescribe or delegate. The assistant general manager shall act as the
16 general manager in the absence or during the temporary incapacity of the general
17 manager or until such time that a new general manager has been duly appointed.

18 The Authority shall have the following departments under the direct
19 supervision and control of the general manager:

20 a) *Enforcement and Legal Service Department* which shall provide legal
21 advice and support to all the corporate units on legal implications of the various
22 undertakings of the Authority. It shall also provide professional assistance in the

1 implementation of the quasi-judicial and regulatory functions of the Authority,
2 which includes enforcement of environmental protection, proper procedures on
3 investigation, litigation, adjudication and voluntary arbitration. It shall oversee and
4 manage the operations of the watershed, forestry zones, rainforest and fish sanctuary
5 surveillance, monitoring and enforcement units within the Kapatagan Valley;

6 b) *Administrative and Finance Department* which shall be responsible for
7 providing services related to administrative support services such as consolidation
8 of major financial output, preparation of personnel evaluation system, human
9 resource management, revenue planning, generation and enhancement, budget and
10 financial matters, records management, safekeeping of financial assets, and general
11 services;

12 c) *Technical and Environmental Management Services Department* which
13 shall serve as the main regulatory and technical arm of the authority and shall oversee
14 the integration of the functions on environmental management and development,
15 including the management and operations of the GIS-mapping unit and laboratories.
16 It shall also be responsible for providing scientific studies, technical policy planning,
17 research and development, and technology management services; and

18 d) *Agricultural Development Department* which shall be responsible for
19 the promotion and management of agricultural activities in the area, including
20 dissemination of information and educational campaign to residents, particularly the
21 farmers, to help them maximize their earning potential while maintaining ecological
22 balance.

1 SEC. 18. *Power to Administer Oaths.* – The members of the Board, the
2 general manager and other duly designated officers of the Authority, shall have the
3 authority to administer oaths in the transaction and performance of their official
4 duties.

5 SEC. 19. *Consultative Assembly.* – There shall be established a consultative
6 assembly which shall serve as venue for public consultations and participation by
7 stakeholders and presentation of the Authority's plans and programs or modification,
8 amendment or revision of rules and regulations prior to its adoption or
9 implementation within its jurisdiction. The consultative assembly is composed of the
10 following:

- 11 a) Mayors of the municipalities comprising the Kapatagan Valley;
- 12 b) The president of the association of barangay captains in municipalities
13 comprising the Kapatagan Valley;
- 14 c) A representative of owners, proprietors and authorized operators of all
15 major private, commercial or industrial business establishments located in all
16 barangays comprising the Kapatagan Valley; and
- 17 d) One (1) representative each for the homeowners associations, civil
18 society organizations and peoples' organizations in the Kapatagan Valley.

19 The Authority shall convene an annual year-end general assembly to report
20 and present its financial and fiscal status and updates on its plans, programs and
21 projects to its stakeholders and to the public. The required logistical support, such as

1 food and transportation allowances shall be provided to the members of the Board
2 and the consultative assembly during the meeting at the expense of the Authority
3 subject to government accounting and auditing procedures.

4 SEC. 20. **Enforcement Powers.** – The Authority shall have enforcement
5 powers within Kapatagan Valley to carry out the functions and attain the purposes
6 and objectives declared under this Act. The grant of such powers shall be in
7 conformity with the functions exclusively provided by law to be exercised by the
8 PNP and other government agencies. The Authority may request the assistance of
9 other law enforcement agencies, including request for deputation as may be required.

10 SEC. 21. **Power to Investigate Violations.** – The general manager,
11 *motuproprioor* at the instance of a private person or the Board, may conduct
12 investigations based on the procedures that the Board may prescribe in accordance
13 with the provisions of the Rules of Court serving as supplemental guidelines.

14 SEC. 22. **Cease and Desist Order.** – The general manager, after due
15 investigation, may issue a cease and desist order to immediately halt any practice
16 found to be in violation of the provisions of this Act. Such order shall be without
17 prejudice to the civil or criminal prosecution of persons under the existing laws.

18 SEC. 23. **Kapatagan Valley Adjudication Panel.** – To carry out effectively
19 the quasi-judicial powers of the Authority, there shall be created a Kapatagan Valley
20 Adjudication Panel, hereinafter referred to as the “Adjudication Panel.” The
21 Adjudication Panel is composed of the general manager as the head, one (1) ex-

1 *officio* board member and one (1) board member from the private sector, to be elected
2 by the board members from among themselves.

3 The Adjudication Panel shall have the following powers and functions:

4 a) Issue preliminary or permanent injunctions whether prohibitory or
5 mandatory, in all cases in which it has jurisdiction;

6 b) Issue subpoena and subpoena *ducestecum* and to summon witnesses to
7 appear in any proceedings of the Adjudication Panel, and administer oaths and
8 affirmations;

9 c) Punish for contempt, both direct and indirect, in accordance with the
10 pertinent provisions of and the penalties prescribed by the Rules of Court;

11 d) Conduct investigations and hearings on the complaints for violation of
12 the environmental laws and of this Act, issue show cause orders, decisions or ruling
13 and impose fines and penalties for such violations;

14 e) Issue notices of violations or non-compliance, cease and desist orders
15 and other related orders necessary for the enforcement of existing environmental
16 laws and rules and regulations of this Act;

17 The Adjudication Panel is mandated to take cognizance and adjudicate
18 violations of this Act. Any decision, order or resolution shall be concurred in by the
19 majority members of the panel and duly signed by the general manager. The
20 decision, order or resolution of the Adjudication Panel may be appealed to the Board
21 within fifteen (15) days from receipt of the decision, order or resolution. The

1 decision of the Board may be further appealed to any court of competent jurisdiction
2 in accordance with the provisions of the Rules of Court.

3 **SEC. 24. *Clean-Up Operations.*** – In addition to the provisions of Section 25
4 hereof, any person who causes pollution in or pollutes the Kapatagan Valley in
5 excess of the applicable and prevailing standards is responsible to contain, remove
6 and clean-up any pollution incident at the polluter's own expense: *Provided*, That in
7 the event emergency clean-up operations are necessary and the polluter fails to
8 immediately undertake the same, the Authority, in coordination with other
9 government agencies concerned, shall conduct containment, removal and clean-up
10 operations. Expenses incurred in the operations shall be reimbursed by the persons
11 found to have caused such pollution upon proper administrative determination in
12 accordance with this Act. Reimbursements of the cost incurred shall be made to the
13 Authority's fund for the development of the Kapatagan Valley.

14 **SEC. 25. *Prohibited Acts.*** – The following acts are prohibited:

- 15 a) Unauthorized transport or dumping of sewage sludge, solid waste, or
16 commercial, industrial and institutional waste into the Kapatagan Valley and its
17 watersheds, fish sanctuaries, tributaries and waterways;
- 18 b) Transporting, dumping or discharging of prohibited chemicals, toxic
19 substances, hazardous and nuclear waste into the Kapatagan Valley and its
20 watersheds, fish sanctuaries, tributaries and waterways;
- 21 c) Refusal to allow entry, inspection and monitoring by the Authority;

- 1 d) Refusal to allow access by the Authority to relevant reports and records;
2 e) Refusal or failure to submit reports whenever required by the Authority;
3 f) Refusal or failure to designate pollution control officers whenever
4 required by the Authority in accordance with this Act;
5 g) Operating facilities and discharging regulated solid or water pollutants
6 without the valid required permits or under a revoked permit in violation of any
7 condition imposed by the Authority;
8 h) Disposal of potentially infectious medical waste into the Kapatagan
9 Valley and its watersheds, fish sanctuaries, tributaries and waterways; and
10 i) Undertaking activities, development and expansion projects or
11 operating wastewater and sewerage facilities in violation of Environmental Impact
12 Statement System established under PD1586 and its implementing rules and
13 regulations.

14 SEC. 26. **Penal Clause.** – Any person who commits any of the prohibited acts
15 mentioned in Section 25 hereof or any rule and regulation promulgated pursuant
16 thereto shall be punished by imprisonment of not less than two (2) years but not more
17 than four (4) years or a fine of not less than Fifty thousand pesos (P50,000.00) but
18 not more than One hundred thousand pesos (P100,000.00), or both. In case of failure
19 or refusal to undertake clean-up operations mentioned in Section 24 hereof, any
20 person who, willfully or through gross negligence causes serious injury, loss of life,
21 or irreversible water contamination of surface or ground water, shall be punished

1 with imprisonment of not less than six (6) years and one day to not more than twelve
2 (12) years or a fine of Five hundred thousand pesos (P500,000.00) per day for each
3 day during which the omission or contamination continues.

4 If the offender is a corporation or a juridical person, the officers thereof who
5 have knowingly participated in the violation shall be held liable.

6 SEC. 27. *Incentives.* – The Authority may provide incentives to industries and
7 commercial enterprises that undertake necessary measures to abate pollution within
8 the Kapatagan Valley and to the government agencies involved in the construction
9 of parks, river control structures, anti-pollution devices, contraptions, appurtenances,
10 bio-remediation and containment systems, cleaner technology systems for
11 wastewater treatment and sewerage facilities and solid-waste and garbage disposal
12 systems, and other related equipment.

13 Investment incentives shall be provided by the Authority to the industries,
14 organizations and persons whose activities enhance the utilization of the Kapatagan
15 Valley and its environs such as clean-up operations, recreation, tourism and other
16 programs that revive, improve and enhance the ecological system of the Kapatagan
17 Valley.

18 SEC. 28. *Annual Fees.* – The Authority shall collect annual fees from private
19 business establishments, individual or corporation, whose solid waste or wastewater
20 disposal facilities are connected to the sewerage system located within the
21 Kapatagan Valley. The fees collected shall be used solely for the sustainable
22 development of the Kapatagan Valley.

1 SEC. 29. *Fiscal Autonomy.* – The Authority shall enjoy fiscal autonomy. All

2 funds earned by the Authority from the collection or levy or from all fees, charges,
3 dues, assessments and fines collected pursuant to this Act shall be used solely to fund
4 its operations.

5 SEC. 30. *Capitalizations and Financing.* – The Authority shall have an
6 authorized capital of Four hundred million pesos (P400,000,000.00). The authorized
7 capital shall be divided into two million (2,000,000) shares of stock with a par value
8 of Two hundred pesos (P200.00) per share. The National Government shall fully
9 subscribe to ninety percent (90%) of the authorized capital, of which at least fifty
10 percent (50%) shall have been fully paid; while ten percent (10%) of the shares shall
11 be subscribed and paid by the Provincial Government of Lanao del Norte.

12 SEC. 31. *Funding.* – The amount necessary to subscribe and pay for the
13 remaining shares of the National Government to the capital stock of the Authority
14 shall be included in the annual General Appropriations Act. For the Provincial
15 Government of Lanao del Norte, the funds for subscription shall be taken from their
16 internal revenue allotment and other local funds.

17 SEC. 32. *Exemption from Taxes, Customs and Tariff Duties.* – The
18 importation of equipment, machineries, spare parts, accessories and other materials
19 including supplies and services which are used solely and exclusively for the
20 operations of the Authority and are not available locally shall be exempt from all
21 direct and indirect taxes, fees and other charges. All obligations entered into by the
22 Authority and any income derived therefrom, including those contracted with private

1 international banking and financial institutions shall be exempt from all taxes
2 including the principal and the interest. The Authority is also exempt from the
3 payment of capital gains tax, documentary stamp tax, real property estate tax and all
4 other local government taxes and fees.

5 SEC. 33. **Auditor.** – The chairperson of the Commission on Audit (COA) shall
6 be the *ex-officio* Auditor of the Authority. For this purpose, the chairperson of COA
7 may appoint a representative and the necessary personnel who shall audit the
8 Authority.

9 All accounts and expenses of the Authority shall be audited by the
10 Commission on Audit or its duly authorized representative.

11 SEC. 34. **Joint Congressional Oversight Committee.** – There is hereby
12 created a Joint Congressional Oversight Committee to monitor the implementation
13 of this Act. The oversight committee shall be composed of five (5) Senators and five
14 (5) Representatives to be appointed by the Senate President and the Speaker of the
15 House of Representatives, respectively. The oversight committee shall be co-chaired
16 by the chairpersons of the Committee on Environment of the Senate and the
17 Committee on Ecology of the House of Representatives.

18 SEC.35. **Implementing Rules and Regulations.** – Within ninety (90) days
19 from the approval of this Act, the Board shall issue the necessary rules and
20 regulations for the effective implementation of this Act. The implementing rules and
21 regulations shall be published in the *Official Gazette* or in a newspaper of general
22 circulation.

1 SEC. 36. **Repealing Clause.** – All laws, decrees, executive orders, rules and
2 regulations and issuances, or parts thereof, inconsistent with the provisions of this
3 Act are hereby repealed accordingly.

4 SEC. 37. **Separability Clause.** – If any provision of this Act is declared
5 unconstitutional or invalid, the other provisions not otherwise affected shall remain
6 in full force and effect.

7 SEC. 38. **Effectivity.** – This Act shall take effect fifteen (15) days after its
8 publication in the *Official Gazette* or in a newspaper of general circulation.

9 Approved