



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



HOUSE BILL NO. 1901

Introduced by Representative LORDAN G. SUAN

**AN ACT
STRENGTHENING THE WATER SERVICE COOPERATIVES, ESTABLISHING FOR
THE PURPOSE THE LOCAL WATER SERVICE COOPERATIVES DEVELOPMENT
FUND AND PROVIDING SUPPORT PROGRAMS FOR ITS GROWTH AND
DEVELOPMENT**

EXPLANATORY NOTE

This bill seeks to strengthen water service cooperatives, establishing for the purpose water service cooperatives development fund and providing support programs for its growth and development.

Water is a basic human need for hydration, food production and sanitation and a critical resource for sustainable development. According to the United Nations, universal access to clean water is a fundamental human right and an essential step toward improving living standards worldwide. Communities sourcing water from poor quality sources, those unable to access sufficient potable water, and those using unimproved household water systems are some of the characteristics of “waterless” communities. Water-poor communities are typically economically poor as well.

In the Philippines, there is a need to ensure the availability and accessibility of clean and safe water. Water service providers in the country include water districts, local government unit facilities, rural water supply associations, barangay water supply associations, cooperatives and private firms. Among all types of water service providers, water service cooperatives

have been recognized as a viable means of providing affordable and sustainable water supply services, especially in unserved and underserved areas.

A water service cooperative is a special type of service cooperative. Under Article 23 (s) of Republic Act (RA) No. 6938, otherwise known as the "Philippine Cooperative Code of 2008," as amended by RA 9520, water service cooperative is one that is organized to own, operate and manage water systems for the provision and distribution of potable water for its members and their households.

This bill, known as the "Water Service Cooperative Development Act," recognizes the importance of water service cooperatives in providing safe and affordable water supply services, particularly in underserved and unserved areas. It aims to promote the development and sustainability of water service cooperatives in the entire country. For this purpose, this bill seeks to establish a Local Water Service Cooperatives Development Fund and authorize local government units to appropriate at least two percent (2%) of their National Tax Allotment (NTA) for programs, projects and activities for local water service cooperatives development.

The bill also recognizes the incentives and privileges for water service cooperatives provided under Sections 60, 61 and 62 of RA 6938, as amended. Further, the bill mandates the provinces, cities or municipalities to provide a capital infusion in the form of subsidies, donations or grants to water service cooperatives to support their operations and improve their infrastructure. Furthermore, all public or private lending institutions shall give priority to water service cooperatives and extend loans with minimum required collaterals, especially to newly formed cooperatives in underserved and unserved areas and those with limited access to credit and financing.

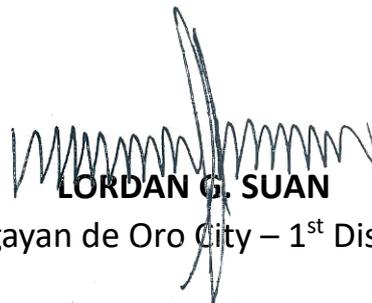
Likewise, the bill provides the responsibilities of the Cooperative Development Authority, National Water Resources Board and local government units such as:

- a) Establishment and organization of water service cooperatives;
- b) Identification of areas where there is no existing water supply service or where the existing water supply service is inadequate or insufficient;
- c) Provision of technical support to local water service cooperatives in the form of treatment and sanitation of water and the operation of water supply system;

- d) Capacity building and training sessions to advance the competitiveness and innovativeness of the industry;
- e) Grant of preferential rights and privileges to water service cooperatives and
- f) Assist water service cooperatives to ensure universal access to water for minimum daily basic needs to support a healthy, clean, and productive life.

This proposed measure will not only ensure access to water in unserved and underserved areas and ensure the sustainability of water service cooperatives but will also strengthen and ensure competitiveness and viability of the water service cooperative sector as responsive economic enterprises and a tool to improve the social and economic conditions of its members.

In light of the preceding, this bill's approval is fervently sought.



LORDAN G. SUAN

Cagayan de Oro City – 1st District



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House of Representatives
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Twentieth Congress
First Regular Session

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

1 **SECTION 1. Short Title.** — This Act shall be known as the “Water Service
2 Cooperatives Development Act”.

3
4 **SEC. 2. Declaration of Policy.** – The State recognizes the important role of
5 water service cooperatives in providing safe and affordable water supply
6 services, especially in unserved or underserved areas, and as an instrument for
7 economic development, social justice and equity. Towards this end, the State
8 shall promote the growth, development and expansion of water service
9 cooperatives, provide resources and support mechanisms to strengthen their
10 movement, enable policies and programs and ensure the provision of technical
11 guidance, financial assistance and other services to transform water service
12 cooperative as a viable, responsive, and resilient economic enterprise, and
13 facilitate partnerships with other national and local stakeholders..

14
15 **SEC. 3. Coverage.** – This Act shall cover water service cooperatives and
16 multi-purpose cooperatives with water service operations. However, the

1 benefits of multi-purpose cooperatives under this Act are limited to their water
2 service operations.

3
4 **SEC. 4. *Local Water Service Cooperatives Development Fund.*** - The Local
5 Water Service Cooperatives Development Fund, hereinafter referred to as the
6 “Fund,” is established in provinces, cities and municipalities to support water
7 service cooperatives development in their jurisdiction.

8 The provinces, cities and municipalities shall appropriate in their annual
9 budget at least two percent (2%) of the National Tax Allotment (NTA), which
10 shall comprise the Fund, for local water service cooperatives development:
11 Provided, That cities and municipalities with existing and sufficient potable
12 water supply in their jurisdiction may opt not to appropriate and set up the
13 Fund: Provided further, That provinces shall set up the Fund and be responsible
14 for the municipalities belonging to fourth to sixth income classification under
15 their jurisdiction: Provided finally, That municipalities belonging to fourth to
16 sixth income classification shall commit to progressively realize this mandate.

17
18 **SEC. 5. Use of Funds.** – The provinces, cities and municipalities may use the
19 Fund as follows:

- 20 a) Formulation and implementation of development plan and special
21 programs for water service cooperatives;
- 22 b) Provision of technical guidance, financial assistance and other
23 support services to water service cooperatives;
- 24 c) Promotion and mobilization of water service cooperatives as a viable
25 and responsive social and economic enterprise;
- 26 d) Organization of water service cooperatives, especially in unserved or
27 underserved areas;
- 28 e) Provision of capacity development and capacity-building initiatives
29 and activities for water service cooperatives;
- 30 f) Identification of groups, sectors or communities that may be
31 organized into water service cooperative, which shall serve as a
32 vehicle in providing access to safe and affordable water, especially in
33 unserved or underserved areas, job creation and socio-economic
34 development of the city or municipality; and
- 35 g) Support the plans, programs, and activities of the water service
36 cooperatives in ensuring safe and affordable water supply services
37 and providing access to such services.

1 **SEC.6. *Incentives and Privileges.*** – Duly registered water service
2 cooperatives are entitled to the same tax treatment, exemptions and privileges,
3 as may be applicable, under Sections 60, 61 and 62 of Republic Act (RA) No.
4 6938, otherwise known as the “Philippine Cooperative Code of 2008,” as
5 amended by RA 9520. In addition, water service cooperatives are exempted
6 from customs, duties and taxes on imported equipment, machineries and other
7 materials which are directly used for the provision of water supply services.

8
9 **SEC. 7. *Capital Infusion.*** — The provinces, cities or municipalities, as the
10 case may be, shall provide capital infusion to newly organized or existing water
11 service cooperatives in the form of subsidies, donations or grants, which shall be
12 sourced from the Fund, to support their operations and improve their
13 infrastructure.

14 Likewise, all public or private lending institutions shall give priority to water
15 service cooperatives and extend loans with minimum required collaterals,
16 especially to newly formed cooperatives in unserved or underserved areas and
17 those with limited access to credit and financing.

18
19 **SEC. 8. *Duties and Responsibilities of Agencies.*** — The Cooperative
20 Development Authority, National Water Resources Board and concerned local
21 government units (LGUs) shall perform the following:

- 22 a) Call on other government agencies, civil society organizations, or
23 sectors, as may be necessary, to assist in the establishment and
24 organization of water service cooperatives, particularly in unserved
25 or underserved areas;
- 26 b) Identify the areas where there is no existing water supply service or
27 where the existing water supply service is inadequate or insufficient;
- 28 c) Provide technical, financial and other support services to ensure the
29 smooth operation of water service cooperatives and the delivery of
30 their services to members and non-members;
- 31 d) Provide capacity building and training sessions to advance the
32 competitiveness and innovativeness of the industry;
- 33 e) Grant preferential rights and privileges to water service cooperatives,
34 including the grant of franchises and permits, lease of public utilities
35 and access to facilities related to water service activities; and
- 36 f) Assist and support water service cooperatives in ensuring universal
37 access to water for minimum daily basic needs to support a healthy,
38 clean, and productive life.

1 **SEC. 9. *Joint Congressional Oversight.*** — The Joint Congressional Oversight
2 Committee on Cooperatives created under Article 138 of RA 6938, as amended,
3 shall review and monitor the implementation of this Act.
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5 **SEC. 10. *Implementing Rules and Regulations.*** — Within sixty (60) days from
6 the effectivity of this Act, the Secretaries of the Interior and Local Government
7 and Environment and Natural Resources shall, in consultation with the
8 Chairperson of Cooperative Development Authority, Executive Director of the
9 National Water Resources Board and Governor of the Bangko Sentral ng
10 Pilipinas, promulgate the necessary rules and regulations for the effective
11 implementation of this Act.
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13 **SEC. 11. *Repealing Clause.*** — All laws, executive orders, issuances, rules and
14 regulations, or parts hereof inconsistent with the provisions of this Act are
15 repealed or modified accordingly.
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17 **SEC. 12. *Effectivity.*** — This Act shall take effect fifteen (15) days after its
18 publication in the Official Gazette or in a newspaper of general circulation.

Approved,