

January 31, 2020

SEN. GRACE POE
Chairperson
Committee on Public Services
Senate of the Philippines
Pasay City, Manila

Dear Senator Poe:

We wish to thank you for your invitation to the recent hearing on December 11, 2019 of the Committee on Public Services on pending Senate bills related to establishing a Department of Water Resources (DWR) and a Water Regulatory Commission (WRC).

Mr. Christopher A. Ilagan and Mr. Ramon B. Alikpala, co-authors of the *Arangkada* Philippines policy brief number 7 *Water* of November 2018, represented the 20 co-sponsors of the document at the hearing.

Philippine business groups and foreign chambers have staunchly advocated for many years the establishment of these two agencies to deal with the multitude of problems around our water insecurity. At the root of this insecurity is the fragmented nature of the sector's governance with over 30 agencies involved in managing various aspects of the country's water resources, while remaining highly siloed in carrying out their respective functions. For this reason the business community decided to publish the policy brief wherein establishment of these agencies is among the top recommendations. The policy brief also summarizes the key issues which provide the rationale for advocating such legislative intervention and is attached for your reference.

It is noteworthy that in recognition of persistent problems of the sector – made more obvious during last summer's water shortages in Metro Manila and other key cities and which have now led to serious public debate around the Metro Manila water concessions – the establishment of a DWR and WRC were again voted by Philippine business groups and foreign chambers as top legislative priorities for the 18th Congress. We attach here our July 29, 2019 letter to Senate President Sotto, which includes both reform measures among a total of 28.

Thus, at a conceptual level, we wish to register full support for the speedy deliberation and passage of a joint bill to establish a DWR and WRC. In order to advance the process, we recommend the Committee on Public Service establish a Technical Working Group to develop a consolidated DWR-WRC bill based on those bills filed and pending at the Committee. Based on our understanding, a similar effort was pursued in the House of Representatives last October 2019 and a consolidated bill is expected to soon be submitted for Second Reading.

In terms of general principles, ideas and themes we hope to see reflected in any consolidated water reform bill emanating from your Committee, please accept the following recommendations for your consideration:



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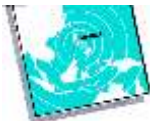
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MAKATI BUSINESS CLUB



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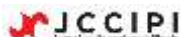
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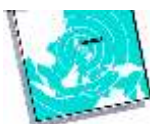
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1. Adoption of Integrated Water Resource Management (IWRM)¹ as the overarching framework to guide the governance, management, and development of the country's water resources.
2. Operationalization of IWRM through the use of river basins² as the basic unit of water resource management and planning at a local level and through the establishment of River Basin Organizations (RBOs)³. Natural hydrological boundaries should serve as the basis for defining the jurisdictions of the DWR's regional offices/presence.
3. In the spirit of IWRM and multi-stakeholder participation, establishment of a Multi-Stakeholder Policy Advisory Panel under DWR to provide a platform for policy formulation and dialogue among various stakeholders representing government, private sector, academe, and civil society.
4. In the allocation and development of water resources, mandate DWR to utilize science- based decision support systems, which shall have as its foundation a robust and live database of information and statistics for all aspects of water sources and water use.
5. As a key tool towards attaining national water security, pursue the development and implementation of a National Water Resources Management Framework Plan⁴. As a live document, the Plan should continuously adapt as needed in the face of changes in water flows and rainfall patterns due to climate change.
6. Establishment of an independent economic regulator to govern water supply and sanitation services, whose mandate is primarily to create a regulatory regime which incentivizes the full attainment of universal access to water and sanitation. The said regulator (i.e. WRC) should be separate and distinct from the DWR and guided by the general principle of ensuring efficient and quality water and wastewater services at rates which are both affordable and sufficient to

¹ IWRM: a systematic, collaborative, and multi-stakeholder process, which promotes the coordinated development and management of water, land and related resources within geophysical boundaries in order to maximize the resultant economic and social welfare in an equitable manner and without compromising the sustainability of vital ecosystems.

² River basin: an area of land drained by a stream or body of fixed water and its tributaries having a common outlet for surface run-off.

³ RBO: a multi-stakeholder platform or organization which plans, coordinates, and monitors activities within a river basin cluster.

⁴ National Water Resources Management Framework Plan: a policy document that incorporates a framework to guide the development and management of all the country's water resources, the general strategies to be pursued to ensure the sustainability of the resource and work towards the country's water security, and provides top-level direction on the utilization of the country's existing water resources in line with national development plans, policies, and programs. The plan shall also include a water infrastructure roadmap for all waters of the country as well as provide general guidance on how these shall be financed within an integrated financing framework that can draw on public, private, and international development finance. The plan shall be reviewed at the start of every new presidential administration to ensure its alignment with changing times.

maintain and expand these services. Rates should be set using performance-based tariff setting methodologies and also allow a reasonable rate-of-return for operators in line with local and international rate-of-return benchmarks for similarly situated industries and economies.

7. Encourage the participation of private sector investment in the water sector by establishing a clear Public-Private Partnership (PPP) framework which lays down the areas of water infrastructure development and management the private sector is allowed to participate in, under what terms, and over what periods of time.
8. To ensure wastewater management will not continue to be neglected, all authorized participants involved in distribution of water shall automatically also be responsible to manage wastewater generated within their jurisdiction or franchise area.
9. Encourage technology innovation and adoption to help boost water efficiency and maximizes water use through the provision of tax incentives.
10. To help fast-track needed water resource infrastructure, reiterate the need to comply with the 3-7-20-45-day timelines provided under RA 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 when it comes to the issuance of permits and licenses needed to implement the same. Relatedly, ensure that the Department of Water Resources will have the power of eminent domain.

Most of these proposed recommendations are all captured in more detail in the policy brief, and we would be very willing to expound on these ideas during your next hearing scheduled on this subject matter.

In terms of substance, any water sector reform law should (1) adopt IWRM and RBO principles, (2) establish an apex body to coordinate the entire effort and fulfill the policy function for the sector, and (3) establish a clear regulatory regime that will move the sector closer to achieving its universal access targets.

In terms of substance, any water sector reform law should (1) adopt IWRM and RBO principles, (2) establish an apex body to coordinate the entire effort and fulfill the policy function for the sector with a bias for strengthening institutions without slowing decision-making, and (3) establish a clear regulatory regime that will move the sector closer to achieving its universal access targets.

Attached with this position paper is the *Arangkada* Philippines policy brief number 7 *Water* of November 2018, which expressed and expanded upon the same position detailed above. The policy brief was co-signed by various foreign chambers and business groups, including the undersigned.

With best regards,



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