

Promoting people's governance in the Philippine water sector

A presentation by



Fourth World Water Forum

March 16-22, 2006, Mexico City

Topic Session on “How to overcome corruption in
water resources and services management”

March 17, 2006, 2:15 – 4:15 PM

Magdalena water project

Background:

- Poor rural town 105 kms away from Manila; people are mostly coconut farmers
- 1998 – availed of a World Bank loan worth Php24.2 M (US\$474,510) for a water supply project (↑ population growth: 66% [1995-2010] = ↑ demand)

Magdalena water project

Background:

- Privatization project – a private concessionaire will operate the system for 15 years under a Php70-M (US\$1.4 M) lease agreement
- Promised benefits – 24-hour water availability & 100% supply coverage of **clean, potable water** by 2004
- June 2001 – project completed

Magdalena water project

Issues:

- No democratic and substantial consultation was held
- Contract awarded to a private contractor in spite of a bid 30% higher than another bidder
- Government experts declared the water from the system **unfit for drinking**

Magdalena water project

People's burden:

Indebtedness to World Bank (2002-2014)

Principal Php24.2 M (US\$474,510)

Interest Php26.7 M (US\$523,529)

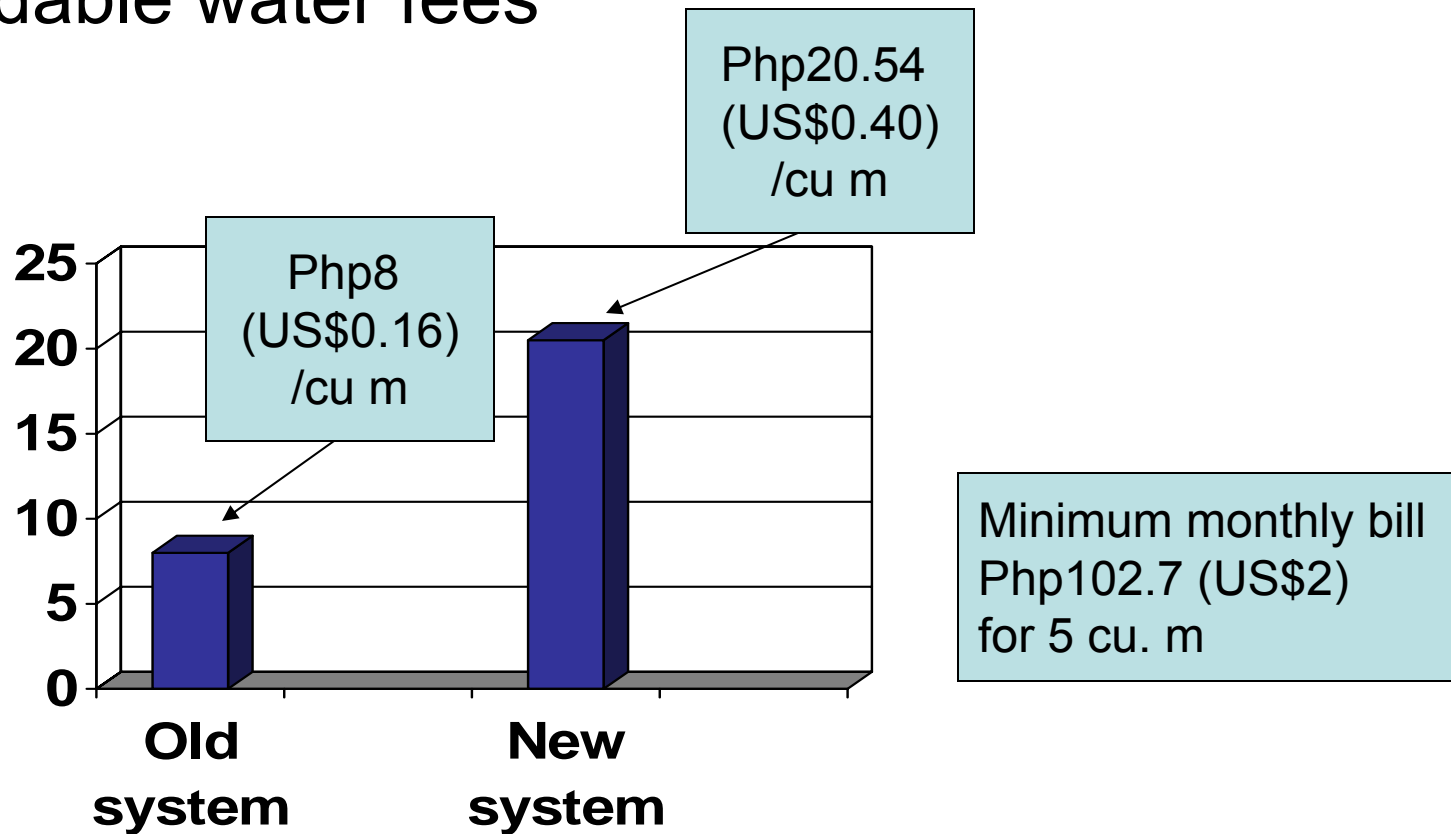
Total Php50.9 M (US\$998,804)

For a town where more than **90%** of the people
Survive on **less than US\$2 a day!**

Magdalena water project

People's burden:

Unaffordable water fees



Magdalena water project

People's response:

- **Sep 2001 – protest rally against high water rates (temporary victory – communities allowed to source water from the old system until Feb 2002)**
- **Town officials filed graft & corruption charges against mayor (setback – Ombudsman dismissed the case in 2003)**
- **2004 – Residents & some town officials set up the People's Watch for Potable Water, a broad coalition under the WATER FOR THE PEOPLE NETWORK, to continue the fight against the failed project & hold officials accountable**

Leyte water district

Background:

- **Leyte is a province south of Manila (with public water utility – LMWD)**
- **Oct 15, 2004 – a union organizer shot dead, LMWD union official seriously wounded (In 2003, a union official was also murdered)**
- **Primary suspect – LMWD general manager whom the union accused of graft & corruption**

Leyte water district

Background:

Before the murder & frustrated murder...

- **LMWD union questioned GM's policy of passing on to consumers the utility's income & franchise taxes, which the law does not allow**
- **Water rates increased by as much as 300% in 2003 alone while services remained poor**

Leyte water district

Background:

Union discovered anomalies involving

The GM...

- **Php108.7 M (US\$2.1 M) un-liquidated cash advances & questionable expenses, which include:**
- **Php2.4 M (US\$47,000) overpayment of the GM's salary**
- **Php68.3-M (US\$1.3 M) contract with an unknown contractor favored by the GM**
- **Php21.3 M (US\$417,647) questionable bank account**

Leyte water district

People's response:

- Late 2003 – union staged a protest rally to condemn corruption in LMWD (26 union members sacked by the GM)
- Feb 24, 2004 – Union together with the newly formed Alliance of Water Consumers (both members of the WATER FOR THE PEOPLE NETWORK) staged another protest rally to condemn the onerous water rates, corruption, mismanagement, and illegal dismissal of union members
- Nov 2004 – Murder and frustrated murder charges were filed against the GM
- The Commission on Audit (COA) is now examining the books of the LMWD

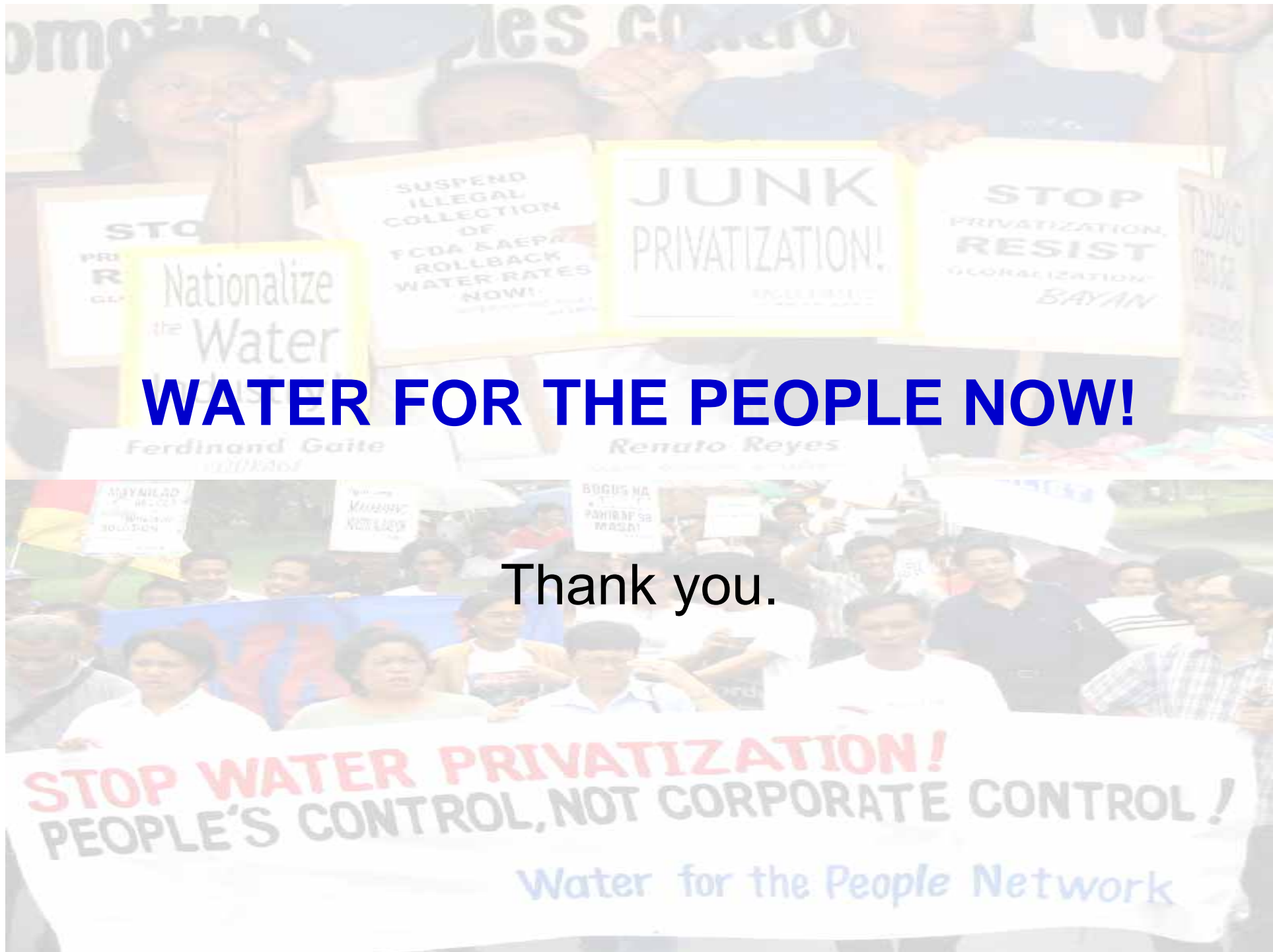
People's victories

- Strengthened resolve that **PEOPLE'S GOVERNANCE** is the most effective & comprehensive way to fight corruption and anti-people projects & programs
- Establishment of WATER FOR THE PEOPLE NETWORK – a step further in the promotion of people's governance in the water sector in the Philippines

Water for the People Network

Main tasks:

- Consolidate and coordinate the efforts of various local communities and organizations in the Philippines
- Help project the local issues and campaigns at the national & international levels
- Act as an information and resource center to support local campaigns



WATER FOR THE PEOPLE NOW!

Thank you.