

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Philippines	Project Title:	Metro Manila Water and Sanitation Development Project
Lending/Financing Modality:	Project Loan	Department/ Division:	Southeast Asia Department/Urban Development and Water Division

<p>I. POVERTY IMPACT AND SOCIAL DIMENSIONS</p>
<p>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</p> <p>The project will finance strategic infrastructure investments which will help secure the bulk water supply system, and expand sanitation coverage of the National Capital Region (NCR) which accounts for 33% of gross domestic product. Helping ensure stable water supply and increased sanitation coverage will contribute to poverty reduction and inclusive growth. By reducing water loss and supply disruptions (by rehabilitating the near sole-source Angat system) and water pollution (with increased wastewater treatment), the project enhances the sustainability of the Metropolitan Waterworks and Sewerage System (MWSS) and the concessionaires' operations, which will allow further coverage of low-income communities and broader availability of socialized tariffs. Furthermore, the 25-year tenor of the ordinary capital resources (OCR) loan will spread the impact of the capital investments on water tariffs over 25 years. This will help MWSS deliver more affordable tariffs.</p>
<p>B. Poverty Targeting</p> <p><input checked="" type="checkbox"/> General Intervention <input type="checkbox"/> Individual or Household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</p> <p>To ensure that the concessionaires did not just focus on the wealthier areas in MWSS' service area, the coverage targets in the concession agreement were disaggregated across municipalities and set as a percentage coverage (rather than number of connections). The concession agreement also did not specify the technical standards of inputs (e.g. construction material or pipe diameter) required, giving the concessionaires flexibility to develop special programs to extend service to poor communities using alternatives to standard household connections. The privatization of MWSS' water supply distribution to Maynilad Water Services, Inc. (MWSI) and Manila Water Company, Inc. (MWCI) is generally considered successful, with more than 90% of Metro Manila's 15 million population now covered, including many poor and low-income households, even though the concession agreement had no specific service commitments to improve service delivery to these households (except for the requirement to maintain existing public faucets). (Although many of the new connections are to poor households, unfortunately there is no specific data on the income distribution of households with new connections.) Both concessionaires have made a concerted effort to provide services in poor communities and develop programs suited to their needs. The concessionaires sought to identify and address the issues which hampered bringing quality water service to the poor, e.g. informal settlers were not allowed to apply for regular water service connections because they lacked proof of land ownership. Because of this, most of them had to pay steep prices to water vendors, fetch water from public faucets or shallow wells, or tap illegal connections to mainlines, a practice which often caused water contamination and diseases. This was addressed by easing land title requirements in collaboration with the local government. Under its Bayan Tubig (Water for the Community) program, MWSI uses small diameter pipes to connect households to the water main and often runs these pipes above ground or along walls; the community is responsible for maintenance. It is estimated that the price of water for poor families has been reduced by up to 25%. A similar program was adopted by MWCI, the Tubig para sa Barangay (Water for Depressed Communities); the company offers several different schemes: an in-house connection using non-conventional materials and above ground piping; a "mother" meter that serves 4-5 households (the households are responsible as a group for paying the connection charge and monthly bills and often will use sub-meters to determine usage among the group); and bulk meters supplying an entire community.</p>
<p>C. Poverty and Social Analysis</p> <p>1. Key issues and potential beneficiaries. Water security and broader sanitation coverage will benefit the entire population of Metro Manila, regardless of income level. Over 90% of the NCR's 15 million population is now covered, including many poor and low-income households.</p> <p>2. Impact channels and expected systemic changes. Ensuring Metro Manila's water supply (by rehabilitating the near sole-source Angat system) and reducing water pollution (with increased wastewater treatment) will enhance the sustainability of MWSS and the concessionaires' operations, which will allow further expansion of coverage including to more lower income households, and broader availability of socialized tariffs. An increasing block tariff structure is used by both concessionaires with an initial block (usually 10m³/month), which is charged at a fixed rate regardless of whether the full amount is used. It is estimated that this pricing structure generally benefits an estimated 20%-25% of poor households with in-house connections, and that the price of water for poor families has been reduced by up to</p>

25%. MWCI's connection charges are estimated at about \$100, which is often an impediment for poor households. In some cases the companies will allow payments to be made over a 6-24 month period particularly for those involved in their special program. MWCI worked with the World Bank-administered Global Partnership for Output-Based Aid (GPOBA) to heavily subsidize the connection fee; its GPOBA-funded initiative enabled 171,000 people to connection to the network. MWCI has opted not to charge a connection fee, in order to acceleration increasing connections. The costs of connections are capitalized instead.

3. Resources allocated in the project preparatory technical assistance (PPTA). The terms of reference (TOR) for the PPTA includes poverty, social and gender analysis and the relevant specialists. The 25-year tenor of the OCR loan will spread the impact of the capital investments on water tariffs over 25 years. The Project will include Institutional capacity strengthening with regard to regulatory oversight, financial planning, and asset management. This will help MWSS deliver more affordable water tariffs.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? Many lower-income households still do not have access to household piped water connections. Women from the low income and poor households bear the burden of collecting water from other sources or buying it from the vendors which is more costly than public water supply system. Women are traditionally tasked with caring for sick family members, caused by lack of safe water and hygienic sanitation – increasing the work and time burden for women.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No

Access to piped water supply will relieve households from the burden of collecting water or from buying it from vendors, especially women who bear the burden. MWSS staffing, skills training and recruitment practices will also be reviewed to determine project support measures, as needed, to enhance gender equity at the institutional level.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No

The Project is helping deliver more affordable tariffs by providing long-term funding to MWSS to implement essential capex. Although increased infrastructure investments may result in an increase in average tariffs, both concessionaries adopt socialized tariff schemes with lifeline tariffs (e.g. for first 10 m³/month) to ensure affordability by low income families. The potential increase in tariffs will be assessed during project preparation, and potential measures to reduce the impact on urban poor will be discussed with MWSS and the concessionaires.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? A Stakeholder Analysis will be undertaken to identify key stakeholders, their interests, perceptions of problems, and opportunities for participation in the project. Opportunities to complement water and sanitation improvements with community level hygiene and sanitation training and/or participation will be explored.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded? Increased availability of water supply will allow the concessionaries to expand coverage further and sustainably offer socialized tariffs including a lifeline tariff for low-income households. Beneficiary perceptions survey will be conducted to examine existing pro-poor mechanisms to address service delivery to the poor and vulnerable (e.g. siting of "mother" meters, in-house connections using non-conventional materials) to determine what elements should be replicated and/or adjusted. Increased sanitation coverage will broadly benefit the population. Existing practices of the concessionaires (e.g. siting of clustered meters) will be examined to determine the level of access and the efficiency of existing sanitation initiatives, and the need for further design intervention measures.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization (CSO) participation in the project design? Various CSOs such as nongovernment organizations (NGOs), community based organizations (CBOs) and research institutes and universities, actively promote awareness of the importance of improved sanitation. Consultation and due diligence will be carried out during the PPTA to identify potential participation to improve public service delivery especially to raise awareness about the importance of regular desludging, compliance with building code provisions re: septic tanks, etc. and to generate broad public support during the construction of sanitation-related infrastructure such as pipe-laying, etc. and to advocate for and ensure affordability.

Information generation and sharing Consultation Collaboration Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they

<p>and how shall they be addressed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>To optimize the results of MWSS' sanitation investments, the active participation of poor households is important. Consultation and due diligence will be carried out during the PPTA to identify potential participation to improve public service delivery as described above.</p>
IV. SOCIAL SAFEGUARDS
A. Involuntary Resettlement Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The rehabilitation works will be confined to the existing infrastructure which are on the government-owned land. However, informal settlements are expected to be present on the government-owned land. For sanitation component investments, land may be acquired for new treatment facilities, and construction work for laying of the pipelines may result in temporary resettlement. Hence, the policy will be triggered. Due diligence will be carried out during the PPTA and impacts will be verified and confirmed.</p> <p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?</p> <p><input checked="" type="checkbox"/> Resettlement plan <input checked="" type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>There is no presence of indigenous peoples concentrations in the project area as the project is expected to be in Metro Manila.</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?</p> <p><input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design?</p> <p>L Creating decent jobs and employment L Adhering to core labor standards <input type="checkbox"/> Labor retrenchment</p> <p>L Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking M Affordability</p> <p><input type="checkbox"/> Increase in unplanned migration M Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability</p> <p><input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design?</p>
VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT
<p>1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence? The budget provides for a Social Development and Gender Specialist and a Social Safeguard Specialist.</p>