

**Philippine Local Government
Public Expenditure Review:
A Survey of National Government-
Local Government Support
Programs**

Study's Recommendation

Though there is basis to discontinue some NG-LGU programs because of the increase in transfers to local governments, **there might still be a need to have some programs that are targeted towards the lower income local governments.**

As part of LWUA's social responsibility,

- ☐ It shall continue to secure grant funds from the national government to support the water supply development programs in low income municipalities.**
- ☐ It shall develop innovative funding solutions to address funding gaps in less disadvantaged communities.**

The Philippine Local Government Water System

FINDINGS

The findings reflect the problems and challenges facing the water supply sector

Key Findings

Regulation

- ❑ Overlap in regulation
- ❑ Misaligned technical operating standards
- ❑ Differences in water rate setting principles

Institutional

- ❑ Lack of investment coordination

Financing

- ❑ Funding must match the state of WDs

General Findings

Fragmented Water Governance

- ❖ Obstinate fragmentation in the water sector, especially for local government water systems, is primarily due to ambiguous or overlapping institutional mandates.

Difficulty in Generating Data Hindering Planning and Monitoring

- ❖ Identified weakness in institutional mandates both cause and exacerbate the lack of consistently and regularly reported data which poses challenges in monitoring and evaluating the water service providers as basis for sector reforms.

Lack of Impact Assessment

- ❖ The inability to effectively assess the impact or success of water service provision efforts result in subsequently inefficient policies/interventions to address the shortcomings.

Study's Recommendations

Regulation

- Streamline and align various rules and regulations relating to the sector
 - Provide a definitive streamlining of economic regulation for the sector
 - Align the formulation of technical regulation with the operating standards

Study's Recommendations

Institutional and Financing

- Enhance investment coordination within the sector including public and private water service provision
 - Empower a Central Coordinating Body to keep track of targets, investments, key performance indicators and funding needs regardless of water supply implementation entity.
 - Systematic planning and funding support for water utilities
 - If any national government support programs for local government water services will be pursued post-Mandanas, these must also be integrated in the central coordinating body
 - National government oversight agencies should strengthen efforts in political economy issues affecting water service provision

Philippine Water Supply and Sanitation Master Plan

Goal

By 2030, all Filipinos shall have access to sustainable and affordable safe water supply and to adequate and safely managed sanitation services.

Philippine Water Supply and Sanitation Master Plan

Eight Key Reform Agenda

1. Establishing Effective WSS Sector Institution
2. Strengthening the Regulatory Environment
3. Balancing Water Supply and Demand
4. Building Climate Resiliency
5. Creating and Ensuring Effective WSS Services
6. Enabling Access to funding and Financing
7. Managing and Data Information
8. Driving Research and Development

Philippine Water Supply and Sanitation Master Plan

Key Initiatives

1. Creation of an independent Financial/Economic Regulator for Water Supply and Sanitation
2. Creation of an Apex Body for the Water Resources Sector
3. Unified Financing Framework (UFF) for Water Supply and Sanitation

Note: UFF is a framework for consolidating and rationally allocating available financial resources to the water service providers through subsidies and loans, among others.

Latest Proposals and Developments in the Water Sector Reform Agenda

On 18 November 2020, the substitute house bill which consolidate all thirty (30) bills that seeks the creation of the Department of Water Resources was deliberated and was consequently approved by the House Committee on Appropriations.

The committee's endorsement in Plenary for the second reading is already well underway.

DEPARTMENT OF WATER RESOURCES

Creation of an Apex body for the water sector responsible for water resources planning, policy formulation, and management of the ownership, appropriation, utilization, exploitation, development, sustainability and protection of water resources in the Philippines, except fisheries or aquaculture.

DEPARTMENT OF WATER RESOURCES

Highlights

- Shall function as the overall Apex body for the entire water resources sector, created by consolidating water related mandates and fully absorbing the functions of relevant agencies/units in the water sector
- Will oversee the overall planning, programming, policy formulation and management in the water resource sector.

DEPARTMENT OF WATER RESOURCES

- Will also be the primary agency responsible for planning and policy formulation towards attaining universal access to safe water supply and improved sanitation.
- Will be the primary agency to implement the Water Code of the Philippines and the Philippine Clean Water Act.

Water Regulatory Commission

The propose commission will streamline and rationalize the economic regulation of water supply and sanitation service providers throughout the country.

Water Regulatory Commission

Highlights

- Proposed as independent and quasi-judicial regulatory body of the water supply and sanitation sub-sector.
- Will undertake licensing, tariff setting, performance monitoring of performance, address dual-conflicting functions of regulating and implementing water supply and sanitation projects, and ensure transparency and predictability in economic regulation of all WSPs.

Water Regulatory Commission

- Separates economic regulation from policy/plan formulation and coordination, and resource regulation (the latter being the function of an apex body), and operation functions of agencies vested with dual functions eliminates conflict of interest.
- Addresses fragmentation by subsuming the regulatory divisions/units of NWRB, MWSS, LWUA, LLDA, SBMA, PEZA and TIEZA (harmonizes regulatory practices, processes, and fees)

Governance: Reform Pathway



Resource Regulation, Policy and Planning

Economic Regulation of WSS Service Providers

Existing

National Water Resources Board (NWRB)
River Basin Control Office (RBCO)

NWRB - in regulating Private Providers
LWUA - Water Districts
MWSS-RO - Metro Manila Concessionaires
TIEZA - Tourism Areas
PEZA - Economic Zones
LGUs - LGU-led Providers

Interim/Short-Term Reform

National Water Management Council (NWMC)

NWMC - Private Providers
LWUA - Water Districts
MWSS-RO - Metro Manila Concessionaires
TIEZA - Tourism Areas
PEZA - Economic Zones
LGUs - LGU-led Providers

Medium- to Long-Term Reform

Department of Water Resources (DWR)

Water Regulatory Commission (WRC)

Next Steps (2021 and beyond)



Legislation and Post-Legislation

Final approval of the House Bill

Crafting and approval of the Senate Bill version

Bicameral deliberation and approval

Formulation and approval of the Implementing Rules and Regulations

Securing budgetary requirements

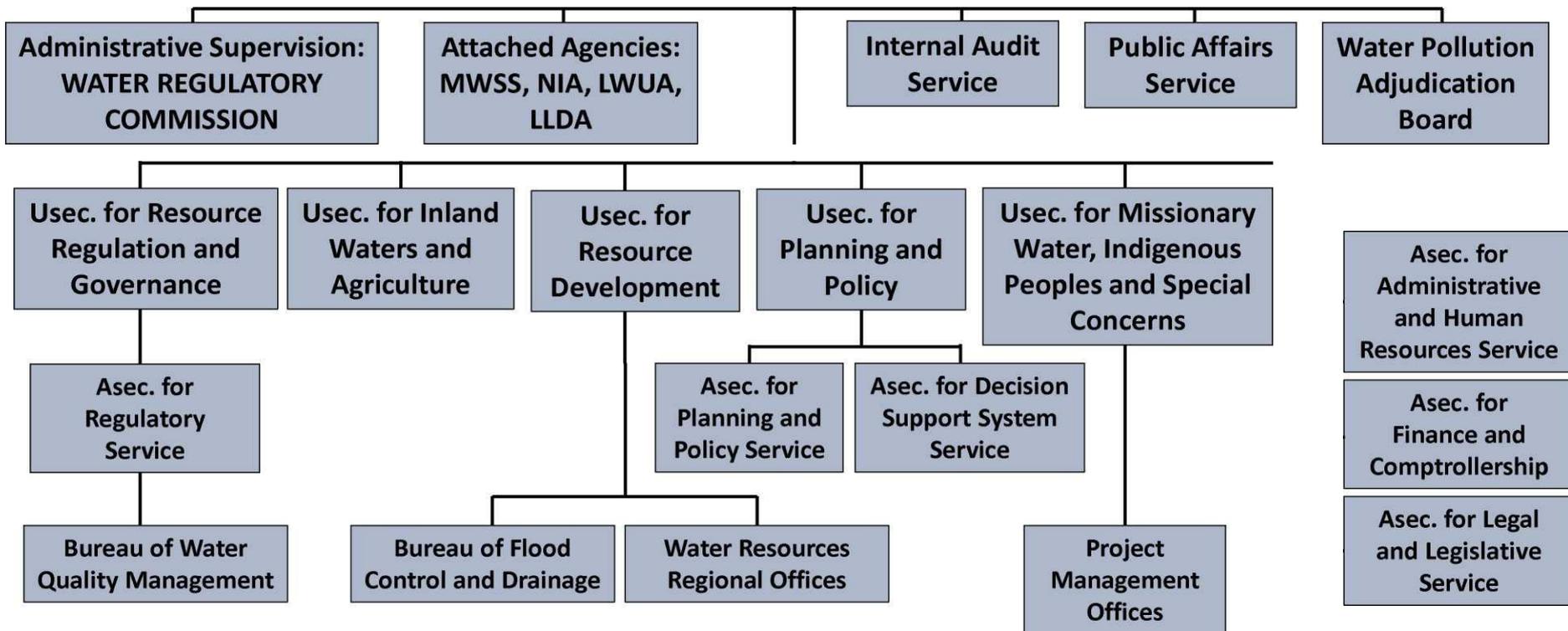
Operationalization

- Formulation of the National Water Resources Management Framework Plan
- Setting up of DWR Central and Regional Offices
- Formulation of Operational Plans for units within DWR
- Update inventory of water resources
- Creation of RBOs

Organizational Structure of DWR



NATIONAL WATER SECTOR POLICY BOARD DEPARTMENT OF WATER RESOURCES





Local Water Utilities Administration

Goal

Adequate and sustainable safe water and sanitation services in the countryside by 2030 through self-reliant local water districts.



Local Water Utilities Administration

Strategies

1. Expand Coverage and Reliable Water Service at Affordable Rates
2. Provide adequate sanitation
3. Ensure reliable and economically viable water districts
4. Institutionalize good governance in water districts
5. Ensure financial viability and operational sustainability of LWUA



Local Water Utilities Administration

Strategies

6. Ensure delivery of efficient and effective financial, technical and institutional development assistance
7. Develop competent, efficient, and dedicated civil servants



Local Water Utilities Administration

Key Programs and Initiatives

- Expansion of water supply coverage
- Implementation of Sanitation Projects in areas covered by the Manila Bay Mandamus
- Adoption of design and build scheme to accelerate project implementation
- Strengthening LWUA's regulatory function
- Enhancing LWUA's financing capacity



TAKEAWAY MESSAGE

The Philippine Water Supply Sector faces the biggest challenge of attaining the universal goal of providing access to water and sanitation by 2030.

If current set-up in the water supply remains, the risk of not attaining the 2030 targets is very high.

There is a pressing need to legislate the bill that seeks to create an apex body that will oversee the overall planning, programming, policy formulation and management in the water resources sector and a water regulatory body to address the fragmented, poorly enforced and low coverage regulatory regime in the water sector.