Septage Management for Medium to Long Term Sanitation Improvement in the Typhoon Haiyan Recovery Zone

Oxfam’s Revolving Fund Program

• David Robbins
• Oxfam, GB
The Project Area

- **Bantayan Island**
  - Bantayan
  - Madridejos
  - Santa Fe

- **N. Cebu**
  - Daanbantayan
  - Medellin
  - San Remegio

- **E. Samar**
  - Guiuan
  - Salcedo
  - Giporlos
  - Lawaan
  - Mercedes
  - Quinaapondan
  - Balangiga
  - Hernani

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**FSM3**

**OXFAM**
What is Septage Management?

According to DOH:

“The regular (community-wide) desludging or cleaning of septic tanks on a scheduled basis”

FSM 3 OXFAM
Clean Water Act of 2004

“LGUs may raise funds to subsidize necessary expenses ... through local property taxes and a service fee system.”

• Desludging street by street – more cost effective than “on-demand service

• If everyone (or most) pay a little, it is enough to cover OPEX & CAPEX as well as debt service for revolving fund loan

• Paying small amounts each month is considered more affordable than lump sum payments
# Sample pro forma – Guiuan

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong># of households</strong></td>
<td>6,300</td>
</tr>
<tr>
<td><strong>Average water consumption</strong></td>
<td>18 m³ / month</td>
</tr>
<tr>
<td><strong># Businesses and institutional users</strong></td>
<td>700</td>
</tr>
<tr>
<td><strong>Average water consumption</strong></td>
<td>20 m³ / month</td>
</tr>
<tr>
<td><strong>Tariff</strong></td>
<td>2.5 pesos/m³</td>
</tr>
<tr>
<td><strong>Avg. monthly residential charge</strong></td>
<td>P45 $1</td>
</tr>
<tr>
<td><strong>Collectability</strong></td>
<td>85%</td>
</tr>
<tr>
<td><strong>Revenue (month)</strong></td>
<td>P353,500 $7,855</td>
</tr>
<tr>
<td><strong>OPEX + CAPEX</strong></td>
<td>P309,445 $6,876</td>
</tr>
<tr>
<td><strong>Surplus per month</strong></td>
<td>P 44,055 $975</td>
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</tbody>
</table>
Three components of successful septage management programs

- Treatment and collection equipment
- Promotions campaigns
- Supportive Environment

Oxfam helps develop the supportive environment through training, capacity building and access to capital.

Maximum potential for success exists here.

Oxfam

FSM3
Features of Oxfam’s Revolving Fund

• Independent 3rd party administration
• Training of Accredited Technical Service Providers
• Offer 0% loans for 3 year terms - cover cost of treatment systems & down payment on trucks
• Repayment encouragement features:
  • “Good Housekeeping Seal” required
  • Local ordinance and fee schedule approved
  • Loans registered with League of Municipalities
Funds Flow Diagram

Oxfam Revolving Fund
3rd party Administrator

Revolving fund makes loan
LGU pays back loan

Water Provider or Private Sector

LGU

Service Providers desludge septic tanks & pit latrines

HH and Institutions pay environmental fee to LGU Treasurer

Institutions and Households
Funds Disbursement Plan (year 1)

• Beginning fund balance = $560,000
• Year 1 – start 5 LGUs
• Payments deferred for 6 months

<table>
<thead>
<tr>
<th>LGU 1</th>
<th>LGU 2</th>
<th>LGU 3</th>
<th>LGU 4</th>
<th>LGU 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan</td>
<td>$75,000</td>
<td>$75,000</td>
<td>$75,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>amt</td>
<td>$12,500</td>
<td>$12,500</td>
<td>$12,500</td>
<td>$12,500</td>
</tr>
</tbody>
</table>

Remaining balance: $185,000
Repayments: $62,500
Balance end year 1: $247,500
### Funds Disbursement Plan (year 2)

- **Beginning fund balance =** $247,500
- **Year 2** – start 3 new LGUs
- **Payments LGUs 1-5, 6-8**

<table>
<thead>
<tr>
<th></th>
<th>LGU 6</th>
<th>LGU 7</th>
<th>LGU 8</th>
</tr>
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<tbody>
<tr>
<td>Loan amt</td>
<td>$75,000</td>
<td>$75,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>Repayment</td>
<td>$12,500</td>
<td>$12,500</td>
<td>$12,500</td>
</tr>
</tbody>
</table>

- **Remaining balance:** $22,500
- **Repayments LGU 1-5:** $125,000
- **Repayments LGU 6-8:** $37,500
- **Balance end year 2:** $185,000
Funds Disbursement Plan (year 3)

• Beginning fund balance = $185,000
• Year 2 – start 2 new LGUs
• Payments LGUs 1-5, LGUs 6-8, LGUs 9-10

<table>
<thead>
<tr>
<th></th>
<th>LGU 9</th>
<th>LGU 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan amt</td>
<td>$75,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>Repayment</td>
<td>$12,500</td>
<td>$12,500</td>
</tr>
</tbody>
</table>

Remaining balance: $35,000
Repayments LGU 1-5: $125,000
Repayments LGU 6-8: $75,000
Repayments LGU 9-10: $25,000
Balance end year 3: $260,000
A collaborative effort

• Philippine Department of Health
• Department of Public Works and Highways
• Water & Sanitation Program
• Department of Environment and Natural Resources
• National Water Resources Board
• Philippine Business for Social Progress
Thank You!

Learn more at: https://smpm-dgte.odoo.com/

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