

SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

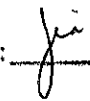


Senate
Office of the Secretary

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SENATE

Senate Bill No. 1409

RECEIVED BY: 

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

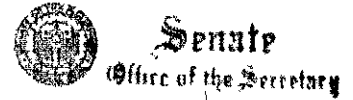
The Local Water Utilities Administration (LWUA) performs a vital role in providing an efficient delivery of one of the basic needs of man – water. As such the agency is tasked to establish, finance and administer as well as develop potable water supply systems throughout the country.

This bill seeks to increase the capitalization of the LWUA from P2.5 Billion to P25 Billion to enable the agency to implement additional potable water supply systems nationwide. Presently, more than 80% of the communities in the country have no access to safe and potable water.

Additionally, this measure shall grant authority to the agency to enable them to contract domestic and foreign loans .


JINGGOY EJERCITO ESTRADA
Senator

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AN ACT
FURTHER AMENDING PRESIDENTIAL DECREE NO. 198, AS AMENDED,
OTHERWISE KNOWN AS "THE PROVINCIAL WATER UTILITIES ACT OF
1973"

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

SECTION 1. Section 67 of Presidential Decree No. 198, as amended, is hereby further amended to read as follows:

"SEC. 67. Capital Stock. – The authorized capital of the Local Water Utilities Administration is [Two] **TWENTY-FIVE** Billion [, Five Hundred Million] Pesos (**P25,000,000,000.00**) divided into [Twelve] **SIXTY-TWO** Million Five Hundred Thousand (**62,500,000**) shares of stocks with a par value of **FOUR** [Two] Hundred Pesos (**P400.00**) per share which shall be subscribed by the National Government **AND GOVERNMENT FINANCIAL INSTITUTIONS** and opened to subscription by private investors [or government financial institutions] **SUBJECT TO THE APPROVAL BY THE DEPARTMENT OF FINANCE: PROVIDED, THAT ALL SUBSIDIES PREVIOUSLY PROVIDED BY THE NATIONAL GOVERNMENT TO LWUA AFTER THE FULL SUBSCRIPTION OF THE NATIONAL GOVERNMENT OF THE ORIGINAL CAPITAL STOCK OF TWO BILLION FIVE HUNDRED MILLION PESOS (P2,500,000,000.00), WHICH WERE USED AS LOANS OUTLAY TO WATER DISTRICTS SHALL BE CREDITED AS PART OF THE NATIONAL GOVERNMENT PAYMENT FOR SUBSCRIPTION TO THE ADDITIONAL CAPITAL STOCK OF THE ADMINISTRATION: PROVIDED, FURTHER, THAT PRIVATE SECTOR INVESTMENTS SHOULD NOT BE MORE THAN FORTY PERCENT (40%) OF THE TOTAL SUBSCRIBED CAPITAL STOCK."**

"SEC. 2. Section 72 of Presidential Decree No. 198, as amended, is hereby further amended to read as follows

"Sec. 72. Domestic AND FOREIGN Borrowing Authority – The Administration shall have the authority to borrow money from all domestic **AND FOREIGN** loan sources whether government or

private: *Provided*, That its loans outstanding **BOTH** from domestic and **FOREIGN** sources [at any one time] shall not exceed [One Billion Pesos] **AN AGGREGATE CEILING OF NINE HUNDRED MILLION U.S. DOLLARS (US\$900,000,000.00): PROVIDED, THAT ALL DOMESTIC AND FOREIGN BORROWINGS OF LWUA SHALL BE APPROVED BY THE DEPARTMENT OF FINANCE (DOF), BANGKO SENTRAL NG PILIPINAS (BSP) AND OTHER ENTITIES AS REQUIRED BY PERTINENT LAWS AND REGULATIONS."**

SEC. 3. Paragraph 1 of Section 73 of Presidential Decree No. 198, as amended, is hereby further amended to read as follows:

"SEC. 73. Authority to Contract Foreign Loan. – The Administration is hereby authorized to contract loans, credits, in any convertible foreign currency or capital goods, and to incur indebtedness from time to time with foreign governments, or any international financial institutions or fund sources, including supplier's credits or deferred payment arrangements, the total outstanding amount of which, excluding interests, shall not exceed [five hundred million US\$] **ITS AGGREGATE DOMESTIC AND FOREIGN BORROWING AUTHORITY OF NINE HUNDRED MILLION US DOLLARS (US\$900,000,000.00)** or the equivalent thereof in other currencies, on terms and conditions promulgated by the Secretary of Finance and the Monetary Board for the accomplishments of its objectives; and to enter into and execute contracts and other documents specifying such terms and conditions.

"The President of the Philippines, [by himself] or [through] his or **HER** duly authorized representative, is hereby authorized to negotiate and contract with foreign governments or any international financial institution or fund sources in the name and on behalf of the administration, one or several loans, for the purpose of implementing the Administration's program for the promotion and development of local water utilities through the Administration's financing or lending institution.

"The President of the Philippines, [by himself] or [through] **his OR HER** duly authorized representative, is hereby further authorized to guarantee, absolutely and unconditionally, as primary obligor and not as mere surety, in the name and on behalf of the Republic of the Philippines, the payments of the loans, credits and indebtedness up to the amount herein authorized, over and above the amounts which the President of the Philippines pursuant to loan agreements entered into with foreign governments or any international financing institution or fund sources.

"The loan credits and indebtedness contracted under this section shall be in accord with the provisions of [the] **REPUBLIC ACT NO. 4860, OR THE Foreign Borrowing Act** as amended [.] (As amended by Sec. 36, PD 768); **THE PROVISIONS OF SECTION 123 OF REPUBLIC ACT NO. 7653, OTHERWISE KNOWN AS THE NEW CENTRAL BANK ACT; THE PROVISIONS OF SECTION 23 OF CENTRAL BANK CIRCULAR NO. 1389, AS AMENDED; SECTION 20, ARTICLE VII AND SECTION 21,**

**ARTICLE XII OF THE 1987 CONSTITUTION AND OTHER
PERTINENT LAWS AND REGULATIONS.”**

SEC. 4. *Repealing Clause* – All or any provisions of the Provincial Water Utilities Act of 1973 which are contrary or inconsistent with any provision hereof are hereby deemed repealed or modified accordingly.

SEC. 5. *Effectivity*. – This Act shall take effect after fifteen (15) days following its publication in two (2) newspapers of general circulation.

Approved,