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**NINETEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
Third Regular Session**

**SENATE
P.S.R. No. 1352**

INTRODUCED BY SENATOR RISA HONTIVEROS

RESOLUTION

DIRECTING THE SENATE COMMITTEE ON PUBLIC SERVICES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE FINDINGS OF THE COMMISSION ON AUDIT REGARDING ISSUES AND IRREGULARITIES IN JOINT VENTURE AGREEMENTS ENTERED INTO BY LOCAL WATER DISTRICTS WITH PRIVATE ENTITIES, WITH THE END GOAL OF DEVELOPING A ROBUST LEGAL AND REGULATORY FRAMEWORK TO ENSURE TRANSPARENCY, ACCOUNTABILITY, FAIRNESS, AND EMPOWERMENT OF WATER DISTRICTS AND THE CONSUMING PUBLIC.

WHEREAS, the Constitution of the Republic of the Philippines recognizes the vital importance of essential public services, including water supply, and mandates their regulation for the common good;

WHEREAS, local water districts, as government-owned and controlled corporations (GOCCs) under the supervision of the Local Water Utilities Administration (LWUA), are tasked with providing reliable and affordable water services to communities outside Metro Manila;

WHEREAS, many water districts have entered into joint venture agreements (JVAs) with private entities, such as Prime Water Infrastructure Corporation, Manila Water Philippine Ventures, Metro Pacific Water Investments Corp. and their subsidiaries with the aim of improving infrastructure, operational efficiency, and service delivery;

WHEREAS, the Commission on Audit (CoA), in its various audit reports, has repeatedly flagged significant problems and irregularities in numerous water district JVAs, raising serious concerns about their legality, economic viability, and impact on service quality and tariff rates;

WHEREAS, CoA findings have highlighted issues including, but not limited to:

The apparent lack of competitive processes in the selection of joint venture partners, potentially violating procurement principles and leading to disadvantageous contracts for water districts;

The inadequacy and lack of clarity in the formal agreements, including vague terms of reference, absence of clear investment commitments from private partners, and lack of specific, measurable key performance indicators (KPIs) for service delivery and operational efficiency;

Deficiencies in the regulation of ongoing joint ventures, characterized by non-transparency in document access and financial reporting, the absence of a clear tariff-setting authority or a defined process within relevant regulatory bodies or the JVA contracts themselves;

The lack of formal guidelines and standardized procedures for the mandated five-year review of JV performance and tariffs, leaving many agreements without necessary adjustments despite changing circumstances;

Insufficient capacity building and formal guidance for water districts to effectively negotiate complex JVA terms, particularly concerning financial arrangements and tariff structures, potentially resulting in unfavorable contract provisions;

The absence of clear venues for recourse and defined legal norms or mechanisms for resolving conflicts between the parties or addressing issues arising from contractual incompleteness, leading to unresolved disputes and service disruptions;

WHEREAS, these identified problems have reportedly led to detrimental outcomes for water districts, including diminished financial standing (as seen in the San Jose Del Monte Water District post-JVA), and for the consuming public, who have experienced poor service quality, inadequate water supply, and significant increases in water tariffs (as reported in areas served by Prime Water in various provinces like Bulacan and Bacolod), sparking public protests and calls for intervention;

WHEREAS, the lack of transparency and clear accountability mechanisms in these JVAs has contributed to public confusion and difficulty in holding relevant parties – the private concessionaires, water district boards, and oversight agencies like LWUA, NWRB, CoA, and the PPP Center – accountable;

WHEREAS, there is an urgent need to review the existing framework governing water district joint ventures, strengthen regulatory oversight, enhance transparency, and empower both water districts and the consuming public with the necessary information and mechanisms to ensure that these partnerships truly serve the public interest and uphold the right to adequate, safe, and affordable water;

WHEREAS, moves to terminate or legal challenges related to problematic public-private agreements in the Philippines underscore the necessity of clear contractual terms, robust legal norms, and effective dispute resolution mechanisms from the outset;

NOW, THEREFORE, BE IT RESOLVED, by the Senate of the Philippines, to direct the Committee on Public Services to conduct a

comprehensive inquiry, in aid of legislation, into the findings of the Commission on Audit regarding the issues and irregularities in joint venture agreements entered into by local water districts with private entities.

Adopted.


RISA HONTIVEROS
Senator