

J5 Options to Resolve Institutional Constraints in Water Resources Management

The responsibility for water resources management is essentially exercised by several national agencies of government. This has so often created confusion, resulting in uncoordinated efforts in administering regulatory policies in site-specific issues in water resources management. Several studies have been undertaken to create an institution and adopt policies that will resolve the institutional infirmities confronting the water resources sector.

Conclusions drawn from these studies indicate the need to establish a strong regulatory body. The strategies proposed to create this "ideal" regulatory body range from strengthening the present NWRB to the establishment of a regulatory body focused on the economic and financial regulation of the water supply activities administered by the water districts and the LGU's, the creation of a regulatory arm for MWSS to regulate the two concessionaires who will operate the privatized service areas, or the formation of a regulatory body that can handle both the financial and economic regulation as well as the quantitative and qualitative management of water resources. This proposed body is also expected to provide the necessary regulatory needs of MWSS in relation to its two concessionaires.

This study evaluated the various proposed measures to improve the institutional imperfections in water resources management and diagnosed the future water resources management programs to establish which of the proposals can best respond to the present and future issues on water resources management. The key options appear to be as follows:

- i) Create a "Super" Regulatory Body
- ii) Strengthen NWRB as an Interim Measure
- iii) Establish an Independent Regulatory Body
- iv) Enact and Act Pertinent Laws
- v) Rationalize Responsibility in Water Resources Management

The above options are explained in the following Sections 5-1 to 5-5.

J5.1 Create a "Super" Regulatory Body

The first comprehensive study on the water supply sector, the Philippine Water Supply Sector Reform Study (PWSSRS) of 1993 called for the establishment of a National Water Commission (NWC) as an alternative to the National Water Resources Board. The NWC was meant to be the main regulatory body for the comprehensive development, utilization, conservation and protection of water resources. The proposed NWC, however, overlooked the essential role of the regulator for financial and economic pricing as well as the potential privatization of WDs and for that matter the privatization of MWSS service areas.

The need to strengthen NWRB was reiterated in the Water Summit, which prompted other studies to be commissioned to dovetail the PWSSRS. The PWSSRS of 1993 was reviewed by the consultants engaged to prepare the Action Plan for Reforms Relating to the National Water Resources Board in 1995 and their findings, backed up by hard evidence and statistical data, confirmed that reform measures are necessary to cure the ills in water resources management. This 1995 study funded through a technical assistance from World Bank suggested that the new regulatory body be named Philippine Water Resources Authority (PWRA). But again, the PWRA was conceived to be a resource and utility regulator and administrator of the Water Code. The study pointed out the necessity of economic regulation to avoid situations where natural monopolies earn excess profits and continue inefficiencies.

It also advocated the creation of a separate regulatory body which shall focus on economic regulation.

In 1996, a group of consultants prepared a policy advice paper for the World Bank and their report, while supporting the recommendations of previously done studies proposed to establish three different institutions responsible for resource regulation, economic regulation and regulation for the privatized service areas of MWSS.

All the proposed reforms from the three studies offered plausible solutions to the problems confronting water resources management in the Philippines. Adoption of any of these solutions will have to consider National Government policies on (1) streamlining the bureaucracy and (2) enhancing the efficacy of existing agencies to achieve cost effective operations.

This study team examined the classic range of alternatives for water resources management in the Philippines, including the just recently created regulatory body by MWSS for the awarded concession areas to the private sector. An important distinction in reviewing these alternatives is the objective to develop an institutional arrangement which considers national government policy thrusts based on the options offered by the several studies thus made.

The study concluded that the presence of an independent regulatory body that can objectively balance the interests of the public in water resources management and private sector investment participation is the most significant reform needed by the sector. This issue is particularly important in rate setting and control over tariffs.

J5.2 Strengthen NWRB as an Interim Measure

Within the context of existing laws NWRB's enforcement and prosecution arm should be reinforced by policy changes and deputation of legal staff from the Department of Justice. Its network of field offices should be installed in the regions to facilitate site specific decisions and enhance evaluation of cases concerning disputes in water use. Realignment of the functions of the central office divisions to cover regulation of tariffs for both public and private utilities must be instituted to make the strengthened agency responsive to the growing interest of private sector investment in water resources projects. Specialized training programs for the staff of NWRB are necessary to equip them with skills essential for economic and financial regulation of water supply activities of water districts, LGU's and private entities, and quantitative and qualitative management of water resources.

J5.3 Establish an Independent Regulatory Body

Reconstituting the NWRB into a Philippine Water Resources Authority (PWRA) would raise the status of the regulatory body as the premier organization in water resources management. The law which would create the PWRA should provide the Authority with the same status as NEDA and its Director-General should be given a Cabinet rank to raise the level of its leadership. This is necessary in order that the head of the Authority will not be subordinate to the heads of other government agencies who are also stakeholders in the use of water resources.

The Board of Trustees of the PWRA shall be composed of the secretaries from DPWH, DILG,

DOH, DOJ, DTI and DENR with the Director-General of the PWRA as ex-officio member. Board meetings shall take up only policy issues and review of policy papers prepared by the staff of the PWRA. In cases of conflicts arising from the interpretation of existing laws and policies, the Board shall be authorized by law to reconstitute itself as a quasi-judicial body empowered to resolve the conflicts brought before PWRA.

All plans and programs including privatization of water resources development shall be submitted to the PWRA for review to ensure that such activities are within the context of the Water Resources Management Master Plan (a primary responsibility of the PWRA). This should be supported by a national policy dictating to all concerned that the seal of approval by PWRA is necessary for all projects involving water resources. The concept can be associated with the ECC required by DENR for all development projects.

The new regulatory body will also take charge of the economic and price regulation as well as quantity and quality regulation of water resources. Service/efficiency regulation will also be a key function of the PWRA. The present state of data collection and dissemination will be overhauled. The existing data collection efforts on water will be rationalized and new data collection programs will be established.

The Authority should be vested by law with enough powers to exercise its policies on water use and economic pricing on all elements of the country involved in water resources delivery, development, exploration and extraction, transmission and distribution, water utility operation and water resource pricing and tariff. While the MWSS has already organized its regulatory arm for its privatized operation, the Study Team considers this as a temporary arrangement and the creation of this PWRA will pave the way for the integration of this MWSS concern to the independent Authority. The PWRA should be in a position to oversee privatization activities in the water supply sector and undertake the essential regulatory requisites of private sector involvement in water resources. Moreover, the PWRA must be able to complement the mandated activities of LWUA, MWSS, WDs, irrigation and power related activities and LGU-oriented utilities, but shall maintain a position of overall authority (final arbiter) when it comes to regulating water use, water utility over-all operations and economic pricing of water.

J5.4 Enact and Revise Pertinent Laws

There is a need to legislate a new law for the establishment of the PWRA. That law will collapse other laws which are considered irrelevant in the present state of water resources management. The new law however, will also amend and integrate other laws which are necessary in the exercise of the functions of the PWRA. The new law can also dilute the laws which empowered other offices to regulate water resources. The law creating the PWRA must clothe the agency with powers to formulate policies and guidelines to be followed by the agencies of government and the private sector. It must also provide the necessary sanctions for non-compliance, to the extent of administrative and criminal sanctions.

J5.5 Rationalize Responsibility in Water Resources Management

The law which will create the PWRA should make the new regulatory body the apex office for water resources regulation. The other sector agencies shall tailor-fit their policy directions towards the guidelines provided by the apex body. While there are other agencies which are engaged in the economic pricing of water distributed, their pricing mechanisms should be

within the prescribed guidelines enunciated by the PWRA. The establishment of regional offices for PWRA will also enhance the capability of the new body to undertake locational decisions on water resources allocations. In terms of water quality, the PWRA is also expected to draw up guidelines which will be used by the agencies responsible for the administration of water quality. It is essential that the PWRA be given the authority to inspect, monitor and enforce its policy guidelines.

J5.6 Provide Incentives for the Private Sector to Develop Water Resources

The current interest of private sector participation in water resources management is predicated on the BOT approach. The BOT approach, however, includes the critical element of capital formation and the creation of new capital assets. The Study Team explored ways of tapping private sector "off budget capital" which can be an instrument to usher in private sector participation (PSP). The variety of PSP instruments, including lease arrangements, management contracts and purchase of specific services such as bill collections or management of the accounting systems, tend to increase the institutional capacity rather than the financial capital. Both these avenues for private sector participation require attention from the PWRA. The PWRA must be in a position to develop policies which will implement the incentives provided by the government to encourage PSP but at the same time guide the sector agencies in the proper control of water abstractions, trading of water rights and tariff regulations, among others.

J6 INSTITUTIONAL FRAMEWORK FOR WATER RESOURCES MANAGEMENT

J6.1 General

The foregoing Sections in this Part-J this section examined and reviewed the heretofore existing institutional arrangement for water resources management in the country. It looked into the interrelating linkages between and among the various agencies concerned with, involved in, or those invested with substantial or peripheral participation in the overall water resources administration.

From the maze of data and information collected, collated and examined, the Study proceeded to dissect the water resources regime, and analyzed the effectiveness of the operating mechanism for the sector. It also attempted to put the institutional framework into focus to detect deficiencies, if any in the water sector.

The findings in that review pointed to the need for reconciling and rationalizing the seeming incoherence in the prevailing water resources management scheme. While there is a fairly established institutional hierarchy administering the sector, its dichotomy presents a medley of uncoordinated, sometimes intermingling tasks, thrusts, directions and plans. The same configuration is mainly the reason for the perceived ineffectiveness in the management and development of the country's water resources segment.

Among the weaknesses in the present water resources sector are: (1) deficiency of the organizational structure of the sector due to gaps and overlaps in jurisdictional responsibility; (2) lack of adequate water resources data and technical information and (3) the need for an effective institution to oversee, manage and administer the water resources program.

The review conducted in the first phase of this Study brought forth a number of substantive observations. These were reconfirmed and rechecked in order to be able to formulate valid conclusions based thereon. Having arrived at those conclusions, this study identified the measures to enhance the efficiency of the current mechanism and, in general, to rationalize the whole spectrum of the water resources horizon. These reform options are discussed in the succeeding sections.

J6.1.1 Creation of an Apex Body in Water Resources

In August 1997, the Presidential Task Force on Water Resources Management and Development (PTFWRDM) drew up a legislative proposal to create a new body to take charge of the overall management, development and administration of the country's water resources. The measure seeks to create the Water Resources Authority of the Philippines (WRAP) as a new entity to take over the functions, powers and responsibilities of the National Water Resources Board (NWRB). The proposal is a bold attempt at rationalizing the organization and functions of government agencies related to water.

The measure had been appropriately filed in the House of Representatives of the Philippine Congress, as House Bill No. 9896. In October 1997, the President of the Philippines certified to the "necessity of the immediate enactment" of the bill "in order to meet the public emergency consisting of the water crisis and ensure the availability of safe potable and affordable water which is indispensable for sustainable economic development." By about this time, the ill effects of the El Nino phenomenon began being felt in some parts of the country.

The impact of a "certified bill" as in the case of the WRAP bill, is that it acquires a status of priority of consideration over measures not so certified. This means that the WRAP measure would enjoy preferential treatment in the enactment process by the House, in relation to other bills.

J6.1.2 Strengthening of the NWRB by Executive Action

The timetable for enacting a bill into law cannot be predicted. The legislative process involves a set of procedures and is time-consuming. It is only within anyone's guess how soon or when the WRAP bill could be enacted into law. Thus far, the WRAP measure has just reached the committee level which has opened public hearings on the proposal. The appropriate House Committee on Government Enterprises and Privatization has begun conducting a series of public hearings which will not be finished before the adjournment of Congress. For sure, House Bill No. 9896 will be left unacted upon by the exiting Tenth Congress of the Republic of the Philippines.

The Philippines is also facing an election in May 1998. The present government of President Ramos will bow out of power and a new administration ushered in. This change in administration will somehow affect the regular timetable for passage of the law. We cannot anticipate what would be the new administration's response to this issue, much less, its policies and thrusts. So much will depend on the thinking of the incoming government.

Given the above, an interim option is to strengthen the NWRB. The improvement of NWRB in terms of power, structure, status and capability will provide an interim step towards full rationalization of the water resources sector. This alternative will not require any legislative intervention such as that which is necessary for the creation of the WRAP. The most that is needed here are executive measures which can be obtained through the instrumentality of the Office of the President.

J6.2 Analysis of Issues and Recommendations

While much had been done by way of government initiatives to enhance and integrate water resources administration, there are still key unresolved issues in water resources management. It is however encouraging that concrete steps have been undertaken which in the long run will contribute to the complete rationalization of the water resources sector.

Notwithstanding, there are still key unresolved issues in water resources management. These are as follows:

- *The unsuccessful bid by the government to foster an integrated, holistic approach in addressing the inherently interrelated issues of watersupply planning and operation, demand management, pollution control, groundwater and watershed protection.* The institutional structure remains weak and multi-partitioned which precipitates uncoordinated policies and programs.
- *Persistent application of administrative and legal mechanisms in allocating scarce water resources and controlling water pollution.* While appreciation of economic and market-based instruments are now evident, actual policy shift has been slow due to politics and insistence of sponsors of the traditional approach. The political difficulties in removing the economic returns received

under the present institutional and regulatory climate and changing the prevailing paradigm away from water resource as a free and public or commonly owned good to one which has a price and may be considered a private property.

- *The continuous dominance of the public sector in the water supply operations has influenced the inefficient development and management of water resources.* For instance, the faulty incentive structure and lack of competition mainly caused the gross inefficiencies in the operations of LGU run water systems and water districts. Government interventions should have been focused at improving and supporting the operations of the overall water markets such as establishing an effective property rights, system for water, market-based instruments for controlling industrial effluents and regulatory mechanisms for minimizing monopoly profits.
- *Pricing of water has been based mainly on financial, administrative, and equity criteria, rather than on long-term efficiency considerations.* Consequently, the price of water does not reflect its full economic cost and thus overlooked the correct signals or economic incentives to consumers, producers and economic planners. This has actually led to wasteful use of water by consumers and water producers, intersectoral misallocation of raw water in favor of less valuable uses, worsening of water pollution problems, and failure to anticipate the necessary investments for water supply expansion.

Several studies were undertaken to resolve the aforementioned issues. Recommendations were formulated and Government has recently taken a major step in addressing the inefficiencies in water service provision by privatizing the operations of the MWSS. There are other measures which the government has considered but these are currently being reviewed before adoption. These are:

J6.2.1 Strengthening NWRB to Improve Water Resources Management

A series of major reform activities were proposed to enhance on an interim basis NWRB's capability as a prime regulator in water resources management. Among these measures are action steps which can be undertaken without the necessary legislative enactments. These include the following:

- Attach NWRB to the Office of the President and later on to the DENR as an interim measure.
- Replace the member representatives to the NWRB Board (such as MWSS, NIA, LWUA, etc.) who are actually stakeholders in water resources management with other agencies who have no stakes in water resources.
- Strengthen the prosecution arm of NWRB by assigning Department of Justice lawyers to the agency for fixed periods and on rotation basis.
- Establish regional offices to effectively regulate and monitor the water resources activities on site rather from a distant Central Office.
- Approval of plans and programs of water resources agencies before its submission to the Investment Coordinating Committee (ICC) for final approval.

- Policy-making role in water resources management shall be vested in the Board members of the NWRB while the regulatory function of the agency should be delegated to the Executive Director and his officers.
 - *Policy making functions shall cover formulation and approval of guidelines, advisory role related to the day to day activities of the agency, approval of plans and programs of NWRB and the framework for a Water Resources Master Plan.*
 - *Regulatory functions shall include issuance and enforcement of water rights, water allocation, water utility regulation and granting of Certificates of Public Convenience (CPCs) and other regulatory responsibilities.*

J6.2.2 Creation of the Water Resources Authority of the Philippines

The Water Resources Authority of the Philippines (WRAP) is a necessary element in the water resources framework. The WRAP is analogous to the hub of a wheel (see chart on Functional Relationships) which holds all the other parties together all the actions and programs of the multiple parties involved in water resources management. This piece of legislation when implemented will facilitate and precipitate reforms required to integrate planning and regulation of water resources in the Philippines. The WRAP will have the following institutional features:

- The WRAP will be in the same level of authority of the National Economic and Development Authority (NEDA).
- The Director General will have the rank of a Cabinet Secretary.
- WRAP can also create river basin and watershed authorities as needed by the sector.
- WRAP will also have field offices which will implement regulatory policies, issue licenses to parties requiring permits, monitor compliance, accumulate pertinent water data, resolved conflicts and conduct community based consultations in planning and resource allocation.
- A Consultative Council will also be organized at the field level to ensure that the community and other segments of the society are involved in the management of the water resources in the coverage area of the field offices.
- A Water Resources Adjudication Board composed of the Director General (DG) and two full time independent personalities to be appointed by the DG will be created to exercise quasi-judicial functions in conflict resolution.
- The WRAP organization will have units for Legal Services, Regulatory Services, Information Systems and Finance. The Central Office will have a small core staff and will have higher level salaries to attract the best as shown in Figures J-1 and J-2.
- The field offices will carry out the operating functions of WRAP on water resources management in accordance with the guidelines provided by the

national office. The field offices shall also be responsible for mobilizing community based decisions on planning studies for the development and management of the water resources in their respective communities.

- The legislation creating the WRAP will also contain provisions which will abolish the National Water Resources Board (NWRB).

In spite of the seemingly "water resources super body" profile of the WRAP, it shall maintain a coordinative relationship with other water resources agencies. Among the key functions that will be shouldered by WRAP and its effects on the agencies affected are shown below:

WRAP Absorbed Offices	Responsibilities from Other	Offices Affected	Functions Retained by Other Offices/Affected Agencies
<i>Community Awareness and Information</i>		NWRB	None
<i>Integration and Expansion of Water Data Bank</i>		NWRB	Continued collection of water data by DENR, DPWH, DOI, PAGASA & Other Agencies.
<i>Integrated Water Regulation</i>	<ul style="list-style-type: none"> ▪ Water Permits ▪ Water Allocation ▪ Water Rights Trading ▪ Set Standards for surface, ground and drinking water including sewerage ▪ Water Source Protection 	NWRB NWRB NWRB DENR, DOH	None None None Control for waste water discharges & drinking water quality DENR: Primarily responsible for source protection programs.
<i>License/Register Monopoly</i>	<ul style="list-style-type: none"> ▪ Water, sewerage and irrigation services (public or private) 	NWRB LWUA, MWSS LGU, BWSA	None Due diligence on loan repayment; oversight of contract; register/license if private
<i>Economic Regulation</i>	<ul style="list-style-type: none"> ▪ Annual raw water fee ▪ Tariffs for water/sewerage services ▪ Irrigation Fees 	NWRB LWUA, MWSS LGU, DPWH NIA	None Due diligence on loan repayment, apply principles under oversight Collect approved fees for national systems; apply principles for communal systems
<i>Approve Water Privatization</i>		ICC/NEDA	Only water authority not delegated to WRAP

J6.2.3 Establishment of Two Regulatory Bodies (one for economic regulation and another for water resources regulation)

The NERA Report, rendered by a consulting firm commissioned by the World Bank to evaluate the soundness of a dual regulatory body concluded that it is essential for a separate

entity to undertake the economic regulation of private utilities. Economic regulation was envisioned to be a permanent government activity since the potential for promoting competition in the water sector is even more limited than in such areas as power, telecommunication and transport. Considering that the NEDA Resolution (series of 1994) advocated the privatization of existing water districts, this government action was timely since there are quite a number of big and medium size of water districts (i.e. Davao, Cagayan de Oro, Metro Cebu, Naga, Metro Ilocos Norte, Bulacan Water Districts and Calamba) which have started to entertain various arrangements for private sector participation in water supply. Depending on how many districts are privatized, economic regulation would however emerge as an important regulatory activity.

The report indicated that economic regulation is much different from resource regulation, as the former generally entails financial and business management skills rather than those of resource planning, engineering and enforcement.

On the other hand, the primary function of the NWRB is resource regulation and the administration of the Water Code. However, the Code makes no reference to economic regulation and NWRB's role in this regard was acquired through reforms and assumption of functions formerly handled by the defunct Public Service Commission.

The current direction of privatization makes planning in the area rather difficult. The present trend of privatization in the water sector suggests that sale of assets (dams, distribution networks, treatment plants and other components) once unlikely is becoming an attractive option to private sector and the water districts as a result of huge capital requirements to sustain developments in the industry. Another mode of privatization which has been palatable to other players in the industry is the provision of exclusive franchises to operate facilities owned by the water districts. There is currently no consensus whether the legal base for such an operation remains with LWUA or NWRB in the context of regulating operations.

Considering the uncertainties faced by the water sector in the event that privatization of the water utilities "catches fire", the NERA report suggests that a national agency be designated to advise and support water districts and other utilities in negotiating with local and foreign investors. This agency must assume substantial role which will include economic regulation, the NWRB having a strengthened mandate for resource regulation.

J6.2.4 Present Legal and Legislative Interventions

The present mandates of the agencies involved in water resources regulation contain infirmities which require legislative action to improve the enforcement of water resources regulations. Some of the legislative initiatives filed in Congress are as follows;

- Senate Bill No. 783 – An Act Providing for the Comprehensive Water Pollution Control Policy and for other Purposes.

This bill is often referred to as the Clean Water Act of 1995. The bill grants the Environmental Management Bureau (EMB) the authority to classify/reclassify Philippine waters and to oversee the prohibition in water pollution in a more specific manner. It shall also commission the local government units (LGU's) to enforce water quality control action plans. An important element of the proposed bill is the public information and education component which seeks to use the Department of Education, Culture and Sports as a mechanism to expand people's awareness of programs in pollution

control.

- House Bill No. 9846 and Senate Bill No. 2161 -- An Act to Address the National Water Crisis, Providing for a Comprehensive Water Resources Management and for other Purposes.

Otherwise known as the WRAP bill, this proposed legislative measure will ensure that the water resources management and regulation (economic and resource) is vested in a newly created body clothed with substantial authority that will allow regulation of similarly situated water resources sector agencies. The key features of this bill are earlier discussed in of the foregoing Section.

J6.2.5 Current Action Steps to Improve Water Resources Management

The proposals to improve water resources management in the Philippines was precipitated by the conclusions arrived in the Water Sector Reform Study of 1993. The NEDA Resolution No. 4 (1994) affirmed government's consciousness to improve water resources management and efficiently regulate groundwater extraction. Today, the policy direction on water resources management leans toward the following options:

- *Create the Water Resources Authority of the Philippines (WRAP) through Legislation*

A bill establishing the WRAP is now pending before the House of Representatives. This bill contains the key features described earlier in this report. The WRAP bill provides the agency with the authority and resources to drive a network of community based initiatives, as well as delegated responsibilities to departments, local governments, watershed based organizations, universities and NGOs to resolve the crisis in water resources management. It will build a wider scope of coordinative and policy direction relationship with the players in the water resources sector as shown in Figure J-3.

Clear regulatory framework, complemented with community based decision making and conflict resolution will pave the way for an increased public and private investment in the water sector. Moreover, the WRAP offers a one-stop shop at the field and national level closely coordinated with the other players in the sector, for water information, planning and regulation within an integrated institutional and policy framework. It provides a basis for addressing immediate regulatory needs (such as those involving privatization of Water Districts) through phased implementation by Executive Orders.

Finally, the WRAP will catalyze a comprehensive capacity building program at local and national levels for sustainable water development and management. The Philippines will thus be in a position to have an integrated approach to water management corresponding to globally acknowledged principles and consistent with current policies of multilateral organizations and development banks, as well as the bilateral donor communities.

- *Strengthen the NWRB through the Executive Process*

Should the WRAP bill's approval be delayed in Congress, the alternative course of action would be to strengthen NWRB as an interim measure. The major institutional enhancement will include the following:

1. Attach the NWRB to the Office of the President to provide the context for strengthening the powers of the agency and facilitate the consolidation of reforms;
2. Elevate the status of the Executive Director of the NWRB to the level of a Cabinet Secretary;
3. Establish Regional Offices and allocate the corresponding budgetary requirements;
4. Include NWRB in the membership of the ICC Technical Committee particularly in deliberating on projects in terms of water supply and water resources;
5. Prepare a Water Resources Master Plan to integrate all water resources development plans, policies and activities;
6. Create a Legal Affairs unit in NWRB to handle litigation and conflict resolution on site and at the national office; and
7. Increase the rate of fees and fines charged by NWRB and use the proceeds of these charges and fines to undertake water resources study and improve the data banking network of the agency.

J6.3 Bill Creating the Water Resources Authority of the Philippines (WRAP)

One bill of paramount importance to the water resources sector is House Bill No. 9896 introduced in the House of Representatives and pending consideration in the same body. It seeks to address the recurring water scarcity in the country by rationalizing water resources administration, and creating a new agency that will assume the functions of the present National Water Resources Board (NWRB), invest it with additional powers and responsibilities in water resources development, management and administration not hitherto lodged in any of the existing agencies, and for it to assume water-related functions scattered among the various agencies, bodies or entities.

The bill proposes to establish the Water Resources Authority of the Philippines (WRAP). As designed, WRAP appears to be the supreme body for the sector that will recast the entire water hierarchy.

The mission statement for WRAP reads like a desideratum borne out of experience and a vision for the future. There is a need for an agency like WRAP because:

- i) Water is a limited resource, therefore its conservation and development should be our prime concern. The resource, if not properly cared for, may be wasted and lost.
- ii) Water is an economic good, therefore there is a price for access to the commodity. Contrary to common perception that water is a free commodity - "a boon of nature" - the use of water incurs costs. The provision of water supply and the delivery of water and sanitation services entails costs (production, processing, availability, delivery and social costs) but which should set out fairly and equitably.
- iii) Water requires decentralized operations within national frameworks. The existing fragmented distribution of responsibilities and programs among several agencies is not conducive to effective administration of the water resource.

The WRAP is envisioned to be the "catalyst for the formulation of a national framework for water resources management based on a decentralized, community-based and participatory approach."

Section 3 of the WRAP bill provides in part:

"SEC. 3. The Water Resources Authority of the Philippines. -- To carry out the above-declared policy, there is hereby created the Water Resources Authority of the Philippines, hereinafter referred to as the Authority. The Authority shall be the catalyst for the formulation of a national framework for water resources management based on a decentralized, community based and participatory approach. The Authority shall create an environment conducive to increased private sector participation in water resources development. The Authority shall facilitate the preparation, integration, coordination and supervision of all plans, programs, projects and activities of the government relative to water exploration, utilization, distribution and conservation based on community needs within the framework of national economic development."

The Authority shall assume the powers and functions of the NWRB, in addition to the broad powers and a wide range of functions expressly granted it under the measure. The WRAP is proposed to be attached to the Office of the President for better coordination. Placing the WRAP under the Office of the President will enhance the basis for strengthening the authority of the new agency. It would also lay at arms length distance the range of decision on important responses to water situations such as the water crisis.

Seen at a glance is the rationale for the adoption of the proposed measure. The WRAP bill purports to be the government's ultimate response to the water crisis prevailing in the country. In the course of performing this study, the El Nino phenomenon was causing the adverse effects in some parts of the nation. In Manila alone, major portions of the metropolis and the surrounding areas have gone waterless for most hours of the day and domestic water supply had been rationed in addition to occasional reports of cracking earth and soil in some jurisdictions.

In the face of this public emergency, the measure did not hide its timely import. Thus, in Section 2 thereof, the policy declaration is quite explicit:

"SEC. 2. Declaration of Policy.- The State recognizes the existence of a national water crisis. It is hereby declared the policy of the State to adopt urgent and effective measures to address the national water crisis as well as measures for the long-term sustainable management of scarce water resources. To achieve this purpose, the utilization and development of water resources must be rationalized and optimized through an integrated approach to planning, development and regulation of the water sector."

The powers of the Authority cover areas inherently necessary for effective water resource management. These are spread out over the following spheres:

- i) Education and Information
Conduct awareness building and educational activities at all levels of society to promote the sustainable development and use of water as a scarce natural resource and as an economic good;

ii) **Water Data Collection**

Formulate framework for water data and information system and adopt basic criteria, methods and standards for data collection and rationalize existing data collection activities by other entities;

Establish a national database for water and coordinate water resources assessment activities in the public and private sectors;

iii) **Basin and Watershed Authorities**

Form basin or watershed authorities or other similar bodies to manage water resources at the watershed or basin level within the national framework for water resources management;

iv) **Water Resources Management Planning**

Formulate national policies and strategies for integrated water resources development, management and planning;

Undertake an integrated assessment of water and coordinate the formulation of a National Water Resources Management and Development Plan;

Promulgate guidelines, rules and regulations on the appropriation, preservation, conservation, rational utilization, and development of water resources consistent with the Water Resources Management and Development Plan, including the imposition on water abstractors, diverters, or appropriators of such fees and charges as may be deemed necessary;

Approve all water resources development plans, programs and projects affecting water and its appropriation, and the construction of hydraulic facilities within the context of the national plan;

Monitor the quantity and quality of inland waters

v) **Regulatory Powers**

Formulate rules and regulations to ensure the sustainable development and use of water as a natural resource and economic good taking into account those considerations outlined in the measure;

Issue water permits for all water appropriation, and regulate the transfer of water rights; adjudicate conflicts and disputes in water appropriation, abstraction and diversion; establish quality standards for water sources and sewage discharge; approve all privatization plans of the water sector;

Issue Water and/or Sewerage Services Operating License to qualified public or private entities for the operation of monopoly water supply services in designated areas; issue Irrigation License to qualified monopoly suppliers of irrigation; and to supervise and regulate the operation of all entities engaged in the monopoly supply of water and/or sewerage services and irrigation services;

Impose raw water fees for all kinds of abstractions, diversions or appropriation of

inland water; formulate principles for setting tariffs for water and/or sewerage services under the parameters established in the measure; approve the tariffs set by monopoly suppliers of water and/or sewerage services;

Deputize agents, whether public or private entities, to perform any of the duties of the Authority; exercise all powers of the National Water Resources Board under Presidential Decree No. 1067 and Presidential Decree No 424 and other laws.

The structural organization of the WRAP consists of three major areas: (1) the Office of the Director General, (2) the Staff Offices and (3) the Field Offices.

The Director General is the head of the Authority. He shall be appointed by the President and shall carry the rank and have the powers of a Department Secretary. He shall be a member of the Cabinet. He shall also be an ex-officio member of the NEDA Board. He shall likewise be a member of NEDA's Committee on Infrastructure (INFRACOM) as well as the Investment Coordinating Council (ICC). The Director General shall be assisted by a Deputy Director General and three (3) Assistant Directors General.

The Field Offices shall be established in each of the three (3) main islands of the archipelago, i.e., in Luzon, the Visayas and Mindanao. Each field office shall be headed by an Assistant Director General. The field offices shall discharge the functions of the WRAP in their respective areas of operation.

The Staff Offices are made up of the (1) Water Regulatory Services Office, (2) Information Systems, Administration and Finance Office and (3) the Office for Legal Services.

The bill also strives to create a Water Resources Adjudication Board under the Office of the Director General, whose function is to exercise appellate jurisdiction over decisions of the water adjudicator officers in cases involving the exercise of the Authority's regulatory functions. Some of these functions over which the adjudicatory board has appellate jurisdiction refer to disputes on raw water fees; on tariffs collected by monopoly suppliers of water, sewerage and irrigation services; water permits, water resource allocation and transfer of water rights; disputes relating to appropriation, utilization, exploitation, development, control, conservation and protection of waters; and complaints regarding the quality of service of suppliers of water, sewerage or irrigation services.

In each of the field offices, there shall be an established Water Consultative Council, which shall serve as a permanent advisory body of the field office. The council may submit water resources management plans to the Authority for approval. The council shall also provide a venue for alternative dispute management for conflicts in the allocation of water resources.

In terms of the functions to be transferred from the other agencies under the WRAP bill, hereunder is a summary of specific functions to be absorbed by WRAP:

From DENR:

- Setting of standards for surface and groundwater and sanitation discharges
- Standby emergency authority for source control in critical watersheds

From DOH:

- Setting of standards for drinking water quality

From LWUA:

- Approval of water district tariffs
- Issuance of Certificates of Conformance (CC) to water districts

From MWSS:

- Approval of changes to water tariffs
- Enforcement of efficiency standards
- Hearing of appeals on disputes under the concession contracts

From DPWH:

- Regulation of rural water services, tariffs and standards of service

From DILG:

- Setting of standards for barangay and rural water service; tariffs and standards of service

Presented in separate tables at the end of this Report are different charts showing the possible organization and functions of the WRAP when the same is finally established. Thus, Figure J-1 depicts the Organizational Structure; Figure J-2 is the Functional Chart; and Figure J-3 is a Functional Relationship Chart of WRAP and the other agencies. The House Bill No 9896 (WRAP Bill) is compiled in Attachment to Part-J: House Bill No. 9896 (Creating the Water Resources Authority of the Philippines) at the end of this Part-J.

J6.4 Reforms to Strengthen NWRB : Interim Option

Earlier we suggested that pending the passage of the WRAP bill, NWRB should be strengthened to better come to terms with the challenges in the water resources sector. Instituting reforms in NWRB by way of upgrading its status, organization, powers and enforcement capabilities will doubtlessly give impetus to the rationalization efforts in the sector.

The implementation of changes in NWRB is not as tedious as establishing the WRAP. While the WRAP bill involves going through the legislative mill, the process required for strengthening NWRB is far convenient. The action steps necessary to give effect to strengthen NWRB will just involve the executive office. The implementing action could be had from the President through the issuance of executive orders.

Some of the reforms suggested to strengthen NWRB are:

- NWRB should be attached to the Office of the President. This is essential to cut the distance level for action on important and emergency water situations;
- Membership in the NWRB should be limited only to agencies or sectors responsible for policy in water resources;
- NWRB must be allowed to establish regional offices to discharge line functions in their jurisdiction including those which have been delegated to officers and agencies;
- A legal affairs unit should be created in NWRB to be initially staffed by lawyers and prosecutors from the Department of Justice. This pool of lawyers will prosecute criminal violations of the Water Code and related laws;

- NEDA should enforce the authority of NWRB under Article 85 of the Water Code to review and approve plans and programs of water resources agencies as a prerequisite to submission to the Investment Coordinating Committee (ICC).

Figure J-4 shows Organizational Structure of a Reorganized NWRB and Figure J-5 depicts Functional Chart of a Reorganized NWRB.

Part - J

Figures

Figure J-1 WRAP ORGANIZATION CHART

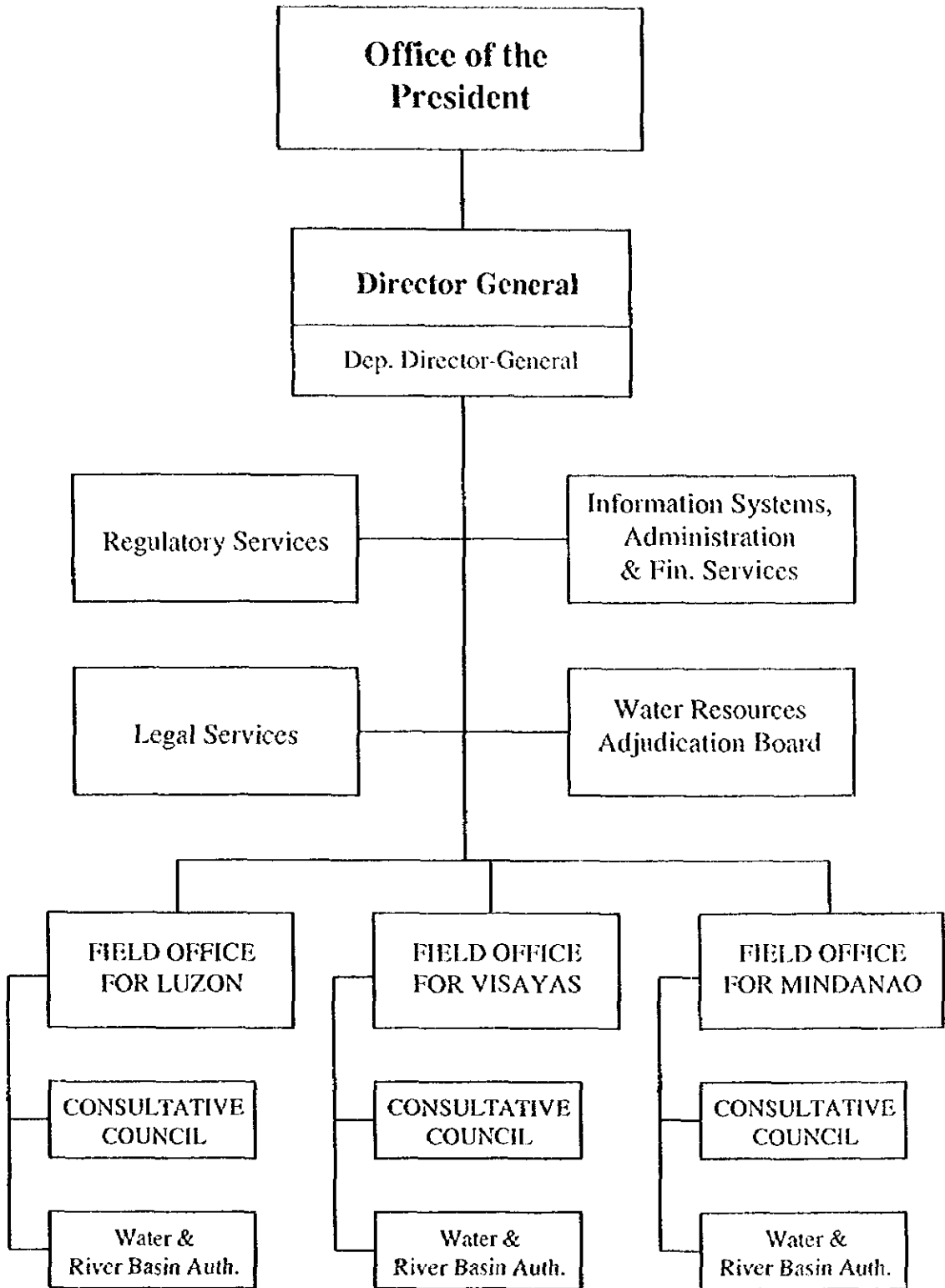


Figure J-2 FUNCTIONAL CHART WATER RESOURCES AUTHORITY OF THE PHILIPPINES (1/2)

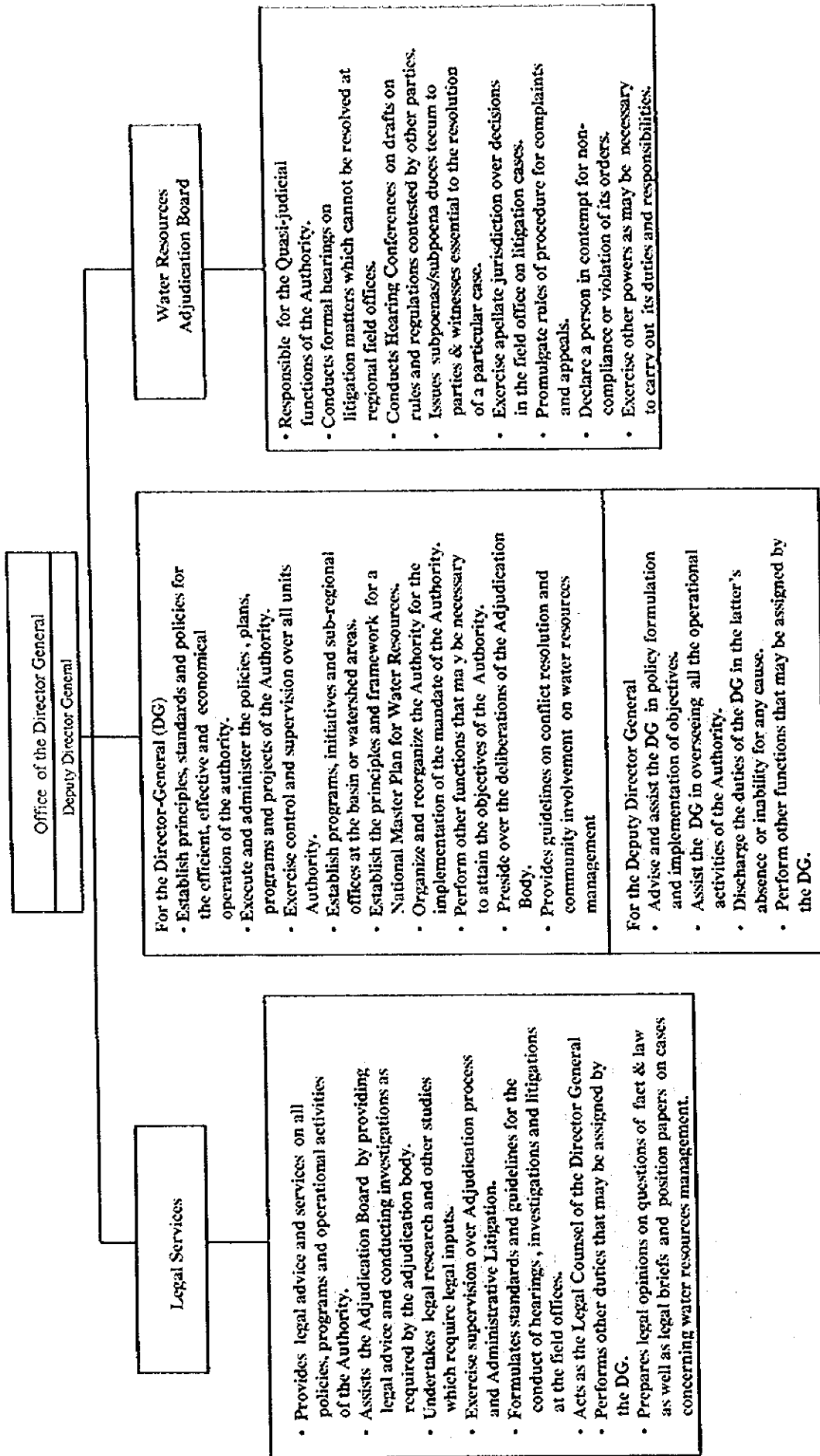


Figure J-2 FUNCTIONAL CHART WATER RESOURCES AUTHORITY OF THE PHILIPPINES (2/2)

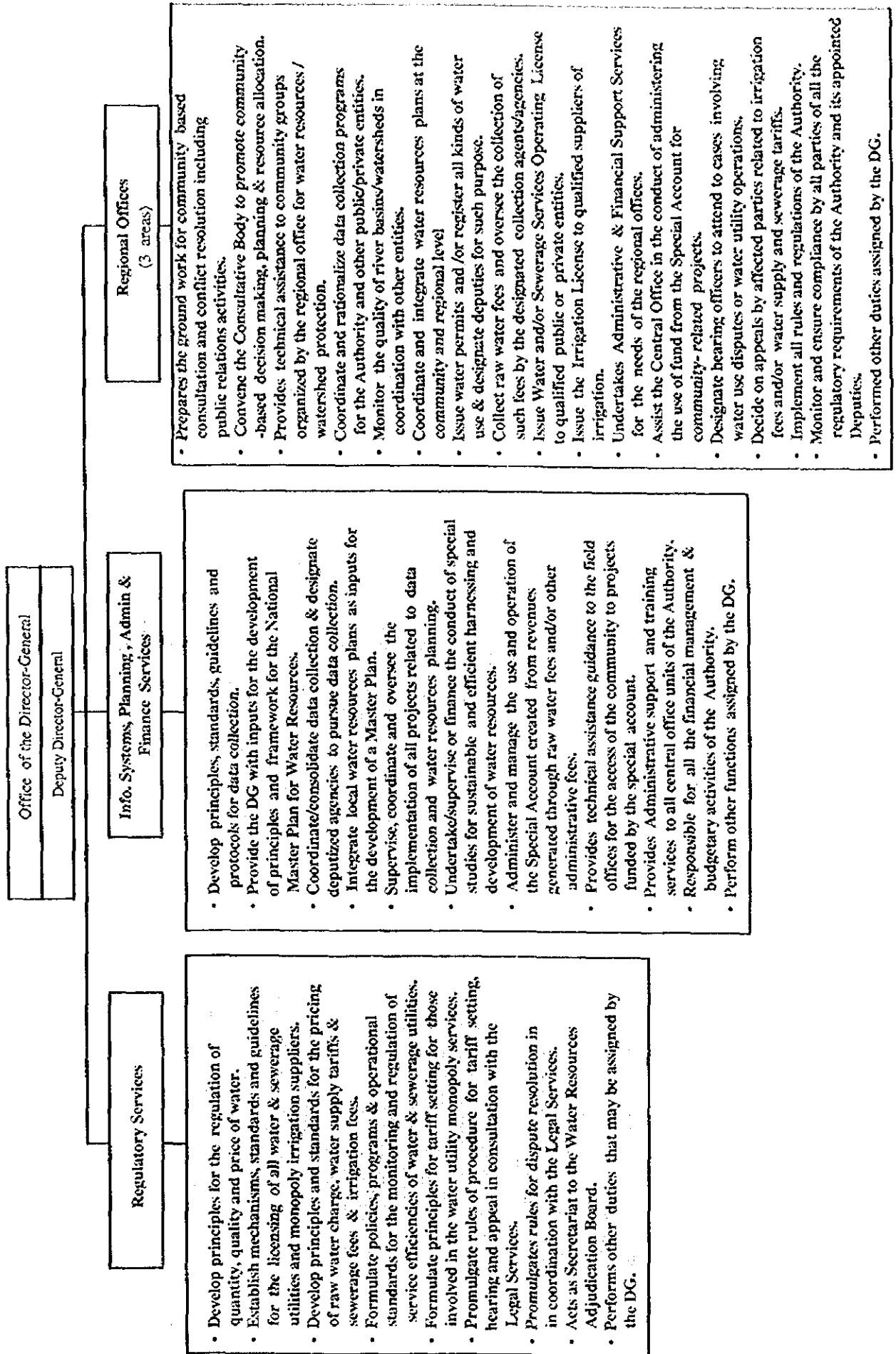


Figure J-3 FUNCTIONAL RELATIONSHIPS

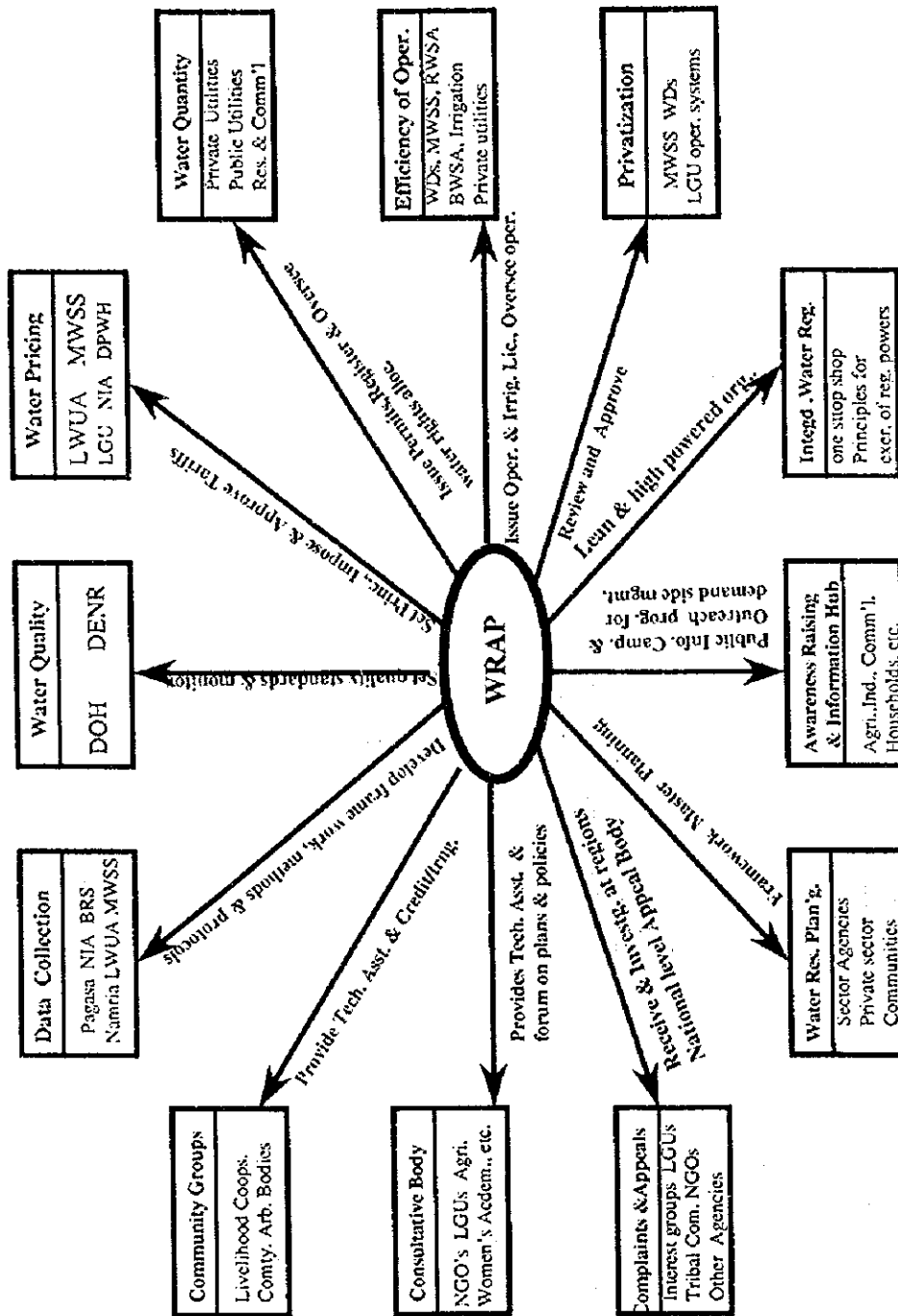


Figure J-4 ORGANIZATIONAL STRUCTURE (RECOGNIZED NWRB)

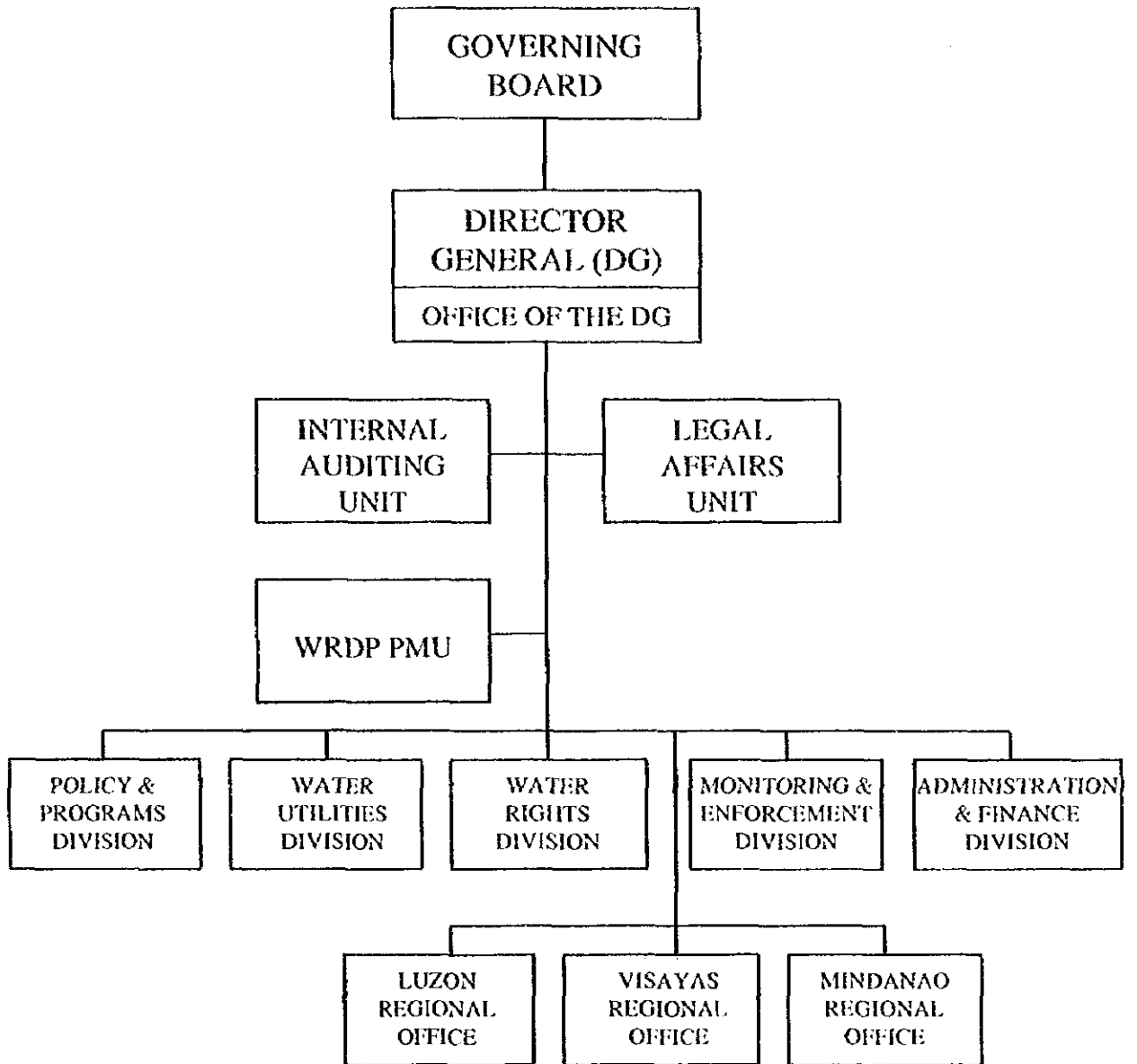


Figure J-5 FUNCTIONAL CHART (REORGANIZED NWRB)

OFFICE OF THE DIRECTOR GENERAL

OFFICE OF THE DIRECTOR GENERAL
 * The DG is responsible to the Board for all aspects of the working of the agency, including the adoption and promulgation of guidelines, rules & regulations necessary to carry out its staff and line functions. He is also responsible for all powers of the Board which may be delegated to him, including the approval of water permits and CPCs.

LEGAL AFFAIRS UNIT
 * Provide legal advisory services to the Director General, the Governing Board of the agency as required.
 * Prosecute cases pertaining to violations of rules and regulations of the Water Code.

INTERNAL AUDITING UNIT
 * Undertakes internal auditing services for the agency.
 * Liases as necessary with the Commission on Audit.

WRDP PMU
 * Coordinate project activities with NIA and other participating agencies.
 * Conducts all necessary activities for the implementation of the WRDP.
 * Prepare progress and other WRDP reports.

CENTRAL OFFICE DIVISION

POLICY & PROGRAMS
 * Formulates policies, plans, and standards for water resources development and management.
 * Review water resources development programs and projects.
 * Undertakes special studies and research and provides information on water resources issues.

WATER RIGHTS
 * Prepares plans & guidelines for the processing of application and approval of water permits.
 * Evaluates water availability & development impact in the granting of permits.
 * Supervises Regional Offices in regard to all aspects of the processing of water permits.

WATER UTILITIES
 * Undertakes the determination, adjudication, & granting of franchises for private water utilities (Issuance of CPCs CPCNs)
 * Reviews and evaluates water rates and monitors water utilities whether with or without a CPC CPCN

MONITORING & ENFORCEMENT
 * Prepares plans & guidelines for the monitoring & enforcement of the condition of water permits and CPCs.
 * Responsible for the compliance with the conditions of water permits and CPCs.
 * Supervises the Regional Offices in regard to the monitoring and enforcement of the conditions of permits and CPCs.

ADMINISTRATION & FINANCE
 * Responsible for personnel, human resources development & training.
 * Responsible for accounting and budgetary matters, and preparation of financial & budgetary reports.
 * Maintenance of accounting reports and books of accounts, personnel records, etc.
 * Equipment management & procurement.

REGIONAL OFFICE

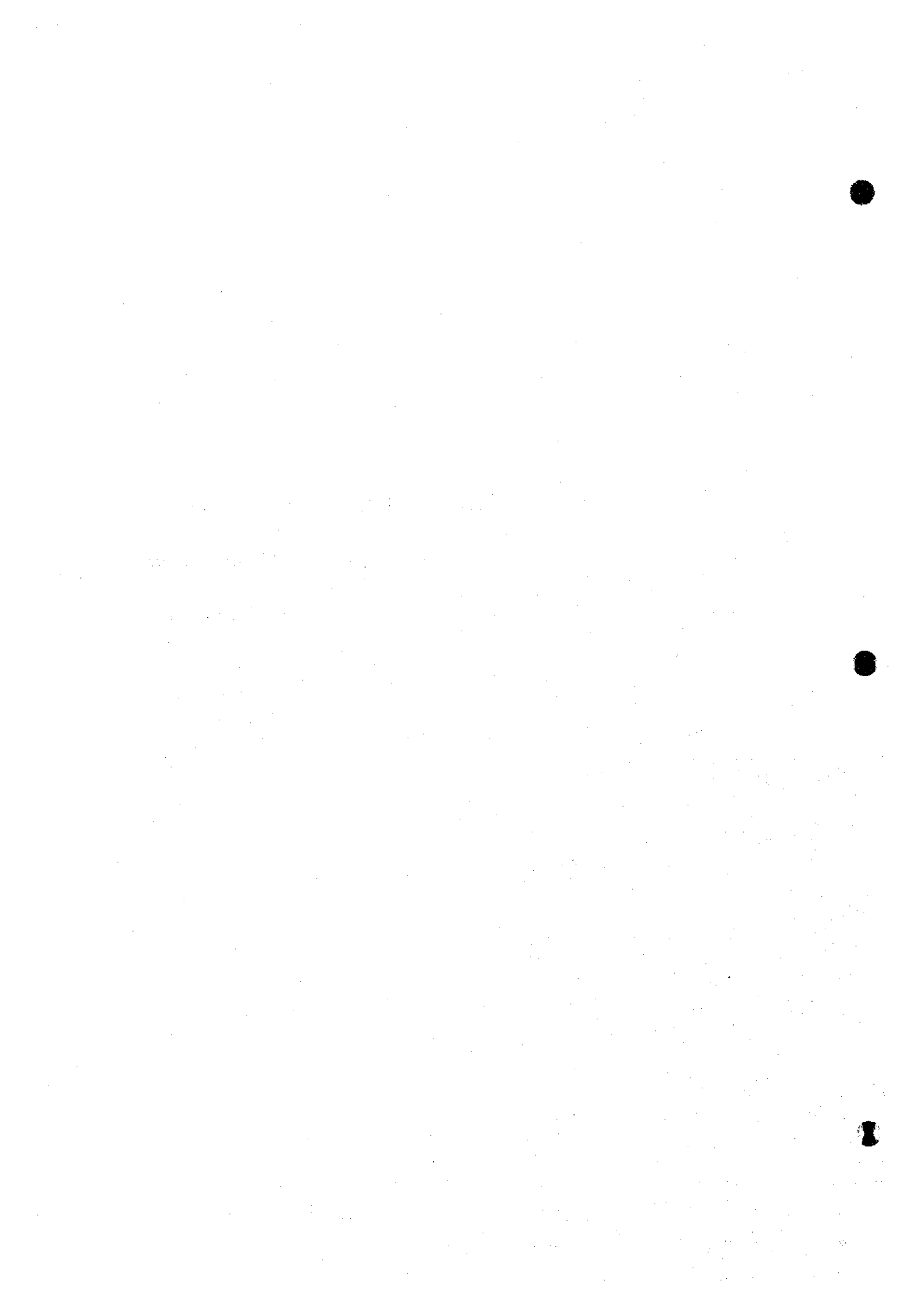
LUZON REGIONAL OFFICE
 * Accepts and processes water permit applications.
 * Accepts and monitors CPC/CPCN applications.
 * Conduct audit of water permits & CPCs granted.
 * Conducts field and related investigations pertaining to water permit applications and adjudication of cases pertaining to water permit operations.

VISAYAS REGIONAL OFFICE
 * Accepts and processes water permit applications.
 * Accepts and monitors CPC/CPCN applications.
 * Conduct audit of water permits & CPCs granted.
 * Conducts field and related investigations pertaining to water permit applications and adjudication of cases pertaining to water permit operations.

MINDANAO REGIONAL OFFICE
 * Accepts and processes water permit applications.
 * Accepts and monitors CPC/CPCN applications.
 * Conduct audit of water permits & CPCs granted.
 * Conducts field and related investigations pertaining to water permit applications and adjudication of cases pertaining to water permit operations.

Attachment to Part - J:

*House Bill No. 9896 (Creating the
Water Resources Authority of
the Philippines*



House Bill No. 9896

**AN ACT TO ADDRESS THE NATIONAL WATER CRISIS,
CREATING THE WATER RESOURCES AUTHORITY OF
THE PHILIPPINES, ABOLISHING THE NATIONAL WATER
BOARD, RATIONALIZING THE ORGANIZATION AND
FUNCTIONS OF GOVERNMENT AGENCIES RELATED TO
WATER, AND FOR OTHER PURPOSES**

AN ACT

RATIONALIZING THE ORGANIZATION AND FUNCTIONS OF GOVERNMENT AGENCIES RELATED TO WATER, ABOLISHING THE NATIONAL WATER RESOURCES BOARD, CREATING THE WATER RESOURCES AUTHORITY OF THE PHILIPPINES, AND FOR OTHER PURPOSES

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

Chapter 1

General Provisions

SEC. 1. Short Title.- This Act shall be known as "The Water Resources Authority of the Philippines Act of 1997".

SEC. 2. Declaration of Policy. - The State recognizes the existence of a national water crisis. It is hereby declared the policy of the State to adopt urgent and effective measures to address the national water crisis as well as measures for the long-term sustainable management of scarce water resources. To achieve this purpose, the utilization and development of water resources must be rationalized and optimized through an integrated approach to planning, development and regulation of the water sector.

The management of water as a resource shall be done in a sustainable manner taking into consideration the needs of the present and future generations. Sustainable management of water resources shall take into consideration the following principles:

(a) Water is a limited and vulnerable resource not only indispensable for the sustenance of life but also of vital importance to all socio-economic sectors. The sustainable management of water resources demands an integrated approach linking social and economic development with protection of natural water sources and ecosystems.

(b) Water has an economic value in all its competing uses and shall be treated as an economic good.

(c) Water resources management shall be decentralized, participatory and community-based and conducted at the lowest appropriate level.

(d) Women play a central part in the provision, management and safeguarding of water resources and shall be represented in decision-making processes with regard to water resources management.

(e) Private sector participation shall be encouraged in all levels of water resources management, utilization and development.

(f) Licensing shall be the mechanism to ensure that public interest is protected in the provision of drinking water, sanitation, irrigation or other water services by monopoly suppliers.

SEC. 3. The Water Resources Authority of the Philippines. - To carry out the above-declared policy, there is hereby created the Water Resources Authority of the Philippines, hereinafter referred to as the Authority. The Authority shall be the catalyst for the formulation of a national framework for water resources management based on a decentralized, community-based and participatory approach. The Authority shall create an environment conducive to increased private sector participation in water resources development. The Authority shall facilitate the preparation, integration, coordination, and supervision of all plans, programs, projects, and activities of the government relative to water

exploration, utilization, distribution, and conservation based on community needs within the framework of national economic development.

The Authority shall be an attached agency of the Office of the President. In addition to the powers and functions herein provided, the Authority shall exercise the powers and functions of the National Water Resources Board provided under Presidential Decree No. 424 and Presidential Decree No. 1067.

SEC. 4 Definition of Terms. -

(a) Administrative charges - refers to charges collected by the Authority or its delegated agents to cover direct costs of administrative regulatory functions.

(b) Appropriation - refers to all acts of use of waters, including among others, the taking, abstracting or diverting of waters from a natural source for any purpose. Abstraction refers to all acts of taking, impounding, diverting or capturing of ground water resources from its natural source for whatever purpose. Diversion, on the other hand, refers to all acts of alternation, change or modification of the flow of surface waters. For purposes of this Act, diversion shall include the taking and impounding of surface water.

(c) Appropriator - refers to a person, natural or juridical, engaged in appropriation of water.

(d) Basin - an area where water drains and is defined by topographic divides. A divide may be derived by connecting the highest points in the terrain.

(e) BWSAs - refers to Barangay Waterworks and Sanitation Associations. These are non-stock, non-profit organization operating a protected well or a developed spring with an outlet but without distribution system, generally adaptable for rural areas where the houses are thinly scattered serving an average of fifteen households.

(f) Ground Water - refers to that portion of the rainwater which has percolated into the earth to form underground deposits called aquifers.

(g) Hydrologic Survey - refers to data collection activities from surface waters such as rivers, streams and lakes as well as ground water. It also includes a study of the water cycle in a specific area.

(h) Inland Waters - refers to waters which are not coastal and marine waters.

(i) Irrigation License - refers to the privilege granted by the Authority to monopoly suppliers of irrigation services to offer such services.

(j) LWUA - refers to the Local Water Utilities Administration, which is a specialized government lending institution to promote and develop financially viable local water utilities in those areas not covered by MWSS as provided in Presidential Decree No. 198.

(k) Monopoly Supply of Water and/or Sewerage Services - refers to the situation where an entity operating a piped water network and/or piped sewerage services from any water source can influence or dictate the price of water and exclude competition. This term

shall include, but shall not be limited to piped water network of service coming from surface water, ground water, and desalinated water.

(l) **Monopoly of Irrigation Services** - refers to the situation where an entity operating irrigation services from any water source can influence or dictate the price of water for irrigation and exclude competition.

(m) **MWSS** - refers to the Metropolitan Waterworks and Sewerage System, a government-owned water utility created under Republic Act No. 6234, as amended, mandated to provide water supply and sewerage services to Metro Manila and some towns in the provinces of Rizal and Cavite.

(n) **Raw Water Fees** - refers to such amounts charged and collected by the Authority or its delegated agents for all kinds of use, abstraction, diversion or appropriation of inland waters, taking into consideration the volume of water appropriated, the full environmental and social costs of water use, and the promotion of water conservation.

(o) **RWSAs** - refers to Rural Waterworks and Sanitation Associations. These are non-stock, non-profit organizations operating and managing a water system composed of a source, a reservoir, and communal faucets.

(p) **Sewage** - means the water-carried human or animal wastes from residences, buildings, industrial establishments, or other places, together with such water infiltration and surface water as may be present. The admixture or sewage and industrial wastes or other wastes as hereafter defined shall also be considered "sewage".

(q) **Sewerage System** - refers to facilities that collect human waste and sullage from residences and establishments usually piped and conveyed in structures (sewers, pump stations) for eventual central treatment and safe disposal. Piped sewerage includes collection system (street laterals), a conveyance system (trunk sewers and pump stations), and a treatment plant/disposal system.

(r) **Surface Water** - refers to the mixture of surface run-off and groundwater. Surface water sources include rivers, lakes, streams, ponds and impounding reservoirs.

(s) **Tariffs** - refers to such amounts which may be charged by holders of water and/or sewerage or irrigation licenses for their services based on principles established by the Authority reflecting the full cost of rendering the service, equitable concerns and enhanced system efficiency.

(t) **Water and/or Sewerage Services Operating License** - refers to the privilege granted by the Authority to a monopoly supplying water and/or sewerage services.

(u) **Water Districts** - refers to quasi-public corporations organized under Presidential Decree No. 198, as amended, created primarily to acquire, install, operate, maintain and improve water supply and distribution systems for domestic, industrial and municipal uses of residents within the boundaries of the district.

(v) **Water Permit** - refers to the approval issued by the Authority to an entity's right to use, abstract, divert, or appropriate water subject to conditions of beneficial use, adequate standards of design and construction and such other terms and conditions as may be imposed by the Authority.

(w) **Water Right** - the privilege granted by the government to appropriate water under the provisions of SEC. 13 Presidential Decree No. 1067 and other relevant laws and regulations.

(x) **Watershed** - is a land area drained by a stream or fixed body of water and its tributaries having a common outlet for surface run-off.

(y) **Well-Driller** - refers to a person or entity which drills and constructs such works and systems to access groundwater for the purpose of abstraction.

SEC 5. Powers and Functions. - The Authority shall have the following powers and functions:

EDUCATION AND INFORMATION

(a) Conduct awareness building and educational activities at all levels of society to promote the sustainable development and use of water as a scarce natural resource and as an economic good, with particular attention to the need for water conservation and techniques for demand-side management;

WATER DATA COLLECTION

(b) Formulate a framework for a water data and information system, promulgate basic criteria, methods and standards for data collection, and rationalize existing data collection activities undertaken by various public and private entities;

The Authority shall establish a national database for water and shall coordinate water resources assessment activities in both the public and private sectors. The Authority shall undertake data collection activities or designate other parties for data collection. The Authority shall establish institutional arrangements needed to ensure the efficient collection, processing, storage, retrieval and dissemination to users of information about water resources. Government agencies currently undertaking data collection activities on water resources shall conduct their tasks within the water data and information system framework developed by the Authority and under its oversight and approval. The Authority shall designate academic institutions and other private entities to collect data consistent with the framework developed by the Authority. The Authority shall be authorized to provide financial support to public and private entities conducting studies and researches on water resources and involved in data collection activities.

Data collection efforts and studies shall include, but shall not be limited to: (1) basin surveys, inventories and appraisals of water and related resources and development of comprehensive basin-wide storage and control measures within the framework for water data and information system to maximize the conservation and multiple use of water; (2) hydrologic surveys and the establishment, operation and maintenance of observation networks and a water resources data center necessary for the scientific survey and appraisal of surface and ground water potentials in the country; (3) identification of hydrologic boundaries of basins and existing water supply sources; (4) gathering other relevant data such as, but not limited to, meteorological, sociological, economic and related land use data; and (5) research on water resources development including water modification, environmental quality, desalination, innovative technology and demand-side management.

The Authority shall consolidate all existing data on water resources which shall be used as a basis for the formulation of water management policies;

FORMATION OF BASIN AND WATERSHED AUTHORITIES

(c) Form basin or watershed authorities or other similar bodies to manage water resources at the watershed or basin level within the national framework for water resources management. This Act shall be the source of authorization and power to form and maintain such bodies. The bodies created shall have the powers granted to existing basin authorities such as the Laguna Lake Development Authority under Republic Act No. 4850. The Authority shall promulgate rules and regulations for the formation of these bodies;

WATER RESOURCES MANAGEMENT PLANNING

(d) Formulate national policies and strategies for integrated water resources development, management and planning. The Authority shall provide a national framework for planning which shall be participatory and community-based. It shall catalyze and provide technical support to watershed-based efforts to develop management plans incorporating local needs and using community-based decision-making processes.

The Authority shall undertake an integrated assessment of water and coordinate the formulation of a National Water Resources Management and Development Plan. The Water Resources Management Plan shall be based on the management plans of the different basins and watersheds, and of the different regions and communities, developed in a manner consistent with overall national management frameworks and strategies.

The Water Resources Management and Development Plan shall be periodically reviewed and modified to reflect changing social, economic and environmental conditions both nationally and at the watershed level. The Authority shall endorse the Water Resources Management and Development Plan to the National Economic and Development Authority for approval.

(e) Promulgate guidelines, rules and regulations on the appropriation, preservation, conservation, rational utilization, and development of water resources consistent with the Water Resources Management and Development Plan, including the imposition on water abstractors, diverters, or appropriators of such fees and administrative charges as may be deemed necessary by the Authority;

(f) Approve all water resources development plans, programs and projects affecting water and its appropriation, and the construction of hydraulic facilities such as irrigation hydropower, flood control and other watershed/basin area projects, in the context of the Water Resources Management and Development Plan;

(g) Monitor the quantity and quality of inland waters. The Authority shall conduct research and technical development work with respect to water quality including an analysis of present and future water quality and needs. The Authority may designate agents for this purpose;

REGULATORY POWERS

(h) Formulate rules and regulations to ensure the sustainable development and use of water as a natural resource and economic good taking into consideration the following: (1)

provision of adequate supply of water to all users in a manner which reflects national, regional and community priorities; (2) provision of water of appropriate quantity and quality; (3) efficient use of water through demand-side management and other programs; (4) expansion and improvement of water and sewerage systems throughout the country especially in low-income areas by providing an environment conducive to the adequate financing of public and private water services; (5) provision of an environment conducive to private sector participation in the water sector through economic incentives, efficient and effective regulatory mechanisms, and promotion of competition in the supply of water and sewerage services; and (6) efficient delivery of water and sewerage services;

(i) Issue water permits for all water appropriation, or register, as adjudged by the Authority to be appropriate to reduce the administrative burden. The Authority may deputize local government units, local water districts or other appropriate public or private entities for this purpose;

(j) Regulate the transfer of water rights. The Authority shall establish rules of procedure for the trade, lease, sale, and transfer of water rights and shall deputize agents for this purpose;

(k) Adjudicate conflicts and disputes in water appropriation, abstraction, and diversion. The Authority shall seek to resolve disputes over water use through consensus and community-based mechanisms where possible. It shall establish rules of procedure for the adjudication of conflicts over water appropriation, abstraction, or diversion, including administrative allocation of water rights;

(l) Establish quality standards for water sources and sewage discharge in coordination with concerned government agencies;

(m) Approve all privatization plans of the water sector, under the delegation and oversight of the National Economic and Development Authority and other concerned agencies;

(n) Issue Water and/or Sewerage Services Operating License to qualified public or private entities for the operation of monopoly water supply and/or sewerage services in a designated area. Water supply and sewerage services shall be consolidated whenever possible;

(o) Issue Irrigation License to qualified monopoly suppliers of irrigation such as but not limited to the National Irrigation Administration;

(p) Supervise and regulate the operation of all entities engaged in the monopoly supply of water and/or sewerage services and irrigation services;

(q) Impose raw water fees for all kinds of abstractions, diversions, or appropriations of inland water. The Authority shall establish principles for setting raw water fees taking into consideration, among others, the following factors: (1) environmental and social costs of water utilization; (2) charge per volume used; and (3) water conservation and sustainable use. The Authority shall deputize agents for this purpose;

(r) Formulate principles for setting tariffs for water and/or sewerage services taking into account, among others, the following: (1) the full cost of the service; (2)

efficiency of the service; (3) equity considerations; and (4) incentives for demand-side management. Water and sewerage charges shall be consolidated whenever possible;

(s) Approve the tariffs set by monopoly suppliers of water and/or sewerage services, oversee the application of the principles described in subsection (r) above and approve any variance therefrom;

(t) Provide a system for complaints and appeals relating, but not limited to tariffs set by monopoly suppliers of water and/or sewerage services, quality of service provided by said suppliers, equitable distribution of water, and reliability of water supply;

(u) Formulate principles for setting irrigation tariffs taking into account, among others, the full cost of the service, the volume of water used and incentives for demand-side management;

(v) Approve irrigation tariffs set by monopoly suppliers of irrigation services, oversee the application of the principles described in subsection (u) and approve any variance therefrom;

(w) Provide a system for complaints and appeals relating, but not limited to tariffs set by monopoly suppliers of irrigation services, quality of service provided, equitable distribution of water, and reliability of water supply;

(x) Deputize agents, whether public or private entities, to perform any of the duties enumerated in this Chapter. Activities so delegated may be financed by the Authority; and

(y) Exercise all powers of the National Water Resources Board under Presidential Decree No. 1067 and Presidential Decree No. 424 and other laws granting powers to the National Water Resources Board.

Chapter II Structural Organization

SEC. 6. Structure. - The Authority shall consist of the Office of the Director-General, the staff offices, and the field offices.

SEC. 7. Office of the Director-General. - The Office of the Director-General shall consist of the Director-General and his immediate staff.

SEC. 8. The Director-General. - The Authority shall be headed by the Director-General who shall be appointed by the President. The Director-General shall carry the rank and have the powers of a Secretary and shall be a member of the Cabinet.

The Director-General shall have the following powers and functions:

- a) establish policies and standards for the effective and efficient operation of the Authority;
- b) execute and administer the policies, plans, programs and projects of the Authority;
- c) establish the framework for a community-based national water resources management planning effort;
- d) create sub-regional offices at the basin or watershed level and such other service units as may be necessary;

e) coordinate and finance programs and initiatives of public and private entities and communities relating to water resources data collection, research and planning, as well as implementation of water development projects within the framework of the National Water Resources Management and Development Plan;

f) exercise control and supervision over all officers, personnel and units of the Authority;

g) reorganize the Authority as necessary for the efficient and effective implementation of this Act; and

h) perform such other functions as may be necessary and proper to attain the objectives of this Act.

The Director-General shall be an *ex officio* member of the Board of the National Economic and Development Authority (NEDA). He shall also be a member of the NEDA's Committee on Infrastructure (INFRACOM) and the Investment Coordinating Council (ICC).

SEC. 9. Deputy Director-General. - The Deputy Director-General shall:

a) assist the Director-General in all matters relating to the operations of the Authority;

b) temporarily discharge the duties of the Director-General in the latter's absence or inability for any cause or in case of vacancy of the said office; and

c) perform such other functions as the Director-General may assign to him.

SEC. 10. Assistant Director-General. - The Director-General shall also be assisted by three Assistance Directors-General for Operations. The Assistant Director-General shall head the field offices.

SEC. 11. Field Offices. - Subject to the power of the Director-General to reorganize, restructure, and redefine the functions of the offices and services for the effective discharge of the powers and functions of the Authority under this Act and the power to create basin, watershed, or other similar bodies as the need may arise, there shall be three field offices: one (1) for Luzon, one (1) as Assistant Director-General. The Field Offices shall have the following powers and functions:

a) catalyze, coordinate and provide technical assistance to water resources planning undertaken by various public and private entities, support community-based planning at the basin or watershed level, and consolidate the different water resources plans at the field level;

b) facilitate community-based and other local initiatives related to water and sanitation activities and provide technical and financial assistance to such activities;

c) coordinate, rationalize, and implement data collection programs undertaken by the Authority and other public and private entities;

d) monitor the quality of river basins and watersheds in coordination with appropriate public and private entities;

e) issue water permits for all use, abstractions, diversions and appropriation of water and deputize agents for this purpose;

f) collect the raw water fee and assign deputized agents for this purpose;

g) issue Water and/or Sewerage Service Operating Licenses to qualified public or private entities;

h) issue Irrigation Licenses to qualified suppliers of monopoly irrigation services;

i) appoint water adjudication officers to exercise original jurisdiction over cases for which the Water Resources Adjudication Board has appellate jurisdiction;

- j) decide on complaints by affected parties on tariffs set by monopoly suppliers of water and/or sewerage services and irrigation services;
- k) implement all rules and policies of the Authority at the field level;
- l) monitor and ensure compliance with the Authority's regulatory requirements and designate other agencies and entities to assist in such function;
- m) recommend to the Director-General the creation of basin-level or watershed authorities or other similar structures;
- n) convene the Water Consultative Council, to help promote community-based decision-making, planning, and resource allocation, the composition and functions of which shall be defined by regulations to be issued by the Authority; and
- o) undertake such other functions assigned to the Office by the Director-General.

SEC. 12. Qualifications. - No person shall be appointed Director-General, Deputy Director-General or Assistant Director-General unless he or she is a citizen and resident of the Philippines, of good moral character, and of proven competence in any of the following fields: (a) water or utility economics; (b) public administration; (c) physical or engineering services; (d) management; (e) hydrology and other related sciences; or (f) law. The Deputy Director-General and the Assistant Directors- General shall comply with the requirements for Career Executive Service Officers under the Civil Service Law and other related laws, rules and regulations.

SEC. 13. Offices and Services. - Subject to the power of the Director-General to reorganize, restructure, and redefine the functions of the offices and services for the effective discharge of the powers and functions of the Authority under this Act, the Authority shall have the following Offices: the Water Regulatory Services Office; the Information Systems, Administration and Finance Office; and the Office for Legal Services.

SEC. 14. Water Regulatory Services Office. - The Water Regulatory Office shall have the following functions:

- a) develop principles for the regulation of quantity and quality of water;
- b) establish mechanisms for licensing all monopoly suppliers of water and/or sewerage services and irrigation services;
- c) formulate rules and regulations and establish monitoring mechanisms to ensure service efficiency of all monopoly suppliers of water and/or sewerage services and irrigation services;
- d) develop principles for setting raw water fees;
- e) develop principles for setting tariffs for the monopoly supply of water and/or sewerage services and irrigation services;
- f) promulgate rules of procedure for tariff approval, hearing, and appeal;
- g) promulgate rules for dispute resolution;
- h) act as Secretariat to the Water Resources Adjudication Board; and
- i) such other functions assigned to the Office by the Director-General.

SEC. 15. Information Systems, Administration and Finance Office. - The Information Systems, Administration and Finance Office shall have the following functions:

- a) coordinate and consolidate data collection and deputize agents for this purpose;
- b) formulate principles and protocols for data collection;
- c) integrate local water resources management plans into a national water resources management planning effort;
- d) supervise and coordinate all projects related to data collection and planning;

- e) undertake or finance special studies on new technology for the sustainable and efficient harnessing, development and conservation of water resources; and
- f) such other functions assigned to the Office by the Director-General.

SEC. 16. Office for Legal Services. - The Office for Legal Services shall be responsible for providing legal advice and services on all policies, programs, and operational matters to the Authority. It shall provide legal services in cases where the Authority is a party, handle administrative cases against any personnel of the Authority, and submit recommendations pertaining to such cases.

Chapter III WATER RESOURCES ADJUDICATION BOARD

SEC. 17. Water Resources Adjudication Board. - There is hereby created a Water Resources Adjudication Board under the Office of the Director-General. The Board shall be composed of the Director-General as Chairperson, and two other permanent and independent members to be appointed by the Director-General. The Director-General may designate the Deputy Director-General, the Director for Water Regulatory Services or the Director for Information Systems, Administration and Finance Office as Acting Chairperson in case of the absence or incapacity of the Director-General. The Director for Legal shall serve as counsel to the Board.

The Water Resources Adjudication Board shall have the following powers:

- a) exercise appellate jurisdiction over decisions of the water adjudicatory officers in cases involving the exercise of the Authority's regulatory functions, including, but not limited to the following: (1) disputes on raw water fees; (2) disputes on tariffs collected by monopoly suppliers of water and/or sewerage services and irrigation services; (3) disputes involving water permits, administrative allocation of water resources and transfer of water rights; (4) disputes relating to appropriation, utilization, exploitation, development, control, conservation, and protection of waters; (5) enforcement of contracts for privatized monopoly suppliers of water and/or sewerage services including contracts with the concessionaires of the Metropolitan Water Works and Sewerage Systems; (6) disputes over hydropower projects; (7) disputes involving monopoly suppliers of water and/or sewerage service and irrigation services; (8) complaints regarding the quality of service of suppliers of water and/or sewerage services and of irrigation services, and (9) such other cases specified under Presidential Decree No. 424 and Presidential Decree No. 1067;
- b) promulgate rules of procedure for complaints and appeals;
- c) administer oaths and compel the attendance of witnesses by subpoena and subpoena *duces tecum*;
- d) declare a person in contempt for non-compliance or violation of its Orders and such person shall be punished in the same manner as indirect contempt of a regional trial court upon application by the aggrieved party herein; and
- e) exercise such other powers as may be necessary to carry out its duties and responsibilities under this law.

SEC. 18. Decisions. - All decisions of the Water Resources Adjudication Board shall be final and executory fifteen (15) days after notice of the decision. The decision of the Board with regard to tariffs and irrigation fees shall be immediately executory and enforcement thereof may be suspended only upon filing of a bond, in an amount fixed by the Board to answer for damages occasioned by the suspension or stay of execution.

SEC. 19. Prohibition Against Injunction. - No injunction may be issued by any court to restrain any proceeding before the Water Resources Adjudication Board except on the basis of question of law by the Supreme Court on certiorari.

CHAPTER IV Water Consultative Council

SEC. 20. Water Consultative Council. - Every field office, and each river basin or watershed authority or other similar structures created by virtue of this Act, shall have a Water Consultative Council which shall include, but shall not be limited to representatives of the following sectors: women, agriculture, energy/power, academe, business and industry, local government units, people's organizations, non-government organizations, professional associations, consumer groups, and indigenous peoples.

The Water Consultative Council shall be a permanent advisory body of the Field Office or each basin or watershed authority or other similar structures created under this Act. The Council may submit water resources management plans to the Authority for approval. The Council shall also provide a venue for alternative dispute management for conflicts in the allocation of water resources.

The Authority shall promulgate rules and regulations defining the nature, composition, power, and functions of the Water Consultative Council, subject to the above provisions.

Chapter V Miscellaneous Provisions

SEC. 21. Water and/or Sewerage Services Operating License. - All public and private monopoly suppliers of water and/or sewerage services including, but not limited to local government units and local water districts shall be required to procure a Water and/or Sewerage Services Operating License. The license shall include, but shall not be limited to provisions on: (a) exclusive right to supply water and/or sewerage services in the franchise area subject to the right of other legal service providers already operating in the area; (b) standards on the quality of drinking water, sewage discharge, and service efficiency; (c) the nature of services to be provided; (d) duration of the license; (e) tariffs to be charged and the basis for variance of the tariffs; (f) reporting requirements; and (g) sanctions for failure to comply with standards set. Water supply shall as much as possible be integrated with sewerage services. Licensees must have technical, financial, and managerial capability to provide the services.

All holders of the Operating License shall be subject to a periodic performance audit by the Authority or its designated agents.

The Authority shall provide a period to allow existing holders of Certificates of Public Convenience and Certificates of Conformance to convert their existing certificates into Water and/or Sewerage Services Operating Licenses.

SEC. 22. Irrigation License. - All public and private monopoly suppliers of irrigation services including, but not limited to local government units and local water districts shall be required to procure an Irrigation License. The license shall include, but shall not be limited to provisions on: (a) the franchise area; (b) nature of the services to be provided; (c) duration of the license; (d) tariffs to be charged and the basis for revision of the

tariffs; (e) standards to be met on service efficiency; and (f) reporting requirements. Licensees must have technical, financial, and managerial capability to provide the services.

All local government units involved in the supply of irrigation services shall register with the Authority. However, when any such activities or projects of the local government units are privatized, they shall be required to procure license under this provision.

SEC. 23. Household Well Permit/RWSA and BWSA Permit. - All wells for domestic use, as well as all RWSAs and BWSAs shall be registered with the Authority. For this purpose, the Authority shall promulgate rules and regulations for the registration of all wells for domestic use and all RWSAs and BWSAs.

SEC. 24. Registration of Other Water Supply Activities. - All local government units, associations, and other entities engaged in water supply and sanitation services, and irrigation services not amounting to a monopoly shall register their operations with the Authority.

SEC. 25. Consolidation of Service Operations and Areas of Monopoly Suppliers of Water and/or Sewerage Services and Irrigation Services. - The Authority shall promote and approve the consolidation of drinking water, sewerage, irrigation and other water utility services to improve efficiency and cost of service, as well as to promote investments.

SEC. 26. Approval of Privatization Contracts. - All privatization plans of all persons or entities engaged in water supply and/or sewerage services and in irrigation services shall require the approval of the Authority under the delegation and oversight of NEDA consistent with the provisions of Republic Act. No. 6957 as amended by Republic Act No. 7718. Privatization shall include, but shall not be limited to the sale of publicly-owned water or sewerage assets, entry into concession agreements for monopoly water and/or sewerage services, formulation of build-operate-transfer schemes for bulk water supply facilities, and joint venture agreements for the delivery of water and/or sewerage and irrigation services. All privatized water supply and/or sewerage services and irrigation services shall be required to procure the license required in Section 21 and 22.

For this purpose, the Authority shall establish guidelines and procedures in the review and approval of privatization agreements in coordination with the National Economic Development Authority.

SEC. 27. Water Resources Conservation and Development Fund. - There shall be created a Water Resources Development Fund from the raw water fees, administrative fees, and other revenue of the Authority. The Fund shall be administered by the Authority and shall be allocated among the following:

- (a) the share of the local government unit in the exploration of natural resources within its territory in accordance with the Local Government Code;
- (b) administrative costs of operation of the Authority and its deputized agents;
- (c) awareness building for sustainable water resources utilization, development and management;
- (d) community-based water resources planning efforts;
- (e) financial grants for data collection, water impoundment and development projects, water source protection projects such as reforestation and watershed protection.

research activities for the development of technology which advances the sustainable utilization of water resources:

- (f) subsidies for water supply and sewerage projects to low-income communities;
- (g) compensation for payment of water rights;
- (h) capability building for community-based water resources management;
- (i) other areas of priority as determined by the Director-General.

SEC. 28. Incentives for the Use of Clean and Water Saving Technology for Water Development, Abstraction, Diversion, and Utilization. - In order to encourage the sustainable utilization of water resources, public and private entities shall be given incentives subject to the conditions imposed by the Authority such as:

- (a) exemption from custom tariff and duties for the importation of "clean and water-saving technology" as defined by the Authority;
- (b) tax rebate up to fifty percent of the actual cost of the "clean" equipment or technology to be imported or purchased;
- (c) subsidies from the Water Resources Development Fund for the import or purchase of "clean" equipment or technology.

SEC. 29. Water Development Projects in Areas Occupied by Indigenous Peoples. - All water development projects and large-scale use, abstraction, diversion and appropriation of water resources in areas occupied, possessed or utilized by indigenous peoples shall require the prior informed consent of the concerned indigenous peoples.

SEC. 30. Environmental Impact Assessment. - All water resources projects and all large-scale water abstraction, diversion, and appropriation activities shall be considered as environmentally critical projects and shall be covered by Presidential Decree No. 1586, its implementing rules and other related laws, rules and regulations.

SEC. 31. Licensing of Well-Drillers. - The Authority shall promulgate rules and regulations for the licensing of well-drillers. The Authority shall require the submission of annual reports containing such information as the Authority shall specify as a condition precedent of renewal of their license.

SEC. 32. Lifting of Exemptions to Government Entities. - The exemption from payment of water charge granted to government entities by virtue of National Water Resources Board Resolution No. 1444, series of 1980, as amended, is hereby lifted. Upon the effectivity of this Act, government entities shall be required to pay the raw water fee and other administrative charges.

SEC. 33. Integration of Water Resource Management Plan to Zoning and Land Use Plans. - All zoning or land use plans shall integrate water resource management plans.

SEC. 34. Visitorial Power. - The Authority may authorize its representatives or any deputized agent to enter any public or private property, buildings or enclaves, whether inhabited or not, for the purpose of conducting hydrologic surveys, and investigations on conditions of installed water facilities and compliance with water laws and standards and the Authority's rules and regulations.

SEC. 35. Coordination with Other Agencies. - The Department of Environment and Natural Resources (DENR) shall continue to have the primary authority to protect water sources. The Authority shall coordinate with the DENR in determining the carrying capacity

of rivers and other inland water sources for the purpose of developing programs and activities to protect the inland water source. The Authority may recommend appropriate charges for discharge of effluents and sewage into water sources, taking into consideration, among others, the carrying capacity of the basin, the conflicting uses of water, the socio-economic cost of waste discharge, and the like.

The Department of Health (DOH) and local government units (LGUs) shall continue to have primary authority to enforce drinking water quality standards. The Authority shall coordinate with the DOH and the LGUs in determining drinking water quality requirements.

The Authority shall coordinate with the Department of Public Works and Highways (DPWH) for water data collection and development projects relating to water supply, sanitation, flood control, harnessing and impounding waters.

SEC. 36. Supervision of Basin and Watershed Authorities. - All existing basin or watershed authorities and all other basin or watershed authorities to be created shall be under the control and supervision of this Authority.

SEC. 37. Contingency powers. - In times of critically low water levels or where there is immediate danger to the major sources of water supply, as determined by the Authority, the Authority shall have the power to protect water resources through: (a) designation of critical watersheds; (b) imposition of land use controls; (c) measures to recover costs from responsible parties; and (d) taking of such other emergency actions as it deems necessary to protect the water source.

Chapter VI Transitory Provisions

SEC. 38. Transfer of Powers and Functions and Assets. - The powers and functions of the National Water Resources Board (NWRB) under Presidential Decree Nos. 424 and 1067 and other laws, are hereby transferred to the Authority.

The current fees being changed by the NWRB shall continue to be in effect. The new raw water fee and other administrative fees that the Authority shall impose shall take effect one year after the effectivity of this Act.

The Authority shall regulate the operation of water supply, sewerage and irrigation services of local government units, local water districts and all other public or private entities and absorb the regulatory functions of the Metropolitan Waterworks and Sewerage System (MWSS) with respect to its water concessionaires, consistent with the terms of the concession contracts. The Authority shall provide a schedule for the transfer of such regulatory functions after consultation with the affected government agencies and the MWSS concessionaires.

The transfer of powers and functions provided herein, shall include the transfer of all funds and appropriation including, but not limited to the regulatory fees charged by MWSS to its concessionaires, records, equipment, property, and personnel, including unexpended appropriations and/or allocations. The same shall apply to government agencies which have not been abolished but whose functions have been effectively transferred to the Authority. Officers and employees of said offices, agencies and government units shall continue in a holdover capacity until such time as the new officers and employees of the Authority shall have been duly appointed pursuant to the provisions of this Act.

The Authority shall approve rates set by local water districts in coordination with the LWUA and shall enforce water quality standards on local water districts. LWUA shall continue to exercise with due diligence, its functions over local water districts to ensure that all loans granted to local water districts are collected and paid.

SEC. 39. Transfer of Rights and Liabilities. - The Authority shall, by virtue of this Act, be subrogated to all the rights and assume the liabilities of the NWRB, and other government agencies and units whose functions and powers have been transferred to the Authority. All contracts and liabilities of said government agencies are hereby transferred to and assumed by the Authority and shall be acted upon in accordance with the rules and regulations of the Commission on Audit and other pertinent laws, rules, and regulations.

SEC. 40. Staffing. - The positions herein created shall be filled by regular appointments in accordance with a staffing plan prepared by the Director-General. The personnel of the NWRB shall be given preference in the positions herein created; *Provided*, however, That such personnel shall comply anew with the qualification standards set by the Authority for the positions for which they apply.

SEC. 41. Separation from Service. - Employees separated from government service as a result of this Act shall be entitled to the benefits which they may receive under existing laws, rules and regulations. There shall be an early retirement incentive for employees who shall be separated from service.

SEC. 42. Transitory Management Plan. - The Authority shall formulate a transitory management plan for the phase-in of its operations. The Authority shall be fully operational within one year from the effectivity of this Act.

Chapter VII Appropriations

SEC. 43. Appropriations. - Such sums as may be necessary for the implementation of this Act shall be taken from the current fiscal year appropriation of the National Water Resources Board and such amounts as the President of the Philippines may allocate from other sources in accordance with law. The total amount shall not exceed Three Hundred Million (P300,000.00) Pesos for the first fiscal year of operation. Thereafter, the amount needed for the operation and maintenance of the Authority shall be included in the annual General Appropriations Act.

Subject to existing rules and regulations, the funds and monies collected or which otherwise come into the possession of the Authority and its Offices from fees, surcharges, fines, and penalties which the Authority may impose and collect under this Act shall be disbursed for expenses necessary for the effective discharge of the power and functions of the Authority under this Act.

Chapter VIII Penalties and Sanctions

SEC. 44. Penalties. -

(a) Any person, natural or juridical, found violating the provisions of this Act, the Water Code, its Implementing Rules and Regulations, and other prohibitory laws affecting the management of water resources shall be liable to pay a fine not exceeding five million pesos (P5,000,000.00) or imprisonment from six months to six years, or both. When the offender is

a corporation, the manager, president and the other officers of the corporation shall be held liable. The corporation shall be subsidiarily liable for the liability of its officers;

(b) Any person or entity who shall refuse, obstruct, or hamper the entry of the duly authorized representatives of the Authority into any property of the public domain or private property pursuant to its visitorial powers, shall be liable to pay a fine not exceeding ten thousand pesos (P10,000.00) or imprisonment not exceeding one (1) month, or both.

SEC. 45. Administrative Fines and Sanctions. -

(a) The Authority shall promulgate rules and regulations for the imposition of administrative fines and sanctions for failure to comply with any order, decision, rules or regulation of the Authority.

(b) The license issued to monopoly suppliers of water and/or sewerage services and irrigation services and the permits issued to other suppliers of water and sewerage services and irrigation services shall be suspended after a finding that the said entity failed to meet the standards set forth by the Authority. The Authority may withdraw or revoke any water permit or license issued to any person or entity who shall violate any of the terms and conditions therein set forth and/or any rules and regulations promulgated by the Authority.

(c) The Authority shall issue a cease and desist order against any person or entity found to be violating any of the provisions of this Act, the Water Code, its implementing rules and regulations or any order or decision of the Authority.

(d) The Authority shall declare a person in contempt for non-compliance with or violation of its orders. He shall be punished in the same manner as indirect contempt of a Regional Trial Court, *motu proprio* or upon application by any aggrieved party herein.

SEC. 46. Compensation for Damages. - Compensation for damages to water sources, due to pollution from identified sources, salt water intrusion of aquifers by reason of unauthorized abstraction of underground water, and other damages resulting from violations of the Water Code, its rules and regulations, and wrongful acts punishable by law committed by any person, natural or juridical, which result in the deterioration of the quality of water supply sources, shall be collected by the Authority.

SEC. 47. Repealing Clause. - Section 4 (b) of Presidential Decree No. 66, as amended, Presidential Decree No. 424, Sections 45 (a), 62 (a), 63, and 66 of Presidential Decree No. 198, as amended, and NWRB Resolution No. 1444, Series of 1980, as amended are hereby repealed. Republic Acts Nos. 3601, 4850, 6234, 7227, 7916, and 7922, Presidential Decrees Nos. 66, 198, 926, 1556, 1067, and 1586 Executive Orders Nos. 124, 192, and 230 are hereby modified accordingly. All laws, decrees, rules and regulations, and executive orders contrary to or inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 48. Separability Clause. - In the event that any provision of this Act is declared unconstitutional, the validity of the remainder shall not be affected thereby.

SEC. 49. Effectivity Clause. - This Act shall take effect upon approval and publication once a week for two consecutive weeks in at least two national newspapers of general circulation.

Approved.