The Laguna Lake Development Authority

*The only lake basin management authority in the Philippines. Created in 1966 through Republic Act 4850.*
Evolution of LLDA

RA 4850 (1966), to promote and accelerate the development and balanced growth...with due regard for environmental management...)

PD 813 (1975)
Expanded the Mandate of LLDA to address environmental protection including the power to issue permit for the use of surface waters

EO 927 (1983)
- Classified LLDA as Class A Corporation
- Authorized to modify its organization
- Granted water rights over Laguna de Bay and other water bodies within the region
- Granted power to control and abate pollution within the region
- Authorized to collect fees for the use of lake water

EO 349 (1996)
Adoption and implementation of Laguna de Bay Master Plan

EO 149 (1993)
- placed under DENR for administrative supervision and policy coordination
Composition of the LLDA Board of Directors
Under R.A. 4850 as amended

Representative of the Office of the President

Secretary, Department of Environment and Natural Resources

Secretary, Department of Trade and Industry

Secretary, National Economic and Development Authority

Governor, Province of Laguna

Governor, Province of Rizal

Chairman, Metropolitan Manila Development Authority

General Manager, Laguna Lake Development Authority, ex-Officio member

Presidents, Leagues of Mayors of Rizal and Laguna

Private Investors’ Representative
Capitalization and Financing: Section 6, RA 4850 (1966) as amended by Presidential Decree 813 (1975) and Executive Order 927 (1983):

Authorized capital: PhP 700,000,000.00

PhP 351,000,000.00 – shall be subscribed by the National Government

PhP 349,000,000.00 – shall be subscribed by cities, municipalities, government corporations and private investors.

Authorized capital stock: PhP 700 million - divided into 7 million shares of stock with a par value of PhP 100.00 per share.
The shares of stock are divided into:

4,900,000 common shares (voting)
- minimum of 2,800,000 shall be subscribed by the National Government
- at least 60% of the balance subscribed by the Provinces of Rizal and Laguna in such proportion as may be agreed upon by both provincial governments in accordance with their respective financial capacities.
- the remaining balance of the common shares: open for subscription to cities, provinces, municipalities and private investors.

2,100,000 preferred shares (non-voting)
- minimum of 770,000 shares subscribed by the National Govt.
- remaining balance: available for subscription to cities, municipalities, government corporations, and private investors.

“Provided, however, that preferred shares shall enjoy preference with respect to distribution of dividends and assets in case of dissolution.”
Tax exemption:

Exempted from paying taxes for 5 years, pro-rated tax payment thereafter up to the 9th year.

- 6th yr. - 20%
- 7th yr. - 40%
- 8th yr. - 60%
- 9th yr. - 80%
- 10th yr. - 100%
Financing

Under its present mandate, LLDA is authorized to source its funds from the following:

- National Government subsidies and financial assistance to carry out its social overhead projects;
- Bilateral and multilateral sources through technical assistance grants or loan facilities;
- Contracted loans through floating of bonds and other debt instruments;
- Sale of stocks and investment in secured debt instruments
- Public-private partnership
- Build-Operate-Transfer contracts with private entities
- Revenue and non-revenue generation
As a Government Owned and Controlled Corporation (GOCC) with an enabling Charter, LLDA can raise revenues and retain the same for its own operations.

LLDA’s Revenue Sources:

1. Resource User’s Fee
2. Regulatory fees
3. Service fees
4. Financial investment

Non-Revenue Sources:

1. Project Development Fund
2. Corporate Equity (paid up capital)
3. Grants
LLDA Revenue Sources
2008

- Regulatory Fees: 27%
- Service Fees: 5%
- Financial Investment: 4%
- Resource User's Fee: 64%
Resource User's Fee
2008

- Discharge Permit: 58.5%
- Water Abstraction: 4.1%
- Shoreland Management: 0.3%
- Fishpen / Fishcage: 37.1%
Regulatory Fee
2008

- LLDA Clearance/ECC: 43%
- Administrative Fees: 27%
- Daily Penalties: 28%
- Barging Fees: 2%
Service Fee
2008

PCO Training 69%
Laboratory Analysis 19%
Survey 12%
Financial Investments
2008

Interest Income from Bank Accounts
1%

Interest from Investment Portfolio
99%
LLDA Revenue Sources
1995-2008

- Service Fees: 47%
- Financial Investment: 6%
- Resource User's Fee: 30%
- Regulatory Fees: 17%
LLDA Operating Expenses 1995-2008

- Non-Cash Expenses: 9%
- Personal Services: 45%
- Maintenance and Other Operating Services: 46%
Challenges in sustaining revenue generation and collection

a. Less dependence on Regulatory Fees
b. Further development of Resource User’s Fee
c. Expansion of technical services
d. More investment opportunities
e. Continuously pursuing projects through ODA’s
Finance is one of the 6 pillars of ILBM that gives premium on the development of innovative approaches to generate locally-generated and usable funds. The LLDA experience has manifested some innovative approaches such as the EUFS. The revenue may decrease through time as wider compliance to environmental laws is achieved but the administrative fee is ensured to remain as a sustainable revenue source. Other approaches such as Payment for Environmental Services (PES) are being explored with regards to the use of the lake and basin resources.

The greater challenge for a lake basin authority such as the LLDA is to ensure that the water quality of the lake and the tributary rivers as well as the environmental quality in the watershed are in a level that would allow the multiple uses of the basin resources in a sustainable way.