

The Magdalena water project

Contributed by Administrator
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Background

Magdalena is one of the first municipalities that availed of a World Bank loan under the \$283-million LGU-WSSP. It is located in the western part of the province of Laguna and is approximately 105 kilometers away from Metro Manila and six kilometers from Sta. Cruz, the provincial capital.

Magdalena used to source its water requirements from the nearby municipality of Liliw. On July 27, 1953, the municipal governments of Liliw and Magdalena forged an agreement allowing the residents of Magdalena to use water from the Sungi Spring in Barangay Oples in Liliw. The said contract was supposed to end in 2003 (or after 50 years) but can be renewed upon agreement.

According to the feasibility study prepared for the Magdalena water system project, the Sungi water supply system was unsatisfactory due to the deterioration of its facilities, which were constructed in 1926. With the municipal population expected to grow by 66% between 1995 and 2010, the old water system may not meet the increased demand especially since the water supply from Sungi is inadequate and the water pressure is low.

World Bank-funded privatization

Thus, in 1998, the Municipal Government of Magdalena, through the Development Bank of the Philippines (DBP), applied for a World Bank loan under the LGU-WSSP to finance a water system project. The loan application, worth P24.2 million, was approved in March 1999. Construction started in September of the same year and was completed on June 18, 2001.

The project included digging three deep wells, construction of three pumping stations and an elevated reservoir, rehabilitation of existing pipeline and reservoir, construction of 15.6 kilometers of distribution pipelines, and provision of disinfection facilities for wells. The new waterworks system is expected to achieve 24-hour a day availability of water supply, and the installation of 1,950 service connections by the civil works contractor with service to 1,712 consumers. Furthermore, the system is also expected to achieve non-revenue water of 20%; an employee per connection ratio of 1:130; collection efficiency of 97%; and 100% service coverage by 2004.

While the ownership of the system will belong to the Municipal Government of Magdalena, Bayan Water Services Inc., a private joint venture between Benpres Holdings (also one of the owners of Maynilad) and the Montgomery-Watson New Zealand will handle its operation and maintenance. Bayan Water and the Municipal Government of Magdalena signed a 15-year, P70-million Lease Agreement on August 4, 1999.

Unfit for drinking

But even before the project was completed, several tests conducted by the regional offices of the Department of Science and Technology (DOST) and the Department of Health (DOH) showed that the water coming from its wells is not potable. In a special session of the Municipal Council on October 16, 2001, a DOST chemist argued that the new system produces water that exceeds the maximum permissible limit of the Philippine National Standards for Drinking Water (PNSDW) as it has a high level of dissolved solid, total hardness, and turbidity.

In a separate test conducted in December 2001, the DOH's Center for Health Development (CHD) Region IV found that the water coming from the Magdalena water system is "not fit for drinking." It proposed that "drinking water must be prohibited unless it passes the criteria on standard parameters set by the PNSDW and after issuance of the certificate of potability." The same agency reaffirmed its position after conducting another test in June 2002.

In spite of these findings and the absence of a certificate of potability, the municipal mayor declared in March 2002 that the water coming from the new system is already "100% potable." Even the World Bank is trumpeting the "success" of the Magdalena water project. In an article published in its newsletter *In Touch* in September 2002, the World Bank claimed that "clean, safe water" is now available 24 hours a day for Magdalena folk. But according to some residents, many people in their community have already experienced illnesses due to the poor

quality of water coming from the new system.

Meanwhile, Bayan Water Services terminated its agreement with the municipal government of Magdalena because of the local government's failure to complete the construction of the facilities and turn them over to the water firm before the system start-up date (not later than August 4, 2001). Bayan Water Services also cited the decision of the municipal vice-mayor to reopen the old water system in October 2001, which was contrary to the lease agreement. The decision of the vice-mayor came amid intense pressure from the people of Magdalena and some local officials due to the unacceptable condition of the new water system. But in February 2002, access to the old system was permanently cut off except in three barangays (villages).

People's burden and response

In spite of the obvious failure of the Magdalena water project, residents of the municipality are forced to pay high tariffs. Under the old water system, people only pay P8 per cubic meter. Under the new system, the rates have jumped by 157% to P20.54 per cubic meter.

The municipal government issued an order on September 10, 2001 requiring the people to pay for the new rates. But the residents refused and one week later staged a protest rally in front of the municipal hall demanding for lower tariffs. They also asked the local government to maintain the old system until the water from the new system passes the quality requirements. The municipal government responded by cutting off the water supply from Liliw.

Due to the new system's poor quality but high priced water, Magdalena residents are forced to spend extra money for drinking (bottled or distilled) water. In some cases, people also buy water from vendors for cooking and cleaning. This is on top of what they pay under the new system.

Magdalena residents are also now burdened of shelling out millions of pesos to repay the obligations of the municipal government. Based on a Commission on Audit (COA) report, Magdalena started paying P1.9 million per year beginning in 2002 for the interest and P3.2 million per year starting in 2003 for principal amortization to settle its obligations, which are set to mature in November 2014.

Total interest payments for the P24.2-million World Bank loan used to finance the Magdalena water project would reach P26.7 million. This means that the poor folk of the municipality would have to settle a total obligation of P50.9 million to the World Bank.

These issues prompted two members of the Municipal Council to file a complaint against town mayor before the Office of the Ombudsman. The councilors argued that the town mayor entered into an agreement that is disadvantageous to the people of Magdalena. They also questioned the failure of the water project to provide clean and safe drinking water as well as the onerous rates charged to consumers.

Meanwhile, the local residents have also set up a broad coalition called the People's Watch for Potable Water (which is part of the national campaign alliance Water for the People Network). The municipal-wide coalition now leads the campaign against the World Bank-funded water project. Among their demands are safe, drinking water and an alternative water system directly controlled by the communities. (Source: IBON field research, February ‐ March 2003)