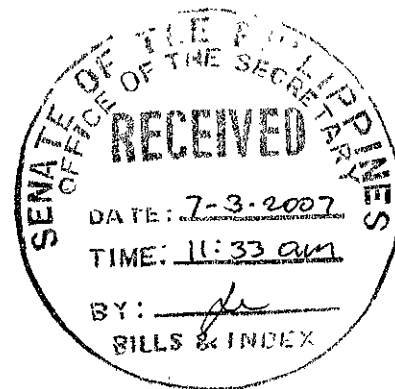


FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



SENATE

S. No. 737

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Introduced by Senator Ramon Bong Revilla, Jr.

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#### EXPLANATORY NOTE

The Local Water Utilities Administration (LWUA) has been mandated by law to establish, finance and administer as well as promote and develop potable water supply systems used nationwide.

To contribute to the Millennium Development Goals (MDGs) of the government, LWUA proposed an investment program for the period 2005-2015 which will amount to P97.6 billion, of which an estimated 40% or P39 billion represents the required peso counterpart to be sourced from the inadequate LWUA capitalization. In the absence of the GAA funds, LWUA intends to source the peso requirement from other local funding source. Hence, the need to immediately and drastically increase the agency's capitalization from P2.5 billion to P50 billion.

After more than thirty years since it was created, LWUA has formed a total of 400 water districts covering 680 cities and towns throughout the country. However, this only accounts for only 15 percent or roughly 13.5 million Filipinos served of the country's projected 2007 population of 88.7 million (based on NSO data). With this data, 85 percent of the residents in the countryside have no access to sufficient supply of safe and potable water.

While the agency remains committed to provide continuing financial and technical assistance to its clientele (the local water districts), specifically to the less credit-worthy water service providers, the lack of capitalization restricts the agency's delivery of services unless remedial legislation is enacted.

This bill, therefore, seeks to increase the authorized capitalization of LWUA from P2.5 billion to P50 billion to be able to further respond to the growing need of providing potable water to every Filipino in the country.

In cognizance of the urgency and importance of this measure, its passage its earnestly sought.



RAMON BONG REVILLA, JR.

FOURTEENTH CONGRESS OF THE )  
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**AN ACT FURTHER AMENDING PRESIDENTIAL DECREE NO. 198, OTHERWISE KNOWN AS THE PROVINCIAL WATER UTILITIES ACT, AS AMENDED, PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES**

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

**SECTION 1.** Section 67 of Presidential Decree 198, as amended, is hereby amended to read as follows:

“SEC. 67. *Capital Stock.* – The authorized capital stock of the Local Water Utilities Administration is **FIFTY BILLION PESOS (P50,000,000,000.00)** [two billion five hundred million pesos] divided into **ONE HUNDRED TWENTY FIVE MILLION** [twelve million five hundred thousand] shares of stocks with a par value of **FOUR** [two] hundred pesos per share which shall be subscribed by the National Government and opened to subscription by private investors or government financial institutions: *PROVIDED, HOWEVER, THAT GOVERNMENT FINANCIAL INSTITUTIONS MAY INVEST AT LEAST ONE PERCENT (1%) BUT NOT MORE THAN FIVE PERCENT (5%) OF THEIR NET INCOME FOR STOCK SUBSCRIPTION AS PROVIDED FOR UNDER THIS ACT: PROVIDED, FURTHER, THAT THE ADMINISTRATION SHALL TAKE ACTIVE STEPS FOR THE PUBLIC OFFERING OF ITS SHARES.*”

**SEC. 2.** Section 72 of Presidential Decree No. 198 shall hereby be amended to read as follows:

“SEC. 72. *Domestic AND FOREIGN Borrowing Authority.* – The Administration shall have the authority to borrow money from all domestic loan sources whether government or private: *Provided,* That its loans outstanding from domestic sources at any one time shall not exceed one billion pesos, **AND IN THE CASE OF FOREIGN LOANS, THE CEILING SHALL BE ONE BILLION U.S. DOLLARS (US\$1,000,000,000.00): PROVIDED, HOWEVER, THAT THE ADMINISTRATION MAY ONLY PROCEED OR AVAIL OF FOREIGN LOANS WITH PRIOR CLEARANCE AND APPROVAL OF THE DEPARTMENT OF FINANCE: PROVIDED, FURTHER, THAT THE ADMINISTRATION MAY CONVERT ITS AUTHORIZED FOREIGN DEBT INTO PESO OR LOCAL LOANS WHENEVER IT DEEMS NECESSARY.**”

**SEC. 3. *Repealing Clause.*** – All or any provisions of the Provincial Water Utilities Act of 1973 which are contrary or inconsistent with any provisions hereof are hereby deemed repealed or modified accordingly.

**SEC. 4. *Effectivity.*** – This Act shall take effect after fifteen (15) days following its publication in two (2) newspapers of general circulation.

Approved,