

# FINANCING THE MDGs

## Time and Resources for Safe Drinking Water and Basic Sanitation

By Reynaldo G. Tagudando

### I. INTRODUCTION

#### A. The Millennium Development Goals (MDGs)

The historic Millennium Declaration, at the United Nations Millennium Summit in September 2000, had set concrete commitments for 189 member countries to attain “Eight Goals”: ranging from halving extreme poverty to halting the spread of HIV/AIDS to enrolling boys and girls everywhere in primary school by 2015.

Although the goals provide good framework for progress, specifically for human development, these goals will remain goals and targets only, if the financing requirement for the attainment of such are not met.

Any attempt, by the member countries to meet the goals, depends on the existing financial strategies, policies and support of the country.

The purposes of this study are to find out how much is needed and how much financing are available to achieve specific goals and targets. Eventually, a financing gap shall be identified and recommendations to address issues/concerns shall be presented.

Much have already been written and discussed about the status and trends of the MDG goals and targets but very few were centered on the **FINANCING** side. The paper will seek to find out answers to two basic questions such as:

1. *May pera pa ba para sa MDGs?* (Are there resources/money for the MDGs?); and
2. *Kung may pera naman, sapat ba?* (If there are resources, is it enough?)

## **B. Identification of the Assigned MDG Goal and Target**

This paper shall focus on:

MDG Number 7: **Ensure environmental sustainability**

Target #11: **Halve the proportion of people with no access to safe drinking water and basic sanitation, or those who cannot afford it, by 2015**

In adopting the Millennium Development Goals, the countries of the world had promised to reduce by **half the proportion of people without access to safe drinking water and basic sanitation**. The results so far are mixed. With the exception of sub-Saharan Africa, the world is well on its way to meeting the drinking water target by 2015, but progress in sanitation is slowed down in many developing regions.

Safe water and basic sanitation are basic services which are reposed on the public sector specifically the national environment. The private sector, civil society and local government units are just supplementary actors to the attainment of this MDG goal and target.

## **C. Purpose of the Goal and Target**

The combination of safe drinking water and hygienic sanitation facilities is a precondition for health and for success in the fight against poverty, hunger, child deaths and gender inequality.

It is also central to the human rights and personal dignity of every woman, man and child on earth. The consequences of our collective failure to tackle this problem are dimmed prospects for the billions of people locked in a cycle of poverty and disease.

## **D. Definition of Terms**

### 1. Water Quality<sup>1</sup>

Drinking water must be:

- Clean
- Colorless
- Free from objectionable taste and odor
- Free from any substance, organism, or radioactive material at a level and/or concentration which could endanger health and lives of the consuming public

### 2. Access to safe drinking water

It is the percentage of the population using improved drinking water.

#### a) Improved drinking water sources

Household connection

Public standpipe

Borehole

Protected dug well

Protected spring

Rainwater collection

#### b) Unimproved drinking water sources

Unprotected well

Unprotected spring, rivers or ponds

Vendor-provided water

Bottled water<sup>2</sup>

Tanker truck water

### 3. Access to sanitary

It is defined as access to, and use of, excreta and wastewater facilities and services that provide privacy and dignity while at the same time ensuring a clean and healthful living environment both at home and in the immediate neighborhood of users.

#### a) Improved sanitation facilities

Connection to a public sewer

Connection to a septic system

Pour-flush latrine

Simple pit latrine<sup>3</sup>

Ventilated improved pit latrine

#### b) Unimproved sanitation facilities

Public or shared latrine

Open pit latrine

Bucket latrine

## **E. Enabling Laws and Policies**

The Enabling Laws and Policies concerning safe water and sanitation are the following:

1. President's Ten- Point Agenda
2. The Medium Term Philippine Development Plan of 2004-2010
3. Philippine Clean Water Act of 2004 or Republic Act No. 9725

4. P3W (THE PRESIDENT'S PRIORITY PROGRAM ON WATER)
5. Memorandum of Agreement between Department of public Works and Highways (DPWH) and & National Anti-Poverty Commission (NAPC) = Water Supply and Sanitation Coordinating Office (WASCO)
6. Executive Order No. 124, Reconstituting the National Water Resources Board

The Ten- Point Agenda of the President stated that her government would provide electricity & potable water for all barangays. This policy was complemented in the Medium Term Philippine Development Plan for 2004 up to 2010 and the FY 2006 budget message as a part of the socio-economic renewal theme of the administration for the coming year.

The Philippine Clean Water Act of 2004 mandates the Department of Environment and natural Resources (DENR) to implement a comprehensive quality management program to guarantee effective water utilization and conservation. It aims to protect the country's water bodies from pollution from all sources such as industries & commercial establishments, agriculture and community and households activities. Moreover, it provides for a comprehensive and integrated strategy to prevent and minimize pollution through a multisectoral and participatory approach involving all stakeholders.

The P3W, on the other hand, which means "President's Priority Program on Water: Water for Waterless Barangays", aims to increase the number of households with access to potable water supply and sanitation services in the identified 432 waterless municipalities (see Annex A) outside Metro Manila and 210 communities within Metro Manila.

The P3W project created the DPWH and NAPC joint coordinating office WASCO, who will facilitate the grant matching, local government contributions, partnership building with DPWH and municipal levels.

Executive Order 124 through the National Water Resources Board will continue to formulate an organizational structure that will effectively and efficiently carry out its mandate including economic and resource regulation. Thru this EO, NWRB shall act as the independent economic regulator for the water sector. Hence, increase in private-sector participation and investment for water resources is expected.

## **F. Enabling Agencies**

The National Government Agencies, Local Government Units and the Private Sectors are the actors/players involved and responsible in the formulation, implementation and assessment of the safe drinking water and sanitation programs, projects and activities of the country.

### **1. National Government Agencies**

- a) DPWH – Project Monitoring Office for Water Supply
- b) DPWH – Local Water Utilities Authority
- c) Department of Interior and Local Government -Water Supply & Sanitation Project Monitoring Office
- d) NAPC – Water and Sanitation Coordinating Office

Since much infrastructure projects are implicated in the attainment of the water and sanitation project, the DPWH is one of the main departments who actively form part of the national government agencies. DPWH works closely with the DILG and the NAPC.

## 2. Local Government Units

- a) Principal Local Implementing Unit -Planning & Development Board & Engineering Office

Likewise, the Local Government Units (LGUs) are vital players of the water and sanitation program. Most of the main activities such as advocacy, equipment maintenance and monitoring, capacity building and community participation are done at LGUs levels.

## 3. Other Participating Agencies

- a) Private Sector
- b) Water Districts
- c) Water Cooperatives
- d) Water Utilities/Water Service Providers
- e) People's Organizations/ NGO:
  - i. Philippine Center for Water & Sanitation (PCWS)
  - ii. WASH (Water Supply Sanitation & Hygiene for All)

Lastly, private sector and nongovernment organizations are the support and assistance groups who help in the organization and preservation of the common interest.

## II. CURRENT STATUS OF THE ASSIGNED MDG GOAL AND TARGET

### A. Comparative Regional Data

**Table W-1: Asian countries' figures on the access  
to water sources and urban sanitation  
2001 to 2002**

| Country             | Population (Millions.) | Urban Population | Pop. Density (per sq.km.) | GNP per Capita (US\$) | Female literacy <sup>1</sup> | Access to WS <sup>2</sup> | Urban Sanitation <sup>3</sup> |
|---------------------|------------------------|------------------|---------------------------|-----------------------|------------------------------|---------------------------|-------------------------------|
| Philippines         | 76                     | 59%              | 253                       | 1,040                 | 95%                          | 91%                       | 88%                           |
| Thailand            | 61                     | 22%              | 119                       | 2,000                 | 93%                          | 94%                       | 98%                           |
| Malaysia            | 23                     | 57%              | 71                        | 3,380                 | 82%                          | 100%                      | 100%                          |
| East Asia & Pacific | 1,855                  | 35%              | 116                       | 1,060                 | 78%                          | 89%                       | 61%                           |

Source: World Bank Water and Sanitation Program: Urban Sewerage and Sanitation Lessons Learned From Case Studies in the Philippines: June 2003, adapted from World Development Report 2001/02

<sup>1</sup> Percent of literate adult women (aged 15 and above)

<sup>2</sup> Percent of urban population with access to improved water sources

<sup>3</sup> Percent of urban population with access to sanitation

**Table W- 2: The present situation of "Environment" in the world  
1990 to 2002**

| Country     | Population with Access to Sanitation |           |                      | Population with Access to Improved Water Sources |          |                     |
|-------------|--------------------------------------|-----------|----------------------|--|----------|---------------------|
|             | 1990 (%)                             | 2002 (%)  | Progress/Regression  | 1990 (%)   | 2002 (%) | Progress/Regression |
| Philippines | 54                                   | 73        | Significant progress | 87   | 85       | stagnant            |
| Thailand    | 80                                   | 99        | Significant progress | 81   | 85       | Slight progress     |
| Malaysia    | 96                                   | (no data) | (no data)            | (no data)  | 95       | (no data)           |
| China       | 23                                   | 44        | Significant process  | 70   | 77       | Slight progress     |
| Cambodia    | (no data)                            | 16        | (no data)            | (no data)  | 34       | (no data)           |

Source: Social Watch Report 2005: Roars and Whispers. Instituto Del Tercer Mundo. Copyright 2005.

The Philippines is way behind Thailand and Malaysia in terms of the access to water sources and sanitation for the year 2002. Although the available data for Malaysia is limited, it still has a higher percentage of access than our country. China and Cambodia, countries belonging to East Asia, falls below the Philippine rate.

The non-moving or undeveloped state of water sources for the Philippines is an alarming observation because for a 12-year period, since 1990 up to 2002, there was a 2 percent decrease in the access to water sources.

## **B. Status and Trends**

The MDG access to safe drinking water and sanitary toilet facility goals is: **87 percent by 2015.**

The MTPDP 2004-2010 targets, on the other hand, are:

92 percent to 96 percent (for safe drinking water) and

86 percent to 91percent (for sanitary toilet facility)

Per the *“June 2005. 2nd Phil Progress Report on the MDGs”*, over two million households still does not have access to water that is safe and affordable.

- Household access to safe water supply = 78.69%<sup>4</sup> to 80%<sup>5</sup>  
Households with sanitary toilet facility= 81.97%<sup>6</sup> to 86%<sup>7</sup>

About 96% of Central Luzon families obtain water from community water systems while the most disadvantaged region in terms of having access to clean and safe water is the Autonomous Region in Muslim Mindanao (ARMM), where only 1/3 or 33% of families use water coming from community water systems.

Annex “A”: List of 432 Waterless Municipalities enumerates municipalities with less than 50% of the total households having access to potable water (based on the 2000 NSO data). Such list was identified by the WASCO. Of the total 432 waterless municipalities, the municipality of *Roseller Lim (Zamboanga del Sur)* has the highest rate of 49.92%. The lowest waterless municipalities were: *Pangutaran (Sulu)* – 0.95%; *Turtle Islands (Tawi-Tawi)* – 0.93%; and *Tubaran (Lanao del Sur)* – 0.48%.

The Region having the highest rate of access to water among the waterless list is the Cordillera Autonomous Region (CAR) having an average of 41.34% access to water with municipality of *Atok (Benguet)* – 48.57% as the highest and municipality of *Flora (Apayao)* – 34.24% as the lowest. On the other hand, The Autonomous Region of Muslim Mindanao (ARMM) has the lowest average rate of 23.99% among the waterless regions, having a 23.99% rate. The highest municipality in ARMM is *Sultan Kudarat (Maguindanao)* – 48.19% while the lowest municipality is *Turtle Islands (Tawi-Tawi)* – 0.93%. All of the regions in the country have municipalities included in the waterless list, except for the National Capital Region (NCR).

Facts and Figures on Water Supply and Sanitation in the Philippines<sup>8</sup> (Annex “B”), detailing the percent of families with access to safe drinking water for CY 1999, shows that Batanes and Aurora provinces have 100% access to safe drinking water. Most provinces in the Central Luzon regions are ranging from 95% to 99% accessibility. The lowest in rank is the province of Tawi-Tawi with 11.4% accessibility.

On sanitation, the National Capital Region (NCR) has the highest proportion of families with sanitary toilets, 98%. It is the ARMM again, who has the lowest rank of 45%, families with sanitary toilets.

It has been said in various literature that the decline in water supply and sanitation coverage is largely due to the rapid increase in its demand. Annual population growth rate averaging to 2.34% or roughly 1.8 million more to be served each year puts Water Supply and Sanitation projects behind.

**Table W-3: Percentage of Drinking Water Source, Use of Private Flush Toilet And No Toilet Facility in Urban and Rural Areas  
2002**

| <b>Drinking water source</b>        | <b>Percentage</b>                     |
|-------------------------------------|---------------------------------------|
| Piped water into dwelling/yard/plot | <b>40</b> of the country's households |
| Protected wells                     | <b>35</b>                             |
| Others                              | <b>25</b>                             |
| <b>Use of private flush toilet</b>  |                                       |
| Urban areas                         | <b>77</b> of urban households         |
| Rural areas                         | <b>54</b> of rural households         |
| <b>NO toilet facility</b>           |                                       |
| Urban areas                         | <b>4</b> of total households          |
| Rural areas                         | <b>15</b> of total households         |

*Source: 2003 National Demographic Health Survey, National Statistics Office*

Table W-3 illustrates the percentage distribution of drinking water source, use of private flush toilet and toilet facility. Piped water as a water source, although at the 40 percent rate is still close to the use of protected wells. Private flush toilet is widely used in the urban households than the rural counterpart. Toilet facilities, on the other hand, are at acceptable level.

**Table W-4: Current Sanitation Practices**

| <b>Current sanitation practices:</b> |                   |
|--------------------------------------|-------------------|
| Sewerage                             | (minimal)         |
| Septic tanks                         | (majority)        |
| Pit latrines                         | (rural areas)     |
| Flying saucers                       | (depressed areas) |
| Open spaces                          |                   |
| Open seas                            |                   |

*Source: 2005 Ecological Sanitation, Center for Advanced Philippine Studies*

Sanitation practices in the country, per table W-4 ranges from sewerage, septic tanks, pit latrines, flying saucers (throwing of wastes anywhere), open spaces (fields, vacant lots) and open seas. The most practiced procedure is the septic tank system.

**Table W-5: Water Distributors**

| <b>Water Distributors:<sup>9</sup></b>  |
|---|
| • Metropolitan Waterworks & Sewerage System (MWSS) with 2 water concessionaires |
| • Water Districts   |
| • Water Associations  |
| • Local Government Units  |
| • Cooperatives  |
| • Private Sector/ small-scale water providers                                   |
| • Bulk water suppliers  |

*Source: 2005 Ecological Sanitation, Center for Advanced Philippine Studies*

The water distribution in the metropolitan area is being managed by two large concessionaires: namely; Manila Water Company, Incorporated and Maynilad Water Supply, Incorporated. In rural areas, water distribution is administered by any of the following: Water District, Water Associations, LGUs concerned, cooperatives, small scale water providers and bulk water suppliers. The lower the level of the water distributor, the higher is the costing of the water consumption of the people.

### **C. Government's Actions**

During the Cabinet meeting on Water and Power held on November 2, 2004, President Gloria Macapagal-Arroyo appointed Secretary Imelda M. Nicolas, Secretary General of NAPC as the new Water and Power Czar, and eventually the organization of the Water and Sanitation Coordinating Office (WASCO).

The Water and Sanitation agenda of the President maybe addressed at two levels:<sup>10</sup>

1. Addressing the medium term goal of providing safe water and sanitation to the "Waterless Barangays"; and
2. Addressing the sustainable and strategic development of the water and sanitation sector especially towards realizing the MDGs targets on water and sanitation.

The focus on waterless areas paved for a national advocacy campaign at various stakeholders, specially the LGUs and the NGOs who can assist in pursuing the "P3W Water for Waterless Barangays".

Scope of work number four (4) of the WASCO states that the Office shall coordinate, oversee and monitor the development and implementation of a Resource Mobilization Campaign to generate funds and other resources in support of the "P3W Water for Waterless Barangays". Specifically, WASCO shall:

- Engage in partnership-building with national government, local government, non-government organizations, private organizations, academe and other stakeholders;
- Coordinate with and enlist the support of all relevant government agencies in support of achieving the Program's objectives; and
- Organize a Water and Sanitation Trust Fund that can be used to support water and sanitation projects.

The DILG is undertaking the making of a Master Plan for Water Supply & Sanitation Sector in partnership with foreign donors, such as:

- Japan International Cooperation Agency (JICA);
- Australian Agency for International Development (AusAID);
- Asian Development Bank (ADB); and
- World Bank Water and Sanitation Program

The President's budget message for FY 2006, "Moving the 10-point Agenda for Socio-Economic Renewal and Fiscal Health" also has the Kalayaan Barangay Program to pursue basic infrastructure works such as access to roads, **water system** and electricity, facilities & school buildings.<sup>11</sup>

#### **D. NGO's Actions**

Several NGOs and People's Organizations are engaged in the advocacy and support to the attainment of the safe water supply and sanitation goal.

One of these NGOs and POs that the researcher was able to interview is the Philippine Center for Water and Sanitation (PCWS). It started in 1990 as a project of the Netherlands-based Institute of Infrastructure, Hydraulics and Engineering (IHE). It was known at that time as International Training Network (ITN). It provided a platform

for government, non-government and the academe to work together towards the promotion of community-based water supply and sanitation systems.

PCWS works for the awareness, appreciation, protection and conservation of water resources. It offers technical assistance and consultancy services in environmental sanitation, policy advocacy, action researches, trainings, appropriate technologies for water supply and sanitation and decentralized wastewater treatment systems (DEWATS).

PCWS actively promotes community participation and encourages local initiatives for sanitation efforts and the protection and conservation of water resources. Engineers of PCWS-ITNF develop and test locally suited, low-cost, appropriate technologies on water supply and sanitation. These are then shared with local communities. Experiences and learnings from the implementation of PCWS projects are shared through publications, trainings, consultancies, and research-based advocacy efforts.

It leads the *WASH* (Water, Sanitation and Hygiene) *Philippines* coalition of 21 organizations working for the achievement of the Millennium Development Goal targets for water supply and sanitation in the Philippines.

To improve the health and environment of low-income urban communities, PCWS and Bremen Overseas Research and Development Association (BORDA) promote community-based management of DEWATS using specific mechanisms for planning, budgeting, and designing sanitation facilities. The community chooses the most suitable technology and approach for them based on their own needs and capabilities. PCWS and BORDA enhance the capability of the community to undertake the operation and maintenance of their chosen system.

Generally, the NGOs and POs focus of action are on advocacy & capacity building for the following:

1. Low cost water and sanitation technologies (e.g. rainwater collection; traditional vs. conventional water tanks; ecological sanitation)
2. Openness for “new practices”
3. How to access resource programs and make proposals

There is also a strong and active endorsement for the environmental/ ecological sanitation or ECOSAN, defined as: the promotion of hygiene and the prevention of disease and other consequences relating to environmental factors.<sup>12</sup>

Ecological sanitation has two dimensions: environmental factors and sanitation practices.

Environmental factors include the disposal of human excreta, sewage, household waste and other wastes likely to contain infectious agents, water drainage, domestic water supply, and housing. All of these have an impact on the transmission of infectious agents and incidence of disease.

Sanitation practices are the various hygienic practices of the communities, their basic knowledge, skills and human behaviors. In addition are social and cultural factors influencing health, life-styles and environmental awareness? These include personal hygiene (washing, dressing, eating), household cleanliness (kitchen and bathroom cleanliness) and community hygiene (waste collection, maintenance of public places).

The ECOSAN or the segregation of the dry and wet human wastes, which is being practiced by various Asian countries already, (Annexes C, D and E) will help keep the consumption of water at low level, reduction of wastewater management costs,

improve the public health conditions of the community, provide lower construction cost (Annexes F-1 to F-3) and provide for probable utilization of waste resources as fertilizers to farm products (Annex F-4).

#### Benefits of EcoSan

##### National

- Water conservation
- Protection of water bodies
- Employment creation
- Increase food security
- Reduction of wastewater management costs

##### Local/individual

- Lower water consumption
- Improved public health conditions
- Lower construction cost
- Utilization of waste resources - NPK (Ammonium Nitrate as fertilizers)

### III. FINANCING THE ASSIGNED MDG GOAL AND TARGET

#### **A. Requirements**

There is no absolute figure nor computation of the total funding requirement for MDG Number 7, target 11, safe drinking water and sanitation, due to the demand-driven approach (based on community/LGU proposal and/or master plan) being implemented by the NGAs specifically DILG, DPWH and NAPC – WASCO, and DPWH- LWUA.

Per DILG Water Supply & Sanitation Project Monitoring Office interview, each province/LGU makes its own funding requirement and there is no available database on the consolidated water supply requirement of the country.

Per NGO interview, high cost water supply infrastructure are not necessary to the attainment of the goal. Such huge amounts of funding are just sources of graft & corruption. Several high level infrastructures were previously built but were not utilized and maintained properly. According to PCWS, water and sanitation don't require that much financing, the costing depends on the community's situation/scenario.

The P3W project of the WASCO commencing from CY 2005 and ending CY 2010 costs 4.0 Billion pesos, computed as follows:<sup>13</sup>

Basis of P3W:

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Household Populations = 1 million

(1st 200 municipalities)

20% of 1 million = 200,000 (target household)

With 60% Level II and 40% Level I combination

120,000 households will be served with Level II

water system

80,000 HH with Level I facilities

Budget Requirement:

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Assumption:

Level II 120,000 x P1.4 = P1.68B say, P1.5B

$$\begin{array}{l} 100 \\ \text{Level I} \quad \underline{80,000} \times P100,000 = P0.533B, \text{ say } \underline{P0.5B} \\ 15 \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \underline{P2.0B} \end{array}$$

Therefore: for 432 municipalities = P2.0B x 2 = P4.0B

**Table W-6: 6 Year Program for 432 Waterless Municipalities  
P3W's computation<sup>14</sup>**

| Year         | <sup>1</sup> /Funding<br>(Pmillion) | # of facilities |              | 2/# of households |                | TOTAL              |                    |
|--------------|-------------------------------------|-----------------|--------------|-------------------|----------------|--------------------|--------------------|
|              |                                     | Level I         | Level II     | Level I           | Level II       | # of<br>facilities | # of<br>households |
| 2005         | 500                                 | 1,200           | 270          | 18,000            | 27,000         | 1,470              | 45,000             |
| 2006         | 500                                 | 1,200           | 270          | 18,000            | 27,000         | 1,470              | 45,000             |
| 2007         | 500                                 | 1,200           | 270          | 18,000            | 27,000         | 1,470              | 45,000             |
| 2008         | 700                                 | 1,684           | 380          | 25,260            | 38,000         | 2,064              | 63,260             |
| 2009         | 800                                 | 1,925           | 434          | 28,875            | 43,400         | 2,359              | 72,275             |
| 2010         | 1,000                               | 2,411           | 546          | 36,165            | 54,600         | 2,957              | 90,765             |
| <b>TOTAL</b> | <b>4,000</b>                        | <b>9,620</b>    | <b>2,170</b> | <b>144,300</b>    | <b>217,000</b> | <b>11,790</b>      | <b>361,300</b>     |

Source: WASCO, P<sup>3</sup>W

<sup>1</sup>/ Assumption: P 100,000/ Level I facility, Source: DPWH

P1.4M / Level II Facility Source: DILG

<sup>2</sup>/ Assumption: 15 household served/ Level I system, source: NEDA

100 household served/ Level II system source: DILG

To be able to have an idea of a funding requirement of a certain province, a case study<sup>15</sup> of the SULU's water supply requirement, with 619,668 population or 0.81% of the total national population of 76.5M, was evaluated based on its current condition of existing water supply system and sanitation facilities. Such computation was based on Sulu's priority service areas, water source/s availability, and service area population.

The study aimed to provide a ten-year period for water and sanitation project in the province of Sulu. The implementation of the project is assumed to be undertaken in 2 phases, Phase I which will cover the needs of the province from Year 2005 to 2010, and the 2nd phase from 2010 to 2015.

**Table W-7: Sulu's Summary of Water Supply and Sanitation Requirements**

| <b>Sector</b>      | <b>Service Coverage</b> | <b>Phase I Facilities</b> | <b>Phase II Facilities</b> |
|--------------------|-------------------------|---------------------------|----------------------------|
| Water Supply-Urban | 74,060                  | 38,555                    | 31,991                     |
| Water Supply-Rural | 110,369                 | 121,760                   | 69,123                     |
| Household Toilets  | 35,597                  | 19,288                    | 54,100                     |
| School Toilet      | 370                     | 49                        | 36                         |
| Public Toilet      | 15                      | 30                        | 22                         |

*Source: DILG –JICA. December 2003. Comprehensive Basic Study of the Autonomous Region in Muslim Mindanao in the Republic of the Philippines, Final Report: Water Supply and Sanitation Sector of the Province of Sulu.*

Based on Sulu's Cost Estimates (Annexes G and H), the required development cost for water supply and sanitation facilities covering Phase I (2005-2010) and Phase II (2010-2015) will amount to P981.985M and P676.768M, respectively. The P982M cost estimate for CY 2005 is true for Sulu's scenario only. When we multiply that to the total provinces needing the same level of costing requirement, the P500 M fund of the P3W is definitely insufficient. The problem is it is difficult to say by how much.

## **B. Resources/ Sources of Financing**

The Program Resources for water supply and sanitation can be sourced from any of the following:

1. Support from national agencies

- a) DPWH (funds for construction of facilities; personnel, close coordination)
- b) LWUA (detailed personnel +projects)
- c) DSWD (for social preparation +projects)
- d) DILG (on-going projects)
- e) DLR (DAR) (on-going projects)
- f) MWSS and their concessionaires
- g) PAGCOR

## 2. External Support Agencies

- a) NGOs (Streams of Knowledge, PLAN Intl, PBSP, PCWS)
- b) GTZ (technical assistance on setting-up of database/GIS for water & expertise on the development of guidelines for the Program)
- c) WSP-WB for the project preparation assistance
- d) ADB

**Table W-8: Sources of Financing for Water and Sanitation  
1997 to 2010  
(in PMillion)**

|      |  |                                  |
|------|--|----------------------------------|
| ADB  | Rural Water Supply Sewerage & Sanitation Project:<br>(1997 TO 2003)<br>DILG<br>DOH<br>DPWH | P 967.598<br>255.077<br>616.536  |
| IBRD | Water Resources Development Project<br>(1997 to 2005)<br>DENR<br>DPWH<br>NIA               | P 326.337<br>74.646<br>1,850.022 |
| JBIC | Rural Water Supply Sewerage & Sanitation Project,<br>Phase V (2000 to 2007)<br>DILG        | P 190.714                        |
| NG   | LWUA (P100,000 annually from 2005 to 2010)   | P 600.000                        |
| NG   | P3W (2005 to 2010)   | P4,000.000                       |
|      | <b>TOTAL</b>   | <b>P8,880.930</b>                |

Source: BESF, DBM. 2000 to 2006

### **C. Resource Gap**

There is definitely a resource gap in the attainment of the water supply and sanitation goals. Although there is the availability of funding resources for the purpose, the big problem lies with the identification of the whole funding requirement of the nation.

The studies made by the DILG in collaboration with the JICA, ADB and WB shows that water supply and sanitation sector of various provinces of the country require huge amount of financing. This was evident in the Sulu case study, where almost 1.659 Billion pesos is needed for the complete provision of safe and potable water and better sanitation system.

The making of the master plan and/or the consolidated amount for the national water supply and sanitation is vital to the attainment of the goals. Any program, project and activity need a financial plan for it to become a success.

## **IV. CHALLENGES, ISSUES AND CONCERNS**

MDG No. 7 target No. 11, safe drinking water and sanitation, is not just confined to the accessibility issue but to a greater extent on QUALITY, AFFORDABILITY & SUSTAINABILITY of the water supply and sanitation system. The financing requirement therefore does not only rest on the accessibility to water and sanitation but more on the provision for a high quality, affordable and sustainable water source and basic sanitation of the whole country.

There has been deterioration in quantity and quality of water resources due to the poor and low maintenance scheme of the water resources agencies handling previous and current water projects. The financing side of the programs and projects is weak and feeble

for there is no clear picture on how much we need to allot/spend for each and every identified “waterless” communities of the country.

Another major concern is the decentralized system of providing services for water supply and sanitation. The LGUs lack of financial management skills and technical capacity to initiate, plan and implement programs and projects for this MDG goal is a principal hindrance. The disparities across regions should be equally matched or responded.

The level of investments for water supply and sanitation should also be given consideration, specially for communities where water supply system are typically too complex to be well managed by community groups, but are too small to be financially viable for professional water utilities. Options should be open for the best viable projects that would benefit the community and their administration as a whole.

Aside from the financial side of the MDG goal and target, several lessons on other substantial issues were learned from this study<sup>16</sup>:

#### **A. Empowering community for small towns water supply**

Autonomous management models (water districts and cooperatives) were found to perform best due to community-based management models and community-support system. Participation and empowerment of the community are the keys to a successful small towns water supply.

#### **B. Greater involvement of LGUs**

There is a strong case for improving the support provided by LGUs. This will require a strengthening of their water supply and sanitation capacity, in line with the ongoing decentralization process, and new forms of regulation and contract management.

#### **C. Regulation**

There is a need for improved regulation of small towns water supply, particularly in the areas of tariff setting, performance audits, and water resource use. Local level regulation is of primary importance in small towns, but the local government regulatory bodies must also be monitored and regulated by effective national level bodies. Performance benchmarking (technical, financial and environmental) would aid local regulation, and be beneficial to the management of all small town water supply systems.

Regional water management units have the potential to provide benchmarking and professional support services to groups of small towns, or to federations of cooperatives.

#### **D. Transition from community-based to commercial management**

Many small towns eventually become large towns. This presents a problem for rapidly expanding and urbanizing small towns whose water supply systems are currently managed by local water districts and Cooperatives.

The transition from community-based to commercial management should be incremental, allowing the advantages of the locally-embedded management to be gradually enhanced by the introduction of more efficient operations and monitoring, financial management and decision-making processes.

### **V. CONCLUSION / RECOMMENDATIONS**

There is money for MDG Goal No. 7, target 11: access to water sources and basic sanitation amounting to approximately 8.881 billion pesos up to 2010. However, this study cannot conclude that such amount is enough to finance the over-all requirement of the country for safe drinking water and sanitation programs.

The lack of the absolute figure or computation of the total funding requirement to attain the safe drinking water and sanitation target due to inadequacy of information and database system will make the equation:  $\text{FUNDING REQUIREMENTS less AVAILABLE FINANCIAL RESOURCES} = \text{DEFICIENCY}/(\text{SURPLUS})$ , inapplicable.

The required funding source to meet the goal and target cannot be exactly determined due to the absence of a competent study on the total funding requirement of the Philippines. The studies being conducted by the DILG- Water Supply and Sanitation Project Monitoring Office on the financial computations and requirements of certain provinces and areas in the country are not yet consolidated and funding for such studies are highly donor-dependent and driven.<sup>17</sup>

The DILG-JICA sponsored study, previously presented in this paper, on Sulu's cost estimate for water and sanitation already amounts to P1.659 billion pesos. There are 16 regions in the country, including NCR, CAR and ARMM, that need funding requirement for water and sanitation although not at the same levels of requirements.

Moreover, the financial computation of the funding requirements for water and sanitation projects greatly depends on the population status of the country. The current requirements for this year may not apply for the requirements of the succeeding years due to the increase in need or demand.

There is an extreme need for a comprehensive study on the financial requirement of the country for safer drinking water and sanitation. The actual technical and financial needs should be competently assessed. Only then can we state that the MDG goal for water and sanitation is adequately or inadequately financed.

Even so, it is also undeniable that aside from the financing, advocacy and capacity building, which is fortunately financed at the national level, would be one of the most viable ways toward the attainment of the safe drinking water and sanitation goal. There should be stimulation and promotion of the role of women in water, environmental sanitation, and

hygiene practices--- for mothers are the first and best teachers of the hope of the nation, our youth.

Advocacy and capacity building invested by the LGUs, NGOs and POs should be partnered by strong political will and financial commitment of the executive and legislative branches of the state. Such financial commitment and partnership should entail comprehensive study of the nationwide financing factor of the projects intended for the water supply and sanitation.

The most affected areas/communities are those small towns in the rural areas, specifically from down South of the country who are considered “neglected market”. The meager local government budgets together with low local knowledge, poor community involvement, non-availability of technical support and poor financial management, should be saved by national financial and technical support.

Although the status and trends of the water supply and sanitation of the country sound calm and lull, its MDG attainability would still depend on the accuracy and sufficiency of the FINANCING data for the purpose. These concerns should be addressed immediately for time and resources are running out, just like the drops of water coming out of our faucets.

## ENDNOTES

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<sup>1</sup> *NAPC- Water & Sanitation Coordinating Office (WASCO)*

<sup>2</sup> Bottled water is not considered improved due to limitations in the potential quantity, not quality, of the water. Source: website –[www.wpep.org](http://www.wpep.org) (water project enhancement program)

<sup>3</sup> Only a portion of poorly defined categories of latrines are included in sanitation coverage estimates.

<sup>4</sup> 2000 Census, National Statistics Office (NSO)

<sup>5</sup> 2002 Annual Poverty Indicators Survey APIS, NSO

<sup>6</sup> 2000 Census, National Statistics Office (NSO)

<sup>7</sup> 2002 Annual Poverty Indicators Survey APIS, NSO

<sup>8</sup> [www.wpep.org](http://www.wpep.org)

<sup>9</sup> *The distribution of these systems, however, are LIMITED.*

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<sup>10</sup> WASCO scope of work draft2, November 12, 2004.

<sup>11</sup> The President's FY 2006 Budget message: p.20, 31-32.

<sup>12</sup> Rosalie Castro, Junior Professional Officer of Philippine Centre for Water and Sanitation-International Training Network Foundation. WATER AND ENVIRONMENTAL SANITATION: THE EXPERIENCE OF SAN LUIS, AGUSAN DEL SUR PHILIPPINES

<sup>13</sup> President's computation for total budget requirement for 432 waterless municipalities in 6 yrs (Cabinet Meeting, November 2, 2004).

<sup>14</sup> WASCO data.

<sup>15</sup> DILG-JICA. December 2003. Comprehensive Basic Study of the Autonomous Region in Muslim Mindanao in the Republic of the Philippines, Final Report: Water Supply and Sanitation Sector of the Province of Sulu.

<sup>16</sup> Robinson, Andy. TEST Consultants Inc. February 2003. "MANAGEMENT MODELS FOR SMALL TOWNS WATER SUPPLY. Lessons learned from case studies in the Philippines"

<sup>17</sup> Areas and/or provinces to be studied are identified by the donor (JICA, World Bank, ADB...)

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