

*** Part I: Consultation and Consent
(The Intersection of PPP
Approaches and Consensus
Building in the Reduction of Non-
Revenue Water)**

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* Assistance extended to the Philippine Association of Water Districts (PAWD), the umbrella organization of all duly organized water districts in the Philippines (PAWD has 831 WD members, with operational WDs at 526):

- Study of performance-based contracts (PBC) for NRW reduction
- Capacity-building, with focus on training on PBC for NRW reduction



* **Context**

* Local water districts or WDs are considered public utilities and have been formed by local government units under an enabling law for the purpose of:

- (a) acquiring, installing, improving, maintaining and operating water supply and distribution systems for domestic, industrial, municipal and agricultural uses for residents and lands within the boundaries of such districts;
- (b) providing, maintaining and operating wastewater collection, treatment and disposal facilities; and
- (c) conducting such other functions and operations incidental to water resources development, utilization and disposal

* Local Water Districts

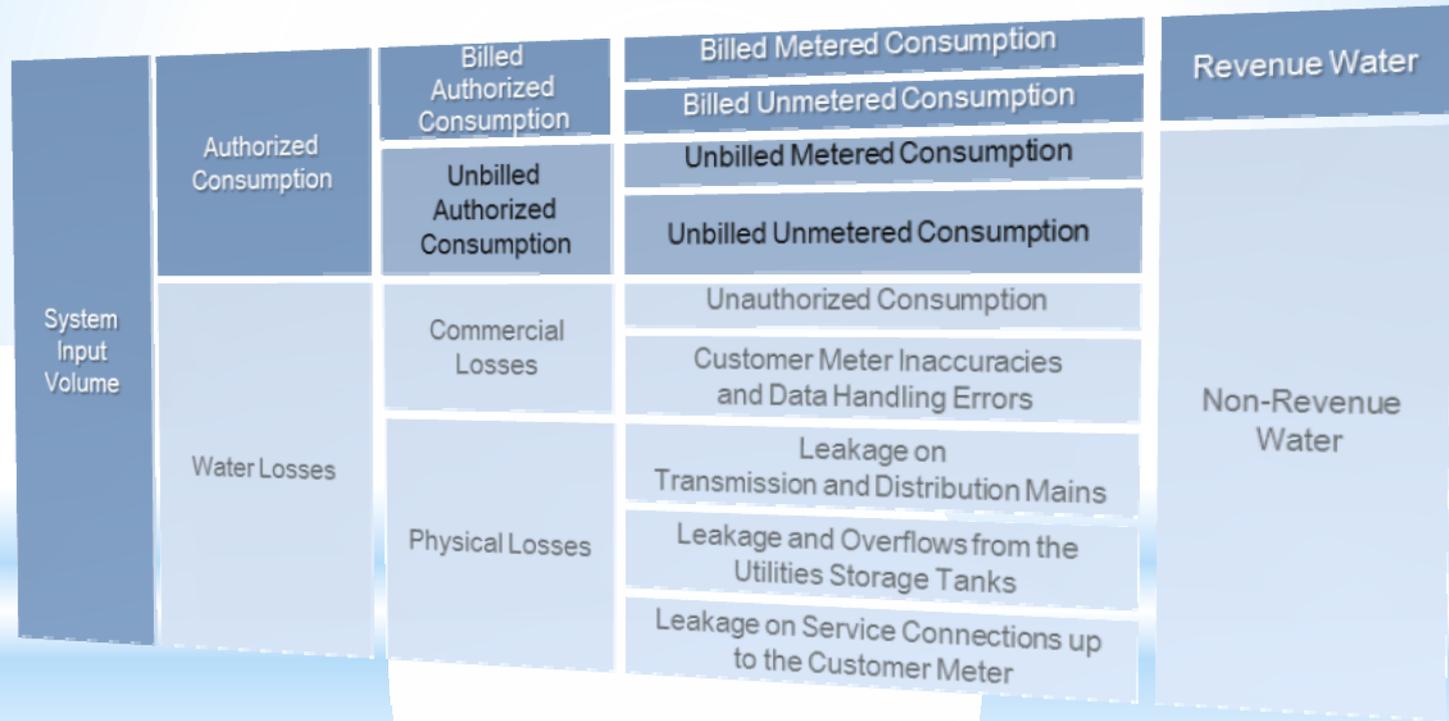
- * WDs, as far as practicable, shall fix (subject to the approval of the Local Water Utilities Authority) such rates and charges for water as will result in revenue which will:
 - Provide for reimbursement from all new water customers for the cost of installation of new services and meters,
 - Provide for revenue from all water deliveries and services performed by the district,
 - Pay the operating expenses of the district,
 - Provide for the maintenance and repairs of the works,
 - Provide reasonable surplus for replacement, extension and improvements, and
 - Pay the interest and principal and provide a sinking fund for the payment of debts of the district as they become due and establish a fund for reserves.

* Local Water Districts

- * A WD may dispose of its income, as follows:
 - First, to pay its contractual and statutory obligations and to meet its essential current operating expenses;
 - Second, to allocate at least fifty percent of the balance exclusively as a reserve for debt services and operating and maintenance, to be used for such purposes only during periods of calamities, force majeure or unforeseen events; and
 - Third, to allocate the residue as a reserve for expansion and improvement of its physical facilities.

* Local Water Districts

* International Water Association Water Balance Diagram: Components of NRW



* **Non-revenue water (NRW): difference between the water produced and authorized billed consumption**

Water District (WD)	System Input (m3/d)	NRW (%)	NRW (m3/d)	Physical Losses (m3/d)	Commercial Losses (m3/d)	Value of Physical Losses (PhP/year)
Macabebe WD	11,646	65%	7,570	4,542	2,725	29,460,255
Zamboanga City WD	62,613	50%	31,306	18,784	11,270	143,978,198
Isabela City WD	6,721	39%	2,621	1,573	944	8,426,875
Teresa WD	5,806	38%	2,206	1,324	794	10,629,011
Metro Naga WD	58,104	35%	20,336	12,202	7,321	70,991,433

*** Sample Value of Water District
Physical Losses (from 2012
Survey by PAWD-WOP)**

Commercial losses

- * Surveys to identify missing or unmetered connections;
- * Installing, replacing, repairing or recalibrating meters;
- * Improving meter reading and data transfer to customer accounting systems
- * Improving customer systems

Physical losses

- * Establishing District Metering Areas (DMAs) and improving water inflow and pressure measurement and facilitating leakage detection;
- * Leakage detection;
- * Pressure management;
- * Repairing leaks;
- * Replacing service connections, leaking pipes;
- * WD training on maintenance

*** NRW Reduction**

- * Leakage detection and pressure management to reduce and maintain low leakage levels is an evolving expertise
- * Reducing physical loss imposes greater challenge for WDs than commercial losses, in view of lack of expertise and flexibility in determining approach to procurement

* NRW Reduction

* Share findings and propose contractual and procurement approaches

- Local Water Utilities Authority (LWUA)
- Public Private Partnership Center (PPPC)
- Office of the Government Corporate Counsel (OGCC)
- Philippine Association of Water District (PWD)

*** First Meeting**

- * Seminar-workshop with WDs
 - * Introduce solutions and technology related to NRW (noting that private academies offer training on NRW reduction)
 - * Introduce contract options
 - * Introduce procurement options
 - * Consider resort to PPP to secure benefits of PBC, with ready funding for project preparation

* Second Meeting

- * LWUA estimates NRW at only 25%
- * But a recent needs assessment indicated that WDs do not have the capability to measure NRW or apply inadequate measurement methods
- * NRW will continue to significantly impact service quality and WD revenues, among others
- * PWD continues to extend support to member-WDs
- * Individual WDs are considering procurement methods but appear to be attracted to JVs, driven by potential partners
- * Information on the PPP option as most viable in delivering performance-based contracting has been disseminated but acceptability not clear

***Final Report**

* Identification of stakeholders or protagonists

- Technology providers
- Advisers
- Consumers

*** Lessons Learned**

* Difficulties in an initial segregation of stakeholders or protagonists

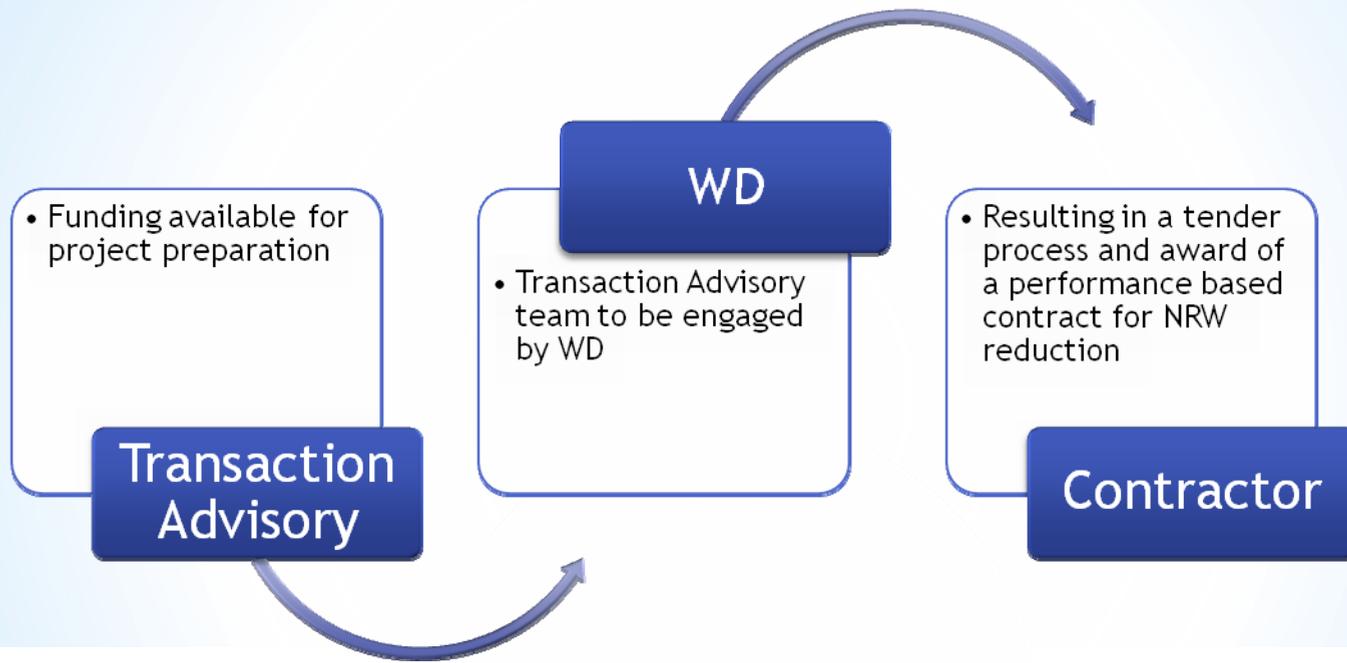
- Separate meetings were held:
 - One formal meeting with the public entities
 - A workshop seminar with WDs
 - Individual consultative meetings with potential technology providers and water service providers (the MWSS concessionaires) on NRW

* Lessons Learned

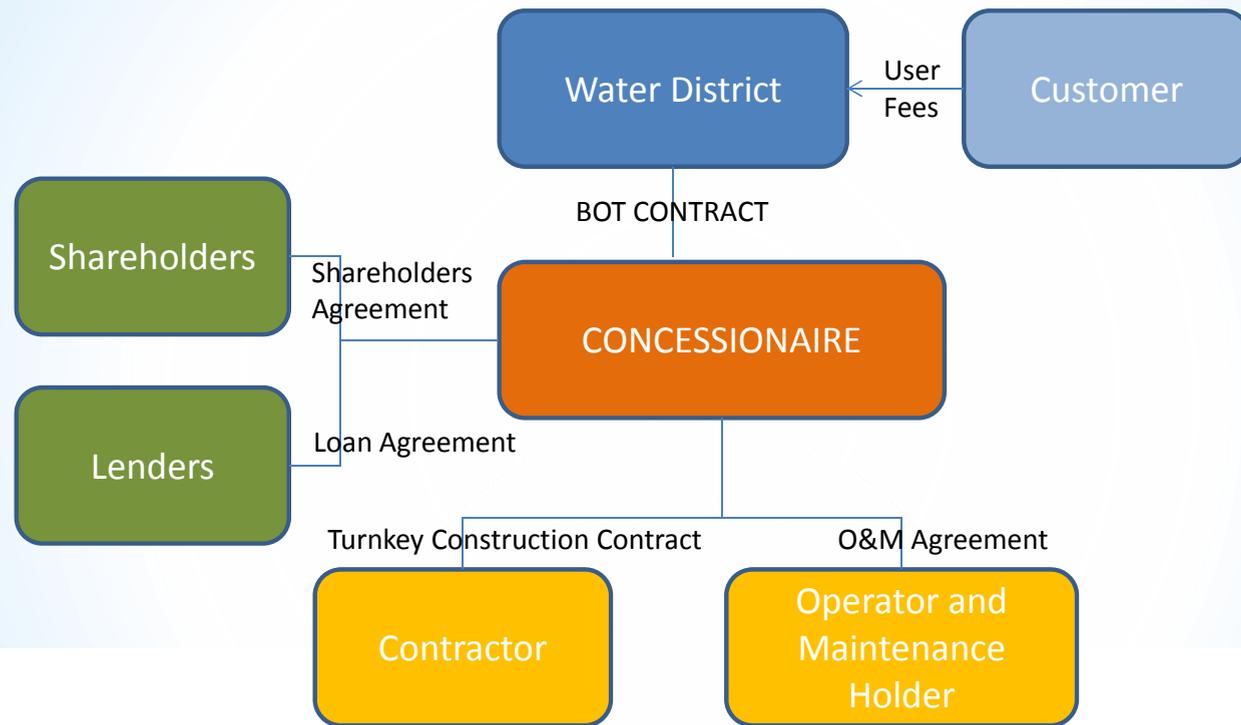
Consensus-building and participatory processes as decision-making (process and tool):

- * Identify decision points
- * Identify stakeholders around decision points
- * Identify stakeholder issues
- * Convene efficiently

*** Lessons Learned**



* Consensus Building and Participatory Processes in PPP



* Consensus Building and Participatory Processes in PPP

*** Part II: Cases and Experiences in
Empowered Dispute
Resolution/Management
Processes: Engaging Cultural
Challenges**

- * inclusive, that is framed within a rights-based and gender responsive framework
- * voluntary and participatory, as the final decision rests with the parties
- * culturally sensitive
- * responsive to the sources and effects of power imbalance (including gender) between or among the parties, ... that can be done by providing all the stakeholders with equal representation and voice in the process, and designing a process where the rights and interests of all are acknowledged and recognized, and where their common interests are identified and satisfied

* Characteristics of EDR/MP

- * information-and analysis-oriented, where the EDR/MP practitioner has to look into the sources of the conflict and the power relations of the parties
- * systematic yet flexible and creative, taking into account the organized concepts, principles and approaches in negotiation and mediation and lessons from past mediation experiences
- * non-violent
- * educative, as the EDR/MP practitioner imparts to the parties empowering ways of resolving their conflicts, and with outcomes that are mutually beneficial and fair to all parties, and that provide comprehensive solution to substantive and relationship issues in dispute (Batistiana & Aquino-Elogada, 2005)

* **Characteristics of EDR/MP**

- * Dispute involving a 70MW Hydroelectric Power Plant located on the boundary of Bakun, Benguet and Alilem, Ilocos Sur, in the northern part of Luzon
- * The Project Proponent under the Build-Operate-Transfer scheme was obliged under the Environmental Compliance Certificate (ECC) issued for the project to bear the cost of construction of a bridge and access road.

* **Luzon Hydro Power Plant - Environmental Compliance Certificate**

- * The host community considered the bridge as among the monetary benefits under the ECC.
- * The Philippines Department of Environment and Natural Resources wanted to make a decision based on consensus reached by stakeholders and at its initiative a facilitation and mediation team composed of representatives from the DENR and an environmental NGO was constituted.

* **Luzon Hydro Power Plant - Environmental Compliance Certificate**

* Stakeholders or protagonists

- Independent power producer (project proponent)
- National Power Corporation, a government owned and controlled corporation then mandated by law to generate power
- Local government unit
- Community members, represented by CSOs (the NGOs were represented by a church-based NGO)
- DENR

* Luzon Hydro Power Plant - Environmental Compliance Certificate

*The Process

- Ground working and preparatory activities
- Mediation sessions
- Consultative meetings
- Fund sourcing committee meeting
- Caucus

* Luzon Hydro Power Plant - Environmental Compliance Certificate

* Outcomes

- Principally a Community Memorandum (CM)
- The CM paved the way for securing a bridge and access road for the community
- The CM also allowed the project proponent to continue operations following the lifting of the suspension of the ECC

* Luzon Hydro Power Plant - Environmental Compliance Certificate

* Lessons Learned

- Preparatory work, given lack of (a) previous interaction among the stakeholders and (b) prior experience in dialogue, proved indispensable and critical. It is also important to consider that the process was mandated or imposed by the DENR-EMB
- The support given by the local government unit to the community was important factor in the power imbalance factor.
- Prior training of the facilitators and their sensitivity to the perception of stakeholders contributed greatly to the outcome.
- One factor that had the potential to adversely impact the process and outcome was the matter of cost (of running the process).

* Luzon Hydro Power Plant - Environmental Compliance Certificate

* Other cases involve:

- Right of way acquisition - within the context of PPP project preparation or implementation, difficulty in identifying full set of stakeholders
- Aerial spraying - attempt to employ EDR/MP in the resolution of a dispute arising from the decision by an LGU to ban aerial spraying of pesticides. At the time stakeholders convened, the dispute was already pending before the Philippine Supreme Court

* EDR/MP and Participatory Processes

***Thank you.**