

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

Twentieth Congress  
First Regular Session

HOUSE BILL NO. **4475**



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Introduced by **Representative RAYMOND ADRIAN SALCEDA**

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**AN ACT**  
**PROVIDING FOR A FACILITY WITHIN GOVERNMENT FINANCIAL**  
**INSTITUTIONS TO ENABLE LOCAL GOVERNMENT UNITS, LOCAL WATER**  
**DISTRICTS, AND ELECTRIC COOPERATIVES TO RETAKE FAILED OR**  
**ABANDONED PRIVATIZATION OF PUBLIC UTILITIES, AND FOR OTHER**  
**PURPOSES**

**EXPLANATORY NOTE**

Access to reliable and affordable public utilities such as water and electricity is a basic necessity and a fundamental driver of economic and social development. In the Philippines, efforts to privatize the operation of utilities have had mixed results. While some concessions succeeded in improving efficiency, others have failed or been abandoned, often leaving consumers to suffer from disrupted service, increased costs, or deteriorating infrastructure.

When privatization fails, the burden of continuity inevitably falls back on the public sector. Local government units (LGUs), local water districts (LWDs), and electric cooperatives (ECs) are often called upon to retake operations. However, these entities typically lack the upfront capital needed to reacquire assets, rehabilitate infrastructure, or settle obligations tied to service continuity. As a result, service interruptions, financial instability, and consumer hardships persist.

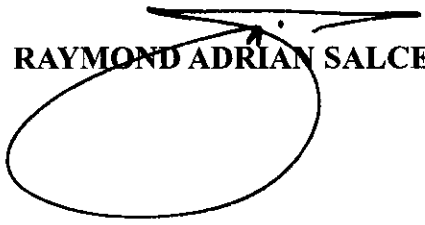
This measure seeks to institutionalize a financing facility within Government Financial Institutions (GFIs) such as the Development Bank of the Philippines (DBP) and the Land Bank of the Philippines (LBP) that will allow LGUs, LWDs, and ECs to retake failed or abandoned utilities under sustainable terms. Financing may be used for the acquisition of physical assets, rehabilitation of facilities, and strengthening of organizational capacity to ensure that services are maintained without excessive burden on end-users.

The facility will be classified as developmental lending, thereby allowing concessional interest rates, longer repayment periods, and grace periods. Oversight will be provided by the

Department of Finance (DOF) in coordination with relevant agencies such as the Department of the Interior and Local Government (DILG), the National Electrification Administration (NEA), and the Local Water Utilities Administration (LWUA).

By creating this mechanism, the State ensures that the gains of public utility services are not lost to failed privatization, and that consumers are not left vulnerable to service collapse. The measure strengthens public sector capacity to step in when private operators falter, while preserving investor confidence by ensuring orderly transition mechanisms.

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



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

SECTION 1. *Short Title.* This Act shall be known as the “Public Utility Recovery Facility Act.”

SEC. 2. *Declaration of Policy.* It is hereby declared the policy of the State to protect public interest in the continuous and efficient delivery of basic utilities such as water, electricity, and similar services. In instances where privatization or concession agreements for such utilities fail, are abandoned, or are otherwise terminated to the detriment of consumers, it is the duty of the State to provide mechanisms for public re-acquisition and management of such utilities through duly authorized entities.

SEC. 3. *Establishment of the Facility.* There is hereby created within Government Financial Institutions (GFIs), including the Development Bank of the Philippines (DBP) and the Land Bank of the Philippines (LBP), a dedicated financing facility for local government units (LGUs), local water districts (LWDs), and electric cooperatives (ECs) to finance the re-acquisition, rehabilitation, and operational takeover of public utilities subject to failed or abandoned privatization.

SEC. 4. *Eligible Borrowers.* The following may avail of the facility:

- (a) Local Government Units (LGUs) taking over failed or abandoned privatization of public utilities within their jurisdiction;
- (b) Local Water Districts (LWDs) assuming management of water supply and distribution systems following privatization failures; and

(c) Electric Cooperatives (ECs) assuming control of electric distribution utilities after failure or abandonment of private concessionaires or operators.

*SEC. 5. Eligible Uses of Funds.* Financing provided under this Act may be used for:

(a) Acquisition of physical assets, infrastructure, and facilities of the failed or abandoned privatized utility;

(b) Rehabilitation, modernization, or expansion of facilities to restore or improve service;

(c) Settlement of obligations directly linked to service continuity; and

(d) Technical assistance and capacity building for the acquiring public entity.

*SEC. 6. Terms of Financing.* The GFIs shall extend financing under concessional terms, including low interest rates, longer maturities, and grace periods, to ensure affordability for public entities. The Bangko Sentral ng Pilipinas (BSP) shall allow the classification of such loans as developmental loans to incentivize lending by GFIs.

*SEC. 7. Oversight and Monitoring.* The Department of Finance (DOF), in coordination with the Department of the Interior and Local Government (DILG), the National Electrification Administration (NEA), and the Local Water Utilities Administration (LWUA), shall oversee and monitor the use of the facility to ensure service continuity and financial sustainability of the retaken utilities.

*SEC. 8. Appropriations.* For the initial capitalization of the facility, the amount of Five Billion Pesos (₱5,000,000,000) is hereby authorized to be appropriated from the General Appropriations Act, to be allocated equally to DBP and LBP as interest rate subsidy for the facility, which shall otherwise grant loans on an arms' length basis. Subsequent funding may be sourced from future appropriations and GFIs' internally generated funds.

*SEC. 9. Implementing Rules and Regulations.* Within ninety (90) days from the effectivity of this Act, the DOF, in consultation with the BSP, DBP, LBP, NEA, and LWUA, shall promulgate the necessary rules and regulations for the effective implementation of this Act.

*SEC. 10. Separability Clause.* If any provision of this Act is declared unconstitutional, the remainder shall not be affected thereby.

*SEC. 11. Repealing Clause.* All laws, decrees, executive orders, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

*SEC. 12. Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,