

Factsheet



Formulation of price mechanisms for improved raw water management

Scenario

Despite its relatively abundant water supplies, the Philippines is currently faced with a crisis of sustainability in its water sector. This has been brought about by the uncontrolled extraction of raw water and the discharge of effluent in an environmentally unsustainable manner. Both private and public end-users in agricultural irrigation, industry and the water supply utilities sector itself have contributed to this situation.

In addition to large-scale users, numerous small private users extract water from groundwater aquifers and surface water in an uncontrolled way. In some regions of the country, non-replenishable water resources have already been exploited and exhausted. To add to the problem, there is a lack of coordination among Philippine institutions tasked with regulating national water resources. Instruments exist to manage the country's water resources but are not being enforced at the local level.

In response to this problem, the Federal Ministry for Economic Cooperation and Development (BMZ) has appointed the German Technical Cooperation Agency (GTZ) to develop the Raw Water Pricing Project in partnership with the National Water Resources Board (NWRB) and the National Economic and Development Authority (NEDA).

Description

The objective of the project is to improve the supervision and management of raw water resources in pilot provinces of the Visayas. Therefore, NWRB as the regulatory body on national level will be strengthened in the perception of its supervisory function. At the same time a water tariff system will be implemented in not less than two pilot areas in the Visayas.

After selection of a tariff alternative by NEDA and NWRB a legal framework for the imposition of a water tariff system will be developed and established. It will base on the principles of sustainable environment and integrated water resources management (IWRM). The goal for the pilot phase is to register 75 % of the volume of raw water extraction in the pilot area.

The whole project is based on a participatory approach. During the process of deciding on a tariff alternative

Partners: National Water Resources Board (NWRB); National Economic and Development Authority (NEDA); selected local government units (LGUs).

Target Groups: Populations of Negros Oriental Province in the Visayas.

Duration: July 2005 - March 2008

and the following setting up of a legal framework public stakeholder consultations will be an essential part of the implementation. A permanent water user committee will be created composed of major raw water users. This Committee will meet on a regular basis to discuss all aspects of raw water resource management.

Impact

Meanwhile, NEDA and NWRB have selected a raw water tariff which is now under implementation in the municipalities of Manjuyod and Valencia in the province of Oriental Negros.

The project partners agreed in principle to adopt a resource charge method in calculating raw water fees. This method aims to recover all the costs associated in administering the raw water pricing and allocation. Furthermore, activities are pointed out which are necessary for a water resources management and should be financed through the raw water fee. The total amount of the estimated cost will be distributed over the expected total volume of raw water extractions. In other words, the level of fees is depending on the previously agreed on activities which should be financed through them. In addition, the resource charge method is taking into account diversity of water users and of water extraction as well as socio-economic aspects (e.g. ability to pay of users) and government priorities.

To make the raw water pricing system politically acceptable to the local government units and to the raw water users themselves, the project team is developing a distribution scheme where most of the proceeds (around 90 %) of raw water pricing fees will go back to the municipality to be used to finance IWRM-related activities. This proposed scheme has been well received and accepted by the raw water users themselves.



The economic value of water is seldom realized relative to its social significance.

At the same time a legal framework is developed which shall form part as a legal basis for implementing the raw water pricing system. Public consultations with the various raw water user groups, associations and stakeholders within the pilot sites were conducted to solicit feedback and to utilize them as input in the drafting of both local and national legislations necessary for implementing raw water pricing system.

Present efforts by the project team are being undertaken to gather data on the volume of raw water extraction at the pilot sites. It has been noted that while there were no records previously maintained at the barangay level with respect to raw water extractions, there is now awareness in the pilot sites that registration of major raw water users is necessary. This continues to be carried out, and is being monitored by the raw water pricing administration teams. These teams were created in each pilot municipality, their main task will be to run the system when it is actually implemented in the second phase of the project (in 2007). Members of the said administration team are under the supervision and control of the respective Municipal Planning and Development Offices (MPDO) of the pilot municipalities. As such, the MPDO has obtained the following distribution of raw water abstraction in the Municipality of Manjuyod: public water supply 24%, industry 29% and agriculture 47%.



Participation of the concerned population is the main basis for introducing the raw water pricing

The project team has already made efforts to organize a raw water users committee. This raw water users committee is tasked to discuss environmental issues in their locality. The project team carried out a "Public Stakeholder Consultation Workshop" in the Municipalities of Manjuyod and Valencia, Oriental Negros in July 2006. With the major stakeholders identified, criteria for membership into the raw water user committee are in the process of development by the project team's social organization and IWRM consultants. The mechanics of meetings, issues for discussion and possible recommendatory functions for IWRM measures/activities also form part of the work in progress relative to this committee.

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