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# The Arroyo administration's war against the notion of water as a human right



BY THE **FREEDOM FROM DEBT COALITION**

*"Malaki ang pag-unlad sa pangunahing pangangailangan — malinis na tubig, health insurance, tirahan, paaralan, aklat."*

- State Of the Nation Address, 2004

**I**N HER 2004 State of the Nation Address (SONA), President Gloria Macapagal-Arroyo boasted of general improvements in the basic services sector, including clean water provision. Actual data, however, shows just the opposite: clean water provision, or access to improved water sources in the Philippines, has been on a steady decline since 1990, and Arroyo's regime has accomplished little in countering or slowing this trend.

In the 1990s, studies estimated access to improved water sources in the Philippines at 87%. By 2002, a year after GMA had assumed office, studies showed this number to have declined to 85%. Contrary to President Arroyo's 2004 statement, clean water provision continued to decline during her administration. In 2006, the number had dipped to 80%.<sup>1</sup> This estimate represents the percentage of the entire Philippine population with access to different levels of potable water systems, including household taps or level 3 systems (44%), community taps or level 2 systems (10%), as well as community wells and other point source or level 1 systems (25%).

The decline in actual access coverage, as well as GMA's misleading (or misinformed) pronouncements, both result from a common root cause: a policy direction centered on the abdication of the state's



obligation in protecting and promoting human rights, including the right to water. Policies and programs undertaken during President Arroyo's administration consistently prioritize support for water utilities that are "financially viable" – those that are able to charge users with full cost including a reasonable rate of return – over utilities that maintain a general policy of public service and that thereby require national or local government subsidy for continued operations. This selective allocation of an already insufficient budget has proved fatal to many LGU-run systems, leading to a further decline in the Philippines' overall potable water coverage.

## **Philippine Medium-Term Development Plan**

The Philippine Medium-Term Development Plan (MTDP), broadly covering the entire period of Arroyo's second term (2004-2010), pursued an ambitious target of providing potable water to the entire country by 2010, with priority given to at least 200 "waterless" barangays in Metro Manila and 200 "waterless" municipalities outside Metro Manila. A Presidential Priority Program on Water (P3W) was subsequently initiated through the National Anti-Poverty Commission to implement the water and sanitation program set forth in the MDTP.

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Under the first part of the MTDP, on the state's programs for economic growth and job creation, an entire chapter is dedicated to the management and utilization of the environment and natural resources. The Arroyo administration's general directions for watershed management as a strategic response to shortages in water supply for irrigation, industrial and domestic uses are laid down in the said chapter, notably without any consideration of access to water as a human right that the state is obligated to pursue and protect.

Government projects and programs catering to the demands and directions of the MTDP have been specifically designed with a framework of water provision as a business investment to be measured by the generic business criteria of supply, demand, investment returns, and price elasticity. In determining the strategies that the government will adopt in developing water provision, the

MTDP jumps off from a misdirected frame that attributes issues besetting the water sector to “disparities in water supply coverage across regions, depletion of groundwater especially in Metro Manila and Metro Cebu, *lack of cost recovery on investments, institutional weaknesses and low willingness of consumers to pay.*” (emphasis supplied)

Under such a framework, Arroyo’s administration completely abandons any concept of state obligation to ensure the sustainable provision of water. No mention is made whatsoever to the insufficiency of budget allocations for the water sector, or to the unsustainable wastage of water resources by industrial plants and large-scale providers. Under the framework adopted by the MTDP, underdevelopment in the water sector is caused by the lack of investments, both public and private. Lack of investments, in turn, are caused by the lack of cost recovery on existing investments. The lack of cost recovery on existing investments, finally, is caused by the “*low willingness of consumers to pay*”.<sup>2</sup> Simplistically speaking, the MTDP is founded on the incomprehensible notion that underdevelopment in the water sector exists because people are not too eager to pay for water. Euphemistically speaking, water is being wasted because Filipinos *have not been trained* to view water as an “economic good”.

This framework sculpted the very strategies adopted in the MTDP, among which was the pursuit of a “**raw water pricing**” mechanism which would charge a metric fee for the utilization and extraction of water from all freshwater sources. The proposed implementation of the said mechanism, which was admitted to result in significant hikes on the costs for irrigation, industrial water use, and domestic water use, was introduced to be a means by which the “real value” of water could be reflected and “appreciated”. As stated in the MTDP,

**Pursue raw water pricing to effect efficient allocation and conservation.** Raw water is not currently priced to reflect its real value leading to wasteful practices and allocations that are not in the best interest of the country. Water should be priced and allocated according to its economic value so as to attain efficiency and sustainability in the development and allocation of the resource.<sup>3</sup>



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A national policy of raw water pricing, introduced by the Arroyo administration, continues to be pursued to this day, and a study has already been undertaken by the National Water Resources Board<sup>4</sup>. It has also been introduced to the legislative body through its integration in various bills filed in the 13<sup>th</sup> and 14<sup>th</sup> Congress. If successfully implemented, such a policy will invariably diminish the poor's access to water, throwing us five steps backwards in the pursuit of ensuring the right to water for food, health, and a life of dignity.

The framework on which the MTDP rests, that which stresses water as an economic good and views development as dependent on strengthening the full recovery of costs through consumer billings, shows its hand in the implementation of other targets and strategies pursued by the MTDP. Some specific strategies in the MTDP related to the 2010 target for potable water provision include:<sup>5</sup>

- Ensuring that all barangays/municipalities that will be provided with water supply services have the corresponding sanitation facilities for proper disposal of wastewater/septage;
- Continuing to provide capacity building programs and technical assistance on water supply and sanitation planning, management and project implementation for all Water Service Providers (WSPs) needing assistance;
- Developing technology options for water supply (e.g. solar desalination for isolated islands, windmill technology, etc.);
- Promoting private sector or public investment in the provision of water to waterless barangays and municipalities;
- Conducting groundwater resources and vulnerability assessment covering 310 priority LGUs;
- Monitoring drinking water of selected poor communities



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through the Tap Watch Program;

- Completing the groundwater resource inventory/assessment in major urban areas and surface water in rural areas, controlling extraction through moratorium/stringent requirements in the grant of water permits in water-deficient areas and completing registration of all water pumps, metering of water pumps, etc.

While the strategies generally provide guidelines on how the right to water can be further ensured in a sustainable manner, the absence of any specific commitment for public spending in the pursuit of these strategies has proven to be a loophole within the MTDP. Despite such pronouncements in the MTDP, the Arroyo administration has committed only small allocations of the national budget to water supply development. From 2001 to 2007, only 3.83% of public expenditures on water-related projects went to water supply development, with 42.3% going to irrigation projects and the remaining 53.64% to flood control investments.<sup>6</sup>

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Agencies primarily responsible for the implementation of the other strategies in the MTDP have also been provided very little in terms of national budgetary allocations. This may be seen in the continued dependence of such agencies to overseas development assistance and foreign loans in pursuing the objectives set forth in the MTDP. The National Water Resources Board, the apex body that coordinates the different initiatives of all water-related agencies and heir-apparent to the universal regulatory mandate of the former Public Service Commission with regard to water utilities, still retains a grossly insufficient annual budget allocation that has not exceeded 35 million pesos for the past decade.<sup>7</sup> Though tasked with a national mandate in the allocation of water resources through the issuance of water permits and monitoring of water use and levels, it does not have a single regional or local office. The overwhelming task of regulating water utilities all over the archipelago, including the issuance of CPCs for these utilities, is still being undertaken from a single office site located at the 8<sup>th</sup> floor of the National Irrigation Authority Building in Quezon City. As a consequence, **only 383 utilities are being effectively regulated by the NWRB, from an estimated number of more than 3,000 utilities nation-wide.**<sup>8</sup>

In the absence of effective regulation of tariffs and standards, consumers of more than 2,600 water utilities remain susceptible to over-pricing, arbitrary disconnections, and connection policies that impinge on their right to water.



Since 2000 to 2007, project investments extended by the Local Water Utilities Authority to water districts all over the archipelago have also been undertaken with minimal allocations from the National Budget. Locally-funded projects of the LWUA have amounted to only **Php 198,465,752** in the course of eight years, piling in comparison to the **Php 6.883 billion** in investments carried out by LWUA through foreign assistance in the same period.<sup>9</sup> With costs for the development of water districts shouldered largely through foreign loans and grants, the probable recovery of these costs and

**TABLE 1. LWUA ANNUAL PROJECT INVESTMENTS**

	Foreign-Assisted Projects	Locally-Funded Projects	Congressional Initiative Fund	Others
<b>2000</b>	397831894	53562129	28830661	266501511
<b>2001</b>	606596677	30399709	3819998	71289624
<b>2002</b>	1036632661	62206678	9356188	104323652
<b>2003</b>	1186802277	22695706	6545525	429091159
<b>2004</b>	1611282896	16720911	3939539	764599261
<b>2005</b>	1294520193	11397438	2350874	357305669
<b>2006</b>	658683216	1186632	663400	578959881
<b>2007</b>	90535866	296349	-	189630384
<b>Total</b>	<b>6.883 B</b>	<b>198.5 M</b>	<b>75.5 M</b>	<b>2.762 B</b>

Source: Department of Budget and Management

payment of the loans undertaken have taken central consideration in the distribution of investments among water districts.

Preference for financially-viable and credit-worthy water districts in the distribution of available investment funds has been immense. With the end view of strengthening water utilities' financial viability so as to attract private investment, the administration has been concentrating much of its budget for water provision on beefing up large and "credit-worthy" water districts or GOCCs. The credit-worthiness of water utilities and their ability to collect full payment of

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costs and interests from consumers have become the predominant qualifications in determining which utility will be able to access loans for infrastructure development, and which utilities will be left to wither.

Ultimately, improvements in local water distribution are awarded to localities where the notion of water as an economic commodity has been entrenched, while communities and municipalities that continue to resist the state's abdication of its primary obligation are punished with the deterioration of their water supply services. Local government units, on whom most of the estimated number of water utilities often depend for financial support, are criticized by international agencies for being "too" vulnerable to political pressure, i.e. public protest. The same mindset has been consistently toed by President Arroyo's administration. Consequently, by 2005, almost half of all water utilities in the Philippines, most of them small-scale LGU-run systems, had become non-operational.<sup>10</sup>

As such, when President Arroyo speaks of improved coverage, she unwittingly refers to the increased coverage of large market-viable water districts, and is oblivious to the fact that the whole picture shows a downward trend in actual coverage of water service. It does not take into account the dwindling number of communities that are still able to rely on old well systems; neither does it seem to consider the decrease in LGU-run systems outside Metro Manila .

In her 2008 SONA, President Arroyo pointed at an increase in her government's annual allocation for clean water, highlighting an increase from Php 500 million in 2008 to Php 1.5 billion in 2009. The stated amount of Php 1.5 billion for potable water provision could be found in the 2009 GAA designated as a special allocation to the Department of Health under whose administrative control LWUA had been transferred a few months earlier. During Lower House committee deliberations on the proposed 2009 GAA, DOH officials could not provide any action plan for implementation in the use of the said special allocation, stating that the amount had been hastily added under the DOH budget, in the same manner that LWUA had been hastily placed under the department's administration through President Arroyo's executive order. LWUA officials also present in the said hearings could not offer any implementation plan for the

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allocation as well.

## President's Priority Program on Water

The People's Priority Program on Water, which provided a blueprint for the implementation of the Arroyo administration's stated goals in the MTDP, deviated from the plan's set target of universal coverage by 2010 by instead setting a program target of increasing access to water supply and sanitation services coverage to at least 50% by 2010. This general target in the P3W was further minimized by setting only a 20% target increase in the poor's access to water supply and sanitation services by 2010. In contrast to the MTDP's target of universal coverage as a means of alleviating poverty, the P3W lowered the bar by decreasing the general target and

**TABLE 2. STATUS OF WATER SYSTEMS**

	Level 1 Systems				Level 2 Systems			
	Target	Not Started	On-going	Completed	Target	Not Started	On-going	Completed
LUZON	221	41	6	174	95	52	22	21
VISAYAS	118	54	8	56	91	57	18	16
MINDANAO	7	7	0	0	85	51	28	6
<b>TOTAL</b>	<b>346</b>	<b>102</b>	<b>14</b>	<b>230</b>	<b>271</b>	<b>160</b>	<b>68</b>	<b>43</b>

Source: P3W, NAPC

by minimizing the program's supposed focus on poverty alleviation.

Even with these minimized targets in the P3W, the program has dragged along. From all indications, it will fail to meet these targets for 2010. As of January 2009, the program was severely lagging. With only a year remaining in its implementation, the program has managed to achieve only 41.16% of the total target coverage. A total of 262 water supply projects meant to be included in the program have not yet





been started. Only 272 projects have been completed, with the least accomplishment in Mindanao.

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**Soriano, Ma. Cecilia (2008).** Credit Financing and Investments in the Philippine Water Supply Sector. A powerpoint presentation conducted on 26 March 2008.

### **NOTES:**

- <sup>1</sup> LCP, 2007.
- <sup>2</sup> NEDA, 2004.
- <sup>3</sup> Ibid.
- <sup>4</sup> NWRB, 2008
- <sup>5</sup> Ibid.
- <sup>6</sup> Soriano, 2008.
- <sup>7</sup> Ibid.
- <sup>8</sup> NWRB, 2009.
- <sup>9</sup> Ibid.
- <sup>10</sup> Ibid.

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