

Roundtable Discussion 2
May 25, 2007
Room 404, Ateneo Professional Schools
Rockwell, Makati City

EXECUTIVE SUMMARY

Infrastructure programs impact on long-term economic growth. Cognizant of the wide range of infrastructure issues that are related to the various advocacies of civil society groups, the Economic Policy Reform and Advocacy (EPRA) and the Action for Economic Reforms (AER) are facilitating a series of discussion meetings on infrastructure, towards the creation of an informal group of reformers in government, private sector and civil society.

The second roundtable discussion focused on water, specifically on the small water providers. A research titled *“Risks and Opportunities Faced by Small Peri-Urban Water Service Providers: Two cases”* was the main input for the discussion wherein two case studies on the risks and opportunities faced by small peri-urban water service providers were presented. (See **Annex 1**. The research paper) The case studies are in two areas: sitio Tinagong Paraiso in Bacolod City, and in the Municipality of Binangonan. The research, supported by EPRA, was undertaken by a team from the Institute of Popular Democracy under the supervision of Jude Esguerra. Other team members are Frances Lo, Nai Rui Chng, Carmille Ferrer, Jamir Ocampo, and Melai Tuba.

The Local Government Code of 1991 (RA 7160) contains a provision that authorizes municipalities to establish waterworks systems as part of their role to provide for the general welfare of their constituents. How these local waterworks systems, and local water cooperatives as well, fare with the entry of concessionaires / central utility operators such as the Manila Waters and Maynilad was discussed during the presentation.

Private sector participation in water distribution, via small water providers, has been observed in areas where only a fraction of the population can be serviced by water districts run by the municipalities. Data from the Philippine Association of Water Districts (PAWD) shows that since the 1970s, water districts currently cover only 21% of their areas of responsibility.

The study presented focuses on the risks small water providers face when they operate with bigger providers in the community. These risks pertain to exclusivity, bulk sales policies, reticulation standards, collective action failures and financing approaches. How these SWPs grapple with the risks has been described in detail in the case studies that were presented.

The presentation and the discussions that followed pointed to the need for a peri-urban policy framework for water distribution – one that would encourage private entities to invest in water supply management and distribution on a larger scale. What is needed, though, is a policy regime that will reduce risks and make these kinds of investments bankable.

Mr. Esguerra described water distribution in the Philippines as a “pork barrel project”. Water is not an unlimited resource. As the population continues to grow, the demand for this limited resource increases. Thus it becomes imperative that economics, rather than politics, becomes the starting point in the design of an efficiently run water distribution system, one that would truly address the needs of the people throughout the country. (See **Annex 2**. Powerpoint presentation titled Small Water Providers Big Risks)

The discussion was attended by 35 participants from government agencies and corporations, the business sector, NGOs, the academe, and from donor agencies, notably the USAID. (See **Annex 3**. Attendance Sheet)