Promoting people’s governance in the Philippine water sector

A presentation by

Fourth World Water Forum
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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
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

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<tr>
<th>Old system</th>
<th>New system</th>
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<td>Php8 (US$0.16) /cu m</td>
<td>Php20.54 (US$0.40) /cu m</td>
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Minimum monthly bill Php102.7 (US$2) for 5 cu. m
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.