

SAFE AND CLEAN WATER FOR THE POOR AND BY THE POOR



MDGIF



MDG ACHIEVEMENT FUND IN THE PHILIPPINES

Integrated Policy Paper for Pro-Poor Water Supply and Sanitation

Sandayong Vengie Ravelo

JANUARY 2012

ABOUT THE MDGF ACHIEVEMENT FUND

The United Nations (UN) MDG Achievement Fund was created in December 2006 with a generous donation from the government of Spain in fulfillment of its aid commitments in relation to MDG 8 (developing global partnership for development). With almost \$700 million invested in 128 programmes in 49 countries around the world, the MDG Achievement Fund is currently the largest global fund dedicated to achieving the MDGs. The MDG Fund represents a unique initiative of the United Nations that brings together more than 22 UN agencies and programmes, building on the strength of each to deliver effective multisectoral interventions that improve the lives of poor and marginalized citizens

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SAFE AND CLEAN WATER FOR THE POOR AND BY THE POOR



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MDG-F 1919:

Enhancing Access to and Provision of Water Services
with the Active Participation of the Poor

Integrated Policy Paper for Pro-Poor Water Supply and Sanitation

JANUARY 2012



TABLE OF CONTENTS

ABOUT THE MDGF 1919	3
LIST OF ACRONYMS AND ABBREVIATIONS	4
DEFINITION OF TERMS	6
EXECUTIVE SUMMARY	7
1.0 INTRODUCTION	8
2.0 SECTOR VISION AND GOLS	9
3.0 GUIDING PRINCIPLES	9
4.0 SECTOR PLANS AND PROGRAMS	10
4.1 PHILIPPINE DEVELOPMENT PLAN 2011-2016	10
4.2 PHILIPPINE WATER RESOURCES SECTOR DEVELOPMENT PLAN..	11
4.3 SAGANA AT LIGTAS NA TUBIG PARA SA LAHAT PROGRAM	12
5.0 INTEGRATION OF THE WATER SUPPLY AND SANITATION	
ROADMAPS TOWARDS A STRATEGIC RIGHTS-BASED	
FRAMEWORK FOR WATER AND SANITATION	14
5.1 THE PWSSR AND THE PSSR	14
5.2 THE HUMAN RIGHTS BASED APPROACH TO LOCAL	
WATER GOVERNANCE	15
6.0 PROPOSED STRATEGIC FRAMEWORK FOR WATER SUPPLY	
AND SANITATION FOR POOR COMMUNITIES AND SCHOOLS	18
7.0 POLICY REFORMS	20
7.1 GENERAL POLICIES	20
7.2 TARGETING PRIORITY AREAS	21
7.3 INSTITUTIONAL ARRANGEMENTS	21
7.4 FINANCING POLICIES	23
7.5 NG-LGU COST SHARING	23
7.6 ECONOMIC REGULATION	23
7.7 INCENTIVE MECHANISMS AND PARTNERSHIP MODALITIES	24
8.0 CONCLUSIONS	26
NOTES ON THE STUDY	27
THE NEDA SUB-COMMITTEE ON WATER RESOURCES	28



ABOUT THE MDG-F 1919

Joint Programme on Enhancing Access to and Provision of Water Services with the Active Participation of the Poor

The MDG-F 1919 Joint Programme on Enhancing Access to and Provision of Water Services with the Active Participation of the Poor is jointly implemented by the Philippine Government and United Nations partners to enhance provision of and access to water services by filling the “soft” component gaps of existing national government programs that focus only on infrastructure (“hard” components) provision.

Bringing together the NEDA, DILG, and the NWRB, with UNDP and UNICEF as UN Partners over a three-year period (starting May 2009), the Joint Programme specifically aims to contribute in partially addressing issues in low investments and low capacities by 1) establishing investment support mechanisms to improve efficiency, access, affordability and quality of water; and 2) enhancing capacities at the local level to develop, operate and manage water utilities, to benefit 122,000 households in 36 municipalities in Regions 2, 5, 9, 10, and 13.

OUTPUT	
Outcome 1:	Investment support mechanisms established for poor communities/ municipalities to improve efficiency, access, affordability and quality of potable water
Output 1.1:	Incentive mechanisms and partnership modalities developed and enhanced for public and private investments in “waterless” and poor communities
Output 1.2:	Financing and programming policies in the sector reviewed and amended as necessary to rationalize assistance and increase ownership and accountability <ul style="list-style-type: none"> • Output 1.2.1: NG-LGU cost-sharing policy reviewed and amended, as necessary • Output 1.2.2: P3W programming policies reviewed and amended, as necessary
Output 1.3:	Local WATSAN councils and water user associations organized to effect participative provision of water supply services
Output 1.4:	Adjustment of NWRB’s tariff-setting guidelines for small water service providers
Outcome 2:	Enhanced local capacities to develop, operate and manage water utilities
Output 2.1:	Capacities at the local level strengthened, with participation of marginalized groups especially women. <ul style="list-style-type: none"> • Output 2.1.1: Skills and knowledge transferred/shared through institutionalization of local mentoring mechanisms • Output 2.1.2: WATSAN Toolbox rolled out and implemented
Output 2.2:	Improved sector plans formulated and monitoring mechanisms established
Output 2.3:	Localized customer service code developed and adopted
Output 2.4:	Information, education and communication programs

LIST OF ACRONYMS AND ABBREVIATIONS

ATSP	Accredited Training Service Providers
BLGF	Bureau of Local Government Finance
BOT	Build Operate Transfer
BWSA	Barangay Waterworks and Sanitation Association
CG	Capital Grant
DAR	Department of Agrarian Reform
DBCC	Development Budget Coordination Committee
DBP	Development Bank of the Philippines
DBM	Department of Budget and Management
DILG	Department of Interior and Local Government
DOF	Department of Finance
DOH	Department of Health
DPWH	Department of Public Works and Highways
DSWD	Department of Social Welfare and Development
FGD	Focus Group Discussion
GFI	Government Financing Institution
HH	Household
ICC	Investment Coordinating Committee
IRA	Internal Revenue Allotment
JBIC	Japan Bank for International Cooperation
KALAHI-CIDSS	Kapit-Bisig Laban sa Kahirapan - Comprehensive and Integrated Delivery of Social Services
LGC	Local Government Code
LGU	Local Government Unit
LOGOFIND	Local Government Finance and Development Project
LWUA	Local Water Utilities Administration
LWUA-WDF	Local water Utilities Administration – Water District Finance
MDF	Municipal Development Fund
MDG-F1919	Millennium Development Goal Achievement Fund
NEDA	National Economic and Development Authority
NEDA-ICC	National Economic and Development Authority-Investment Coordinating Committee
NGA	National Government Agency
NG-LGU	National Government-Local-Government Unit
NLIF	Non-LWUA Initiated Funds
NSO	National Statistics Office
NWRB	National Water Resources Board



O&M	Operation and Maintenance
ODA	Official Development Assistance
P3W	President's Priority Program for Water
PAP	Program, Activity, Project
PBGS	Performance Based Grant System
PBIP	Performance Based Incentive Policy
PDAF	Priority Development Assistance Fund
PDO	Provincial Development Office
PFI	Private Financing Institution
PhP	Philippine Peso
PED	Planning, Engineering and Design
PMO	Project Management Office
PWRF	Philippine Water Revolving Fund
RWSA	Rural Waterworks and Sanitation Association
RWSSP	JBIC-assisted Rural Water Supply and Sanitation Project
STF	sanitary toilet facilities
SPD	Subproject description
TA	Technical Assistance
TWG	Technical Working Group
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
WD	Water District
WSP	Water Service Provider
WSS	Water Supply System



Refreshing Dennis Michael G. Barbaira

DEFINITION OF TERMS

Access to Water Supply is determined through national and local data based on category:

- i. Level I: the farthest user is not more than 250 meters from the point source.
- ii. Level II: the farthest house is not more than 25 meters from the communal faucet system.
- iii. Level III: the house has service connection from the system.

Accredited Training Service Providers (ATSPs) are NWRB accredited consultants that can provide mentoring and coaching assistance and support in terms of technical, institutional and financial issues. Costs of engaging ATSPs are officially allowable costs by the NWRB.

Adequately served - refers to those with access to safe water in accordance with the following rate of consumption:

Level I at least 20/liters/capita/day

Level II at least 60 liters/capita/day

Level III at least 100 liters/capita/day

Pre-operational returns on investments are defined as those returns during the period before acquiring a Certificate of Public Convenience.

Sanitation refers to the hygienic and proper management, collection, disposal or reuse of human excreta (feces and urine) and community liquid wastes to safeguard the health of individuals and communities.

Septage is the sludge from septic tank or from any individual on-site wastewater disposal system.

Sewerage refers to the entire system of sewage or wastewater collection (sewer), treatment and disposal.

Universal Coverage in water supply refers to a state where 100% of the households have access to safe water supply.

Universal Coverage in sanitation refers to a state where 100% of the households have their own toilet facility.

Waterless municipalities are generally municipalities where less than 50% of their total number of households have access to potable or safe drinking water, where poverty incidence and disease burden are high. Waterless municipalities are being identified by the National Anti-Poverty Commission.



Executive Summary

The recognition of the human right to water supply and sanitation implies that the state accepts its responsibility to respect, protect and fulfill this right. For about 18 million Filipinos that do not have access to safe water and for the 10 million Filipinos that still defecate in the open, the ability to exercise this right is constrained by the limited ability of national and local government to provide the resources required to satisfy this right.

The policy reforms mentioned in this summary comes from the different policy studies commissioned by NEDA under the MDG-F 1919 program. It covers a range of concerns including but not limited to institutional arrangements, revisiting the targeting approach, financing, NG-LGU Cost-Sharing, economic regulation, incentives and partnership arrangements and others.

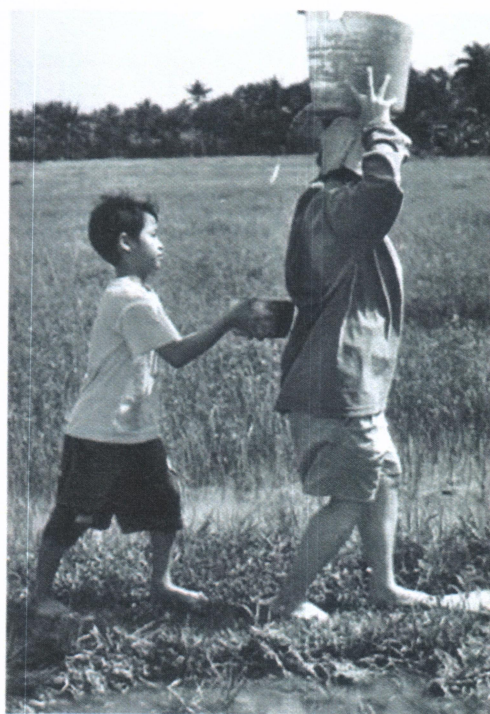
This integrated policy paper revisited water supply and sanitation roadmap framework and the rights-based local water governance framework developed under the MDGF 1919 Outcome 2 program. It also revisited the guiding principles for a pro-poor water supply and sanitation policy and put into context some of the policy recommendations that can already be addressed by the different implementing agencies. It also highlights areas that would need further legislative action both at national and local levels.

The NEDA Inter-Agency Sub-Committee on Water Resources have discussed the proposals presented here and have been given opportunity to comment on the policy proposals. This document now becomes a common advocacy of the different members of the SCWR for consideration in the different water and sanitation programs including but not limited to the SAGANA AT LIGTAS NA TUBIG PARA SA LAHAT (Salintubig) Program of the government.

It is expected that the DPWH, through the Sub-Committee on Water Supply and Sanitation will lead the national implementing agencies in pursuing universal coverage by 2025. At local levels, the LGUs are primarily responsible for ensuring basic service delivery to all their constituents. They will have to develop a clear sector plan and build partnerships with different types of service providers to engage them in the efforts towards achieving universal coverage.

The integrated policy document supports the legislation towards a separate economic regulation for water supply and sewerage. Furthermore, it supports advocacy towards increase in budgetary appropriations allocated for meeting the goals of universal water supply and sanitation for all Filipinos.

Every Drop Counts Pepito Frias



1.0 Introduction

In April 2009, the Philippine Government embarked on a Joint Programme entitled: "Millennium Development Goal Fund (MDG-F 1919) – Enhancing Access to and Provision of Water Services with Active Participation of the Poor" funded by the Spanish Government and administered by UNDP and UNICEF. The Joint Programme aims to contribute to the improvement of efficiency, access, affordability and quality of potable water services by establishing support mechanisms that would help facilitate investments in water quality expansion and/or improvements and enhancing local capacities to plan, implement, operate and manage water supply system.

This paper is an attempt to harmonize the recommendations derived from the different policy studies prepared under the MDG-F project. It will rationalize the various policy reforms that is proposed by the different studies with the end view of contributing to a national policy on pro-poor water supply and sanitation.

The preparation of this paper already aligns itself with the Philippine Development Plan (PDP), sector discussions and directions as provided for in the Philippine Water Resources Sector Development Plan (PWRSDP) and its emerging implementation arrangements and operational guidelines. Furthermore, the policy recommendations will also address itself to the *Sagana at Ligtas na Tubig Para sa Lahat* Program (SALINTUBIG), the new water program of the Aquino administration.

The objectives of the paper are as follows:

- a. To integrate the development framework of the water supply and sanitation roadmaps with a human rights based approach;
- b. To highlight the useful recommendations on the policy reforms and changes required in the implementation of the five different MDG-F studies regarding but not limited to the following:
 - b.1 incentives and partnership modalities
 - b.2 NG-LGU Cost-Sharing Policy Framework
 - b.3 Review of the President's Priority Program for Water (P3W)
 - b.4 Assessment of Mentoring and Coaching Practices and
 - b.5 Economic Regulation
- c. To clarify roles and functions of the different agencies involved in water and sanitation service delivery for the poor.
- d. To identify possible strategies and approaches to scale up rural water supply services within the context of the emerging Philippine Water Resources Sector Development Plan (PWRSDP) and the SALINTUBIG Program.



2.0 Sector Vision and Goals

Consistent with the Philippine Water Supply Sector Roadmap and the Philippine Sanitation Roadmap, the sector vision looks at universal access to water supply and sanitation and recognizes that such access is a human right with special concern given to the poor and the disadvantaged.

The PWSSR envisions that by 2015, the water supply sector shall have achieved the MDG target of halving the proportion of the population without sustainable access to safe drinking water and basic sanitation.

It is also envisioned that by 2025, universal access coverage and sustained utility operations have been attained; that existing formal/legal utilities continue to expand coverage at par with population growth, and that all water service providers (WSPs) shall have been regulated.

3.0 Guiding Principles

This policy paper is guided by the overreaching principles of good governance and integrated water resources management. The Philippine Water Supply Roadmap's ten basic principles are consistent with the notion recognizing the right to water and the reality that water scarcity and misuse pose threats to sustainable development and the environment.

TEN BASIC PRINCIPLES THAT GUIDE THE SECTOR

1. Water is a human right and the government has an obligation to respect, protect and fulfill the enjoyment of the right to water.
2. Water is a finite and vulnerable resource, essential to sustain life, development and the environment. It should be managed for the common good.
3. Access to water should be equitable and sensitive to gender and the disadvantaged.
4. The development of the water supply sector should contribute to the promotion of gender equality.
5. The governance of water resources should be transparent and socially accountable and its management should be decentralized at the lowest possible level.
6. Water supply services should be financially sustainable and socially acceptable.
7. Water supply services should be demand responsive. This includes appropriateness and viability of technology and management options at various levels.
8. Water supply projects should have capacity development components at all levels inclusive of knowledge management that promotes a learning environment for all stakeholders.
9. Water supply provision should be a priority component in poverty reduction programs. This means giving priority to public allocation for water supply services.
10. Sanitation is directly linked to water supply.

4.0 The Philippine Development Plan, the Philippine Water Resources Sector Development Plan and the SALINTUBIG Program

4.1 The Philippine Development Plan 2011-2016

The PDP's infrastructure development program aims to accelerate the provision of safe, efficient, reliable, cost-effective, and sustainable infrastructure to ensure equitable access to infrastructure services, especially as these affect the people's health and well-being.

The plan calls for optimizing resources and investments within the tight fiscal situation of the country; synchronizing of planning and budgeting, attracting investments in infrastructure, fostering transparency and accountability in infrastructure development, adapting to climate change and mitigating the impacts of natural disasters, and providing productive employment opportunities where possible.

The plan also recognizes the role of the Sub-Committee on Water Resources (SCWR) as the key policy coordination body for the sector. The PDP's strategic plan and focus for the water and sanitation sector include the following:

- 1.0 To address issues on equity and efficiency of access to water by:
 - 1.1. Practicing Integrated Water Resources Management (IWRM) in the sector
 - 1.2 Rationalizing financing in the water sector to fulfill Millenium Development Goal Commitments.
 - 1.3 Working towards a lead agency for the sector;
 - 1.4 Developing capacities of NGAs, LGUs and WSPs for the sustainable management of infrastructure and better service provision.
- 2.0 To address equitable provision of water supply and to ensure timely provision of water to key growth centers by:
 - 2.1 Strengthening Economic Regulation
 - 2.2 Implementing a priority program for waterless areas
 - 2.3 Developing new water sources to meet demand
 - 2.4 Localizing national policies to support sustainable extension of water services.
- 3.0 To improve health outcomes and effect a sustainable environment through improved sanitation, septage and sewerage provision by:

- 3.1 Developing effective national leadership and sanitation governance
- 3.2 Developing a regulatory framework for water supply, sewerage and septage management
- 3.3 Rationalizing investments and financing to provide infrastructure in strategic areas
- 3.4 Mainstreaming of sanitation in emergency/disaster response
- 3.5 Improving service delivery through a comprehensive and vigorous communication strategy to educate and cultivate demand among the public and decision makers.

4.2 Philippine Water Resources Sector Development Plan

The PWRSDP has recently been developed in response to the need for a stronger and more efficient water resources management in the country. The PWRSDP calls for the development of the National Water Resources Management Council (NWRMC) invoking the provisions of PD 424 (1974 law creating the National Water Resources Council to coordinate and integrate water resources development under the DPWH) and PD 1067 (1976 Water Code of the Philippines).

The NWRMC will be the water sector apex body tasked to manage and protect the country's water resources for all its different and competing uses. The NWRMC will absorb the National Water Resources Board (NWRB) and other water resources related functions of other agencies. In some cases, the NWRMC may opt to partner or sub-contract certain functions to some related agencies but remain ultimately responsible for ensuring effective, efficient and sustainable water resources management. The NWRMC will have a governing body headed by the President, an Inter-agency and Multi-stakeholder Advisory Panel and the Executive Body responsible for its day to day operations.

Major Functions/Working Divisions of the NWRMC:

- 1. Planning and Policy Studies
- 2. Data Collection and Monitoring
- 3. Scientific and Decision Support Systems
- 4. Infrastructure and Program Development
- 5. Strategic Development of Water Facilities and Operations
- 6. Regulatory Functions- both for economic and resource regulation including extraction and water permits, quantity, quality, monitoring and enforcement and conflict resolution

7. Water Economics Studies
8. Public Relations and Capacity Development
9. River Basin Organization Development

NEDA and the DPWH, as co-chairs of the Infrastructure Committee of the National Government, is spearheading the preparation of the Operational Plan and institutional arrangements of the NWRMC. The DPWH, by virtue of Executive Order No. 62 issued last October 2011, has been mandated by the President to submit the implementing rules and regulations related to the NWRMC.

4.3 Sagana at Ligtas na Tubig Para sa Lahat (SALINTUBIG)

The Sagana at Ligtas na Tubig Para sa Lahat (SALINTUBIG) is the main water program of the current administration. Taking off from the lessons learned in implementing the Arroyo administration's President's Priority Program on Water (P3W), the SALINTUBIG program has redefined the concept of waterless municipalities as beneficiaries of the program. The current SALINTUBIG program is being jointly implemented by the National Anti-Poverty Commission, the Department of Health and the Department of Interior and Local Government. Funds for the SALINTUBIG program is still the annual allocation of PhP 1.5 billion for water projects. This amount is coursed through the DOH since late 2009.

The intended outcomes at the end of the program are the following:

- a. increased water service for the waterless population by 50%;
- b. reduced incidence of water-borne and sanitation related diseases by 20%
- c. improved access of the poor to sanitation services by at least 10%
- d. sustainable operation of all water supply and sanitation projects constructed, organized and supported by the program by 80%

Some highlights of the implementation strategy of the new water program include the following:

- A. **Targeting approach.** NAPC uses the National Household Targeting Survey for Poverty Reduction (NHTS-PR)¹ to update priority target municipalities using the combination of criteria based on the following:

access of water - highest percent of households without access to safe water were given priority

¹ The National Household Targeting Survey for Poverty Reduction (NHTS-PR) is a nationwide survey conducted by the Department of the Social Welfare and Development to identify the poorest households that will be prioritized for the conditional cash transfer program of the national government.

poverty incidence - with the highest number of population of Conditional Cash Transfer recipients

incidence of water-borne diseases - with the highest incidence of water-borne diseases (incidence per 10,000 population).

and **population to be served**.

This is consistent with the proposed policy on Rationalization of Public Resource Utilization for the Water Supply and Sanitation Sector. The latest list circulated by NAPC identified 455 municipalities nationwide as waterless. Out of these, 115 municipalities will be served this 2011 and 150 municipalities have already been targeted for 2012.

- B. **Compliance with DILG's governance policies.** The program also requires the Seal of Good Housekeeping from among the LGUs or at the minimum, compliance to the Full Disclosure policy of the DILG .
- C. It adopts a **demand driven approach**, supports **partnership building**, and **encourages the organization and institutionalization of water and sanitation development councils**.
- D. For the 2011 program, the funds are managed by the DOH through its regional Centers for Health and Development offices. Municipalities and Provinces that wish to participate in the program **must include their plans in the Provincial and Municipal Investment Plans for Health (PIPH and MIPH)**.

The 2011 appropriation of PhP 1.5 billion has been allocated by the DOH as follows:

PhP 1 billion for waterless municipalities
PhP 150 million for waterless resettlement areas
PhP 150 million for waterless Basic Emergency Maternal, Obstetric and Neonatal Centers
PhP 200 million for waterless barangays in non-priority municipalities

- E. The program adopts an **open menu of projects** eligible for grant funding:
 - Rehabilitation/expansion/upgrading of Level III water supply systems including appropriate water treatment systems.
 - Construction/rehabilitation/expansion/upgrading of Level II water supply systems.
 - Construction/rehabilitation of Level I water supply systems in areas where such facilities are only applicable.
 - Provision of training for existing or newly organized water users associations/ community-based organizations.



- Support for new and innovative technologies for water supply delivery and sanitation systems.
- Training, mentoring, coaching, and other capacity development assistance to LGUs on planning, implementation, and management of water supply and sanitation projects.

The SALINTUBIG water program promotes shared responsibility between the national government and local government units in providing water supply systems to water poor areas by awarding national government grants to priority municipalities that qualify based on the NAPC targeting procedure and compliance criteria for LGUs. LGUs who apply for the funds are also required to put up at least 10% counterpart funding for the water projects which could be in the form of sanitation interventions or capacity building.

5.0 Integrating the Water Supply and Sanitation Roadmaps towards a strategic rights - based framework for water and sanitation

5.1 The PWSSR and the PSSR

The Philippine Water Supply Sector Roadmap (2009 and updated in 2010) and the Philippine Sustainable Sanitation Roadmap (2010) are two separate documents that were recently developed by the sector to serve as a guide and platform for collaboration among agencies with a shared vision. It was deliberately decided to prepare separate roadmaps for water supply and sanitation to give the sector a chance to understand better the nuances and requirements of each theme. Now that the priorities of both sub-sectors are clear, there are proposals to integrate the two roadmaps and look at it with a pro-poor perspective.

Figure 1: Development Goals of the Water Supply and Sanitation Roadmaps

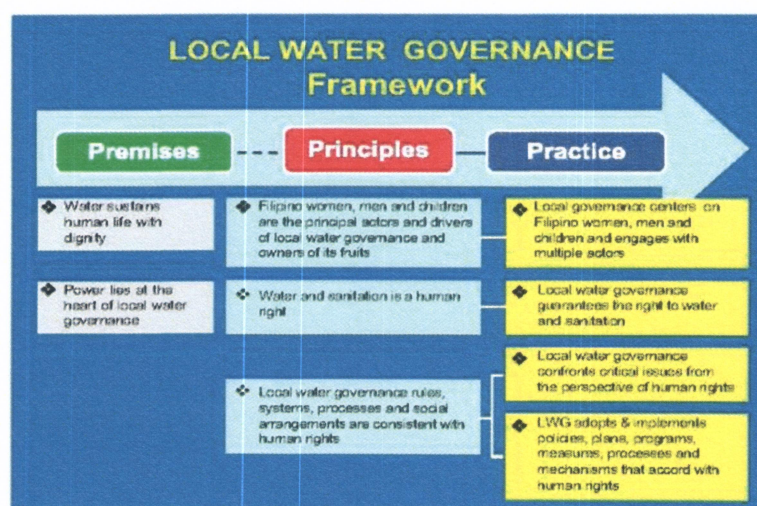
Reduce poverty and hunger, reduce mortality and morbidity due to poor water supply and sanitation, ensure environmental sustainability		
Development Goals	Access to safe, adequate, sustainable water supply for all	Safe and adequate sustainable sanitation for all
O U T C O M E S	Outcome 1: Strengthened Institutions	Outcome 1: Responsive governance and regulatory strengthening
	Outcome 2: Developed Capacities	Outcome 2: Improved service delivery through communications and capacity development
	Outcome 3: Strategic Alliances Built	Outcome 3: Broad-based alliance of multi-sectoral and multi-level stakeholders strengthening the sanitation sector
	Outcome 4: Adequate Infrastructure Provision	Outcome 4: Financing and infrastructure investments in priority strategic areas.
		Outcome 5: Adequate sanitation and hygiene promotion in relief and rehabilitation.

While the roadmaps provide the umbrella framework, both fall short of defining the equity focus on how and when the poor can expect to have sustainable wash services. Hence, there is now an urgent need to merge the two roadmaps so as to define operationally how to proceed in addressing the water supply and sanitation gaps especially among poor and marginalized communities.

5.2 The Human Rights-Based Approach to Local Water Governance

The human rights based approach (HRBA) to local water governance (LWG) is a framework developed under the MDG-F 1919 program through the DILG. Since the UN General Assembly in last quarter of 2010, water and sanitation are now internationally recognized human rights that is essential for the full enjoyment of life and other human rights. The HRBA defines how local water governance should happen within a rights perspective.

Recognition of the right to water builds on the human rights standards that seeks to guarantee safe, accessible, affordable and acceptable water and sanitation for those most vulnerable.



source: DILG 2011

The human-rights based approach to local water governance has identified two key premises: first, that Water sustains human life with dignity and secondly, Power lies at the heart of local water governance.

From these premises, arise three basic principles: First, Filipino women, men and children are the principal actors and drivers of local water governance and owners of its fruits; Second, water and sanitation is a human right; and Third, local water governance rules, systems, processes and social arrangements are consistent with human rights.

These principles guide local water governance in four dynamic ways:

- Local water governance centers on Filipino women, men and children and engages with multiple actors;

- Local water guarantees the right to water and sanitation;
- Local water governance confronts the critical issues from the perspective of human rights; and
- Local water governance adopts and implements policies, plans, programs, measures, processes and mechanisms that accord with human rights.

Water sustains human life with dignity. As water permeates all aspects of human life and is indispensable for human life with dignity, it is recognized that water is a crucial building block of people's health and well-being. It also facilitates opportunities for people to earn a living or engage in decent income generating activities.

Power lies at the heart of local water governance (LWG). Local water governance determines who benefits from and who is deprived of water and sanitation. It decides how services and facilities are to be allocated, delivered and priced.

LWG with a human rights angle therefore, looks at **claimholders** (especially those without access to safe water and sanitation) and the role of **duty bearers** (state actors). It mandates the deliberate application of the human rights principles of participation, accountability, nondiscrimination, transparency, human dignity, empowerment, and rule of law throughout local water governance.

Participation - the full, effective, active and meaningful involvement in the conduct of public affairs and in cultural life exercises alone or in association with others, or as a community. LWG should therefore guarantee people's rights to determine the type and management of water and sanitation services and facilities, adopt and implement measures that ensure equitable and inclusive representation in decision-making bodies (including the requirement of women participation) and address challenges, social and cultural attitudes, prejudices and other gender factors that may impact on the participation of marginalized groups in local water governance.

Accountability - requires LWG to establish and strengthen accountability mechanisms and institutions, ensure performance-based accountability and address corruption.

Nondiscrimination - requires LWG to ensure that differential treatment that is directly or indirectly based on race, color, ethnic origin, sex, gender stereotypes, prejudices and expected roles, language, religion, political or other opinion, national or social origin, property, birth and inherited social status, disability, age, nationality, marital and family status, health status, economic and social situation, and membership-in-group) which results in the impairment or nullification of the recognition, enjoyment or exercise of human rights on equal footing is addressed. LWG



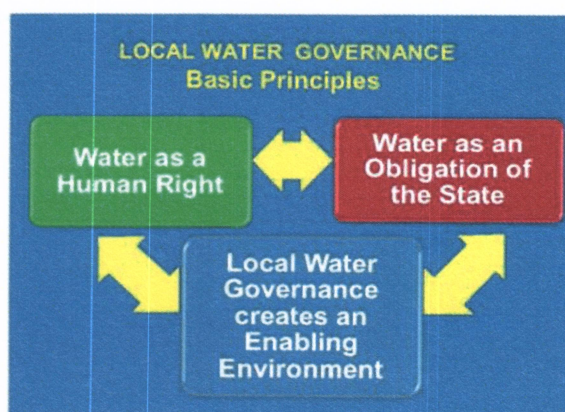
requires that in establishing water and sanitation services and facilities, it should consider whether the benefits of the services equally accrue to women and men; and should not lead to or perpetuate discrimination.

Transparency - LWG requires that all water and sanitation public documents, decisions, rules, regulations and processes are readily and freely accessible for everyone, contain complete information, released on a timely basis, written in easily understandable language, and are presented in people-friendly forms and media.

Human Dignity - LWGs requires the responsible exercise of the right to water and sanitation, paying special attention to those most vulnerable, especially those without access to water and sanitation, taking into account their socio-economic and other status and vulnerability to water and sanitation related disease; respect the rights of indigenous peoples and always secure their free, prior and informed consent; and address climate change.

Empowerment - requires LWG to address power asymmetries in water supply, provision and access, effectively manage competing demands, and prioritize the provision of water and sanitation to those currently without access. It would also require processes that increase people's capacity to think and act freely for and in their own behalf by having appropriate knowledge, attitude and skills that will strengthen their capacities to make decisions that will affect their own destinies.

Rule of Law - requires LWG to ensure the independence and autonomy of the regulatory and monitoring systems, provide effective remedies for violations of the right to water and sanitation, including fair, equitable and accessible redress mechanisms. It must also ensure that any legitimate access restrictions on water and sanitation (ie. service interruptions due to repair works) adhere to transparent and legal procedural standards.



6.0 Proposed Strategic Framework for Water Supply and Sanitation for Poor Communities

This section discusses the proposed strategic framework in improving the water supply and sanitation situation among poor communities. Figure 2¹ presents a summary of the proposed framework for water supply, sanitation and also hygiene. It must be clarified that hygiene is now included because sustainable water and sanitation requires positive behavior change to optimize the benefits that improved infrastructure could possibly deliver.

The higher development goals are as follows: reduced poverty and hunger, reduced child and women mortality and morbidity due to poor water supply and sanitation, environmental sustainability and generation of economic, social and health benefits, empowerment of the poor and good governance.

The development goals of the WASH for poor program are three-fold:

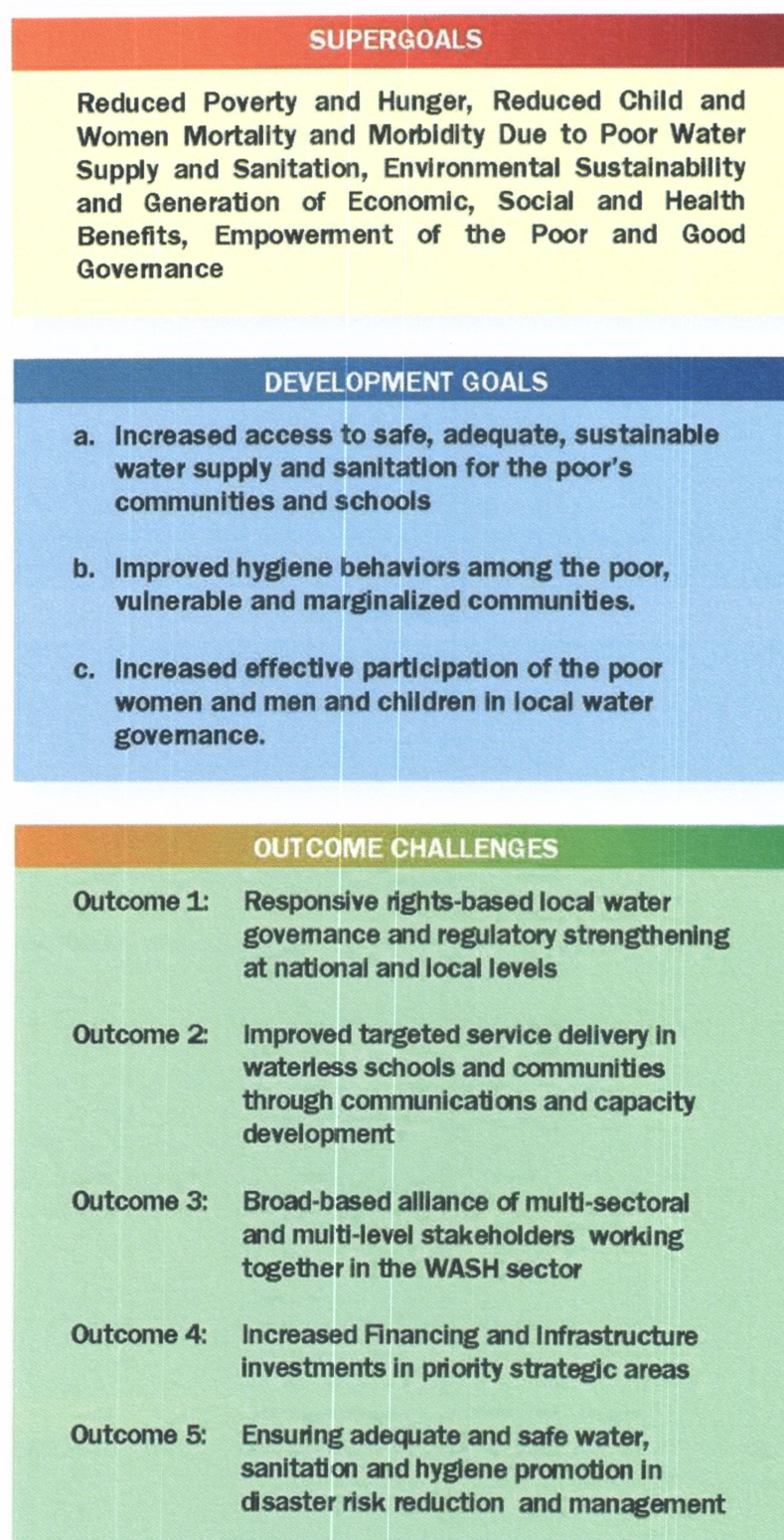
- a. Increased access to safe, adequate, sustainable water supply and sanitation for the poor's communities and schools
- b. Improved hygiene behavior among the poor, vulnerable and marginalized communities.
- c. Increased effective participation of the poor women and men and children in local water governance.

The outcome challenges identified are as follows:

- Outcome 1: Responsive rights-based local water governance and regulatory strengthening at national and local levels
- Outcome 2: Improved targeted service delivery in waterless schools and communities through communications and capacity development
- Outcome 3: Broad-based alliance of multi-sectoral and multi-level stakeholders working together in the WASH sector
- Outcome 4: Increased Financing and Infrastructure investments in priority strategic areas
- Outcome 5: Ensuring adequate and safe water, sanitation and hygiene promotion in disaster risk reduction and management



Figure 2. Proposed Framework for WASH for poor communities and schools



7.0 Policy Reforms

There are many policy changes recommended by the different MDG-F 1919 studies. Some of them are in support of the same policy directions.

As recommended by the different policy studies, the following are the major policy imperatives that need to be in place to ensure a more effective, efficient and sustainable pro-poor approach to water and sanitation service delivery. Some of the policies are actually in place but for the sake of completeness and awareness of existing relevant policies, they shall also be mentioned:

7.1 GENERAL POLICIES:

1. The state, through national government agencies and local government units recognize the human right to water and sanitation. They jointly accept the responsibility of ensuring that this right is respected, fulfilled, and protected.
 - a. Under this policy, it is an obligation by government to its citizens to have a deliberate, well-targeted, concrete plan, policy, strategy, program, project and action.
 - b. Government has to move as expeditiously and effectively as possible to meet the goals of universal access to safe water and sanitation for all.
 - c. Partnerships and incentive mechanisms towards universal coverage will be supported and encouraged, especially those types with public-private-community engagements.
2. A national government agency will have to be overall in charge of the country's water supply, sanitation and sewerage programs. To this end, the Department of Public Works and Highways, as the NG arm for infrastructure, with its current leadership appointed as Water Czar, assumes this leadership and will ensure that the appropriate plans and budgets are in place at national level for pro-poor water and sanitation programs. DPWH will lead the inter-governmental and multi-stakeholder panel for the water supply and sanitation sub-sector² which will be established to serve as a platform for closer coordination, collaboration and convergence of resources.
3. Local governments will have to develop their long-term water and sanitation sector plans for universal coverage based on a clear updated baseline information at barangay, municipal and provincial levels. The sector plans will identify major final outputs that will be the basis for the LGU accountabilities (at various levels) and NG support required, including proposals/options relating to water resources development and management for water supply and sanitation. The process of developing the sector plans should engage

² The Sub-committee on Water Resources (SCWR) under the INFRACOM may serve the purpose. This can also be the intergovernmental and multi-stakeholder panel of the WRMC.

all stakeholders and interest groups especially the water service providers, and the waterless communities. The plans will have to be evaluated in the context of the water resources master plan of the country by the NWRB or other relevant government agencies.

4. Incentive and performance-based funds flows and regulatory arrangements will be encouraged and continually developed.

7.2 TARGETING PRIORITY AREAS FOR WATER AND SUPPLY AND SANITATION

The national and local governments will target universal coverage by barangay and by municipality. NG will prioritize and validate information by province and monitor by municipality. PLGU will validate municipal level information. MLGUs will monitor and validate information by barangay. BLGUs will monitor information by clusters and households.

Waterless Municipalities

The limited resources that national government has for grants will primarily be used for the 455 waterless priority municipalities as currently defined by the SALINTUBIG program. Since the targeting for Salintubig was principally for water supply, it is suggested that the sanitation targets be defined using the same NHTS-PR data. The NHTS-PR data already identifies the poor households that require state assistance in terms of increasing their access to safe water and sanitary toilet facilities.

Non-Waterless Municipalities

The National government will also support initiatives in non-waterless municipalities by facilitating the provision of appropriate incentive mechanisms and partnership arrangements with national government agencies, private sector, donors, NGOs and others.

7.3 INSTITUTIONAL ARRANGEMENTS

Given the leadership of the DPWH, its attached agencies such as LWUA and the MWSS are now responsible to assume bigger and broader responsibilities. A NEDA INFRACOM resolution is required to re-define roles and responsibilities on water service provision.

- a. NEDA INFRACOM resolution affirming the following:
 - LGUs have the primary institutional responsibility for water and sanitation service delivery. They will be required and assisted to develop their long-term sector plans, articulate their water and sanitation related plans in their medium term plans and annual investment plans. The various levels of the LGUs (provincial, municipal and barangay level) will be required to regularly update their water and sanitation related data and plans and submit this to the DILG.



- Water Districts and other water utilities to be required to coordinate regularly and negotiate partnership proposals with the LGUs for complementary investments and support in helping some areas (that would otherwise be the responsibility of LGUs) to achieve viability. Water Districts and other large utilities that are capable of technical assistance will be encouraged to include a regular budget for mentoring and coaching small water service providers.

(LGUs and community associations may actually be given incentives to make the additional investments that would help their communities put the threshold of financial viability that would induce expansion of utility operations in their areas.)

- DILG to support, monitor and benchmark LGU performance in pursuing their mandate of ensuring water provision in waterless areas. DILG shall prepare a manual of operations and a template of ordinances and executive orders on LGU-Water utility cooperation for customization in other areas nationwide. It shall continue to build LGU capacity in terms of a human rights-based local water governance. This will include capacities to develop and update sector plans. It can also facilitate formal commitments between small service providers and support institutions that can provide technical, institutional and financial assistance.
- All Regulators of water service providers (including NWRB, MWSS- RO, LWUA, and others) will take a pro-active role in generating financing for universal coverage. Service delivery projects with significant scale economies to finance expansion plans and operate facilities in less well-endowed areas.
- LWUA to support, monitor and benchmark Water Utility performance. It will continue to serve as a specialized lending institution and shall support water districts and all other water utilities institutionally, technically and financially.
- DOH to regulate water quality and lead the campaign on sanitary toilets and hygiene promotion for every household. They will also introduce household water treatment and safe storage to waterless communities.
- MWSS, DSWD, DAR, NHA and other agencies to coordinate their water and sanitation plans and projects (from source development to delivery of services) through the SCWSS.
- Creation of a Sub-Committee on Water supply, Sanitation and Sewerage (SCWSS) chaired by the DPWH and composed of all the Water Supply and Sanitation related agencies mandated to work towards achieving universal coverage for both water supply and sanitation.



The SCWSS will have the same functions as with the SCWR and may actually be a sub-group of the SCWR or even the SCWR itself. In addition, it will also have following functions: a) coordinate, collaborate and develop strategies and programs towards the achievement of universal coverage and b) regularly monitor and evaluate the implementation all water and sanitation programs of all the implementing agencies including the Salintubig Program.

7.4 FINANCING POLICIES FOR WATER AND SUPPLY AND SANITATION

Public investment in water supply and sanitation is a sound investment with high economic and social benefits. National and local governments will at the least sustain and strive to increasingly improve levels of investments towards water supply and sanitation. However, with the tight fiscal budget, rationalization of financing to the sector will be a priority to ensure efficient, effective and equitable allocation of scarce resources.

- a. Investing in rural and peri-urban areas is recognized as a risky investment. Financial incentives for grassroots water systems (public and private) expanding in unserved and/or commercially unviable areas need to be in place.
- b. A national and local account for water supply and sanitation will be developed and continuously monitored. Once established, advocacy for an appropriate legislation at national and local levels will be made relative to the progressive increase of the budgets for this account.
- c. Local financing shall be mobilized strategically to provide immediate relief to waterless municipalities. LGUs at municipal and provincial levels are to be strongly encouraged to allocate local resources for leveraging of funds and to encourage service providers to support non-commercially viable areas.

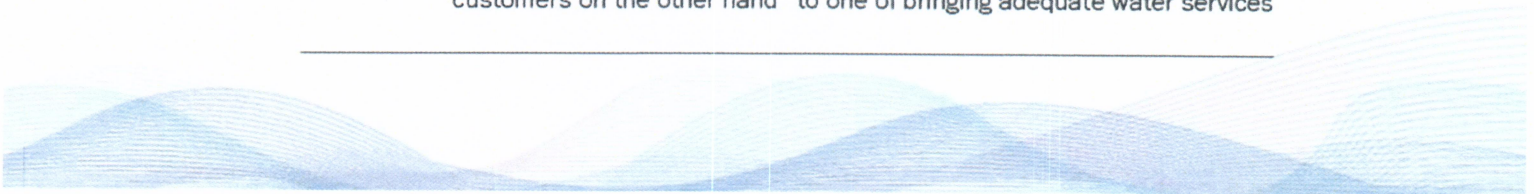
7.5 NG-LGU COST-SHARING

As a shared responsibility, NG and LGUs will continuously work together to achieve universal coverage at soonest time possible in each and every barangay of the country. All beneficiaries (barangay, municipality, province) of water and sanitation incentives, subsidies or grants will have to leverage their own resources by making appropriate levels of contribution. The combination of local resources should not be less than 10% of the total project costs.

As recommended, total project costs will include pre-construction costs (such as feasibility studies, right of way costs and community organization costs). A performance -based NG LGU cost sharing arrangement may be considered.

7.6 ECONOMIC REGULATION

The regulatory framework of the country needs to be reframed from one of "balancing interests of service providers on one hand with the customers on the other hand" to one of bringing adequate water services



to people in unserved areas. Incentive and performance based regulation should be considered.

The different studies support the initiatives separating economic and resource regulation. The advocacy for the bill creating the Water Regulatory Commission (WRC) certified as a priority bill of the Office of the President is one common legislative agenda that is seen to support pro-poor service provision.

Light-Handed Regulation

The NWRB will put in place a window for light handed regulation. Some recommendations that they can consider in developing the LHR policies are as follows:

The main objective of LHR is to facilitate mainstreaming of the numerous unregulated, unlicensed small water service providers, assist them to become commercially, institutionally and financially viable, and facilitate compliance to regulatory requirements after a definite period of time.

The scope of LHR will be limited to unregulated WSPs that are serving poor households located in rural and peri-urban areas. This would include those WSPs that earn very little or hardly any net income. LHR will only cover those WSPs with piped water systems (Level II and Level III).

To this end, the LHR will consist of the following:

- a. A simple registration process that will entail accomplishing a registration application form and payment of corresponding fees.
- b. Support from an accredited training service provider (ATSP) in the compliance of simplified requirements including the preparation of annual technical and financial reports which will be inputs to the development of a business plan.
- c. Preparation of a simple business plan with clear objectives, strategies and financial information.
- d. Simplified tariff methodology using forms and templates and formulas provided by the NWRB.
- e. Monitoring of operations and key performance indicators through annual report templates for a period of three to five years.

Implementing a light handed regulatory policy should target all, if not, a substantial majority of the WSPs working with poor households so that government can better understand their plight and develop support programs that will facilitate the institutional strengthening of the WSPs and make them commercially and technically viable and sustainable.

7.7 INCENTIVE MECHANISMS AND PARTNERSHIP MODALITIES

It is the policy of the state to promote partnerships in service



provision. Partnership arrangements may come in different forms - public-public, public-private, public-private-community partnerships.

A. Recommendations on Incentives

- a.1 Water and sanitation service delivery projects for poor communities considered to be risky areas will be exempted from the existing rate limitation of 12% on return on investments. Application for exemption may be considered as long as the poor households are not deprived of access to safe water due to non-affordability.
- a.2 Output-based provincial subsidies may be provided for RWSAs and cooperatives from special levies of the LGUs.
- a.3 National matching grants for increased LGU investments towards areas considered non-viable. National grants to LGUs should also encourage community counterpart financing or capital build up even in poor waterless communities.
- a.4 WSPs to provide performance bonuses for utility staff members to promote increased efficiency and quality services.

B. Recommendations on Partnership Modalities

- b.1 Provide conduits for performance-based fund flows to WSPs. Concessionaires, Cooperative Federations, LGUs, WSP associations may be considered.
- b.2 Large service providers be compelled through regulatory mandates to deliver cross subsidies for primary and secondary lines that supply to SWSPs in poor communities which are currently out of their present reach but are within their designated service areas.
- b.3 Partnerships for capacity development of SWSPs to include access to training opportunities (via LGUs and WDs) and access to technical assistance (mentoring and coaching by large Service providers and ATSPs).
- b.4 LGUs to facilitate partnership/contractual arrangements between LGU-WD-SWSP within the context of the LGU water and sanitation sector plan. The partnership arrangement will spell out division of labor, roles and responsibilities of the different service providers. Such initiative can mitigate the proliferation of conflicts of jurisdiction and endless legal disputes between complimentary service providers.
- b.5 Inter-utility benchmarking initiatives to compare performance, techniques and efficiencies.



8. CONCLUSIONS

If the vision and goal of universal coverage in water supply and sanitation is taken seriously, it is imperative to have the following in place:

- a. A common platform for planning, collaboration, cooperation among the NG agencies that are implementing water and sanitation interventions for the poor with the clear leadership of the DPWH through the SCWSS is necessary for integrating policy and implementation arrangements covering the priority waterless municipalities.
- b. The policy recommendations may be considered to facilitate mainstreaming of small water service providers, mandating light handed regulation and capacity building support (institutional, technical and financial).
- c. The SCWSS must revisit the water supply and sanitation roadmaps and develop strategies and programs towards the goal of universal coverage by 2025.
- d. The proposed legislations which include the creation of the Water Regulatory Commission and increase in the national appropriation for water supply and sanitation are the two major legislations that need priority attention at national levels.
- e. At local levels, it is necessary to get LGUs to champion water supply and sanitation, especially in waterless municipalities. Similarly, appropriate plans and budgets must be in place through appropriate local legislations (province, municipality and barangay levels).
- f. All rules and regulations at national level must be disseminated properly to the LGUs. A communications system must be in place to raise awareness and educate local implementers (LGUs and WSPs) on the policies, programs and advocacies of the water and sanitation sector.



Basura (Waste Dump) River Cleaner Nikki Sandino M. Victoriano/GTZ

Notes on the Study:

1. This paper is a summary of the policy proposals that the Sub-Committee on Water Resources endorses for advocacy at the NEDA INFRASTRUCTURE COMMITTEE.
2. Main sources of the policy proposals come from the different MDG-F 1919 Policy Study documents prepared by different consultant teams:

1. Incentives and Partnership modalities	Ms. Minerva G. Gonzales (Team Leader), Mr. Enrique N. Nunez, Mr. Edwin R. Celestino and Mr. Jude Esguerra
2. NG-LGU Cost Sharing Policy Framework	Engr. Julian Tajolosa (Team Leader/ Water Policy Expert), Engr. Edwin V. Alzate (Economic/Financial Specialist) and Atty. Mark Anthony M. Gamboa (Institutional Specialist)
3. Review of the President's Priority Program for Water	Ms. Noela Lasmarias (Team Leader), Atty. Willman Pollisco (Institutional Expert) and Dr. Agustin Arcenas (Economist)
4. Assessment of Mentoring and Coaching Practices and	Mr. Jose S. Montero (Team Leader) and Mr. Patrick John R. Ramos
5. Strengthening Economic Regulation	Germelino M. Bautista (Team Leader), Gilbert Magno C. Braganza (Institutional Expert) and Rina Maria P. Rosales (Economist)

3. A copy of all the full study reports and their respective sources can be requested from the National Economic and Development Authority. Interested parties may contact **Ms. Kathleen P. Mangune, Project Manager (kpmangune@neda.gov.ph)**.
4. This summary document was prepared by **Rosario Aurora L. Villaluna** based on the final reports of the Study Team, the discussions on the Joint Technical Working Group reviews and the discussions in the NEDA Sub-Committee on Water Resources.

Ms. Rosario Aurora L. Villaluna is currently the Chairperson-elect of the Philippine Water Partnership and has been actively participating as a member of the Joint Technical Working Group tasked by NEDA to review the Policy Studies and the NEDA Sub-Committee on Water Resources. She is currently the Chairperson of the Philippine Ecological Sanitation Network and the Executive Secretary of the Streams of Knowledge.

The NEDA Sub-Committee on Water Resources

The Core members of the Sub-Committee on Water Resources are composed of the following:

- Chairperson** : National Economic and Development Authority
- Co-Chairperson** : National Water Resources Board
- Members** : Department of Finance
Department of Budget and Management
Department of Environment and Natural Resources
Department of Health
Department of Agriculture
Department of Energy
Department of Public Works and Highways
Philippine Water Partnership
University of the Philippines - National Hydraulics
Research Center
Department of Justice
Department of Tourism
Office of the President- Executive Secretary

The Water Supply and Sanitation Sub-sector Members include the following:

- Metropolitan Waterworks and Sewerage System
National Anti-Poverty Commission
Philippine Association of Water Districts
National Water and Sanitation Association of the Philippines
Department of Social Welfare and Development
Cooperative Development Authority
Department of Agrarian Reform
League of Provinces of the Philippines
League of Cities of the Philippines
League of Municipalities of the Philippines



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