**The EVAWD Resolution Explained**

1. Why the Resolution is not asking for the plain revocation of EO 65.

The Resolution is not asking for the plain revocation of EO 65, as mere revocation would result, among others, in the return to the status *quo ante* wherein the old *Local Water District Manual on Categorization/Recategorization* replaces the LWD-MaCRO as the governing document on the categorization of Local Water Districts (LWDs). Thus adjustments will have to be made --- and disruptions cannot be avoided.

However, this old document was issued way back in 1997, hence there will most likely be calls and efforts again to have revised sooner than later. Thus, if or when this is revised the LWDs will again have to go through another set of adjustments --- which, again, will be disruptive. That would be two major disruptions in a relatively short time.

1. What the Resolution is asking for.

In its “**Resolved**” portion, this Resolution asks for an new EO that is legal because it does not violate P.D. 198 and the "GOCC Governance Act of 2011”. This, in effect, seeks to correct the current irregular situation wherein the categorization of LWDs is being governed by a document, the LWD-MaCRO, which is questionable because it is based on the illegal E.O. 65. The clause on “observing the legal doctrine of ‘operative fact’” refers to the LWDs who got a categorization upgrade under the new LWD-MaCRO, this means that the new E.O. should give them the option of keeping their new category and all the rights arising therefrom. They can of course waive this option and follow the categorization scheme of the new E.O..

The “**Resolved further**” portion provides specific recommendations with regard to the desired E.O. The following are the details and the corresponding explanations:

1. On the recommendation for a “… marching order for LWUA to coordinate with PAWD, in drafting, within a given timeframe, the replacement ofthe LWD-MaCRO…”\_\_\_

This is to strengthen PAWD’s participation in the drafting process, as such participation will not be due to a mere decision of LWUA which it can also recall or alter, but due to the mandate of the E.O. With the timeframe, LWUA will be under pressure to resolve differences of versions or opinions with PAWD with promptness.

This is not in conflict with the current efforts of PAWD to draft a replacement to the LWD-MaCRO. The draft produced by such efforts will still have to be submitted to PAWD, which in turn will then lobby for an issuance of a corresponding E.O. The recommendation merely reverses the process. Neither does this nullify such efforts, because whatever the efforts have produced becomes part of PAWD’s submissions in its participation in the drafting process.

1. On the recommendation that while the drafting process is going on, the number of meetings and honoraria of the Boards of Directors should be reverted to the *status quo ante* prior to the new LWD-MaCRO.

As earlier explained, the call for a new E.O. seeks to end the current irregular categorization set up, but also tries to avoid the disruptions that would result in the reversion of the categorization of LWDs to the status quo ante. This declaration, on the other hand, seeks to restore the rights of the members of the LWD Boards of Directors that were taken from them by the irregular categorization --- and, in contrast, this can be done without any attendant disruption.

1. On the recommendation in the 1st bullet (“adopts the LWD-MaCRO’s thrust of making service connections a significant factor…”) under the paragraph on “…marching order to LWUA…” \_\_\_ This is to show that PAWD supports government efforts to provide basic services to the people by expanding the number of those covered by its water services.

Moreover, as a member of the United Nations, the Philippines is also committed to achieving the *UN SUSTAINABLE DEVELOPMENT GOALS.* Its Target No. 6.1 is “By 2030, achieve universal and equitable access to safe and affordable drinking water for all”. (underscoring supplied) By expressing our intention to increase our service connections, we are also showing that we are partners of the government in fulfilling its commitment to the UN.

1. On the recommendation in the 2nd bullet (“categorization scheme that can be reasonably demonstrated as eventually becoming a significant factor in the LWDs’ efforts …” (underscoring supplied). This is to avoid repeating the monumental weakness of the LWD-MaCRO which made service connections a significant factor in the categorization of the LWEDs, but its categorization scheme was, as shown below, patently flawed from the start.

The LWD-MaCRO gives more weight to the number of service connections in its categorization scheme. The assumption here is that a LWD will be pushed to increase its number of service connections if it wants to graduate to the next category. This of course also means that this assumption does not apply to an LWD that cannot have an interest in getting to the next category because it reckons that it would be impossible to do it. A categorization scheme can thus be reasonably demonstrated as being able to push LWDs to increase their service connections by showing that getting the numbers in the next category is within their reach.

As example for purposes of contrast, **even from the start** the current categorization scheme can already be reasonably demonstrated **easily** as failing to push a good number of LWDs to expand their service connections:

(Note: The figures used here were sourced from the most recent PAWD Directory at the time of the issuance of the LWD-MaCRO.)

* Those that already have more than 30,000 connections ­\_\_\_ Their total number of service connections (1,178,788) is more than one-third of the total number of connections (3,142,927) of all the LWDs at the time. An increase of their current clientele by 20% alone would already mean 235,757 additional households. And yet, the categorization scheme does not have an incentive for them to make the extra effort.
* Those that have just graduated to the next category \_\_\_ These must have been the most aggressive and experienced, hence most effective, group in expanding their service connections, but upon “graduation” the next category becomes impossible for them to reach:
* Those that just got to Category C (3,000 connections) must have 7,000 more connections to reach Category B.
* Those that just reached Category B (10,000 connections), must have 20,000 more connections to get to Category A.
* At the time, there were 274 LWDs that were below 3,000. Assuming that a 50% increase is a realistic target, only 61 of them had 2,000-2,999 service connections, hence only they could realistically expect to reach Category C. For the remaining 213 LWDs getting to Category C is almost unrealistic. Even if a 100% increase of connections would still be considered realistic, only 111 LWDs would be trying to graduate to Category C, while 163 will still be uninterested.

Admittedly, the percentage of what can be considered as “realistic target” can be an issue. At any rate, the examples here are given to show that a reasonable demonstration that a categorization scheme can or cannot be a push factor for LWDs to exert more efforts to increase their service connections.

Parenthetically, the “realistic target” can be more accurately determined by basing it on the actual performance of the LWDs. For example, we can take the average rate of increase of the LWDs’ service connections in a given span of time then add 20-30%. Hence, if the average rate is 20%, then a 40-50% increase can be considered a realistic target.

1. On the recommendation in the 3rd bullet (that the draft document “be submitted to a referendum among the LWDs for the affirmation by at least 60% of them…” This is to validate the reasonable demonstration that the new categorization scheme will really move the LWDs as intended --- or, using the immediately preceding paragraph as example, whether or not the 40-50% increase is indeed a realistic target.

The aim is to have a categorization scheme that encourages the biggest number of LWDs possible, to exert extra efforts --- not just to get the approval and compliance of a simple majority. It is unacceptable to just have the simple majority (50% plus 1 vote) approving the scheme and with only 30% of them exerting efforts to have more connections to get to the next category. That would be repeating the failure of the current LWD-MaCRO.

1. IMPORTANT NOTES for the Boards of Directors of LWDs:
2. The best way of pursuing this matter is for the Directors to attend the meetings of our Regional Associations of Water Districts and to push for the promulgation of similar Resolutions.

1. The three bullets discussed above can actually be adopted by PAWD as additional guide or requirements in its current efforts to draft a new categorization scheme, hence your resolution can recommend that these be so adopted. The EVAWD Resolution does not contain this recommendation, because the PAWD effort to draft the new categorization scheme did not come up during the deliberations on the resolution.