

[EXECUTIVE ORDER NO. 421, April 13, 2005]

IMPLEMENTING THE REFOCUSING OF FUNCTIONS AND ORGANIZATIONAL STRUCTURE OF THE LOCAL WATER UTILITIES ADMINISTRATION UNDER EO 279 AND PROVIDING OPTIONS AND BENEFITS FOR EMPLOYEES WHO MAY BE AFFECTED THEREON

WHEREAS, it is the policy of the government to adopt institutional reforms and effect functional, operational and organizational adjustments in the bureaucracy to continuously improve the quality and efficiency of public service delivery and transform it into an efficient and results-oriented structure;

WHEREAS, Executive Order (EO) 279 provides for the rationalization of LWU's organizational structure and refocusing its objectives to fully implement the reforms in the financing policies in the water supply and sewerage sector and water service providers;

WHEREAS, Section 79 of the General Provisions of RA 9336 (General Appropriations Act of 2005) mandates, among others, the adoption of institutional strengthening measures to improve service delivery and enhance productivity; identification of areas where improvement are necessary; and implementation of corresponding structure, functional and operational adjustments that will result in streamlined organization and operation and improved performance and productivity.

NOW, THEREFORE, I GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the power vested in me by law, do hereby order the following:

SECTION 1. Core functions – LWUA shall provide institutional development services, and strengthen its lending practices and policies on granting financial assistance grounded on sound development banking principles aimed at graduating water districts (WDs) and other water service providers (WSPs), allowing efficient use of financial resources, extend technical assistance to WDs/WSPs and addressing the need for a greater number of WDs/WSPs.

SECTION 2. Specific Shifts in Policy Directions, Functions, Programs, Activities and Strategies – to fully implement the reform objectives/policies in the water supply and sewerage sector, LWUA shall:

- a. Improve investor's confidence in the water supply and sewerage sector;
- b. Rationalize the allocation of financial resources in the water supply and sewerage sector through classification and graduation initiatives;
- c. Expand the freedom of choice of water service providers in sourcing their funding requirements;
- d. Increase the participation of Local Government Units (LGUs), Government Financial Institutions

(GFIs), and Private Financial Institutions (PFIs) in financing the water supply and sewerage sector; e. Stimulate improved service and create financial self-sustainability for water service providers; f. Encourage initiatives aimed at self-sufficiency of water service providers, including, but not limited to, amalgamation, private sectors participation, cost recovery tariffs, and resource pooling; g. Grants initiatives for the improvement and graduation of water service provider; h. Educate consumers towards treating water as scarce economic goods; and i. Perform such other functions as are necessary for the implementation of the foregoing objectives/policies.

SECTION 3. Organization Structure.- LWUA's rationalized organization and management structure shall be composed of the following:

3.1 Board of trustees. – The LWUA Board of Trustees (BOT) shall formulate policy direction for the over-all development of the country's water supply program. It shall be composed of a Chairman and four members with at least three (3) trustees coming from National Government, provided that DOF shall always be represented in the LWUA-BOT. The Administration of LWUA shall be an ex-officio Vice-Chairman of the LWUA-BOT. There shall be a Board Secretariat, a Legal Counsel and an Internal Audit Department under the Board of Trustees.

3.2 The LWUA Administrator. – The LWUA shall be headed by an Administrator to be appointed by the President. As chief executive officer of LWUA, the Administrator shall direct and supervise the operation of LWUA and its corporate performance, execute and administer policies and guidelines approved by the Board of Trustees.

3.3 Deputy Administrators – There shall be a Deputy Administrator for each of the following major Groups:

1. Water Development Group (WDG) (Luzon),
2. WDG-Visayas/Mindanao,
3. Water Financier Group, and
4. Administrative Service Group.

3.3.1 Water Development Group (WDG). – There shall be two WDGs: one group for Luzon and another for Visayas/Mindanao.

The WDG shall primarily responsible for the continuation of LWUA's current institutional development services aimed at graduating WDs/WSPs, as well as the classification of the credit worthiness of WDs/WSPs for purposes of determining the appropriate source of financing; it shall develop a graduation plan for semi-creditworthy, pre-creditworthy and non-creditworthy WDs/WSPs based on the graduation initiatives provided under EO 279; and, it shall also monitor the implementation of the graduation plan and evaluate the effectiveness of the graduation initiatives undertaken by WDs/WSPs and other functions undertaken by WDs/WSPs. The WDG shall operate in four (4) areas, as follows:

1. WDG-Luzon shall be handling Areas 1 and 2: Area 1 (covers Region 1, 2, 3, and CAR), and Area 2 (cover Regions 4 and 5)

2. WDG-Visayas/Mindanao shall be handling Areas 3 and 4: Area 3 (covers Regions 6, 7, and 8), Area 4 (covers Regions 9, 10, 11, 12 and ARMM region). Each Area shall be composed of the following divisions namely: 2.1 Corporate Governance Division 2.2 Cost Recovery Tariff Division 2.3 Special Coordination Division 2.4 Engineering Division
3. Technical Assistance Department (TAD) – The TAD shall continue LWUA's program of providing technical assistance to WDs/WSPs. Consistent with applicable laws, rules and regulations on government procurement, the TAD shall extend project-related technical assistance to GFIs and creditworthy WDs/WSPs on a competitive basis: provided that above a certain value threshold, LWUA shall extend project related technical assistance to semi-creditworthy WDs/WSPs on a competitive basis. The TAD shall also extend project related assistance to non-creditworthy, pre-creditworthy WDs/WSPs which may be with or without charge within a certain value threshold. The TAD shall have three divisions, to wit: 3.1. Project Development Division 3.2. Water Services Training Division 3.3. Research/Water Laboratory Division 3.3.2 Water Development Finance Group (WDFG). – The WDFG shall enhance and/or strengthen LWUA's lending policies and functions for the purpose of carrying out and implementing its mandate in providing financing, particularly to non-creditworthy, pre-creditworthy and semi-creditworthy WDs/WSPs, grounded on sound development banking principles. It shall develop its own procedure for the monitoring of its loan portfolio; it shall strengthen the collection functions from WDs/WSPs as well as enhance its payment of loans to LWUA creditors. The WDF shall have three departments, to wit: 3.3.2.1 Treasury Department 3.3.2.2 Loan Portfolio Management Department 3.3.2.3 Accounting Department 3.3.3 Administrative Services Group (ASG). – The ASG shall provide the requisite support and ancillary services to the organization, with the following departments: 3.3.3.1 Human Resources Management Department 3.3.3.2 Property Management Department 3.3.3.3 General Services Department 3.4 Abolition of the Office of the Senior Deputy Administrator. – The Office of the Senior Deputy Administrator is hereby abolished and its functions subsumed under the Office of the Administrator and the Deputy Administrators for each WDG.

SECTION 4. Staffing Pattern. – Within 30 days after the issuance of this Order, the staffing pattern of LWUA shall be submitted to the Department of Budget and Management (DBM) for review and approval. LWUA is given the flexibility to make changes in its staffing pattern; Provided, that the number of plantilla positions is maintained; Provided further, that the same shall be subject to the approval of DBM.

SECTION 5. Options for Personnel Who May Be Affected by the Rationalization of Functions. – Personnel who may be affected by the rationalization of functions shall have the following options:

- 5.1 Remain in government service, provided that their appointments, whether permanent or temporary, shall be attested by the Civil Service Commission (CSC); Provided further, that those with temporary appointment shall be guaranteed tenure up to the expiration of their appointment only, or 5.2 Avail of the retirement/separation benefits herein provided,