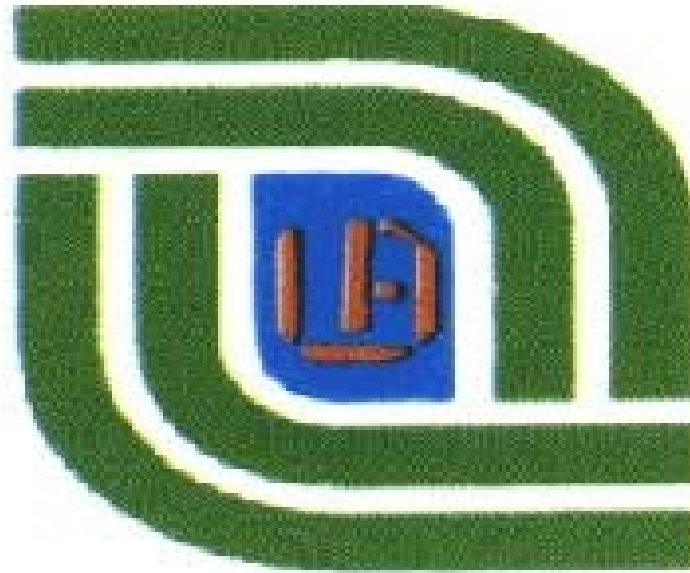




Sustainable Financing for Lake Basin Management Activities in Laguna de Bay, Philippines

Adelina C. Santos-Borja
Laguna Lake Development Authority





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.

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

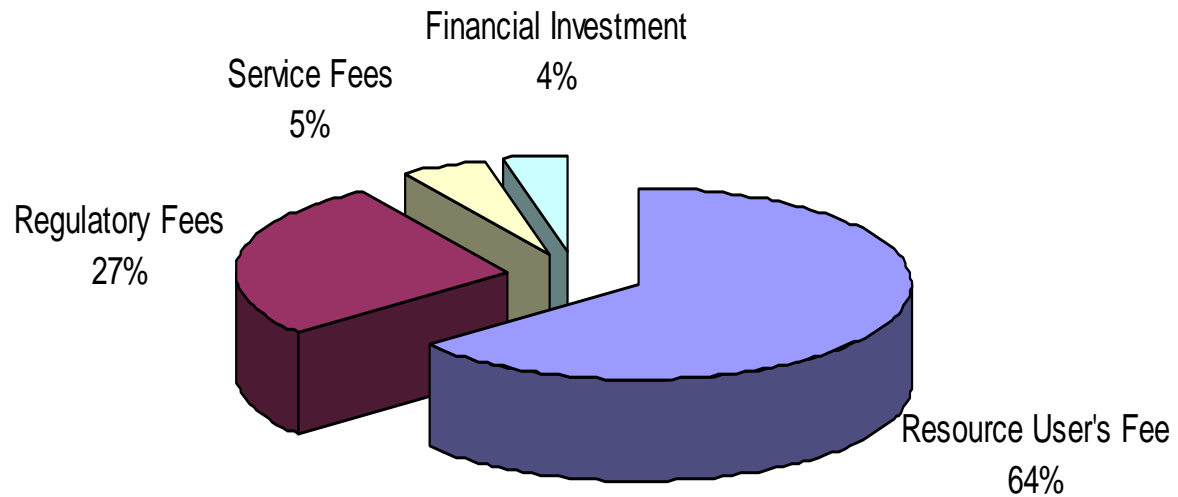
LLDA's Revenue Sources:

- 1. Resource User's Fee**
- 2. Regulatory fees**
- 3. Service fees**
- 4. Financial investment**

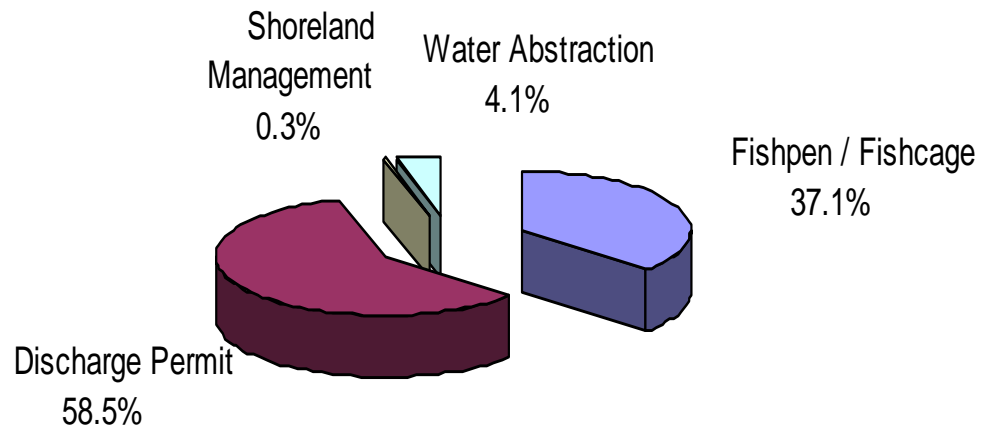
Non-Revenue Sources:

- 1. Project Development Fund**
- 2. Corporate Equity (paid up capital)**
- 3. Grants**

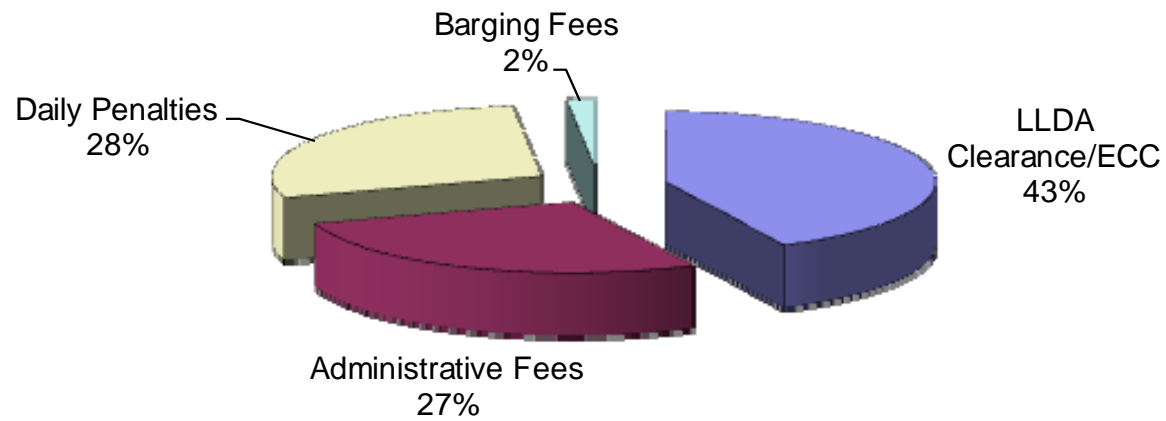
LLDA Revenue Sources 2008



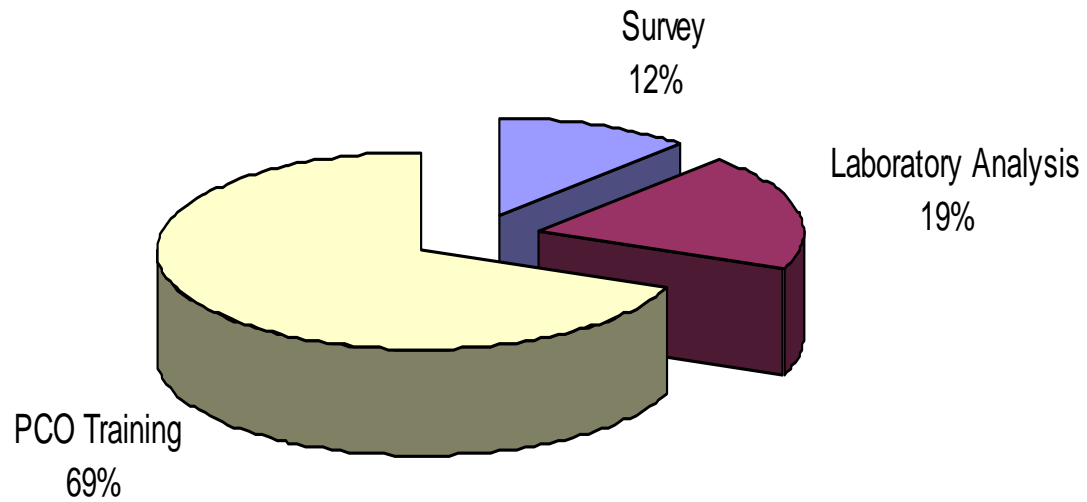
Resource User's Fee 2008



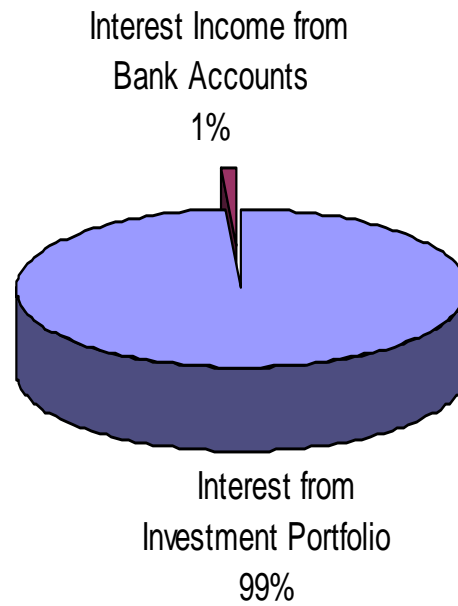
Regulatory Fee 2008



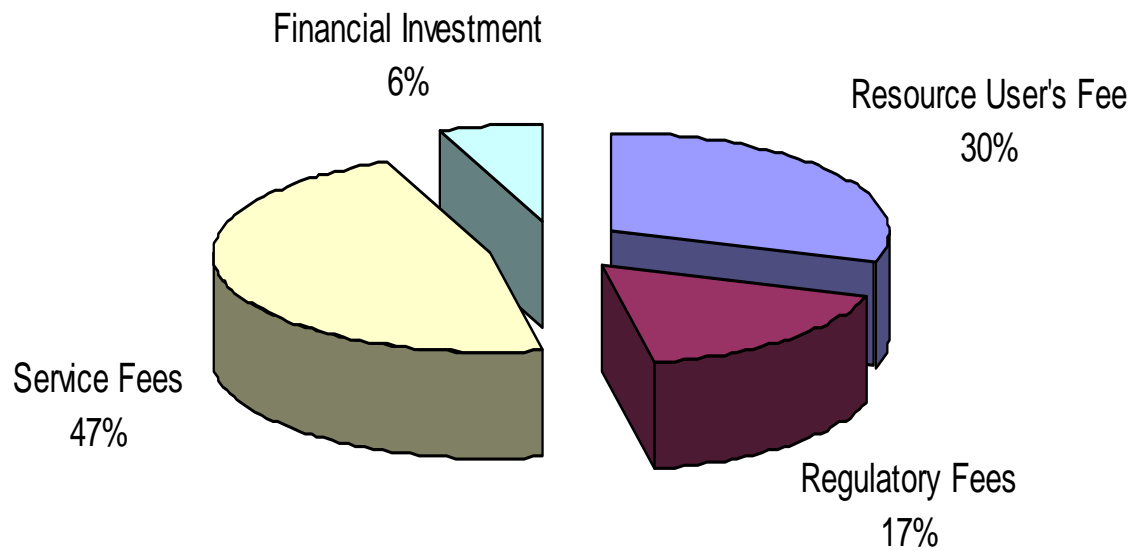
Service Fee 2008



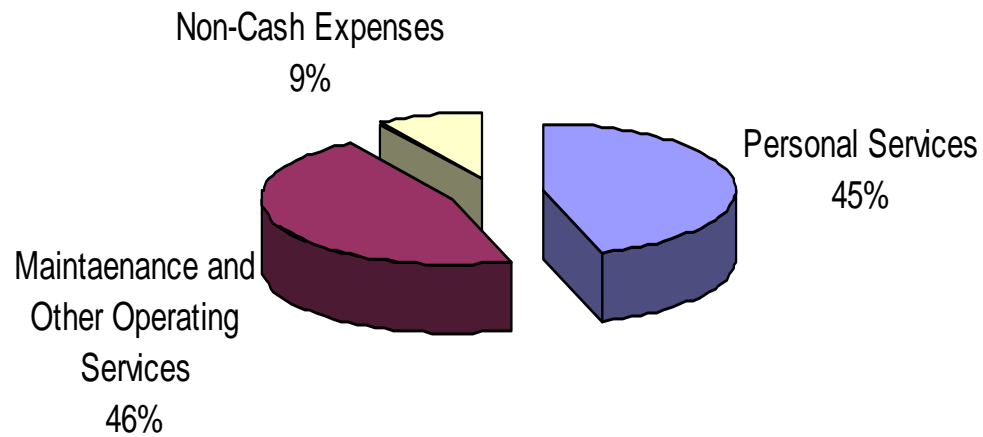
Financial Investments 2008



LLDA Revenue Sources 1995-2008



LLDA Operating Expenses 1995-2008



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**

END NOTES

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.