

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 65

PRESCRIBING RULES TO GOVERN THE COMPENSATION OF MEMBERS
OF THE BOARD OF DIRECTORS OF LOCAL WATER DISTRICTS
PURSUANT TO SECTION 5 OF EXECUTIVE ORDER NO. 24 (s. 2011)

WHEREAS, on 10 February 2011, the President issued Executive Order (EO) No. 24 entitled "Prescribing Rules to Govern the Compensation of Members of the Board of Directors/Trustees in Government-Owned or Controlled Corporations Including Government Financial Institutions";

WHEREAS, in the exercise of the power of control of the President over Government-Owned or Controlled Corporations (GOCCs), EO No. 24 was issued to rationalize the compensation of the members of their Board of Directors;

WHEREAS, the Supreme Court, in the case of Davao City Water District et. al. vs. Civil Service Commission and Commission on Audit, G.R. No. 95237-38, dated September 30, 1991, declared Local Water Districts (LWDs) as "GOCCs with original charter", they being quasi-public corporations created pursuant to Presidential Decree No. 198 (The Provincial Water Utilities Act of 1973), as amended, and whose employees belong to the Civil Service; and,

WHEREAS, Section 5 of EO No. 24 states that the members of the Board of Directors of LWDs shall likewise be subject to the policies and principles set forth therein, and that separate rules on the classification and compensation of the said members of the Board of Directors shall be issued for the purpose.

NOW, THEREFORE, I, BENIGNO S. AQUINO III, President of the Philippines, by virtue of the powers vested in me by the Constitution and by law, do hereby order:

Section 1. Coverage. The rules set forth herein shall apply to all duly formed and existing LWDs.

Terms used in this Order shall have the same meaning as in EO No. 24 except when otherwise defined or provided.

Section 2. LWD Classification. LWDs shall be classified into four (4) major categories (Category A, B, C, or D) based on the number of active service connections and equivalent point rating, whichever is lower, as provided for in the Revised LWD Manual on Categorization, Recategorization and Other Related Matters (LWD-MaCRO) prepared by the Oversight Committee on LWDs



composed of the Department of Budget and Management (DBM), Civil Service Commission (CSC), Local Water Utilities Administration (LWUA), and Philippine Association of Water Districts (PAWD).

Section 3. Compensation Structure. The compensation of members of the Board of Directors shall have the following components:

- a) Compensation shall be in the form of *per diems* and subject to limits as provided for under Sections 4 and 5 hereof;
- b) Compensation in the form of Performance-Based Incentives may be allowed and shall be based on a set of performance criteria as provided under Section 9 hereof;
- c) Annual Retainer Fees and Stock Plans shall not be allowed; and
- d) Salaries, Allowances, Benefits, and other Bonuses shall not be allowed unless specifically authorized by law or Charter and approved by the President, provided that the total of the foregoing compensation and *per diems* shall not exceed the limits stipulated under Sections 4 and 5 hereof.

Section 4. Per Diem for Board Meetings. The maximum *per diem* per Regular or Special Board meeting actually attended by members of the Board of Directors of LWDs shall be based on the classification of the LWD under Section 2 hereof but shall not exceed the maximum annual amount as specified herein. Entitlement thereof shall be in accordance with the guidelines issued by the LWUA.

LWD Category	Maximum <i>Per Diem</i> per Meeting (P)	Maximum <i>Per Diem</i> per Year (P)
A	10,000	240,000
B	6,660	159,840
C	3,675	88,200
D	1,440	34,560

The Board Chairperson may receive not more than 20% over the amount set for the members of the Board of Directors of LWDs.

Section 5. Computation of Per Diem. The classification of LWDs under Section 2 hereof and the equivalent point rating system shall be the basis in determining the amount of *per diem* of the members of the Board of Directors of LWDs as specified in the *per diem* schedule below. Any points earned beyond the maximum points allocated per category shall no longer be considered in the final computation of *per diem* and may not be carried over to succeeding years.



COMPUTATION OF PER DIEM			
LWD Category	Point-Rating	Multiplier Factor	Per Diem Range (P)
A	75-100	100.0	7,500 to 10,000
B	50-74	90.0	4,500 to 6,660
C	25-49	75.0	1,875 to 3,675
D	4-24	60.0	240 to 1,440

The members of the Board of Directors of LWDs may receive *per diem* corresponding to the GOCC classification C or higher as specified in Section 6 of EO No. 24 provided that the LWD meets the Assets and Revenue criteria provided therein.

Section 6. Succeeding Adjustments of *Per Diem*. The *per diem* of the members of the Board of Directors of LWDs may be adjusted through a Board Resolution effective on the date indicated in the Resolution, subject to the guidelines issued by the LWUA provided that said *per diem* rate falls within the limits specified in Sections 4 and 5 hereof. Any increase in the limit of the rate of *per diem* shall be endorsed by the LWUA and the Governance Commission for GOCCs (GCG) and subject to the approval of the President.

Section 7. Committees. The creation of working committees in the LWD Board of Directors shall be allowed only for LWDs under Category A. *Per diem* for such committee meetings shall be at most 60% of the amount set for Board meetings, but not to exceed the maximum amounts specified below. Entitlement thereof shall be in accordance with the guidelines issued by the LWUA.

Category	Maximum <i>Per Diem</i> per Meeting (Php)	Maximum <i>Per Diem</i> per Year (Php)
A	6,000	144,000

Section 8. LWUA Review. For purposes of determining compliance of LWDs with established guidelines, LWUA shall conduct a review of the actual *per diems* granted to the members of the Board of Directors of LWDs within three months from the date of implementation of the adjusted *per diems*.

Section 9. Performance-Based Incentives. The members of the Board of Directors of LWDs may be entitled to Performance-Based Incentives not to exceed 50% of the actual annual *per diem* received for Regular and Special Board meetings, subject to a set of performance criteria developed by LWUA, endorsed by the GCG and subject to the approval of the President.

Section 10. Reimbursable Expenses. All necessary expenses of the members of the Board of Directors of LWDs to attend Board and other meetings and discharge their official duties shall be paid directly by the LWD. Any claim for reimbursement of necessary expenses by members of the Board of Directors of LWDs shall be subject to compliance with Section 12 of EO No. 24, provided



that such expenses shall not exceed twenty-five percent (25%) of the actual *per diems* received for Regular and Special Board meetings. Further, reimbursement for travel expenses for official travel of members of the Board of Directors of LWDs shall be in accordance with the guidelines in EO No. 248 (s. 1995), as amended by EO No. 248-A (s.1995) and EO No. 298 (s. 2004).

Section 11. Categorization of LWDs by LWUA. The LWUA shall categorize the LWDs based on the LWD-MaCRO within three (3) months from the effectivity of this Order and submit the complete list of categorized LWDs to the DBM immediately thereafter.

Section 12. Clarification. Any request for clarification on the provisions of this Order shall be in writing and directed to the LWUA.

Section 13. Separation Clause. If any provision of this Order is declared invalid or unconstitutional, the other provisions unaffected shall remain valid and subsisting.

Section 14. Repealing Clause. All other rules, regulations and issuances or parts thereof which are inconsistent with this Order are hereby repealed or modified accordingly.

Section 15. Effectivity Clause. This Order shall take effect immediately upon publication in a newspaper of general circulation.

DONE, in the City of Manila, this 2nd day of January in the year of our Lord, Two Thousand Twelve.




By the President


PAQUITO N. OCHOA, JR.
Executive Secretary

