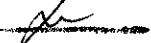


FOURTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )

7 NOV -7 2015

SENATE

RECEIVED BY: 

S. No. 1823

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Introduced by Senator Manuel "Lito" M. Lapid

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### EXPLANATORY NOTE

The Philippine Millennium Development Goals call for, among others, the provision of safe potable water to 90 percent of all Filipinos and halving of the country's population that lacks access to basic sanitation facilities by 2015.

In this light, Local Water Districts all over the country serve a vital need of many of the citizens of this nation. In addition to providing safe potable water supply to our citizens, our local water districts also play an active role in improving people's access to adequate sanitation especially in the urban centers in the countryside to curb environmental pollution and the prevalence of waterborne diseases.

To date, LWUA has now formed over 460 local water districts, serving 13 million rural Filipinos. In fact, there is now competition among lending agencies as to which one would lend to them. Some of the viable water districts are also being eyed by private companies for privatization. Also, our government is now starting the practice of benchmarking water utilities in the country, which resulted in professionalizing, and increasing efficiencies of, water operations in the countryside.

Local Water Districts are entities engaged in business highly impressed with public interest. While definitely governed by public laws, there is now a pressing need to give them a level of autonomy in order for them to conduct their operations with optimum efficiency in order to respond to the needs of the general public.


As such, regulatory reforms are being introduced in this bill in order to encourage LWUA and water districts nationwide to adopt innovative and technologically-sound approaches to better serve the consuming public. It is hoped that the reforms catalyzed under this proposed measure will result into strategic corporate and financial restructuring of local water districts in the Philippines in order for them to become more responsive to the needs of their clients.

In view of the foregoing, the early passage of this bill is earnestly sought.

  
MANUEL "LITO" M. LAPID  
Senator 

FOURTEENTH CONGRESS OF THE REPUBLIC )  
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7 NOV -7 1975

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**SENATE**

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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 **TWENTY-FIVE BILLION PESOS (PHP 25,000,000,000.00)** divided into **SIXTY-TWO MILLION FIVE HUNDRED THOUSAND PESOS (PHP 62,500,000.00)** shares of stocks with a par value of Four hundred pesos per share which shall be subscribed by the National Government and opened to subscription by *private investors or government financial institutions.*"

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

"**SEC. 72. Domestic 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 **TEN BILLION PESOS (PHP 10,000,000,000.00).**"

**SEC. 3.** Section 73 of Presidential Decree No. 198 shall be 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 **SEVEN HUNDRED MILLION US Dollars (US\$700,000,000.00)** or the equivalent thereof in other currencies, on terms and conditions promulgated by the Secretary of Finance and the Monetary Board for the accomplishment 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 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 operations.

The President of the Philippines, by himself/herself or through his/her duly authorized representative, is hereby further authorized to guarantee, absolutely and unconditionally, as primary obligor and not as a 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 financial institution or fund sources.

The loan credits and indebtedness contracted under this section shall be in accord with the provisions of the *Foreign Borrowing Act*, as amended."

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

**SEC. 5. *Separability Clause.*** - If any provision of this Act is declared unconstitutional, the other provisions not affected thereby shall remain valid.

**SEC. 6. *Effectivity Clause.*** - This Act shall take effect after fifteen (15) days following its publication in two (2) newspapers of general circulation.

*Approved,*