

Annex A**PDF Sub-Working Group on Water Supply and Sanitation****Terms of Reference****Background**

Water supply coverage and quality in the Philippines are in dire need of improvement. Filipinos' access to safe water supply declined from 87% in 1990 to 85% in 2004, according to the Joint Monitoring Program for Water Supply and Sanitation by UNICEF and WHO.¹ There is no consolidated data on piped water systems but data from various sources suggest that the access of Filipinos to such systems is very low. As of 2000 census, only 27 in every 100 households in the Philippines had connections either through own use faucets or community water systems (see Table 1). Level 3 access (individual household connection)² is likely much lower than this figure. In the July 1-3, 2008 consultations on regulation and improving water service coverage, it was reported that water districts under the supervision of LWUA are able to connect on average of only 40% of the population they are mandated to serve.

Table 1. Number of Households by Main Source of Water Supply, Philippines as of year 2000³

| Source of Water Supply | No. of Households | % of Total |
|--|--------------------------|-------------------|
| Own Use Faucet, Community Water System (CWS) | 4,177,722 | 27.3 |
| Shared Faucet, CWS | 2,950,891 | 19.3 |
| Own Use Tubed/Piped Deep Well | 1,389,768 | 9.1 |
| Shared Tubed/Piped Deep Well | 2,406,228 | 15.7 |
| Tubed/Piped Shallow Well | 1,098,552 | 7.2 |
| Dug Well | 1,209,319 | 7.9 |
| Spring, Lake, River, etc. | 1,350,735 | 8.8 |
| Peddler | 348,636 | 2.3 |
| Bottled Water | 55,226 | 0.4 |

¹ UNICEF-WHO data were retrieved from various Philippine sources, including the NSO database and "Philippines Demographic and Health Survey, 2003". *Access to safe water* is broadly defined here as access to potable water regardless of whether it is from piped systems or lower level systems.

² The other levels of water systems are: level 1, which means stand-alone water points (e.g., handpumps, shallow wells, rainwater collectors); and level 2, which means piped water with a communal water point (e.g., borewell, spring system).

³ The latest data will be culled from the 2007 census results and are still being processed by the National Statistics Office.

| Source of Water Supply | No. of Households | % of Total |
|------------------------|-------------------|------------|
| Others | 291,731 | 1.9 |
| TOTAL | 15,278,808 | 100 |

Source: 2007 Philippine Statistical Yearbook (primary data from 2000 census)

Notes: total population in 2000 = 76,504,077; one household = 5 members

With respect to sanitation, the Medium-Term Philippine Development Plan (MTPDP) 2008 Update reported that access to sanitary toilet facilities slightly increased from 86.1% in 2002 to 86.2% in 2004. However, these figures represent access to sanitary toilets, and not necessarily to satisfactory sanitation. The World Bank-Manila estimated that only about 4% of the population nationwide had access to sewerage as of 2000. Outside Metro Manila, access to sewerage networks is practically nonexistent with only three sewerage systems—in Baguio, Vigan, and Zamboanga—which serve less than 3% of their respective service area populations.⁴

As a result of inadequate coverage and quality of sanitation services, waterborne diseases present a severe public health concern for Filipinos, accounting for more than 4,200 deaths each year.⁵ The prevalence of Somatotropic Hormone (STH) infection (growth hormone infection) among pre-schoolers in the Philippines is also attributed to lack of sanitation facilities. The 2004 Nationwide Survey of Pre-schoolers (by the University of the Philippines-Manila, Department of Health, and UNICEF) revealed that around 7 in every 10 pre-schoolers in the survey areas (in 17 regions) had STH infection.

According to the Center for Advanced Philippines Studies, the neglect of sanitation investment is happening despite the fact that the cost of sanitation facilities is very low. In Metro Manila, the cost of sanitation facilities is only 28,411 pesos per household (approximately 5,000 pesos per person), whereas sewerage costs about 9,000 pesos per person.

To address the problem of inadequate coverage and quality of water supply and sanitation services, actions from different agents such as the water service providers, financing institutions, national and local governments, development partner agencies, and civil society groups are needed. Thus, the government and development partners' group dealing with water supply and sanitation sector issues is convening a forum to serve as a venue for these stakeholders in: (i) discussing in depth the root causes of and solutions to the problem of inadequate water supply and sanitation coverage and quality; (ii) ensuring coordination of measures and courses of action to address them; and (iii) delineating the roles of development partners in the action program for the sector. This forum is called the "Philippines Development Forum (PDF) Sub-Working Group on Water Supply and Sanitation" and is a sub-group under the PDF Infrastructure Working Group, one of the thematic groups under the overall PDF.

The overall PDF is an annual, interactive and participatory forum where different stakeholders from the national and local governments, civil society, academe, business groups, and the international development community discuss possible actions on the main reform challenges of

⁴ Cited in "Philippines: Meeting Infrastructure Challenges," World Bank-Manila 2005, with primary data taken from *Philippines Environment Monitor 2003* funded by the World Bank.

⁵ *Ibid.*

the country. The PDF evolved from the Consultative Group Meetings among the government and international development partners and was launched in 2004 to bring in other stakeholders into the dialogue. The PDF currently has eight thematic Working Groups: MDGs and Social Progress; Growth and Investment Climate; Economic and Fiscal Reforms; Governance and Anti-corruption; Decentralization and Local Government; Sustainable Rural Development; Mindanao; and Infrastructure.

The PDF-Infrastructure Working Group (PDF-IWG), a recent addition to the PDF thematic working groups, held its first meeting last August 22 and called for the formation of three sub-working groups (Transportation; Power, Energy and Electrification; and Water Resources) to facilitate the resolution of sector-specific issues. It was also agreed during the PDF-IWG meeting that the sub-working group for water resources will be chaired by the Department of Finance (DOF) and jointly co-chaired by USAID and JBIC.

Given the historical background on the formation of this sub-working group for water supply and sanitation, particularly the fact that the core group which had consistently kept alive the discussion on the formation of a distinct group for the sector (while waiting for the official organization of the larger PDF-IWG) are more directly involved with water supply and sanitation issues, the current terms of reference (TOR) are focused on water supply and sanitation. This is with the understanding that water supply and sanitation sector development will be pursued in the context of an integrated water resource management (IWRM) framework and the scope of functions in the TOR may be expanded in the future to accommodate other water-related issues such as irrigation, flood control, and water resource management. At present, such issues are being dealt with in other PDF working groups such the Working Group on Sustainable Rural Development and Working Group on Decentralization and Local Government.

Objectives

- To discuss water supply and sanitation sector issues and set common goals, strategic directions and priority plans and programs.
- To coordinate the respective development programs of the Government of the Philippines (GOP), development partners and the private sector for the water supply and sanitation sector under a common platform.
- To promote complementation and synergy among the different ODA-funded activities for the water supply and sanitation sector.

Membership

The membership of the sub-working group mirrors that of the overall PDF, wherein the government, international development community, private sector, civil society and other stakeholders are represented. Moreover, members of the Philippine Water Supply Sector Roadmap (PWSSR) Steering Committee are also represented.⁶ The membership is as follows:

⁶ During the time that the formation of this sub-working group was being discussed, the government agencies and development partners dealing with water supply and sanitation issues had opportunities to meet in different

- GOP Chair: Department of Finance (DOF), Chair
- Development Partner Agency Co-chairs:
 - United States Agency for International Development (USAID)
 - Japan Bank for International Cooperation (JBIC)/Japan International Cooperation Agency (JICA)
- Core Members:
 - National Government Agencies
 - National Economic and Development Authority (NEDA)
 - National Water Resources Board (NWRB)
 - Department of Environment and Natural Resources (DENR)
 - Department of Health (DOH)
 - Department of Interior and Local Government (DILG)
 - Department of Budget and Management (DBM)
 - Local Water Utilities Administration (LWUA)
 - Development Partners
 - World Bank (WB)
 - Water and Sanitation Program
 - KfW Development Bank (KfW)
 - German Agency for Technical Cooperation (GTZ)
 - Australian Agency for International Development (AusAid)
 - Asian Development Bank (ADB)
 - International Finance Corporation (IFC)
 - United Nations Development Programme (UNDP)
 - United Nations Children's Fund (UNICEF)
 - World Health Organization (WHO)
 - Local Government Representative
 - Union of Local Authorities in the Philippines (ULAP)
- Other Members to be Assigned to Task Forces/Technical Working Groups:
 - Cooperatives Development Authority (CDA)
 - Department of Agrarian Reform (DAR)
 - Department of Public Works and Highways (DPWH)
 - Department of Social Welfare and Development (DSWD)
 - Metropolitan Waterworks and Sewerage System-Regulatory Office (MWSS-RO)
 - National Anti-Poverty Commission (NAPC)

project steering committee meetings. Particularly on the 13 March 2008 Philippine Water Revolving Fund (PWRF) Steering Committee meeting and 16 May 2008 Philippine Water Supply Sector Roadmap (PWSSR) Steering Committee meeting, it was decided that PWSSR Steering Committee representatives shall be members of the then proposed PDF group for the water sector.

Philippine Association of Water Districts (PAWD)
National Water and Sanitation Association of the Philippines, Inc. (NAWASA)
League of Provinces of the Philippines
League of Municipalities of the Philippines
League of Cities of the Philippines
Streams of Knowledge (STREAMS)
Development Bank of the Philippines
Land Bank of the Philippines
LGU Guarantee Corporation
Philippines Ecological Sanitation Network (PEN)

- Technical Secretariat: DOF-Corporate Affairs Group (CAG)
DOF-Municipal Development Office (MDFO)
(with technical assistance from development partners)

Main Functions

- Serve as the sub-forum for the GOP to apprise all stakeholders on the guiding principles and policies for the water supply and sanitation sector's development and reform agenda, particularly in the following areas:
 - Regulatory reforms and legislative actions
 - Institutional strengthening
 - Capacity development [*shall we separate this from insti strengthening?*]
 - Financing policy
 - Strategic alliance building
 - Infrastructure investment
 - Private sector participation
- Identify the lead institutions for the key result areas of the reform agenda and delineate responsibilities among concerned agencies and development partners.
- Coordinate the assistance and programs of development partners to ensure consistency with the GOP's priorities and determine the appropriate timing of interventions.
- Monitor the status/accomplishments of the action plans and related projects of development partners vis-à-vis indicators of the sector's reform agenda.

Operating Guidelines

- This sub-working group will ensure linkage with the PDF-IWG and the overall PDF at all times. The discussions/agreements and recommendations of this sub-working group will be elevated to the PDF-IWG and the overall PDF. The DOF, being the chair of the Oversight Committee for EO 279 (policy on water supply and sanitation financing reforms), can provide the integration of financing reforms with the overall sector reform program.

- This sub-working group will meet every quarter, unless there are urgent issues which may necessitate more than one meeting in a quarter. The call for meetings and agenda for discussion will be issued by the technical secretariat (DOF-CAG).
- The frequency of sub-working group meetings will be driven by issues and work agenda. However, task force/s or technical working groups (TWGs) for specific issues or key result areas may be formed by the sub-working group for expediency purposes and to ensure timely resolution of issues. At present, TWGs for these four key result areas may be necessary: Institutional Strengthening (with focus on regulation), Capacity Development, Strategic Alliance Building, and Financing.
- The technical secretariat will be assisted by consultants/staff of development partners. For this year, the USAID-funded PWRP Support Program and the multi-donor-funded Water and Sanitation Program (WSP) are deploying consultants to support the technical secretariat. Succeeding technical support from development partners will be deployed based on official request from the GOP agency chair.
- The development partner co-chair/s will be decided on a collegial basis during sub-working group meetings. The PDF Infrastructure Working Group during its first meeting on August 22, 2008 recommended USAID and JBIC as joint development partner co-chairs. The two agencies will be the co-chairs this year and until such time that the function was transferred through a collegial decision of the sub-working group.
- The operating cost of holding meetings will be shared by development partners.
- Some elements in the sub-working group's TOR, including the membership and main functions, may be changed subject to approval by the majority in a meeting of the PDF Sub-Working Group on Water Supply and Sanitation. Without losing sight of the need to coordinate with the GOP's IWRM framework, this sub-working group will initially focus on water supply and sanitation issues. However, other water-related issues (e.g., irrigation, flood control, and water resource management) may be accommodated in the future by changing this sub-working group's TOR.

Prepared by the Secretariat with support from PWRP-SP