



Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

TWENTIETH CONGRESS  
First Regular Session

**HOUSE BILL NO. 722**



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**Introduced by Representative JONATHAN KEITH T. FLORES**

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**EXPLANATORY NOTE**

The system of water governance in the Philippines involves many institutions at both national and local levels. Various policies emanating from the central government recognize the need to protect the watershed. However, the implementation of these policies has been marked by some gaps and lapses.

Water resource governance in the Philippines is a responsibility of most national agencies in varying capacities. Local government units and local water districts also exercise certain powers but are subject to national government decisions. Interventions by non-government organizations have also been increasing.

While there is an integrated plan for water resources development and management in the Philippines (JICA 1998), there is no explicit mechanism to link watershed management (supply side) with water usage and water quality management (demand side). There is also no lead organization to harmonize the plans and programs of the various agencies concerned with watershed management and those responsible for water resources development. The lack of integration has resulted in fragmented efforts and even conflicts among institutions.

Overlaps in responsibilities, particularly among the national agencies, may be inevitable. What is crucial is how their efforts could be orchestrated and how collaboration would be harnessed. Clear linkages among national agencies, among local units, and between national and local units are vital to resolving conflicts, particularly where demand for water is concerned. Hence, the creation of a lead institution that will establish a national framework for water resource management is deemed necessary.

This bill seeks to create a Department of Water Resources, which will serve as the primary entity for policy-making, planning, coordination, implementation, monitoring, and administration of the Executive Branch of the government responsible for the comprehensive, sustainable, climate-resilient, and integrated development and management of the water resources of the Philippines, and their optimal allocation and use for domestic and municipal water supply, sanitation, irrigation, hydropower, industry, flood management, and recreation.

The principal objective of the proposed measure is to ensure and accelerate universal access to water supply and sanitation services, in a regulatory regime that encourages responsible private sector participation and will foster and prioritize the establishment of infrastructure and public works that adopt innovative solutions and international best practices to address climate change. Furthermore, the proposed measure declares all water and water treatment infrastructure projects as being of national interest.

The proposed Department will also be the primary agency responsible for the planning and policy formulation towards the attainment of universal access to safe, adequate, affordable, and sustainable water supply, and improved sewerage and sanitation services for all Filipinos.

In the light of the foregoing, the approval of the proposed bill is crucial for addressing the pressing issues of water accessibility and quality, particularly for the most vulnerable sectors of society, and to ensure a more equitable distribution of water resources, improve public health, and promote sustainable development. This representation strongly seeks the approval of this bill to provide a cleaner, healthier, and more prosperous future for the country.

  
**JONATHAN KEITH T. FLORES**  
2nd District of Bukidnon



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**AN ACT  
ESTABLISHING THE NATIONAL FRAMEWORK FOR WATER RESOURCE  
MANAGEMENT AND CREATING THE DEPARTMENT OF WATER RESOURCES  
AND THE WATER REGULATORY COMMISSION, DEFINING THEIR MANDATE,  
POWERS AND FUNCTIONS, APPROPRIATING FUNDS THEREFOR, AND FOR  
OTHER PURPOSES**

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

**CHAPTER I  
GENERAL PROVISIONS**

Section 1. *Short Title.* - This Act shall be known as the "National Water  
Resources Management Act"

Sec. 2. *Declaration of Policy.* -

- a. The State recognizes that water is fundamental to individual life, health, and dignity, and that every person has a right to access safe and clean water for personal and domestic use;
- b. The State affirms that the right of all Filipinos to safe and clean drinking water and sanitation is essential to the full enjoyment of life and all human rights and hence, the attainment of a nationwide water supply and sanitation services at reasonable rates must be pursued in an orderly, rational, efficient, and dynamic manner;

- c. The State emphasizes that water is a public good subject to diverse use in economic, agricultural, and industrial activities, and is thus a scarce resource which must be carefully regulated to prevent resource depletion and to ensure its availability for future generations;
- d. The State also maintains that water is indispensable to the existence and sustainability of natural ecosystems, and as such its use must neither endanger the balance and health of the environment nor compromise the rhythm and harmony of nature;
- e. The State further maintains that water resources are interconnected with climate, soil condition, land use and land cover, forest cover, and other natural resources. As such, the management of water will require inter-sectoral and inter-agency collaboration as well as harmonization of laws, policies, institutions, and stakeholders; and
- f. Finally, while the State maintains that all water resources remain under its full ownership, control, and supervision, it emphasizes that it may enter into arrangements with the private sector, as well as with civil society and community-based organizations, on the basis of beneficial use, to ensure the efficient and affordable delivery of water supply, sanitation, and septage services to end-users.

In accordance with these precepts, it is hereby declared the policy of the State to provide for the rational, evidence-based, and integrated management of all water resources in the country to ensure universal access to safe, adequate, and affordable water supply, sanitation, and septage services, through a policy and regulatory regime that encourages innovation and responsible private sector participation, while ensuring ecological preservation and environmental sustainability.

*Sec. 3. Definition of Terms.* - The following terms are hereby defined as follows:

- (a) *Bulk water supplier* refers to any entity, natural or juridical, whether public or private, supplying or intending to supply large quantities of raw or treated water to buyers who will use it for own consumption, such as industrial companies, or for sale or distribution by other water service providers;
- (b) *Environmental services* refer to qualitative functions of natural non-produced assets of land, water, and air, including related ecosystems, and their biota,

and which may be categorized into three basic types: (a) disposal services which reflect the functions of the natural environment as an absorptive sink for residuals; (b) productive services which reflect the economic functions of providing natural resource inputs and space for production and consumption; and (c) consumer or consumption services which provide for physiological as well as recreational and related needs of human beings;

- (c) *Flood Control* refers to methods, acts, and protocols to be observed in order to prevent and reduce the detrimental and catastrophic effects of flood waters which include sediment-laden or turbid flows, and hyper-concentrated flows or debris flows;
- (d) *Flood Risk Management (FRM)* refers to such acts of defining and determining the appropriate methods, acts and protocols aimed at preventing and reducing the risk of incurring loss of both life and property due to flood waters. Flood risk management consists of a cycle of prevention, mitigation, adaptation, preparedness, and early warning, and, response and recovery. The elements of FRM include: integrating land-use planning and coastal zone management into water management; adopting a holistic approach so that FRM is part of wider risk or multi-hazard management of earthquakes, landslides, and storm surges; managing risk and uncertainty as a whole so it is not only hydrological uncertainties but also social, economic, and political uncertainties on account of human behavior and cultural dimensions of FRM;
- (e) *Gender Equality* refers to the principle of asserting the equality of men and women and their right to enjoy equal conditions realizing their full human potentials to contribute to and benefit from the results of development, and with the State recognizing that all human beings are free and equal in dignity and rights;
- (f) *Integrated Water Resource Management (IWRM)* refers to a systematic, collaborative and multi-stakeholder process which promotes the coordinated development and management of water, land, and related resources within geophysical boundaries in order to maximize the resultant economic and social welfare in an equitable manner and without compromising the sustainability of vital ecosystems;

- (g) *License* refers to the water supply, sanitation, or septage management services operating license that the Water Regulatory Commission is authorized to grant and issue to service providers;
- (h) *Licensee* refers to the service provider to whom a license is granted or issued by the Water Regulatory Commission;
- (i) *National Water Resources Management Plan (NWRMP)* refers to a policy document that incorporates a framework to guide the development and management of all water resources in the Philippines, the general strategies and work to be pursued to ensure the sustainability of the resource and work towards the water security; and provides top-level direction on the utilization of existing water resources in line with national development plans, policies, and programs in accordance with the IWRM framework. The NWRMP shall also include a water infrastructure development program for all waters of the country as well as provide general guidance on how this shall be supported within an integrated financing framework that can draw on public, private and international development funding sources;
- (j) *Regulatory Units* refer to the regulatory offices of the Water Regulatory Commission established under this Act;
- (k) *River basin* refers to an area of land drained by a stream or body of fixed water and its tributaries which have a common outlet for surface run-off;
- (l) *River Basin Organization (RBO)* refers to multi-stakeholder organizations which plan, coordinate, and monitor activities within a river basin cluster;
- (m) *Sanitation* refers to the provision of facilities and services for the safe management of septage and sewage, from the collection to containment, and storage and treatment onsite or conveyance, treatment, and eventual safe end use or disposal, and includes the safe management of solid waste and animal waste;
- (n) *Septage* refers to the liquid and solid material pumped from a septic tank, cesspool, or other primary treatment source;
- (o) *Septage Management* refers to the provision of proper collection, treatment, and disposal of septage;

- (p) *Service Area* refers to the area covered by the water supply, sanitation, sewerage, and septage management services;
- (q) *Service Provider* refers to any entity, natural or juridical, whether private or public, providing or intending to provide water supply, including bulk water suppliers, sewerage, septage treatment, and disposal services for domestic, residential, institutional, industrial, or commercial use;
- (r) *Sewage* refers to water-borne human or animal wastes, excluding oil or oil waste, removed from residences, buildings, institutions, and industrial and commercial establishments together with such groundwater, surface water and storm water as may be present including such waste from vessels, offshore structures, other receptacles intended to receive or retain waste or other places or the combination thereof;
- (s) *Sewerage* refers to any system or network of sanitary pipelines, ditches, channels or conduits including pumping stations, lift stations and force mains, service connections including other infrastructure, devices or appliances appurtenant thereto, which includes the collection, transport, pumping and treatment of sewage to a point of disposal;
- (t) *Sewers* refer to pipes or such other works or structures which are built and constructed to carry, transport, and dispose sewage;
- (u) *Social inclusion* refers to the process of improving the terms for marginalized and disadvantaged individuals, indigenous peoples, and similar groups to take part in society;
- (v) *Tariffs* refer to such amounts which may be charged by licensees for their water supply, sewerage, sanitation, or septage services based on principles, standards, and guidelines established by the Department of Water Resources and determined and approved by the Water Regulatory Commission;
- (w) *Water Demand Management* refers to any method whether technical, economic, administrative, financial, or social that will accomplish one or more of the following:
1. Reduce the quantity or quality of water required to accomplish a specific task;

2. Adjust the nature of the task or the way it is undertaken so that it can be accomplished with less water or with lower quality water;
  3. Reduce the loss in quantity or quality of water as it flows from source, through use, to disposal;
  4. Shift the timing of use of water from peak to off-peak periods; and
  5. Increase the ability of the water system to continue to serve society during times when water is in short supply.
- (x) *Water District* – refers to government-owned and controlled corporations organized under Presidential Decree No. 198, otherwise known as the "Provincial Water Utilities Act of 1973", as amended, created primarily to acquire, install, operate, maintain and improve water supply and distribution systems for domestic, industrial, and municipal uses of residents and to provide, maintain, and operate wastewater collection, treatment and disposal facilities within the boundaries of the district;
- (y) *Water pollution* refers to any alteration of the physical, chemical, biological, or radiological properties of a body of water resulting in the impairment of its purity or quality;
- (z) *Water Resource* refers to water under the ground or groundwater, water above the ground such as surface water, run-offs, floods, stormwater and urban drainage, treated wastewater, water in the atmosphere or rain water, and the waters of the sea within the territorial jurisdiction of the Philippines;
- (aa) *Water resource allocation* refers to the process of sharing the limited water resources between competing users. This consists of determining water availability and determining how the water should be shared among competing users. For the purpose of this Act, resource allocation shall also mean water resource allocation;
- (bb) *Water Resources Regions* refer to the contiguous clusters of river basins created under this Act which are grouped together according to the hydrological boundaries, physiographic features, and homogeneity in climate, whether or not they are located within the political boundaries of different local government units, for administrative purposes under the Department of Water Resources;

- (cc) *Water Resources Regional Offices (WRROs)* refer to the field offices of the Department of Water Resources, as created under this Act, which are to be established in accordance with the identified water resources regions in the country;
- (dd) *Water service cooperative* refer to cooperatives organized primarily to own, operate, and manage water systems for the provision and distribution of potable water for the members and their households
- (ee) *Water Service Providers (WSPs)* refer to the water districts, any Local Government Unit (LGU)-run water utility, Barangay Waterworks and Sanitation Association, Rural Waterworks and Sanitation Association, water service cooperatives, and any public or private sector entities that provide water supply services to any given area;
- (ff) *Water supply service* refers to any activity comprising all levels of the water supply chain including, but not limited to the development of water sources, and the conveyance, treatment, or distribution of water.

## **CHAPTER II**

### **DEPARTMENT OF WATER RESOURCES**

*Sec. 4. Establishment of the Department of Water Resources.* – There is hereby established the Department of Water Resources, hereafter referred to as the Department.

*Sec. 5. Mandate and Objectives.* – The Department shall be the primary policy, planning, coordinating, implementing, monitoring, and administrative entity of the Executive Branch of the government responsible for the comprehensive, sustainable, climate-resilient, and integrated development and management of the water resources of the Philippines, and their optimal allocation and use for domestic and municipal water supply, sanitation, irrigation, hydropower, industry, flood management, and recreation.

The Department shall also be the primary agency responsible for the planning and policy formulation towards the attainment of universal access to safe, adequate, affordable, and sustainable water supply, and improved sewerage and sanitation services for all Filipinos.

Sec. 6. *Powers and Functions.* – The Department shall exercise the following powers and functions:

I. Policy Making And Planning

- (a) Ensure that Integrated Water Resources Management (IWRM) is adopted as the strategic framework for water management policymaking and planning in the country and coordinate the implementation, promotion, revision and enhancement of IWRM plans;
- (b) Formulate policies, strategies, and targets in coordination with other relevant agencies and stakeholders to meet the goals and objectives for water resource sustainability and protection, water allocation and water demand management, water supply, sanitation, sewerage, water quality, irrigation, hydropower, flood control, stormwater utilization, and urban drainage. Such policies shall, among other guidelines, integrate the relevant issues of water, sewerage, sanitation, food security, energy, environment, flood control, and climate change;
- (c) Formulate long-term policies to balance the sustainability and optimal multiple use of water resources, define the hydrologic boundaries of basins of the existing water supply sources, and develop or update existing River Basin Master or Comprehensive Plans which includes all aspects of water management and development such as water supply, sewerage, and sanitation, irrigation, flood control and storm water or urban drainage, drought risk management, water resource development systems and other public water works projects, including phasing of implementation;
- (d) Harmonize all relevant national river basin policies and serve as the national policy coordination office for LGUs and relevant stakeholders in the development and sustainability of river and catchment basins;
- (e) Identify, based on the river basin master plans, priority projects for water infrastructure development per river basin, including water supply, sanitation, irrigation, hydropower, flood control and storm

water or urban drainage, drought risk management, water resource development systems and other public works projects;

- (f) Evaluate and appraise all regional and inter-regional infrastructure water development plans and programs as to their feasibility and consistency with approved strategies and medium and long-term plans;
- (g) Formulate and develop policies and strategies to promote universal access to safe, adequate, affordable, and sustainable water supply, and improved sanitation services for all Filipinos;
- (h) Develop, in consultation with relevant agencies and stakeholders, the National Water Resources Management Plan (NWRMP) and ensure its integration into existing Comprehensive Land Use Plans and Provincial Development and Physical Framework Plans, within the context of a National Physical Framework Plan, to ensure the harmonization of planning of water, land, subsurface, and air resources, submit the NWRMP to the Economy and Development Council (ED Council) for approval and eventual adoption, and regularly update the NWRMP, every five years or as deemed necessary by the Department, in order to ensure its relevance to the times;

To ensure the efficient and coordinated development of national water plans and programs, the ED Council shall adopt a streamlined process for the review and endorsement of the NWRMP and other water-related plans requiring approval.

- (i) Prepare, formulate, implement, and update a five (5) year national and regional septage management plans, which shall contain measures for the construction of wastewater treatment facilities and provision, installation, operation, maintenance and, where practicable, the integration of sewerage, septage management, other sanitation facilities, and storm water utilization and management, in accordance with Republic Act No. 9275, otherwise known as the "Philippine Clean Water Act of 2004". Compliance with the mandate

to implement septage management services and systems by any WSP pursuant to the Philippine Clean Water Act of 2004 shall be reckoned within five (5) years from the date of promulgation or publication of the septage management plan formulated by the Department.

- (j) Review and provide oversight over all water-related development plans and programs of any agency or LGU within the context of the NWRMP and overall national plans and programs;
- (k) Assist and provide the Department of Economy, Planning, and Development (DEPDev) with the required data and input from the water sector in the formulation of the country's short-term and long-term strategic development plans and actions, and recommend to the ED Council the adoption of general policies and guidelines for water resources development;
- (l) Strengthen and coordinate with relevant agencies on policy making and planning for flood management, integrated with stormwater or urban drainage and appropriate retention or retarding basins in order to harvest and reuse water, and to plan against, prevent, and minimize the detrimental and catastrophic effects of flooding;
- (m) Develop and implement, in coordination with other relevant agencies and stakeholders, effective codes, standards, benchmarks, and reasonable guidelines to ensure the safety of all public, and private water structures in the country, and assure efficiency and proper quality in the construction of water supply, sanitation, irrigation, hydropower, flood control, drainage, and other related water infrastructure;
- (n) Ensure that gender equality, social inclusion, environmental protection, climate resiliency and disaster risk reduction, and indigenous knowledge systems and practices are integrated into any water resources management planning, and policy making for the water sector;

- (o) Act as the lead agency in ensuring the effective implementation of all laws and implementing rules and regulations on water resources, including but not limited to Presidential Decree No. 1067, otherwise known as "*The Water Code of the Philippines*";
- (p) Review all water laws and implementing rules and regulations and propose amendments thereof to Congress, and advise any agency on the implications of government actions, policies, and programs to water supply, sewerage, and sanitation;
- (q) Authorize its representatives or any deputized agent to enter any property of public dominion or, with prior written notice to the owner or occupant, any private land, building or enclave, whether inhabited or not, or authorize a representative thereof, for the purpose of conducting hydrological surveys and investigations, including assessing and evaluating the conditions of water facilities installed; and
- (r) Issue and promulgate rules and regulations as may be necessary to implement and enforce its powers and functions under this Act.

## II. Data Collection and Evidence Gathering

- (a) Establish, operate, and maintain a centralized water resources data center necessary for the scientific survey and appraisal of surface and ground water potentials of the country and determine the annual renewable water available per water resources region;
- (b) Effect inter-sectoral, inter-agency and inter-departmental coordination on all aspects of data gathering and data sharing for water resources development planning and compel submissions of statistics and data on water management with the aim of operationalizing the IWRM framework;
- (c) Undertake river basin surveys, inventory and appraisal of water and related resources and develop comprehensive basin-wide plans of storage, retardation, and control to maximize conservation and multipurpose use of water in the basin in coordination with the river basin initiatives of relevant government entities;

- (d) Collect, regularly update, monitor, and analyze water resources data including climatology, hydrologic, and other water-related data;
- (e) Establish, in coordination with agencies that generate water-related data, the guidelines, standards, methodologies, and protocols for data collection that will be officially recognized by the Department, and institute mechanisms for coordination with other agencies as regards their submission of water-related data to the Department;
- (f) Conduct continuing hydrological and hydrometeorological surveys and studies of the country's renewable water supply, and establish, operate, and maintain observation station networks with a view towards formulating long-term policies to balance the sustainability and optimal multiple use of water resources, defining the hydrologic boundaries of basins of the existing water supply sources and developing or updating and implementing countrywide comprehensive basin-wide master plans;
- (g) Conduct and promote special studies and research on water economics and other aspects of water resources development and management as may be needed to support the policy and plan proposals of the Department, such as, but not limited to, impacts of climate change, weather modification, flood monitoring and modeling, environmental quality, and desalination;
- (h) Establish, operate, and maintain observation station networks and a centralized water resources data center for the scientific survey and appraisal of surface and groundwater potentials of the country, and determine the annual renewable water available per water resources region;
- (i) Develop and continuously update a computerized decision support system that incorporates data management system relating to acquisition and database, model base in terms of physical design, planning and decision models, and user-friendly interface concerning graphical and visualization tools;

- (j) Promulgate rules on methods and standards for basic data collection and project identification, formulation and planning, and appropriate sanctions to be imposed for non-compliance; and
- (k) Promote Philippine participation in information sharing and education on best practices to achieve universal access to safe water and improved sanitation and the integration of water, energy, food security and environment.

### III. Water Resource Management and Allocation

- (a) Formulate, issue, and enforce rules and regulations on the following:
  - (i) Abstraction, diversion, and development of the country's water resources, taking into consideration their equitable distribution among competing demands and determine the standards of beneficial and priority uses of water in times of crises and national emergencies;
  - (ii) Equitable and optimal allocation of the country's water resources for domestic and municipal water supply, irrigation, sanitation, irrigation, hydropower, fisheries, livestock raising, industrial, recreational, and other purposes;
  - (iii) Through the Water Resources Allocation Board, the determination and granting of water rights, including adjudication in cases of conflicting water rights, amending for this purpose, Act No. 2152, otherwise known as "The Irrigation Act", Presidential Decree No. 1067, otherwise known as "The Water Code", and other laws relating to the appropriation and utilization of surface and groundwater;
  - (iv) Such other coherent water protocols as may be necessary, including the operating rules of all existing and future water infrastructure, legal and technical mechanisms for intra-sectoral transfers;
  - (v) Guidelines for the determination of tariffs, and costs and fees of all water rights , permits and licenses through a science-based method which will accurately reflect the current or

- future projected state of the water resource to be allocated: *Provided*, that the actual methodology for setting tariffs shall be the exclusive power of the Water Regulatory Commission;
- (vi) Treatment and utilization, in coordination with relevant agencies, of flood control, rain-water run-off, stormwater, and urban drainage.
  - (b) Exercise original jurisdiction over all disputes relating to appropriation, utilization, exploitation, development, control, and conservation of all water resources, the adjudication of which shall be undertaken by the Water Resources Allocation Board;
  - (c) Impose fees or charges, as may be deemed necessary for water resources conservation, in accordance with applicable rules and regulations on the imposition and increase of fees or charges, such as but not limited to:
    - (i) Raw water price, which shall take into account, among others, the scarcity of water; and
    - (ii) Appropriate structures for payment of environmental services.
  - (d) Raise public awareness through information, education, and communications programs, and build capacities for informed participation in water resources management at the national and river-basin level.

#### IV. Administration and Management

- (a) Develop guidelines, including rules governing the partnership and coordination between and among the Department, field offices of national government agencies, LGUs, and other stakeholders, in water resource management, facilitate the establishment of multi-stakeholder river basin organizations (RBOs) per river basin, and strengthen and support RBOs and existing sub-river basin organizations and monitor their activities;
- (b) Develop materials for capacity building and training on RBO development and conduct training and workshops for prospective RBOs;

- (c) Provide technical assistance to water users including farmers, communities, LGUs, and WSPs whether directly or in coordination with other agencies on all aspects of IWRM;
- (d) Conduct a regular review of all institutions and agencies with water-related functions to ensure the efficient and rational use, allocation, and distribution of all water resources in the country and pursuant thereto;
- (e) Deputize any official or agency of the government to assist in the performance of any of the powers and functions of the Department, *provided:* that the Department shall not deputize any local government in its power to collect fees or charges;
- (f) Appoint, hire, and maintain adequate staff and personnel, advisers or consultants with suitable qualifications and experience, as necessary, in accordance with relevant laws, rules, and regulations.

V. Coordination

- (a) Coordinate and rationalize the efforts of relevant government agencies and instrumentalities to ensure a whole-of-government approach to attaining water security;
- (b) Coordinate and integrate water resources development activities of the country within the context of national plans and policies for social and economic development;
- (c) Coordinate with other government agencies, universities, academe, and private professional groups in all aspects of data gathering, the conduct of special studies and research on all related aspects of water resources management and development such as climate change, environmental quality, desalination, and the development of operating strategies, procedures, and protocols with accompanying computerized decision tools for major water facilities;
- (d) Coordinate with the concerned and relevant agencies engaged in flood control, flood risk management, and drought risk management; and;

- (e) Coordinate proactively with LGUs to ensure the integration of water resources development plans into their comprehensive land use plans, Comprehensive Development Plans, or Provincial Physical Framework and Development Plan.

VI. Other Functions

- (a) Create, when necessary, water resource subsidiaries, instrumentalities, and entities to engage in water transmission, water distribution, waste water treatment and management, and sanitation in accordance with existing relevant laws, without prejudice to private entities capable of and willing to engage in the aforementioned activities through concession agreements, joint venture agreements, bulk water agreements, or service agreements or contracts. For this purpose, the Department shall ensure compliance with existing frameworks, rules, regulations and guidelines for private sector participation in water transmission, water distribution, waste water treatment and management, storm water management, and sanitation: *provided*, that the creation of water resource subsidiaries, instrumentalities or entities under this paragraph shall require the approval of the Governance Commission for Government-Owned-or-Controlled Corporations as provided under Republic Act No. 10149 and the National Water Sector Policy Council;
- (b) Promulgate guidelines on the minimum qualifications of members of the board of directors, general manager, and officers of local water districts;
- (c) Enter into contracts, joint venture agreements, public-private partnerships, and memorandum of agreement or understanding, either domestic or foreign relating to investment and financing water-related projects, under such terms and conditions as the Department may deem proper and reasonable subject to existing laws;
- (d) Review existing guidelines appropriate for private sector participation in the water sector and submit recommendations to the Public-

Private Partnership (PPP) Center and other concerned agencies to promote and enable more PPPs in the sector; and

- (e) Exercise such other powers and functions necessary or incidental to the effective administration and management of the country's water resources.

*Sec. 7. Offices, Functions, and Personnel to be Completely Absorbed by the Department.* – The following offices are hereby abolished, and their respective powers and functions, and the corresponding personnel, funds and appropriations, records, equipment, and property shall be absorbed by the Department:

- (a) National Water Resources Board, whose mandate, powers, and functions are provided in Presidential Decree No. 424 creating the National Water Resources Council, now NWRB, as amended: *Provided*, That its water utility regulation units and functions, vested under Commonwealth Act No. 146, otherwise known as the "Public Service Act", as amended, which shall be absorbed by the Water Regulatory Commission created under this Act, *Provided, further*, That its resource allocation or regulation units vested under Presidential Decree No. 1067 shall be absorbed by the Department under the Water Resources Allocation Board and the Resource Allocation Office, also created under this Act;
- (b) LWUA with its services, departments and divisions, whose mandate, powers and functions are provided for in Title III of Presidential Decree No. 198, as amended, otherwise known as the "Local Water Utilities Administration Law": *Provided*, That its economic regulatory functions over local water districts shall be fully absorbed by the Water Regulatory Commission created under this Act: *Provided, further*, That its function to provide technical assistance to local water service providers shall be absorbed by the Department under the Local Water Service Providers Bureau, also created under this Act; and
- (c) Water Resource Management Office of the DENR whose mandate, powers, and functions are provided in Executive Order No. 22, series of 2023.

Sec. 8. *Powers and Functions to be Transferred to the Department.* – The powers and functions of the following agencies, bureaus, and units and the corresponding personnel, funds and appropriations, records, equipment, and property are also hereby transferred to the Department:

- (a) The powers and functions of the Mines and Geosciences Bureau (MGB) of the DENR to conduct hydrological surveys and groundwater mapping;
- (b) The powers and functions of the Bureau of Design and Bureau of Research and Standards of the DPWH with regard to conduct of hydrological surveys monitoring of stream flow and other water data collection;
- (c) The powers and functions of the DPWH with regard to the planning, programming, administration, monitoring, and management of the National Sewerage and Septage Management Program and its powers and functions with regard to flood management planning
- (d) The powers and functions of the Laguna Lake Development Authority (LLDA) with regard to the issuance of any permit for the abstraction of water from the Laguna Lake and related bodies of water;
- (e) The mandate, powers and functions of the River Basin Control Office (RBCO) of the Department of Environment and Natural Resources (DENR) with respect to river basin infrastructure development, flood control, and integrated water resources management, as found in Executive Order No. 510, series of 2006, and Executive Order No. 816, series of 2009, as amended, shall be transferred to the Department: *Provided*, that the other functions relating to environmental protection shall be retained with the DENR and it shall continue to have primary authority and responsibility for managing, protecting, preserving, conserving, and enhancing watersheds and other natural water systems: *Provided, further*, That the targeting of priority watershed areas shall be coordinated with the Department and;
- (f) The following functions of the Manila Bay Task Force per Executive Order No. 93, series of 2019:
  - (i) Updating and leading in the overall implementation of the Pasig River Rehabilitation Master Plan; and

- (i) Ensuring that the easements provided for in the Civil Code and other relevant laws are enforced, especially in all the esteros and waterways as well as abating the dumping of untreated wastewater and sewage into water systems, including all acts and omissions in violation of Presidential Decree No. 984, as amended, and other related laws.
- (g) The project development, management and monitoring functions of the Department of the Interior and Local Government with respect to water supply and sanitation.

Sec. 9. *Attached Agencies.* – The Department shall exercise administrative supervision over the following agencies for purposes of policy and program coordination, monitoring, and evaluation:

- (a) The Metropolitan Waterworks and Sewerage System (MWSS), whose mandate, powers, and functions are defined under RA 6234, as amended entitled, "An Act Creating the Metropolitan Waterworks and Sewerage System and Dissolving the National Waterworks and Sewerage Authority, and For Other Purposes," shall be transferred from the DENR and attached to the Department: *Provided*, That the MWSS shall continue to facilitate the exercise by the concessionaires of their responsibility; carry out accounting and notification functions; monitor, report, and administer loans; perform related functions in connection with existing projects; manage, operate, and dispose its retained assets: *Provided*, further, That its regulatory arm, the MWSS – Regulatory Office, shall be fully absorbed by the Water Regulatory Commission created under this Act;
- (b) The National Irrigation Administration (NIA), whose mandates, powers and functions are defined under Republic Act No. 3601, otherwise known as "An Act Granting the National Irrigation Administration", as amended, is hereby transferred to the Department *provided*: that the DA and NIA shall be responsible for creating the irrigation master plan to be implemented by the NIA in collaboration with the Department. The DA masterplan shall identify the agricultural areas that shall receive majority allocation for water resources in the identified areas; and

- (c) Any other agency performing water resources management, conservation, and protection functions may be transferred to the Department as the President deems necessary.

The Secretary of Water Resources shall be the ex-officio Chairperson of the Governing Boards of the aforementioned government-owned and controlled corporations to be attached under the Department. In case existing laws, rules and regulations provide for a specific process in appointing the agency's Chairperson, the Secretary of Water Resources shall serve as Co-Chairperson.

Sec. 10. *Organization.* – The Department shall be composed of the Office of the Secretary, and the various bureaus and services, and regional offices. The Office of the Secretary shall house the Office of the Department Secretary, the Office of the Undersecretaries, the Office of the Assistant Secretaries, and their immediate support staff.

Sec. 11. *Secretary of the Department of Water Resources.* – The authority and responsibility for the exercise of the mandate of the Department and for the discharge of its powers and functions shall be vested in the Secretary of the Department, hereinafter referred to as the Secretary, who shall be appointed by the President, subject to confirmation by the Commission on Appointments. The Secretary shall:

- (a) Provide executive direction, supervision, and control over the entire operations of the Department and exercise supervision over its attached agency for program and policy coordination;
- (b) Submit to the ED Council the Department's recommendations on policies on water resources requiring presidential decision and advise the President on the promulgation of executive or administrative orders, and other issuances and on the formulation of necessary regulatory or legislative proposals on matters pertaining to the management of water resources, water supply, sanitation, and septage services;
- (c) Establish the policies and standards for the effective, efficient, and economical operation of the Department;
- (d) Advise the President on the status of water management and supply, recommend to the President the declaration of a state calamity in areas

affected by water supply, and submit proposals to restore normalcy in the affected areas;

- (e) Promulgate rules and regulations necessary to carry out the objectives, policies and functions of the Department;
- (f) Exercise control, supervision, and disciplinary powers, in accordance with law, over all officers and employees of the Department, including their investigation and the designation of a committee or officer to conduct such investigation;
- (g) Create regional offices and such other service units, bureaus, and divisions as may be necessary;
- (h) Designate and appoint officers and employees of the Department, excluding the Undersecretaries, Assistant Secretaries, Directors, Assistant Directors, and Regional and Assistant Regional Directors, in accordance with the civil service laws, rules and regulations;
- (i) Call upon and deputize any official, agent, employee, agency, or instrumentality of the national and local government for any assistance that it may deem necessary to carry out the purposes of this Chapter, subject to existing laws;
- (j) Delegate authority for the performance of any power or function, as defined herein to officials and employees under his direction as deemed appropriate, in accordance with existing laws;
- (k) Act as the ex-officio Chairperson of the governing board of the agencies attached to the Department; and
- (l) Perform such other duties and responsibilities as may be provided by law.

The Secretary of Water Resources shall also serve as a voting member of the ED Council, the governing boards of the Climate Change Commission, the National Disaster Risk Reduction and Management Council (NDRRMC), and the National Land Use Committee.

*Sec. 12. Office of the Secretary.* – The Office of the Secretary shall be composed of the Secretary and his/her immediate staff.

Sec. 13. *The Offices of the Undersecretaries.* – The Secretary shall be assisted by three (3) Undersecretaries and three (3) Assistant Secretaries, who shall all be appointed by the President upon the recommendation of the Secretary.

The Secretary is hereby authorized to delineate and assign the respective functional areas of responsibility of the Undersecretaries and Assistant Secretaries: *Provided*, that such responsibility shall be with respect to the mandate and objectives of the Department: *Provided further*, that no Undersecretary shall be assigned primarily to administrative responsibilities.

Sec. 14. *Qualifications of the Department Secretary, Undersecretaries, and Assistant Secretaries.* –

- (a) No person shall be appointed Secretary, unless he or she is of good moral character, of proven integrity and competence, and has extensive experience or expertise in the water, sanitation, or related sectors;
- (b) At least one (1) of the Undersecretaries and at least one (1) of the Assistant Secretaries shall be career officers;
- (c) No employee, officer, external auditor, accountant or legal counsel of any private company or enterprises primarily engaged in the water or sanitation industry or of any entity exercising control over, under common control with, or controlled by such private company or enterprise shall be eligible for appointment as Secretary, Undersecretary, or Assistant Secretary within two (2) years from his/her retirement, resignation, or separation therefrom;
- (d) The Secretary, Undersecretary and Assistant Secretary or any of their relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, shall be prohibited from holding any interest whatsoever, either as investor, stockholder, officer or director, in any company or entity engaged in provision of water supply and distribution, septage management and sewerage services and must, therefore, divest through sale or legal disposition of any and all interests in the water sector upon assumption of office.

Sec. 15. *The Water Resources Allocation Board.* – There is hereby created a Water Resources Allocation Board, hereafter referred to as the Board, under the Office

of the Secretary. The water resources allocation and regulation functions of the National Water Resources Board are hereby transferred to the Board which shall supervise the effective appropriation and regulation of the water resources in the country in accordance with Presidential Decree No. 1067. The Board shall exercise the quasi-judicial powers granted to it under this Act.

Sec. 16. *Composition.* – The Board shall be composed of a Department Undersecretary as Chairperson and four (4) representatives from stakeholders as members, who shall all be designated by the Secretary and whose terms of office and qualifications shall be determined in the Implementing Rules and Regulations of this Act.

There is hereby created a Resource Allocation Office, hereinafter referred to as the Office, which shall serve as Secretariat to the Board and shall provide technical support to the Board towards the effective regulation of the country's water resources.

Sec. 17. *Functions of the Board.* – The Board shall perform the following functions:

- (a) Promulgate rules and regulations for the exploitation and optimum utilization of water resources, in accordance with Presidential Decree No. 1067 and other existing laws, including the imposition on water appropriators of such fees or charges by the Department;
- (b) Approve the guidelines and processes pertaining to water regulation, as recommended by the Resource Allocation Office;
- (c) Review and decide on requests for permits to extract or utilize the country's water resources and grant the corresponding water rights, upon recommendation of the Office in accordance with Presidential Decree No. 1067: *Provided*, That the water rights are exercised within three (3) years from granting of such rights or such other period as may be determined under the Implementing Rules and Regulations of this Act or Presidential Decree No. 1067: *Provided, further*, That applicants for water permits shall submit proof of land ownership of, or right to use the property where the water source is located: *Provided, finally*, That, if the applicant is currently using the water source being applied for domestic or municipal purposes upon the effectivity of this Act, such applicant may submit such proof of

prior use of possession of said property in lieu of ownership or right to use;

- (d) Exercise original jurisdiction over decisions in cases involving the following:
  - (i) All disputes relating to the appropriation, utilization, exploitation, development, control, and conservation of waters; and
  - (ii) Violations and disputes involving water permits, administrative allocation of water resources, and transfer of water rights and charges related thereto;
- (e) Issue *subpoena duces tecum* and *subpoena ad testificandum*;
- (f) Cite any person or party in contempt for refusal to appear, testify or comply with the lawful orders of the Board in relation to any matter subject to its investigation;
- (g) Administer oaths, hear, receive evidence, and decide on cases falling within its jurisdiction;
- (h) Impose the appropriate sanctions, including revocation of water permits, over violations committed by appropriators after due notice and hearing in accordance with Presidential Decree No. 1067 and other existing laws, rules and regulations as well as future rules and regulations which the Board shall promulgate;
- (i) Review, update, and revise all fees, charges, and penalties imposed on all water appropriators as stated under Chapter VII and VIII of Presidential Decree No. 1067, upon recommendation by the Secretariat, and based on scientific and evidence-based studies, subject to the approval of the Secretary;
- (j) Promulgate its own rules and procedures, subject to the approval of the Secretary; and
- (k) Exercise such other powers as may be necessary to carry out its duties and responsibilities under this law.

Sec. 18. *Resource Allocation Office*. – The Office shall perform the following functions:

- (a) Advise the Board on all matters relating to resource allocation and regulation;
- (b) Formulate rules and regulation for the exploitation and optimum utilization of surface water, groundwater, and seawater extraction and use, for the approval of the Board, and for implementation by the Office, including the processes for the application of water permits, in accordance with Presidential Decree No. 1067 and other existing laws;
- (c) Process applications for rights to utilize water resources for the appropriate, optimal and sustainable use of surface and ground water, for the approval of the Board or its Executive Director, as may be delegated by the Board;
- (d) Upon approval by the Board, issue water permits granted to water appropriators: *Provided*, that no other government agency, body, or instrumentality shall have jurisdiction over matters relating to the grant of water rights and water permits except as otherwise delegated by the Board with the approval of the Secretary as provided under this Section;
- (e) Monitor performance and conduct audits on water rights grantees including, among others, review of compliance by grantees with the terms of the permits granted;
- (f) Investigate, *motu proprio* or upon complaint, violations of water rights and Presidential Decree No. 1067;
- (g) In the case of violations and conflicts between and among users, file the necessary cases for the decision of the Board;
- (h) Enforce the decisions promulgated by the Board, and as may be delegated by the Board;
- (i) Coordinate with other relevant units of the Department regarding the generation, updating, managing, and sharing of water data;
- (j) Respond to complaints relating to water rights; and
- (k) Perform such other related functions and activities which are necessary for the effective regulation of water-related services.

The Office shall be headed by an Executive Director and shall be assisted by one (1) Deputy Executive Director.

The functions of the Board and the Resource Allocation office under Sections 17 and 18 of this Act may be delegated by the Board, upon approval of the Secretary, to regional water resource allocation boards to be created by the Secretary, *provided further*, that the approving authority in such regional boards shall be a collegial body composed of not less than five (5) members, to be chaired by the Regional Director of the Water Resource Regional Office, *provided finally*, that the adjudication of conflicts over water rights shall remain within the jurisdiction of the Board.

The term of office, qualifications, and manner of appointment of the other members of such regional boards shall be determined in the Implementing Rules and Regulations of this Act. Such regional boards shall be assisted by the Water Resource Regional Offices.

*Sec. 19. Orders and Decisions.* – Every order or decision rendered by the Board shall be in writing and shall state clearly and distinctly the facts and the law on which it is based. The Board shall decide each case or application within thirty (30) days following its formal submission for resolution. All decisions and final orders in the adjudication of contested cases or applications shall be published and made available for public inspection.

*Sec. 20. Appeals Procedure and Prohibition Against Injunction.* –

- (a) The orders, rulings, and decisions of any regional board constituted by the Secretary shall become final and executory after fifteen (15) days from receipt of such order, ruling, or decision, unless, prior to the lapse of this period, an appeal was made with the Board;
- (b) The orders, rulings, and decisions of the Board shall become final and executory after fifteen (15) days from receipt of such order, ruling, or decision, unless, prior to the lapse of this period, an appeal was made with the Court of Appeals;
- (c) All decisions where the penalty imposed is a fine shall be immediately executory, except upon the filing of a bond equivalent to the fine imposed or as may be fixed by the Board;
- (d) Except for the Supreme Court, no temporary restraining order, preliminary injunction, or preliminary mandatory injunction may be issued by any

court to restrain any proceeding before, or the implementation or execution of any order, ruling, or decision of the Board.

Sec. 21. *Bureaus and Services.* – The Department shall have the following Bureaus and Services under it such as, but not limited to:

- (a) The Local Water Service Providers Bureau shall provide technical assistance and personnel training for the creation, application for grants and the socialized credit program, and operation of local water service providers, and shall effect system integration, joint investment and operation, merger, consolidation, annexation and de-annexation of local water districts, in accordance with Section 50 of Presidential Decree No. 198; and
- (b) The Bureau of Flood Control and Drainage shall plan flood control and drainage structures and facilities in accordance with technical standards, guidelines and manuals.

The Bureaus and Services of the Department shall be headed by a Director who shall be responsible for efficiently and effectively carrying out the functions of the Bureau concerned. Each Director shall be assisted by one (1) Assistant Director.

Sec. 22. *The Water Resources Regional Offices.* – Water Resources Regional Offices, which shall be organized per water resources region and, shall be responsible for implementing the mandates, powers, and duties of the Department at the field level, except for policymaking which will be vested solely in the Department.

The Department shall establish the water resources regions which shall be grouped together according to the hydrological boundaries, physiographic features, and homogeneity in climate, whether or not they are within the political boundaries of different LGUs.

The regional offices shall have, within their respective water resources region, the following functions:

- (a) Formulate or update and coordinate the river basin master plans for river basins within its jurisdictions ensuring consistency with the NWRMP;
- (b) Advocate and strongly support the creation and functioning of multi-stakeholder RBOs and serve as the secretariat of the said RBO, and restructure, consolidate or merge any RBOs;

- (c) Undertake and evaluate the planning functions of the Department for the water infrastructure within the region, and recommend the necessary water infrastructure therein;
- (d) Ensure the implementation of laws, policies, programs, rules, and regulations regarding the abovementioned infrastructure as well as public and private physical structures;
- (e) Provide technical assistance for the water-related functions of other agencies within the region especially the local government;
- (f) Coordinate with other departments, LGUs, agencies, institutions and organizations within the region in the planning and implementation of the river basin master plans;
- (g) Conduct continuing consultations with the local communities, take appropriate measures to make the services of the Department responsive to stakeholders and recommend such appropriate actions as may be necessary; and
- (h) Perform such functions and activities, as may be mandated by law, which are necessary for the effective performance of the abovementioned objectives.

Each regional office shall be headed by a Regional Director who shall be responsible for efficiently and effectively carrying out the duties and responsibilities of the office. The Regional Director shall be assisted by one (1) Assistant Regional Director. The Regional Directors and Assistant Regional Directors shall be appointed by the President.

The Department shall retain existing Project Management Offices as may be required, which shall be under the supervision and control of the appropriate Regional Director, unless otherwise determined by the Secretary.

Sec. 23. Structure and Staffing Pattern. – Subject to the approval of the Department of Budget and Management (DBM), the Secretary shall determine the organizational structure and create new divisions or units as may be necessary, and appoint officers and employees of the Department in accordance with the civil service laws, rules and regulations. The remuneration structure of the position in the staffing pattern shall strictly conform to the Salary Standardization Law.

**CHAPTER III**  
**SOCIALIZED CREDIT AND SUPPORT FOR LOCAL WATER SERVICE**  
**PROVIDERS**

Sec. 24. *Socialized Credit Program.* – There shall be a Socialized Credit Program established by the National Government and made available through Government Financial Institutions (GFIs), for capital expenditures necessary for the maintenance, addition, expansion, or improvement of the services of the water service providers, such as but not limited to, capital expenditure for water distribution, water conservation, water treatment, water sanitation, water testing, and other related activities and ancillary services: *Provided,* That the loans shall be available to water service providers duly registered with the Commission: *Provided, further,* That no loan shall be granted for the purpose of funding operational costs or expenses.

Sec. 25. *Support Program for Local Water Service Providers.* –The Department, the Department of Finance, and the Department of Budget and Management shall issue guidelines in the award and disbursement of any grants from any source, and subsidy, such as but not limited to non-tax incentives, from the National Government: *Provided,* That the Department shall be the implementing agency for this purpose.-

**CHAPTER IV**  
**INTERDEPARTMENTAL RELATIONS**  
**AND INSTITUTIONAL ARRANGEMENTS OF THE DEPARTMENT**

Sec. 26. *Interface And Institutional Arrangements With Other Agencies.* –

- (a) The DENR shall continue to have primary authority and responsibility for managing, protecting, preserving, conserving, and enhancing watersheds and other natural water systems: *Provided,* That the Department shall coordinate with the DENR regarding the establishment of protocols for management of all water-related data being collected by the DENR;
- (b) The DOH shall continue to have primary authority and responsibility for setting and enforcing drinking water quality standards: *Provided,* That the Department shall coordinate with the DOH in this aspect, and shall ensure consistency of standards and targets, as well as the compliance of permittees with mandated standards;

- (c) The DOE and the National Power Corporation (NPC) shall ensure that any hydropower plant development plans are consistent with the NWRMP;
- (d) The Department shall coordinate with the DA to ensure agricultural development that reduces sources of long-term pollution for surface water and groundwater, and agricultural and industrial economic development that employs water efficiency, water recycling or reuse and the appropriate treatment of wastewater: *Provided*, That the Department shall coordinate with the DA and its Bureau of Soils and Water Management (BSWM) regarding the establishment of protocols for management of all water-related data being collected by DA, as well as the outputs of research and studies by BSWM which may serve as input to policy formulation by the Department;
- (e) The Department shall coordinate with the NDRRMC to ensure that its plans and designs for flood control, flood risk management and drought risk management are aligned with the objectives and plans of the Department;
- (f) The Department shall coordinate with Philippine Atmospheric, Geophysical and Astronomical Services Administration, Climate Change Commission, and National Mapping and Resource Information Authority for scientific studies, integrated surveys, mapping, charting and decision support systems;
- (g) The Department shall coordinate with the Department of Tourism (DOT) on recreational use of water resources;
- (h) The Department shall coordinate with the Tourism Infrastructure and Enterprise Zone Authority, Philippine Reclamation Authority, and economic zone authorities on water resources development and water requirements within tourist zones, reclamation areas and economic zones, respectively;
- (i) The Department shall coordinate with relevant government agencies, including LGUs with respect to development projects and to ensure cross-cutting collaboration between and among all water subsectors and facilitate inter-agency subsector coordination, strategic development, planning, monitoring and provision of technical, institutional and financial

capacity building support to their different stakeholders at the water subsector level;

- (j) The Department shall coordinate with the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), specifically its Economic and Development Council, Disaster Risk Reduction and Management Council, and Ministry of Environment, Natural Resources and Energy, regarding the preparation of master plans of river basins that overlap with the inland waters within the BARMM's jurisdiction, and ensure the alignment of these plans with the NWRMP and the Bangsamoro Development Plan and other related regional plans of BARMM;
- (k) The Department shall coordinate with the DPWH as regards the construction of water projects including flood control and other related projects within the purview of the DPWH: *Provided*, That the flood management plans are aligned with the NWRMP, and that flood waters be considered and harnessed as potential water source: *Provider*, further, That the Department shall coordinate with the DPWH regarding the establishment of protocols for management of all water-related data being collected by the DPWH;
- (l) The Department shall coordinate with the Department of Human Settlements and Urban Development in planning, monitoring and enforcing integrated land use and water resources management in the Comprehensive Land Use Development Plans and Zoning Ordinances of the LGUs to ensure, among others, the protection of water sources and that water availability is factored in proposed land use development plans and projects;
- (m) The Department shall coordinate with the LLDA with respect to matters concerning Laguna Lake and related bodies of water. The Secretary of the Department shall be a member of the governing board of the LLDA and shall act as it's co-chair;
- (n) The Department shall coordinate with the Bureau of Fisheries and Aquatic Resources with respect to matters concerning fisheries and aquaculture; and

- (o) All other departments and agencies of the government implementing water-related functions and projects shall ensure that the programs and projects are consistent with the national water management plan of the Department.

## **CHAPTER V**

### **THE WATER REGULATORY COMMISSION**

Sec. 27. *Establishment.* – There is hereby created and established an independent, quasi-judicial regulatory body to be known as the Water Regulatory Commission, hereinafter referred to as the Commission.

Sec. 28. *The Regulatory Units.* – The Regulatory Units of the Commission shall be composed of the Regional Regulatory Units and the Central Regulatory Unit. The economic regulatory units and functions of the MWSS, NWRB, and LWUA are hereby transferred to its Central Regulatory Unit.

Regulatory Units shall be established by the Commission in accordance with the rules, regulations, guidelines, and standards that the Commission shall issue, and as provided in this Act. The Commission may reorganize the Central and Regional Regulatory Units as may be necessary to implement the provisions of this Act.

Sec. 29. *Powers and Functions of the Commission.* – The overall authority and powers of the Commission shall cover and apply to all service providers, whether private or public, providing or intending to provide water supply, including suppliers to subdivisions, bulk water suppliers, and other providers for sewerage, and septage treatment and disposal services for domestic, residential, institutional, industrial, or commercial use, *provided*, that economic zone authorities with jurisdiction over water and sanitation service providers within their respective economic zones shall continue to exercise such jurisdiction, *provided further*, that such economic zone authorities shall coordinate with the Commission to harmonize standard setting and rate-setting methodology, where applicable.

The Commission shall exercise the following powers and functions:

- (a) Issue and promulgate rules, regulations and guidelines as may be necessary to implement and enforce its powers and functions under this Act;

- (b) Issue rules and regulations on terms and conditions prescribing minimum and mandatory terms for concession agreements, joint venture agreements, bulk water supply agreements, management agreements, service contracts or other contractual arrangements that may be entered into by government entities including local water utilities and local government units and private sector entities or other water service providers for the provision of water or sanitation services, such as the (i) the term, scope and total cost of the activity, which may be subdivided into phases; (ii) committed contributions and corresponding performance security requirements in accordance with any agreed phased implementation of the activity; and (iii) cost recovery schemes and percentage of the parties' share in the profits and losses, among others;
- (c) Issue licenses authorizing the operation of water supply, sanitation, and sewerage services in any specified area or areas within the Philippines;
- (d) Set, regulate, review, and monitor the tariffs, rates, charges, and fees for water services, sanitation services, and septage services, which may be delegated to the Regulatory Units;
- (e) Amend, modify, suspend, or revoke any license issued by them, after due notice and hearing, on any of the following grounds:
  - (1) when the facts and circumstances on the strength of which the license was issued have been materially misrepresented or have materially changed;
  - (2) where the licensee has failed to meet or comply with terms, conditions, and performance targets, including but not limited to service expansion, that may have targets, that may have been set in the license;
  - (3) where the licensee is found to be manifestly inefficient in the operation of or provision of water supply, sanitation, sewerage or septage services in its area; or
  - (4) when the licensee thereof has violated or willfully refused to comply with any order, rule or regulation of the Commission or any provision of this Act;

- (f) Promulgate and enforce just and reasonable technical standards, classifications and measurements of service;
- (g) Promulgate and enforce technical, financial, and other performance standards set by the Commission for licensees or utilities;
- (h) Conduct benchmarking and monitor the performance of licensees or utilities under their jurisdiction, and publish reports detailing the results thereof;
- (i) Constitute, appoint, exercise supervision and control, remove, reorganize, or abolish the Central and Regional Regulators;
- (j) Coordinate with the Philippine Competition Commission (PCC) and provide technical support in the PCC's exercise of authority and jurisdiction to establish rules and enforce regulations to monitor, investigate, provide remedies for, and provide inputs in the PCC's hearings and deliberations on cases involving any market power abuse or anti-competitive or discriminatory act or behavior by or against any participant in the water supply and sanitation sector, including in respect of the determination of whether any merger, acquisition, joint venture or other transaction, agreement or arrangement by, between or among water service providers or any participant in the water supply and sanitation sector is anti-competitive or will substantially prevent, restrict or lessen competition in the relevant market. Without prejudice to the actions that the PCC, pursuant to RA 10667, may undertake on its own, the Water Regulatory Commission may be directed by the PCC, upon finding that a market participant has engaged in, or fell victim to such act or behavior, to stop or redress the same within the functions and powers granted to the Commission under this Act;
- (k) Require that books, records, and accounts be kept and maintained in accordance with a uniform accounting system prescribed by the Commission;
- (l) Fix and determine proper and adequate rates of depreciation of properties and equipment used in water supply, sanitation and/or septage service/s;

- (m) Impose and collect annual levies and reasonable fees and surcharges as may be necessary for achieving the purposes, powers, and functions of the Commission: *Provided*, That the rate of annual levies and fees shall be determined strictly on a cost recovery basis for the reasonable and actual cost of regulation in accordance with applicable rules and regulations on the imposition and increase of charges;
- (n) Require the submission of plans, reports on finances and operations, performance targets, and accomplishments verified under oaths by the owner, if a natural person, or president and other relevant officers of the licensee, as may be required by the Commission;
- (o) Obtain information on contracts or agreements entered into by service providers, and when necessary, require the review or approval of contracts or agreements that may impact on the tariff and rates of service provision entered into by service providers upon petition or *motu proprio* when in its determination public interest so dictates;
- (p) Determine and require the monitoring and submission of such data, statistics and other information from any or all licensees as may be necessary for the effective and efficient exercise of its duties, functions, powers and responsibilities: *Provided*, that such data, statistics, and other information shall also be submitted to the Department for integration in the centralized database on water resources.
- (q) Investigate, *motu proprio* or upon complaint in writing, any matter concerning the operation of a service provider and violations of Chapters VI, VII, and VIII of this Act;
- (r) Respond to consumer complaints and ensure the adequate promotion of consumer interests and investigate violations *motu proprio*;
- (s) Investigate accidents directly or indirectly arising from or connected with the maintenance or operation of a service provider, and make such order or recommendation as the public interest may warrant;
- (t) Impose penalties and fines, which may include, but are not limited to, rebates, refunds, and credits to affected consumers, against any licensee or against its owners, directors, officers, agents or representatives for

any violation of this Act or of the license, order, rule regulation or requirement issued by the Commission;

- (u) Require any licensee to pay the actual expenses incurred by the Commission in any investigation if it shall be found that a licensee violated any provision of this Act or of the conditions of its license, order, rule regulation or requirement issued by the Commission;
- (v) Advise, apprise, and coordinate with the Department, the National Water Sector Policy Council, and other relevant agencies of the national or local government on any matter relating to water supply, sanitation, and sewerage services;
- (w) Deputize any official or agency of the government to assist in the performance of any of the powers and functions of the Commission;
- (x) Appoint an interim or temporary management committee upon appeal and after due hearing, to ensure continuity of service in cases a licensee fails to meet conditions of the license;
- (y) Appoint, hire and maintain adequate staff and personnel, advisers, and/or consultants, with suitable qualifications and experience, as necessary;
- (z) Exercise original and exclusive jurisdiction over all cases contesting rates, fees, fines and penalties imposed by the Regulatory Units in the exercise of their powers, functions and responsibilities, as provided under this Act, and over all cases involving disputes between and among participants or stakeholders in the water supply sanitation, and sewerage services; *provided*, that disputes concerning water rights and water permits shall exclusively vested in the Water Resource Allocation Board; and
- (aa) Such other incidental powers and functions as may be necessary to attain the objectives of this Act.

*Sec. 30. Composition of the Water Regulatory Commission. –*

- (a) The Commission shall be a collegial body composed of five (5) full-time members consisting of a Chairperson and four (4) members, who shall all be appointed by the President of the Philippines. All members of the Commission must be citizens and residents of the Philippines, at least thirty five (35) years of age, and of good moral character, recognized

integrity and competence in the field of law, business, commerce, finance, accounting or public administration, water or utility economics, management, physical or engineering services, hydrology and other related services, with at least three (3) years actual and distinguished experience in their respective fields of expertise: *Provided*, that out of the four members of the Commission, at least one (1) shall be a member of the Philippine Bar with at least ten years of experience in the active practice of law, at least one (1) shall be a certified public accountant with at least ten years of experience in active practice; and at least one (1) shall be a licensed engineer with at least ten (10) years of experience in the water supply, sewerage, or septage management sector;

- (b) The term of office of the Chairperson and each member of the Commission shall be five (5) years: *Provided*, that among the members first appointed, the Chairperson shall serve for a period of five (5) years, two (2) members shall serve for four (4) years and the other two (2) members shall serve for three (3) years: *Provided further*, that any member whose term has expired as specified herein shall serve as such until his successor shall have been appointed and qualified: *Provided furthermore*, that any appointment to fill a vacancy in the Commission arising from death, removal, retirement or resignation shall be made only for the unexpired term: *Provided, finally*, that in no case shall any member serve for more than five (5) years in the Commission;
- (c) The Commission shall meet as often as may be necessary on such day or days as the Chairperson may fix. The presence of at least three (3) members of the Commission shall constitute a quorum, which shall be necessary for the transaction of any business. The affirmative vote of majority of the members of the Commission where a quorum is present shall be necessary for the adoption of any order, resolution, decisions, or other act of the Commission in the exercise of its quasi-judicial functions: *Provided*, That in promulgating rules, regulations, guidelines and in the exercise of its quasi-legislative functions, an affirmative vote of three(3) members shall be required;

- (d) The Chairperson of the Commission shall exercise general executive control and supervision of the Commission and its members, staff and personnel, agents, and representatives. Within three (3) months from the creation of the Commission and the appointment of all members of the Commission, the Chairperson shall submit for the approval by the President of the Philippines the new organizational structure and personnel positions necessary to carry out the powers and functions of the Commission, subject to the review and approval of the DBM. The personnel positions of the Commission shall be filled by regular appointments in accordance with civil service laws, rules, and regulations;
- (e) The Chairperson and members of the Commission shall enjoy security of tenure and shall not be suspended or removed from office except for just cause as specified by law;
- (f) The Chairperson and members of the Commission or any of their relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, shall be prohibited from holding any interest whatsoever, either as investor, stockholder, officer or director, in any company or entity engaged in provision of water supply and distribution, septage management and sewerage services and must, therefore, divest through sale or legal disposition of any and all interests in the water sector upon assumption to office;
- (g) The Chairperson and members of the Commission shall not, during their tenure, hold any other office or employment. They shall not, during their tenure, directly or indirectly practice any profession, except in a teaching capacity, participate in any business which, in any way, may be affected by the functions of his office, or be financially interested in any contract with, or any franchise, or special privileges granted by the government or any subdivision, agency, or instrumentality thereof, including government-owned and -controlled corporations or their subsidiaries. They shall strictly avoid conflict of interest in the conduct of their office. They shall not be allowed to appear or practice as counsel or agent on

any matter pending before the Commission for two (2) years following their cessation from office; and

- (h) No spouse or relative by consanguinity or affinity within the fourth civil degree of any of the Chairperson or the members of the Commission may appear as counsel nor agent on any matter pending before the Commission or transact business directly or indirectly therein during incumbency and within two (2) years from cessation of office.

Sec. 31. *Secretariat of the Commission.* – The Commission shall establish a Secretariat which shall provide the Commission with technical and support services such as, but not limited to the following:

- (a) Provide the necessary technical inputs and secretariat support to the Commission to facilitate the conduct of its functions;
- (b) Coordinate with, monitor, and assess the activities of the Regulatory Units to ensure proper implementation of the rules, regulations, and guidelines promulgated by the Commission;
- (c) Maintain a database on the water supply sanitation, septage, and sewerage subsector; and
- (d) Coordinate with other relevant agencies of the national or local government on any matter relating to water supply, septage, sanitation, and sewerage.

Sec. 32. *The Staff.* – The Commission shall appoint an Executive Director who shall have relevant experience in any of the fields of law, water or utility economics, commerce, management, finance, engineering, hydrology or other related fields for at least ten (10) years. The Executive Director shall head the Commission Secretariat, keep and maintain the official records, and report of the proceedings of the Commission, and administer oaths in all matters falling within the jurisdiction of the Commission.

The Executive Director shall be responsible for the effective implementation of the policies, plans, programs, rules, regulations, and directives of the Commission; coordinate and supervise the activities of the different operating units under the Commission; and perform such functions as may be assigned by the Chairperson and other members of the Commission.

The Commission shall appoint, fix the compensation, and determine the status, qualifications, and duties of the staff of the Commission. The members of the technical staff, except those performing purely clerical functions, shall possess at least a Bachelor's Degree in any of the following lines of specialization: law, public administration, economics, finance, engineering, accounting, or management.

Sec. 33. *Enhancement of Technical Competence.* – The Commission shall establish rigorous training programs for its staff for the purpose of enhancing the technical competence of the Commission in the following areas: evaluation of technical performance and monitoring compliance with service and performance standards, performance-based rate-setting reform, environmental standards and such other areas as will enable the Commission to adequately perform its duties and functions.

## **CHAPTER VI**

### **REGISTRATION AND LICENSING**

Sec. 34. *Registration and Licensing of All Water Supply and/or Sanitation Services.* – All water supply, sanitation, sewerage, and septage service providers, including bulk water suppliers and those providing services to subdivisions and other service providers, shall register with the Commission and, subject to its rules, guidelines, procedures and other issuances of the Commission, obtain a license to operate from the appropriate regulatory units: *Provided,* That the Commission shall act on the application for the issuance or the conversion of such licenses and renewals thereof within the maximum period of one (1) year as provided under this Act or by RA 11032, otherwise known as the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018".

The Commission shall also ensure that the grant and revocation of licenses are carried out fairly, transparently, and without discrimination. Issuances of the Commission shall specify, among others, the qualifications, requirements and procedure for the grant and revocation of licenses including the standards and performance targets that shall continuously be complied with to keep the licenses valid.

The Commission shall specify the requirements and procedure for existing holders of a Certificate of Public Convenience (CPC), Certificates of Public Convenience

and Necessity (CPCN) issued by NWRB, or Certificate of Conformance (COC) issued by LWUA, to convert their existing certificates into licenses to operate.

All local water utilities, existing water service providers or holders of CPCN or COC shall be duly prioritized in the issuance of the licenses to operate over the areas where they currently operate or as may be covered by their franchises. The submission of the CPC, CPCN, provisional authority, or the COC issued by the NWRB or LWUA shall be sufficient basis for the issuance of the new and converted or updated licenses to operate required and contemplated under this Act; *provided*, that the existing water service provider or holder of CPC, CPCN, provisional authority or the COC has rendered satisfactory service and has shown the necessary technical and/or financial capacity to continue providing the service to the consumers.

To ensure continuity of service, the Commission shall complete the issuance of such converted or updated licenses not later than six (6) months from the effectivity of the implementing rules and regulations issued by the Commission pursuant to this Act.

Unless otherwise provided in this Act or by the Commission, no water supply, septage, sanitation, and sewerage service provider shall commence or conduct the business of providing water supply, sewerage, septage, and sanitation services without first obtaining a license.

Concession agreements and other contracts for water supply provision and water sanitation and treatment services currently existing shall remain valid and enforceable unless otherwise terminated, after due notice and hearing for reasons provided in the existing terms and conditions under the concession or service agreement or contract, or invalidated by the Commission, after due notice and hearing, where national security, national emergency, or public interest so dictates.

*Sec. 35. Conditions of License.* – The Commission may impose such conditions in the issued license, as it may deem necessary, such as but not limited to:

- (a) Tariffs, rates, and charges that may be imposed on its customers or consumers;
- (b) Term fixing the duration of the privilege;
- (c) Grounds for modification, suspension, or cancellation of the license;

- (d) Minimum technical performance and service level standards, such as but not limited to: (1) water pressure; (2) minimum flow rates; (3) connections; (4) sewerage discharge, billing, and metering requirements, and sanctions for failure to comply with the standards set;
- (e) Expansion targets and service level improvements over time;
- (f) Restrictions or conditions for transferability of the business or controlling interest in the business;
- (g) Reportorial requirements and obligations of the grantee;
- (h) Submission to annual performance audit by the Commission or its duly authorized representative; and
- (i) Such other conditions relevant for the efficient provision of water or sanitation services by a licensee.

*Sec. 36. Rights and Duties of Licensees. –*

- (a) Any person granted a license under this Act or with existing rights under concession agreements and related agreements shall have the obligation to ensure that licensed activities are conducted to further public interest and, in particular:
  - (1) Foster the maintenance and development of efficient, coordinated, and viable operation of their licensed activities;
  - (2) Ensure that their water supply, septage, sanitation, and sewerage services are provided in a diligent, conscientious and workmanlike manner, in accordance with applicable laws rules and regulations issued by the Commission and the generally accepted standards and practices in the water supply, sanitation, and sewerage industry;
  - (3) Comply with drinking water quality requirements and standards that may be established by the Commission, the Department, and the DOH; and
  - (4) Ensure that provision of services shall not be discontinued without notice to, and approval by, the Commission.
- (b) Any person granted a license under this Act shall, to the extent allowed by law and specified in the license, have the right to acquire or lease land,

lay or repair water or sanitation mains, and other relevant facilities in public ways to fulfill the terms and conditions under the license;

- (c) Subject to any condition or limitation laid down in the license, a licensee may discontinue water supply, sanitation, and sewerage services to a customer if such customer defaults in the payment of fees due to the licensee for the water supplied or sanitation services provided, or for acts of pilferage pursuant to Sections 8, 9, 10, and 11 of Republic Act No. 8041, otherwise known as the "Water Crisis Act of 1995";
- (d) Any license issued under this Act shall contain provisions designed to ensure that licensees:
  - (1) Publish the tariff and other charges approved by and the terms and conditions imposed by the Commission for the provision of water supply and sanitation services;
  - (2) Prepare, within three (3) months from the issuance of a license, in consultation with its customers and prospective customers within the service area, a customer service code specifying the manner and procedure for:
    - (i) Metering, billing, and collection of the licensee's approved tariff and other charges;
    - (ii) Disconnection or suspension of service in case of non-payment of tariffs and/or other charges, or acts of pilferage; and
    - (iii) Recommendation and recovery of arrears in tariffs and other charges.
  - (3) Maintain financial accounts in accordance with the manner and procedure specified in the license and as may be required by the Commission; and
  - (4) Maintain and, upon request by anyone during regular office hours, promptly make available for scrutiny and inspection such data, statistics and other information, as may be required by the Commission.

*Sec. 37. Setting Tariffs, Rates and Other Charges.* – The Commission shall establish tariffs, rates and other charges which are fair and reasonable, and ensure environmental sustainability, economic viability, and a fair return on investments.

Service providers may apply for the setting of tariffs, rates, and charges based on and consistent with a scientific and evidence-based rate-setting methodology that the Commission shall, after due consultation, define and publish, taking into account the following, among others:

- (a) Reasonable and prudent capital and recurrent costs of providing the service including a reasonable rate of return on capital;
- (b) Efficiency of the service;
- (c) Incentives for enhancement of efficiency;
- (d) Capacity to pay of consumers;
- (e) Equity considerations;
- (f) Environmental sustainability;
- (g) Administrative simplicity;
- (h) In cases involving valid and subsisting concession agreements prior to the enactment of this Act, the methodology provided under the concession agreement;
- (i) To the fullest extent practicable, the terms and conditions of the tariffs, rates or other price-setting mechanisms set forth in any concession agreement, joint venture agreement or other similar agreement for the provision of water, septage, or sanitation services by an existing service provider.

Tariffs, rates, and charges set by the Regulatory Units shall be presumed valid and reasonable unless invalidated by the Commission, after due notice and hearing, acting on a protest or contest duly filed with the Commission.

To ensure continuity of service, applications for setting of tariffs, rates and other charges that have not been decided within a period of ninety (90) days from the date of filing thereof shall result in a provisional approval of such tariffs, rates, or charges.

*Sec. 38. Direct Access.* – Fifty-one percent (51%) of the registered water consumers in a service area, municipality, city or province may petition for direct

access to water from any water service provider subject to concurrence by and reasonable compensation to the service provider and approval by the Commission. If the petition for direct access from any water service provider is approved by the Commission, the new water service provider shall reimburse the existing service provider for, as applicable, either the book value or the market value as determined by an independent appraiser accredited by the Commission, whichever is higher, of the water source, water supply or water distribution or transmission facilities, pipelines and other equipment which shall be transferred to or utilized by the new water service provider. The Commission shall promulgate the implementing rules and procedures for this mode of service, which shall include, among others, financial and technical capability of the new service provider.

Sec. 39. *Innovative Schemes to Improve Efficiency and Management of Systems.* – The Commission shall promote innovative schemes such as the consolidation or integration of water supply, sanitation, and sewerage services, or providers in the same service area, where it shall result in improved efficiency, service expansion and lower costs.

To this end, the Commission shall establish and issue such rules and guidelines as may be necessary to (a) create performance-based and time-bound incentives to encourage efficiency and service expansion; (b) establish the standards and targets that service providers are required to meet; and (c) define the fines and penalties that shall be imposed for failure to meet such standards and targets.

## **CHAPTER VII**

### **PROCEEDINGS BEFORE THE COMMISSION**

Sec. 40. *Proceedings Before the Commission.* – For the purpose of any investigation, inquiry or proceeding, the Commission shall:

- (a) Administer oaths, hear, receive evidence, and decide on cases falling within its jurisdiction;
- (b) Issue *subpoena duces tecum* and *subpoena ad testificandum*;
- (c) Appoint hearing officers to hear and receive evidence on behalf of the Commission;

- (d) Cite any person or party for contempt for refusal to appear, testify or comply with an order of the Commission on any matter that is the subject of investigation, inquiry or proceeding before the Commission.

Sec. 41. *Orders and Decisions of the Commission.* – Any order, resolution, or decision of the Commission shall be promulgated promptly, expeditiously, reasonably, and in writing, and shall state clearly and distinctly the facts and law on which it is based. The Commission shall publish and make available for public inspection, all decisions and final orders in the adjudication of cases or applications.

Sec. 42. *Appeals Procedure and Prohibition Against Injunction.* – The orders, rulings, and decisions of the Commission are final and executory unless appealed to the Court of Appeals within fifteen (15) days from receipt of notice of such order, ruling or decision: *Provided*, that orders, rulings, and decisions of the Commission approving tariffs, shall be immediately executory and may be suspended only upon appeal and filing of a bond, in an amount to be fixed by the Commission, to answer for damages occasioned by the suspension or stay of execution of such orders, rulings, and decisions.

Sec. 43. *Prohibition Against Injunctions.* – Except for the Supreme Court, no temporary restraining order, preliminary injunction, or preliminary mandatory injunction may be issued by any court to restrain any proceeding before, or the implementation or execution of any order, ruling, or decision of the Commission.

## **CHAPTER VIII**

### **TRANSITORY PROVISIONS**

Sec. 44. *Transition Period.*– The Department shall, by virtue of this Act be subrogated to all the rights and assume all the functions of the government agencies and units whose powers and functions have been subsumed, absorbed, transferred or attached to the Department. The Commission shall also, by virtue of this Act, be subrogated to all the rights, and assume all the functions, of the Water Utilities Division of the NWRB, the regulatory offices of MWSS and LWUA, ~~the regulatory units of all special economic zones,~~ and all other government agencies and units whose powers and functions have been transferred to the Commission in accordance with the rules and regulations of the Civil Service Commission (CSC).

The transfer of powers and functions to the Department or the Commission of the concerned agencies as herein provided for, shall be deemed completed within two (2) years after the effectivity of this Act.

All agencies transferred, subsumed and attached to the Department or the Commission, shall continue to function under their present mandates until the two-year transition period mandated under this Act shall have lapsed. The transfer of powers and functions shall include all applicable funds, personnel, records, property and equipment, as may be necessary. The heads of the affected agencies shall continue to serve until replaced. All affected agencies shall not hire any new personnel during such transition period except when authorized by the Department or Commission, as may be appropriate.

All rights and functions of the affected agencies are hereby transferred to and assumed by the Department or the Commission, and shall be acted upon in accordance with the rules and regulations of the Commission on Audit and other pertinent laws, rules, and regulations.

During the transition period, any pending applications for adjustment of tariffs, rates, and other charges of water and/or sanitation services providers may be provisionally approved by the agency or unit concerned. The Commission may, *motu proprio* within two (2) years from the promulgation of its rules and regulations, amend, modify, revise, or disapprove such tariffs, rates, and other charges, upon due notice and hearing.

*Sec. 45. Absorption or Separation from Service of Employees of the Subrogated Agencies.* – The current employees of all government agencies and units whose powers and functions have been transferred to, absorbed or subsumed by the Department or Commission shall enjoy security of tenure, in accordance with their staffing pattern and the selection process as prescribed under RA 6656 or the Government Reorganization Law.

Employees opting to be separated from the service as a consequence of the consolidation and reconstitution under the provisions of this Act, shall within one (1) month from their separation or phase out from the service, receive separation benefits in accordance with existing laws and those who are qualified to retire shall be allowed

to retire and be entitled to all benefits under existing retirement laws, subject to existing rules and regulations of the Commission on Audit.

*Sec. 46. Interim Responsibility of LWUA.* - The LWUA shall cease to engage in any lending activities under Presidential Decree No. 198, as amended, such as but not limited to, credit and background investigation and loan documentation, evaluation, award, negotiation, collection, and restructuring, after the effectivity of this Act, except for those provided below.

The LWUA shall continue to collect and monitor the compliance of all financial assistance contracts and loan agreements with its debtors contracted before the effectivity of this Act and during the transition period as provided under this Chapter; *provided*, further, that the LWUA may restructure these existing financial assistance contracts and loan agreements but the such restructuring shall not involve any increase in the principal loan amount and/or increase in amount to be disbursed.

The LWUA shall assign and/or transfer any or all of its financial assistance contracts and loan agreements to GFIs, subject to the approval requirements and consent of the Parties and the Secretary.

The LWUA shall assign and transfer to the Department all the grants and subsidies extended to the Water Districts. Upon effectivity of the Act, the LWUA shall cease to engage in any activities relating to such grants or subsidies, except for the collection and monitoring compliance with the terms and conditions of the same; after the end of the transitory period, the same shall be transferred to the Department.

The LWUA shall prepare a list of all existing loans or obligations and their respective status and submit the same to the Department within thirty (30) days from the effectivity of the IRR of this Act, and an updated list on a quarterly basis.

The LWUA shall also cease to issue any new COC. All existing COCs issued by LWUA shall remain valid, unless the Commission revokes the said COC. The corporate existence and juridical personality of water districts shall continue to be recognized unless revoked by the DWR.

## **CHAPTER IX**

### **FINAL PROVISIONS**

Sec. 47. *Applicability of Ease of Doing Business Law.* – The prescribed processing time provided under Section 9.b of Republic Act No. 11032 otherwise known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, shall be applicable to all agencies and LGUs covered under this Act particularly on accessing government services.

Sec. 48. *Appropriations.* – The amount necessary for the initial implementation of this Act shall be charged against the current year's appropriations of the agencies, entities, divisions, sections or units subsumed or transferred to the Department. Thereafter, such amount shall be included in the annual General Appropriations Act.

Sec. 49. *Implementing Rules and Regulations.* – A committee composed of the Department, the Commission, DEPED, DOF, DBM, DENR, DA, CSC, and the National Commission on Indigenous Peoples, in consultation with other stakeholders, shall promulgate the initial rules and regulations necessary for the effective implementation of this Act within one hundred eighty (180) days after its effectivity; and

Sec. 50. *Separability Clause.* – If any reason, any portion or provision of this Act shall be held unconstitutional or invalid, the remaining provisions not affected thereby shall continue to be in full force and effect.

Sec. 51. *Repealing Clause.* –

(a) The following provisions are hereby repealed:

- (i) The provision with respect to fixing of water rates and sanitation service fees of Section 3 (h) and Section 12, and regulation of waterworks and deep wells of Section 3 (n), regulation of waterworks and sanitation systems in privately owned subdivisions of Section 3 (p) of Republic Act 6234;
- (ii) Section 62 on regulation and Section 63 on rate review of Presidential Decree No. 198 otherwise known as the "Provincial Water Utilities Act of 1973", as amended by Letter of Instruction No. 700 – "Providing Measures To Control And Regulate Increase In Water Rates", Letter of Instruction No. 744 – "Relative To Reliable Water Supply At Reasonable Rates In The Countryside", Executive Order No. 124-A, , 30 January 1987 - "Reorganization Act of the Ministry of Public Works and Highways", and Executive

Order No. 123, 30 January 1987 - "Reorganization Act of Ministry of Social Services and Development", is hereby repealed or modified accordingly; and

- (i) Executive Order No. 22, series of 2023, creating the Water Resources Management Office of the DENR.
- (b) Section 154, Article V, Chapter I, Title One, Book II of Republic Act No. 7160 otherwise known as the "Local Government Code of 1991", and its implementing rules and regulations on the power of the local government units to fix the rates of water utilities owned, operated and maintained by them within their jurisdiction is hereby repealed or modified accordingly is hereby amended accordingly.
- (c) All other laws, presidential decrees, executive orders, presidential proclamations, rules and regulations, or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

Sec. 52. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,