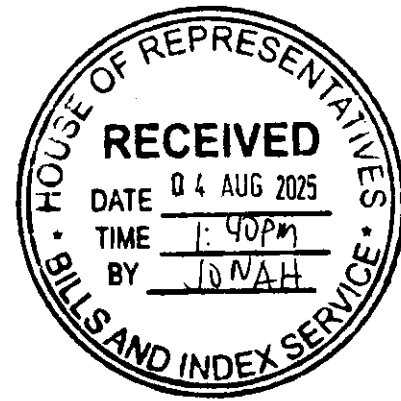


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 2906



Introduced by Representative LEILA M. DE LIMA

AN ACT
ESTABLISHING A LEGISLATIVE FRAMEWORK FOR WATER SERVICES IN THE
PHILIPPINES, BY REFORMING NON-PERFORMING JOINT VENTURE
AGREEMENTS AND ENHANCING INSTITUTIONAL OVERSIGHT
AND ACCOUNTABILITY

EXPLANATORY NOTE

Article II, Section 11 of the 1987 Constitution provides that, “[t]he State values the dignity of every human person and guarantees full respect for human rights.”

The United Nations (UN) recognizes access to water that is safe, clean, sufficient, accessible, and affordable as a human right fundamental to people’s health, dignity, and prosperity.¹ UN Resolution 64/292 adopted on 28 July 2010 “recognizes the right to safe and clean drinking water and sanitation as a human right that is essential for the full enjoyment of life and all human rights” and calls upon States “to scale up efforts to provide safe, clean, accessible and affordable drinking water and sanitation for all.”² General Comment No. 15 on Articles 11 and 12 of the International Covenant on Economic, Social, and Cultural Rights (CESCR), to which the Philippines is a State Party, states that the right to water, although not explicitly mentioned in the aforementioned articles of the CESCR, “clearly falls within the category of guarantees essential for securing an adequate standard of living, particularly since it is one of the most fundamental conditions for survival.”³

¹ <https://www.unwater.org/water-facts/human-rights-water-and-sanitation>.

² <https://docs.un.org/en/A/RES/64/292>.

³ <https://www.refworld.org/legal/general/cescr/2003/en/39347>.

The UN's recognition of the right to water, as inextricably linked to other rights enshrined in the International Bill of Human Rights, is seen in a wide range of international documents, such as Article 11 of the CESCR General Comment No. 6,⁴ Article 14 of the Convention on the Elimination of All Forms of Discrimination Against Women,⁵ and Article 24 of the Convention on the Rights of the Child⁶ – all Covenants to which the Philippines is a State Party.

As such, the State ought to ensure its people's access to water by coming up with measures for the protection of this fundamental human right.

This right to safe, clean, sufficient, accessible, and affordable water finds cogency in the current water crisis in the country. The worsening problem has been evident in several reports of widespread failures of Local Water Districts (LWDs) operating under Joint Venture Agreements (JVAs) with unscrupulous private concessionaires. The reports from consumers across the country tell of intermittent water supply, weak water pressure, reduced service hours, surging Non-Revenue Water (NRW) levels exceeding efficiency benchmarks, and yellowish and/or foul-smelling water coming from their faucets.

These problems are identified to have arisen from several factors, such as the failure of private partners to deliver on their commitments to increase water production and expand service coverage, and the flawed inception and execution of many JVAs, which often feature irregularities, like unjustified revenue-sharing schemes and the absence of robust penalty clauses for failures to deliver and perform. These onerous JVAs are often a result of unsolicited proposals that bypass competitive bidding processes and thus become disadvantageous since price and performance are not negotiated nor compared with other proposals. What further exacerbates this crisis in the water sector is the fragmented, unclear, and unempowered oversight mechanism for LWDs and their private partnerships as the government agencies involved grapple with overlapping mandates and roles.

This bill seeks to address the systemic failures that have ultimately left the government and the people vulnerable to disadvantageous contracts in the water sector and helpless in effectively and efficiently seeking remedies, such as the imposition of penalties for the private partners or termination of JVAs. Emphasizing the primacy of ensuring that the Filipino people affected by the water crisis have their access to water forthwith reinstated, this bill fully adopts Senate Bill No. 216 filed by Senator Risa Hontiveros in the 20th Congress.

⁴ <https://www.refworld.org/legal/general/cescr/1995/en/27839>.

⁵ <https://www.ohchr.org/en/instruments-mechanisms/instruments/convention-elimination-all-forms-discrimination-against-women>.

⁶ <https://www.ohchr.org/en/instruments-mechanisms/instruments/convention-rights-child>.

Early approval of this measure is requested.


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AN ACT
ESTABLISHING A LEGISLATIVE FRAMEWORK FOR WATER SERVICES
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

CHAPTER 1
GENERAL PROVISIONS AND DECLARATION OF POLICY

1 SECTION. 1. *Short Title.* – This Act shall be known as “The 2025 Water Crisis
2 Act.”

3
4 SEC. 2. *Declaration of Policy.* – The State hereby declares its policy to
5 recognize and uphold water as a fundamental human right and a public trust, ensuring
6 access to safe, sufficient, affordable, and sustainable water supply, sewerage, and
7 sanitation services. The provision of these services, particularly through Local Water
8 Districts (LWDs) and their joint venture agreements (JVAs), is imbued with paramount
9 public interest and shall be subject to stringent regulation and oversight to ensure
10 efficiency, reliability, and affordability.

11
12 This Act specifically addresses the pervasive issues of non-performing and
13 onerous JVAs, including flaws in their inception, execution, and monitoring. It aims to
14 rectify systemic failures in contractual terms, performance measurement, institutional
15 oversight, and transparency. Furthermore, it seeks to resolve the existing institutional
16 overlaps and inadequacies among government agencies in providing effective
17 assistance and regulatory guidance to water districts, ensuring coordinated action and

1 robust accountability for both public officials and private entities involved in these
2 agreements.

3
4 **SEC. 3. *Scope and Applicability.*** – This Act shall primarily focus on the
5 governance, regulation, and oversight of Local Water Districts (LWDs) and their joint
6 venture agreements (JVAs) or other forms of public-private partnerships (PPPs) with
7 private water service providers nationwide, particularly concerning issues of contract
8 inception, performance, and termination. It shall also cover the roles and
9 responsibilities of national government agencies and local government units in
10 ensuring the effective management and delivery of water services by LWDs and their
11 partners.

12
13 **SEC. 4. *Definition of Terms.*** – For purposes of this Act, the following terms shall
14 mean:

- 15 a. **Joint Venture Agreement (JVA):** A contractual arrangement between a
16 local water district (LWD) and a private entity for the operation, repair,
17 development, and construction of water infrastructure, maintenance of
18 supply and septic management, and collection of service fees;
- 19 b. **Local Water District (LWD):** A government-owned and controlled
20 corporation (GOCC) created under Presidential Decree No. 198,
21 responsible for water supply and distribution in provincial cities and
22 municipalities outside Metro Manila;
- 23 c. **Non-Revenue Water (NRW):** Water that has been produced and lost
24 before it reaches the customer, whether through real losses (leaks) or
25 apparent losses (theft or metering inaccuracies). A benchmark of 20%
26 or less indicates efficiency;
- 27 d. **Onerous Contract:** A contract that is excessively burdensome,
28 oppressive, or one-sided, particularly when its terms are so unjust that
29 they shock the conscience of the court, or when they contravene law,
30 morals, good customs, public order, or public policy;
- 31 e. **Performance-Based Regulation:** A regulatory approach that links tariffs
32 and contractual incentives/penalties to the achievement of pre-defined
33 service level standards and efficiency targets;
- 34 f. **Public-Private Partnership (PPP) Code of the Philippines (RA 11966):**
35 The governing law for PPP projects in the Philippines, providing a
36 framework for private sector participation in infrastructure and
37 development projects;
- 38 g. **Swiss Challenge:** A competitive process for unsolicited proposals where
39 third parties are invited to submit superior offers, with the original
40 proponent having the right to match the best proposal;
- 41 h. **Successor Liability:** The principle by which a new entity may be held
42 responsible for the obligations or liabilities of a previous entity,
43 particularly in cases of asset acquisition, merger, or change of

- 1 ownership, especially when there is continuity of business operations or
2 intent to evade obligations;
- 3 i. Water Service Provider (WSP): Any entity, public or private, providing
4 water supply, sewerage, or sanitation services.
5

6 **CHAPTER 2**
7 **INSTITUTIONAL OVERSIGHT AND COORDINATION FOR JVAs**
8

9 **SEC. 5. Rationalization of Oversight Bodies for Water Districts and JVAs. –**
10 **(a) Establishment of a Unified JVA Oversight and Legal Team.**
11

12 There is hereby created a specialized JVA Oversight and Legal Team (JVA-
13 OLT) within the Local Water Utilities Administration (LWUA), which shall serve as the
14 primary body responsible for the comprehensive review, legal determination, and
15 strategic intervention in joint venture agreements (JVAs) and other private sector
16 participation contracts involving Local Water Districts (LWDs). This team shall be
17 composed of legal, financial, engineering, and public administration experts, and shall
18 directly address the historical fragmentation, overlaps, and inadequacy in oversight
19 functions of various agencies concerning LWD JVAs.
20

21 To ensure effective and coordinated oversight, the JVA-OLT shall, at the
22 minimum, require relevant government agencies, including the Commission on Audit
23 (CoA), National Water Resources Board (NWRB), Governance Commission for
24 GOCCs (GCG), Anti-Red Tape Authority (ARTA), and the Public-Private Partnership
25 (PPP) Center, to:

- 26 i. Information Gathering and Assembly: Systematically gather and
27 assemble comprehensive information on the investment plans, actual
28 service levels, compliance with contractual procedures, and reporting
29 requirements of all LWDs and their JVA partners. This includes data on
30 Non-Revenue Water (NRW), service coverage, water quality, pressure,
31 and hours of supply, which are critical for performance evaluation and
32 public disclosure;
- 33 ii. Process Refinement and Capacity Building: Refine their own internal
34 processes for capacity building of LWDs, rigorous monitoring of
35 contractual covenants, strengthening of internal audit mechanisms, and
36 enhancing public disclosure of operations and performance. This also
37 extends to improving external auditing methodologies to identify and flag
38 irregularities more effectively;
- 39 iii. Elucidation of Implementing Rules and Regulations (IRRs): Elucidate
40 and, where necessary, amend their respective implementing rules and
41 regulations for existing laws, with a view to establishing clear, consistent,
42 and legally binding rules and norms. These refined IRRs shall serve as
43 the authoritative reference for LWUA's own regulatory engagement with

1 water districts and their joint venture partners, thereby minimizing
2 ambiguities and conflicts in interpretation and enforcement.
3

4 (b) Mandate of the JVA-OLT.

5 The JVA-OLT shall have the following specific mandates:

- 6 i. Legitimacy and Nullity Determination: To conduct in-depth legal and
7 financial audits of existing JVAs to determine the legitimacy, validity, and
8 potential nullity of specific contractual provisions, particularly those
9 deemed onerous, disadvantageous to the government or the consuming
10 public, or entered into without proper due diligence or competitive
11 bidding. This includes scrutinizing the basis of revenue-sharing
12 schemes, cost recovery mechanisms, and the absence of adequate
13 penalty clauses;
- 14 ii. Procurement Procedure Review: To review the procurement procedures
15 followed for existing JVAs, especially those initiated through unsolicited
16 proposals (e.g., Swiss Challenge), to determine if proper bid parameters,
17 price, and performance metrics were adequately defined at inception, or
18 if these were problematically determined later, leading to
19 disadvantageous terms. The JVA-OLT shall recommend corrective
20 actions for such procedural deficiencies;
- 21 iii. Coordination and Division of Labor: To serve as the central coordinating
22 body for all oversight activities related to LWD JVAs, ensuring a clear
23 division of labor and preventing forum shopping among agencies such
24 as the Commission on Audit (CoA), Local Water Utilities Administration
25 (LWUA), Governance Commission for GOCCs (GCG), Public-Private
26 Partnership (PPP) Center, National Water Resources Board (NWRB),
27 and Department of the Interior and Local Government (DILG). The JVA-
28 OLT shall issue executive and administrative orders to clarify roles,
29 streamline processes, and mandate coordinated actions;
- 30 iv. Assistance in Negotiations: To provide direct legal, financial, and
31 technical assistance to LWDs in their negotiations with private partners
32 for contract amendments, renegotiations, or pre-termination, ensuring
33 that LWDs are adequately represented and empowered;
- 34 v. Guidelines for Reviews: To establish and enforce comprehensive
35 guidelines for 5th-year tariff and Key Performance Indicator (KPI)
36 reviews for all JVAs, ensuring transparency, public disclosure, and strict
37 adherence to performance benchmarks;
- 38 vi. Pre-termination and Legal Representation: To mandate and facilitate the
39 pre-termination of non-performing JVAs based on established grounds
40 of material breach or disadvantageous terms, and to provide legal
41 representation to LWDs in any related legal proceedings, including those
42 challenging restraining orders or injunctions;
- 43 vii. Overruling OGCC Opinions: To establish a mechanism, through
44 executive and administrative orders, for the JVA-OLT, with the approval

1 of the President, to overrule opinions from the Office of the Government
2 Corporate Counsel (OGCC) or other legal bodies that unduly restrict
3 LWDs' ability to act in the public interest regarding JVA legitimacy, nullity,
4 or termination, especially when such restrictions lead to continued public
5 detriment.
6

7 **SEC. 6. *Strengthening LWUA's Role in JVA Oversight and Intervention.*** – The
8 Local Water Utilities Administration (LWUA) shall be specifically empowered and
9 adequately resourced to act as the primary oversight and intervention agency for
10 LWDs concerning their JVAs. LWUA shall conduct regular, in-depth performance
11 audits of all LWDs with JVAs, focusing on service delivery, financial viability, and
12 compliance with contractual obligations, and shall report findings directly to the JVA-
13 OLT. LWUA shall have clear authority to recommend and, if necessary, implement the
14 takeover of mismanaged or non-performing LWDs or their JVA-related operations, as
15 provided under Article V of PD 198, without undue delay, especially when public health
16 and welfare are at risk.
17

18 **SEC. 7. *Role of the PPP Center in JVA Procurement and Monitoring.*** – The
19 PPP Center shall develop and enforce stricter guidelines for the evaluation and
20 approval of unsolicited proposals for water supply and sanitation projects, particularly
21 those involving LWDs. These guidelines shall mandate the clear definition of bid
22 parameters, technical specifications, and measurable performance indicators (e.g.,
23 NRW reduction targets, service coverage expansion, water quality standards) from the
24 initial stages of proposal submission, ensuring that price and performance metrics are
25 not left to be determined later in negotiations. The PPP Center shall also enhance its
26 monitoring of JVA implementation, with a focus on contract compliance and public
27 interest protection, and shall share all relevant data with the JVA-OLT.
28

29 **SEC. 8. *Role of COA, GCG, NWRB, and DILG in JVA Accountability.*** –

- 30 a. **Commission on Audit (CoA):** CoA shall continue its mandate of auditing
31 LWDs and their JVAs, with a specific focus on identifying and reporting
32 instances of overpricing, unjustified revenue sharing, non-compliance
33 with investment commitments, and procurement irregularities. CoA
34 reports shall serve as primary evidence for the JVA-OLT's legitimacy and
35 nullity determinations;
- 36 b. **Governance Commission for GOCCs (GCG):** GCG shall integrate JVA
37 performance and compliance with this Act into its performance
38 evaluation scorecards for LWDs and their boards, ensuring that good
39 governance principles are applied to private partnerships. GCG shall
40 also vet LWD board nominees for competence in JVA oversight and
41 management;
- 42 c. **National Water Resources Board (NWRB):** NWRB shall collaborate with
43 the JVA-OLT and LWUA to ensure that water permits, tariff grants, and
44 corresponding resource allocations for investments and operations for

1 JVA projects are consistent with service delivery targets and sustainable
2 water management, and shall provide data on water resource availability
3 and usage to support JVA performance assessments.

- 4 d. Department of the Interior and Local Government (DILG): DILG shall
5 assist LGUs in understanding their oversight roles concerning LWDs and
6 their JVAs, and shall facilitate LGU and community participation in
7 monitoring JVA performance and advocating for service improvements.
8 The DILG shall also advise LGUs on their role as potential investors in
9 water districts, even with the presence of a JVA.

10
11 **CHAPTER 3**
12 **FACILITATING REFORM AND STRENGTHENING IMMEDIATE AND**
13 **MEDIUM-TERM SERVICE PROVISION ARRANGEMENTS**
14

15 **SEC. 9. *Primacy of Public Service and Capacity Restoration.*** – In the event of
16 extended legal disputes, non-performance, or marked deterioration of services under
17 existing Joint Venture Agreements (JVAs), this Act declares the immediate restoration
18 and expansion of water and sanitation services to the public as paramount. Where
19 there is a conflict between private contractual interests and the public's right to
20 essential water services, the latter shall take primacy. Recognizing the vastly atrophied
21 capacities of many Local Water Districts (LWDs) resulting from the reduction and
22 retirement of their personnel, and the near-complete handing over of revenue
23 collection, capital investment, and operational roles to private JVA partners, this Act
24 mandates the immediate reinstatement and strengthening of LWD capacities. This
25 includes the formalization of collaborations with local governments (LGUs), nearby
26 water districts, community water service providers (e.g., cooperatives, homeowners
27 associations), investors, and other private water operators to ensure continuous and
28 improved service delivery.

29
30 **SEC. 10. *LWUA Intervention in Deteriorating Water Districts.*** – The Local Water
31 Utilities Administration (LWUA) or its duly authorized agents shall be empowered to
32 replace members of the Board of Directors of a Local Water District (LWD) upon the
33 recommendation of the local chief executive. LWUA may perform these functions even
34 when a water district is not in default of its financial obligations, provided that LWUA
35 determines, based on objective and verifiable criteria, that there is a marked,
36 precipitous, and possibly irreversible deterioration of the services, assets, and financial
37 capacities of the water district. This determination shall be made after due
38 investigation and consultation with relevant stakeholders, ensuring due process for the
39 affected board members.

40
41 **SEC. 11. *Catch-Up Plans and Contractual Re-Legitimization.*** – Joint Venture
42 (JV) partners and Local Water Districts (LWDs) may pursue the formalization of "catch-
43 up plans" as an approach to address past service deficiencies and investment gaps.
44 However, the formalization of such catch-up plans shall be deemed as conclusive

1 evidence of past failure to execute and finance on investment and service-level
2 improvement commitments as stipulated in the original JVA. Such formalization shall
3 not be construed as a waiver by the water district of its rights to demand payment
4 refunds, impose penalties, effect forfeiture of performance bonds, or initiate entry into
5 new joint venture arrangements that may reduce the role of incumbent,
6 underperforming private joint venture partners. Nevertheless, it is hereby declared that
7 a drastic and sustained improvement in the performance of private joint venture
8 partners, coupled with full compensation to the water district and its customers for past
9 service delivery gaps and financial losses, can, after the initial five years of the JVA,
10 put the 25-year joint venture agreement on a fresh, legitimate footing, subject to the
11 review and approval of the JVA-OLT. Moving forward, the LWUA and the PPP Center
12 shall jointly determine the need to classify existing and future joint venture agreements
13 as concession agreements that, among other things, will require the private joint
14 venture partners (similar to those in Metro Manila) to secure congressional franchises,
15 thereby subjecting them to a higher level of public accountability and legislative
16 oversight.

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CHAPTER 4
CONTRACTUAL REFORMS AND TRANSPARENCY FOR JVAs

21 **SEC. 12. *Mandatory Review and Revision of Onerous JVAs.* –**

22 **(a) Comprehensive Review of Existing JVAs.**

23 Within one (1) year from the effectivity of this Act, the JVA-OLT shall conduct a
24 mandatory, comprehensive review of all existing joint venture agreements (JVAs)
25 between local water districts and private water service providers. This review shall
26 specifically identify provisions that are onerous, disadvantageous to the government
27 or the consuming public, or have led to persistent service failures and non-compliance
28 with contractual obligations, including but not limited to: overpricing of capital
29 expenditures (CAPEX), unjustified revenue-sharing schemes, inadequate penalty
30 clauses for non-performance, failure to meet investment and service delivery targets
31 (e.g., water production, service coverage, water quality, NRW reduction), and non-
32 provision of mandated services like septage management.

33

34 **(b) Grounds for JVA Revision or Termination.**

35 A JVA may be revised or terminated if the review determines that:

- 36 i. There is a material breach of contract, including persistent failure to meet
37 performance standards (e.g., water production targets, service
38 coverage, water quality, NRW benchmarks);
- 39 ii. The contract contains provisions that are manifestly and grossly
40 disadvantageous to the government or the public interest, such as those
41 allowing excessive cost recovery, prohibiting government interference in
42 regulatory functions, or lacking proper basis for revenue sharing;

- 1 iii. The private concessionaire or JV partner has failed to provide sufficient
2 funds or investment for service improvement as stipulated in the
3 agreement;
- 4 iv. The contract was entered into without proper competitive bidding or due
5 diligence, or involved unlawful acts or procedural irregularities (e.g.,
6 problematic unsolicited proposals where bid parameters were not clearly
7 defined at inception); or
- 8 v. The contract's terms have become so difficult or manifestly inequitable
9 due to unforeseen supervening developments, justifying judicial
10 readjustment or termination.

11

12 (c) Legal Mechanisms for Revision and Termination ("Use It or Lose It").

13 The JVA-OLT shall have the authority to initiate renegotiation of onerous JVAs.
14 If renegotiation fails, the JVA-OLT shall recommend to the President the termination
15 of such contracts, adhering to principles of due process and existing laws on contract
16 termination for default, convenience, or unlawful acts. The government's ability to
17 terminate contracts without prior court approval, particularly when provisions are
18 deemed disadvantageous or irregular, has been affirmed. This Act explicitly grants the
19 JVA-OLT and relevant government agencies the power to pursue all legal avenues,
20 including judicial action, to restore public control over water services where private
21 performance has failed, embodying a "use it or lose it" attitude towards non-performing
22 private partners.

23

24 SEC. 13. *Enhanced JVA Transparency and Disclosure.* –

25 (a) Public Disclosure of JVA Contracts.

26 All new and existing joint venture agreements (JVAs) for water supply,
27 sewerage, and sanitation services shall be made publicly accessible through the
28 official websites of LWUA, PPP Center, and relevant LWDs. This disclosure shall
29 include, but not be limited to, full contract terms, financial provisions (e.g., tariffs,
30 revenue sharing, investment commitments), detailed performance indicators, and
31 audit reports.

32

33 (b) Standardized Reporting and Performance Indicators.

34 The JVA-OLT, in coordination with LWUA and NWRB, shall develop and
35 enforce a standardized framework for performance measurement and disclosure for
36 all water service providers operating under JVAs. This framework shall include key
37 performance indicators (KPIs) such as Non-Revenue Water (NRW), service coverage,
38 water quality, pressure, hours of supply, and customer satisfaction, with clear targets
39 and penalties for non-compliance. All LWDs and their private JVA partners shall be
40 required to submit regular, independently verified performance reports to the JVA-
41 OLT, which shall be publicly disclosed. This directly addresses past failures in
42 performance measurement and disclosure by water districts and concessionaires,
43 consistently flagged by CoA.

1 SEC. 14. *Prohibition of Unsolicited Proposals for Core Water Services.* –
2 Unsolicited proposals for new water supply, sewerage, and sanitation projects
3 that fall under the core public utility mandate of LWDs shall be prohibited, unless they
4 demonstrably introduce truly innovative technologies or solutions not otherwise
5 available through solicited processes. All new projects for core water services shall
6 undergo competitive public bidding, ensuring transparency, fairness, and optimal
7 value for money from inception, with clearly defined bid parameters and performance
8 metrics. Any exceptional unsolicited proposal shall be subject to a rigorous Swiss
9 Challenge process with strict oversight by the JVA-OLT and PPP Center, ensuring that
10 the public interest is paramount and that all terms, including price and performance,
11 are competitively determined from the outset.

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CHAPTER 5
ENABLING LWD, LGU, AND COMMUNITY INVESTMENTS

16 SEC. 15. *Immediate Service Improvement During Contract Disputes.* –
17 Recognizing the severe and immediate nature of water service deficiencies,
18 this Act shall establish mechanisms to enable Local Water Districts (LWDs), Local
19 Government Units (LGUs), and community water systems (e.g., cooperatives,
20 homeowners associations) to undertake service-level improvements, including
21 rudimentary but promising initiatives, even while JVA pre-termination or contract
22 renegotiation processes are ongoing.

23

24 (a) **Emergency Funding and Technical Assistance.**

25 The LWUA, in coordination with the DILG and the JVA-OLT, shall establish a
26 dedicated emergency fund and technical assistance program to support LWDs and
27 LGUs in implementing collaborations for immediate service improvements in areas
28 affected by non-performing JVAs. This fund shall be accessible without undue
29 bureaucratic delays, recognizing the critical need for continuous water supply.
30 Technical assistance shall include rapid assessment of infrastructure needs,
31 engineering support, and operational guidance to ensure continuity of service.

32

33 (b) **Empowering LGU and Community Co-Design and Co-Financing.**

34 LGUs shall be formally empowered to co-design and co-finance service-level
35 improvements, including those that are rudimentary at the start but promising
36 sustained improvements, in coordination with LWDs and affected communities (e.g.,
37 cooperatives, homeowners associations). This shall include:

- 38 i. **Formal Integration of Community-LGU Financing:** The support for
39 community-LGU co-financing shall be formally made a part of the
40 obligation of water districts towards their unserved constituencies,
41 especially during but not limited to periods of JVA transition or failure;
- 42 ii. **Minimum Design Templates for Citizens' Charters:** The DILG, in
43 consultation with LWUA and the JVA-OLT, shall issue minimum design
44 templates for LWD Citizens' Charters, requiring the formal inclusion of

1 provisions for community involvement in service improvement planning,
2 grievance redress, and co-financing mechanisms. These templates shall
3 ensure transparency in LWD operations and foster active participation
4 from unserved constituencies; and

- 5 iii. **Facilitating Access to Funds:** Mechanisms shall be established to
6 facilitate LGU and community access to national government funds,
7 concessional loans, and blended finance for water supply and sanitation
8 projects, especially in areas where JVAs are under review or being
9 terminated.

10
11 **CHAPTER 6**
12 **ACCOUNTABILITY AND ENFORCEMENT FOR JVA FAILURE**
13

14 **SEC. 16. *Accountability of Public Officials in JVA Formulation and Oversight.* –**

15 **(a) Strict Accountability for Public Trust.**

16 Public officials and employees involved in the formulation, negotiation,
17 approval, and oversight of joint venture agreements (JVAs) in the water sector,
18 including those in LWDs, LWUA, PPP Center, GCG, NWRB, DILG, and other relevant
19 agencies, shall be held to the highest standards of accountability, integrity,
20 competence, and loyalty, upholding public interest over personal interest at all times.
21 They shall be civilly, criminally, and administratively liable for any acts or omissions
22 that cause injury, loss, or damage to the public or the government, particularly in
23 relation to disadvantageous contracts, graft, corruption, gross negligence, or manifest
24 partiality in the performance of their duties related to JVAs.

25
26 **(b) Enhanced Oversight and Penalties.**

27 The Office of the Ombudsman, the Commission on Audit (CoA), and other
28 relevant oversight bodies shall be strengthened to investigate and prosecute cases of
29 malfeasance, misfeasance, and nonfeasance by public officers in the water sector,
30 specifically concerning JVA irregularities. Penalties shall be commensurate with the
31 gravity of the offense, including imprisonment, fines, forfeiture of ill-gotten wealth, and
32 perpetual disqualification from public office.

33
34 **SEC. 17. *Corporate Accountability and Successor Liability for Private JVA***
35 ***Partners.* –**

36 **(a) Corporate, Criminal, and Civil Liability.**

37 Private water service providers, including concessionaires and joint venture
38 partners, shall be held criminally and civilly liable for violations of this Act, other
39 relevant laws, and the terms of their JVAs. Penalties shall extend to responsible
40 corporate officers and directors who assent to patently unlawful acts, are guilty of
41 gross negligence or bad faith in directing the affairs of the corporation, or acquire
42 personal or pecuniary interest in conflict with the corporation's interests, leading to
43 damages to the public or the government.

44

1 (b) Successor Liability for Onerous Contracts.

2 In cases of changes in private sector ownership of a JVA partner, including
3 mergers, acquisitions, or asset transfers, the successor entity shall be held liable for
4 the existing obligations, liabilities, and judgments against the predecessor entity,
5 particularly those arising from onerous contracts, service failures, or procurement
6 irregularities related to the JVA. This principle of successor liability shall apply where
7 there is continuity of business operations, workforce, or facilities, or where there is
8 evidence of intent to evade obligations. Due diligence requirements for acquiring
9 entities shall be enhanced to identify and account for all potential JVA-related
10 liabilities. The PPP Code of the Philippines already emphasizes that PPP borrowers
11 remain responsible for their obligations regardless of ownership changes, a principle
12 reinforced and expanded by this Act for JVAs.

13
14 SEC. 18. *Penalties and Sanctions.* – Any person, public official, or private entity
15 found in violation of the provisions of this Act related to JVAs shall be subject to severe
16 civil, criminal, and administrative penalties, including fines, imprisonment, forfeiture of
17 property, and revocation of licenses or franchises, as determined by the appropriate
18 courts or regulatory bodies.

19
20 **CHAPTER 7**
21 **FINAL PROVISIONS**
22

23 SEC. 19. *Implementing Rules and Regulations.* – Within one hundred twenty
24 (120) days from the effectivity of this Act, the Local Water Utilities Administration
25 (LWUA), through the JVA Oversight and Legal Team (JVA-OLT), in consultation with
26 relevant government agencies (PPP Center, GCG, NWRB, DILG, CoA), local
27 government units, civil society organizations, and private sector stakeholders, shall
28 promulgate the necessary rules and regulations for the effective implementation of this
29 Act, specifically focusing on the detailed procedures for JVA review, renegotiation,
30 termination, and accountability.

31
32 SEC. 20. *Separability Clause.* – If any provision or part of this Act is declared
33 invalid or unconstitutional, the remaining provisions or parts not affected thereby shall
34 continue to be in full force and effect.

35
36 SEC. 21. *Repealing Clause.* - All laws, executive orders, presidential decrees,
37 presidential proclamations, letters of instruction, rules and regulations, or parts thereof
38 inconsistent with the provisions of this Act are hereby repealed, modified, or amended
39 accordingly.

40
41 SEC. 22. *Effectivity.* - This Act shall take effect fifteen (15) days following its
42 publication in the Official Gazette or in two (2) newspapers of general circulation in the
43 Philippines.

Approved,