

TECHNICAL NOTES

A. Conceptual Framework of the Water Flow Accounts

The Water Accounts of the Philippines is a publication presenting the physical and monetary flow accounts for water resources in the country. This is an update of the pilot water accounts released last September 2020.

The System of Environmental-Economic Accounting (SEEA) 2012 Central Framework serves as the framework for this study. It is a multipurpose conceptual framework that quantitatively describes the interaction between the environment and the economy. Through this framework, environmental and economic data are organized to produce integrated information for policy use.

The SEEA 2012 Central Framework discusses three main accounts: (1) the stocks and the changes in stocks of environmental assets; (2) the economic activity and transactions related to the environment; and (3) the flows of resources within the economy and between the economy and the environment, which is the main focus of this study for water resources.

The physical flow accounts for water resources describe the flow of water to and from the environment and the economy, covering the entire process of water supply and use—from the initial abstraction of water from the environment into the economy, to the flows within the economy done by the different industries and households, and finally, return flows from the economy back to the environment. Meanwhile, the monetary flow accounts for water describes in monetary units the origin and destination of water-related products such as natural water and sewerage services. The flow accounts tables of the SEEA 2012 Central Framework are shown in the Annex.

The physical flow accounts also provide the inputs to calculate Sustainable Development Goals (SDGs) 6.4.1: Change in Water Use Efficiency and 6.4.2: Level of Water Stress. These two indicators focus on the amount of water abstracted and used to carry out various economic activities.

B. Definition of Terms

Terms	Definition
<i>Abstraction</i>	The amount of water that is removed from any source, either permanently or temporarily, in a given period of time.
<i>Consumptive Use of Water</i>	The part of water withdrawn from its source that will not become available for reuse.
<i>Distributed Water</i>	Abstracted water received from other economic units, particularly from the <i>Water Supply</i> industry
<i>Environmental Flow Requirements</i>	The quantity and timing of freshwater flows and levels necessary to sustain aquatic ecosystems, which in turn, support human cultures, economies, sustainable livelihoods, and well-being.

Terms	Definition
Evaporation <i>of abstracted water</i>	The amount of evaporation when water is distributed between economic units after abstraction (e.g., during distribution via open channels or while in water storage)
Groundwater	Water collected in porous layers of underground formations, known as aquifers, which yield significant quantities of water to wells and springs
Losses	Volume of water lost between the point of abstraction and a point of use
Non-consumptive use of water	Water remains in or is immediately returned to the point of extraction and is still available for use.
Returns	The total volume of water that is returned to the environment by economic units
Reused water	Wastewater supplied to a user for further use with or without prior treatment, excluding the reuse (or recycling) of water within economic units
Soil water	Water suspended in the uppermost belt of soil or in the zone of aeration near the ground surface
Surface water	This covers all water that flows over and is stored on the ground surface, which includes water in artificial reservoirs, lakes, rivers and streams, and glaciers, snow, and ice
Transpiration	The amount of soil water absorbed by cultivated plants and subsequently released to the atmosphere
Total Freshwater Withdrawal	The volume of freshwater extracted from its source (rivers, lakes, aquifers) for agriculture, industries, and services
Total Renewable Freshwater resources	The sum of <i>internal water resources</i> (long-term average annual flow of rivers and recharge of groundwater for a given country generated from endogenous precipitation) and <i>external water resources</i> (flows of water entering the country)
Water Stress, Level of	The ratio between total freshwater withdrawn by all major sectors and total renewable freshwater resources, after taking into account environmental water requirements
Water Use Efficiency	The value-added of a given major sector divided by the volume of water used
Wastewater	Water that is discarded and is no longer required by the owner or user

Sources: 1. UN System of Environmental-Economic Accounting 2012 Central Framework;

2. UN Food and Agriculture Organization (FAO) SDG Indicators 6.4.1 and 6.4.2 Metadata

C. Data Sources

The data for estimating the physical flow accounts and the related SDG indicators were obtained from the following:

Data	Data Sources
<ul style="list-style-type: none"> Summary of Water Permit Grants (Water Allocated), by source and by use 	National Water Resources Board
<ul style="list-style-type: none"> Annual National Accounts Livestock and Poultry Inventory 	Philippine Statistics Authority
<ul style="list-style-type: none"> Water Production Billed Volume Losses / Non-Revenue Water Water Prices 	Metropolitan Waterworks and Sewerage System Local Water Utilities Administration, Maynilad Water Services Inc., Manila Water Company, Inc.
<ul style="list-style-type: none"> Livestock and poultry daily water requirements 	Department of Science and Technology-Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development
<ul style="list-style-type: none"> Parameter on water needed for irrigation (volume per hectare irrigated) 	National Irrigation Administration
<ul style="list-style-type: none"> Total Renewable Water Resources Environmental Flow Requirements 	FAO Aquastat Database

D. Estimation Methodology of the Accounts and Indicators

Account Entry	Data Item	Calculation, if applicable
a. Abstraction for Own Use (Physical Accounts)		
Agriculture, Forestry and Fishing	<ul style="list-style-type: none"> Water permit grants (fishery, irrigation) Daily water requirements of livestock 	Livestock: Daily water requirements* number of animals (from inventory)
Mining and quarrying, Manufacturing, and Construction	<ul style="list-style-type: none"> Water permit grants (industrial) 	
Electricity, gas, steam and air-conditioning supply	<ul style="list-style-type: none"> Water permit grants (power) 	
Other Industries	<ul style="list-style-type: none"> Water permit grants (municipal, recreation, others) <i>minus</i> water for distribution 	
b. Distributed Water (Physical and Monetary Accounts)		
Industries	<ul style="list-style-type: none"> Water expenses of different industries (Supply and Use Table, Intermediate Consumption) Water prices Produced water 	1. Used the 2018 Supply and Use Table (SUT) to get the ratio of water supply to total intermediate consumption (IC)

Account Entry	Data Item	Calculation, if applicable
		2. Used ratio from (1) to get IC-Water for 2010 to 2020 3. Converted water expenses to physical units using water prices
Households	<ul style="list-style-type: none"> • Water expenses of households (Supply and Use Table, Household Final Consumption) • Water prices • Produced water • Gross output of water (unorganized) – own abstraction of households 	1. Used the SUT to get the ratio of water supply to total Household Final Consumption Expenditure (HFCE) 2. Used ratio from (1) to get HFCE-Water for 2010 to 2020 3. Converted water expenses to physical units using water prices
c. Return Flows of Water		
Industries	• Parameters on wastewater generation	Total Water Supply * Water-use coefficient, by industry
Households	• Total water supplied to households	
d. Losses	• Non-revenue water	
e. Evaporation, Transpiration, Water incorporated into products	Balancing item for total supply and total use	

SDG Indicators

The following indicators are derived following the steps outlined below.

a. 6.4.1 - Water Use Efficiency

1. From the National Accounts of the Philippines, compute the gross value added (GVA) of the following major sectors:
 - a) Irrigated agriculture (irrigated crops, livestock and poultry, aquaculture, support activities)
 - b) Mining and Quarrying, Manufacturing, Electricity and Steam, Construction (MIMEC)
 - c) Water Supply, Sewerage and Waste Management, Services
2. For each industry, divide the GVA by the volume of water used to calculate the water use efficiency (WUE). This excludes water for hydropower generation as this is non-consumptive use.
3. Get the weighted average WUE, using the volume of water as the weights.

b. 6.4.2 - Level of Water Stress

1. From the Water Flow Accounts, determine the Total Freshwater Withdrawals (TFWW). This excludes water for hydropower generation as this is non-consumptive use.
2. From the FAO Aquastat Database, get the Total Renewable Water Resources (TRWR) and Environmental Flow Requirements (EFR) for the Philippines.
3. The level of water stress is computed as:

$$\text{Level of Water Stress} = \frac{TFWW}{TRWR - EFR}$$

E. Data Limitations

The current publication focuses only on surface water and groundwater abstraction. Due to data unavailability, soil water, and other sources such as desalinated seawater, harvested rainwater, and reused water are yet to be included in future publications.

In addition, due to limited data on wastewater collection & treatment and reuse of water, return flows of water are estimated using industry parameters or water-use coefficients from international sources. Similarly, monetary flows for sewerage services are to be included in future publications.

Annex 1. Structure of Supply Table, Physical Flow Accounts for Water Resources

	Agriculture, Forestry and Fishing	Mining and quarrying, Manufacturing, Construction	Electricity, gas, steam and air-conditioning supply	Water collection, treatment and supply	Sewerage	Other Industries	Households	Flows from the environment	Total Supply
(I) Sources of Abstracted Water									
Inland water resources									
Surface water									
Ground water									
Soil water									
Other water resources									
Precipitation									
Sea water									
Total supply abstracted water									
(II) Abstracted water									
For distribution									
For own-use									
(III) Wastewater and reused water									
Wastewater									
Wastewater to treatment									
Own treatment									
Reused water produced									
For distribution									
For own use									
Total supply wastewater and reused water									
(IV) Return flows of water									
To inland water resources									
Surface water									
Ground water									
Soil water									
<i>Total</i>									
To other sources									
Total return flows									
<i>of which: Losses in distribution</i>									
(V) Evaporation of abstracted water, transpiration and water incorporated into products									
Evaporation of abstracted water									
Transpiration									
Water incorporated into products									
TOTAL SUPPLY									

Annex 2. Structure of Use Table, Physical Flow Accounts for Water Resources

	Agriculture, Forestry and Fishing	Mining and quarrying, Manufacturing, Construction	Electricity, gas, steam and air-conditioning supply	Water collection, treatment and supply	Sewerage	Other Industries	Households	Accumulation	Flows to the environment	Total Use
(I) Sources of Abstracted Water										
Inland water resources										
Surface water										
Ground water										
Soil water										
<i>Total</i>										
Other water resources										
Precipitation										
Sea water										
<i>Total</i>										
Total use abstracted water										
(II) Abstracted water										
Distributed water										
Own-use										
(III) Wastewater and reused water										
Wastewater										
Wastewater received from other units										
Own treatment										
Reused water produced										
Distributed reuse										
Own-use										
Total supply wastewater and reused water										
(IV) Return flows of water										
To inland water resources										
To other sources										
Total return flows										
(V) Evaporation of abstracted water, transpiration and water incorporated into products										
Evaporation of abstracted water										
Transpiration										
Water incorporated into products										
TOTAL USE										

Annex 3. Structure of Monetary Flow Accounts for Water Resources

	Industries (by ISIC)							Rest of the World	Taxes less subsidies on products, trade & transport margins	Actual Final Consumption		TOTAL
	Agriculture Forestry & Fishery	Mining & Quarrying and Manufacturing	Electricity, gas, steam & air conditioning supply	Water collection, treatment & supply	Sewerage	Other Industries	Total Industry			Households	Government	
Supply of water products (currency):												
of which: <i>Natural Water</i>												
of which: <i>Sewerage Services</i>												
TOTAL												
Intermediate consumption and final use (currency):												
of which: <i>Natural Water</i>												
of which: <i>Sewerage Services</i>												
TOTAL												