

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Key Activities (2005-2015)

1. The World Bank and the United States Agency for International Development (USAID) through which the United States extends bilateral assistance with grants and loans, along with the Japan International Cooperation Agency (JICA), have dominated external assistance to the urban and water sectors in the Philippines since 2005. The German government (through Kreditanstalt für Wiederaufbau, or KfW, and the Deutsche Gesellschaft für Internationale Zusammenarbeit, or GIZ), the Korean government (through Korean International Cooperation Agency or KOICA) and United Nations agencies also have been active. The Asian Development Bank (ADB) has been active from the 1970s.

2. **World Bank.** After Typhoon Ondoy's devastation in 2009, World Bank supported the preparation of a flood management master plan for the greater Metro Manila area. The plan proposes a large program of priority infrastructure until 2035 with a total estimated cost of about P352 billion (\$7.86 billion), to reduce flooding from river systems and around Laguna de Bay and solve urban drainage. It also highlighted the need for non-structural measures such as flood forecasting and early warning systems and community-based flood risk management. The National Economic and Development Authority (NEDA) Board approved the plan in September 2012. The World Bank is currently working on a flood management investment program totaling over \$1 billion. This is expected to include a high dam in the upper Marikina River catchment area and flood protection works in the Marikina River, upstream of the proposed Phase IV of JICA's Pasig-Marikina River Channel Improvement Program.

3. World Bank has also financed various sector studies including (i) a financing framework for NEDA (2014), (ii) assistance to the Department of Public Works and Highways (DPWH) to roll out the National Sewerage and Septage Management Program (2013), (iii) a study on regulatory reform including the formation of an apex water sector regulator (2013), and (iv) assessments to identify viable water resources for Metro Manila for Metropolitan Waterworks and Sewerage System (MWSS) (2012). The World Bank also supports localization of infrastructure projects by directly engaging local government units (LGUs), community-based organizations, and the private sector. It supported LGUs through: (i) the Laguna de Bay Institutional Strengthening and Community Participation Project; (ii) the \$100 million Support for Strategic Local Development and Investment Project; and (iii) the \$35 million LGU Urban Water and Sanitation Project. In 2012, the World Bank's advocacy for private-sector-led services translated into the \$275 million Metro Manila Wastewater Management Project for Manila Water Company and Maynilad Water Services. A 2007 output-based aid (OBA) program of the World Bank and the Global Partnership on Output-Based Aid was implemented through Manila Water Company. The US\$2 million project provided OBA subsidies to connect 28,000 low-income households to the water network.

4. World Bank through its Water and Sanitation Program (WSP) is also working with the National Water Resources Board (NWRB) in conjunction with the Department of the Interior and Local Government (DILG, for local government-run water utilities) and the Local Water Utilities Administration (LWUA, for water districts and rural waterworks and sanitation associations), to set up a web-based system to be known as *Listahang Tubig* which will compile basic data of water service providers. It has also brought into focus the monitoring levels of service delivery, water quality, and operating efficiency, for example, its Benchmarking Study of Small Towns

Water Utilities, analyzed the performance, efficiencies, and weaknesses of 45 selected utilities nationwide. The WSP has also provided grants to LGUs through the Department of Health for sanitation pilots. It also funded joint initiatives with the NWRB to train accredited technical service providers to benefit small-scale water service providers.

5. **USAID.** USAID is at present the largest grant donor to the Philippine water supply and sanitation sector. USAID works with various stakeholders to improve urban environmental management, implement activities to reduce vehicle emissions, increase private investment in water supply and sanitation, and promote integrated solid waste management. USAID supports LGUs and communities to assess, plan, procure, dispose, and manage solid waste. Its current initiatives include (i) the Biodiversity and Watersheds Improved for Stronger Economy and Ecosystem Resilience Project (B+WISER), which aims to conserve biodiversity in forest areas and reduce forest degradation in priority watersheds; (ii) the Water Security for Resilient Economic Growth and Stability Program (Be Secure); and (iii) Advancing Philippine Competitiveness (COMPETE) which seeks to make three key industries, tourism, manufacturing, logistics and agri-business, more competitive. 'Be Secure' is being implemented in six focal areas: Basilan, Iloilo, Leyte, Maguindanao and Misamis Oriental Provinces and Tuguegarao City, to improve capacities for integrating climate change into local planning and the provision of water supply and wastewater treatment services. At the national level, Be Secure's activities focus on strengthening water sector regulatory reform. COMPETE's activities for the tourism sector support the development of strategic destination areas and tourism clusters by improving the quality of crucial infrastructure, particularly transport, energy and water.

6. USAID's Philippine Water Revolving Fund (PWRF) program (2006–2013) promoted the rationalization of water supply and sanitation investments, to help achieve the objectives of Executive Order 279, and to support the strategies outlined in the sector road maps. The PWRF assisted water districts execute loan agreements for source development, transmission, and distribution network expansion. PWRF's advocacy work generated some interest among water districts for septage programs. In 2010 USAID and the ADB agreed to support the Philippines Association of Water Districts (PAWD) which fosters the exchange of experiences between water districts and provides training to its members, in establishing a national Water Operators Partnerships (WOPs) program that will promote twinning partnerships among water districts. USAID also has a co-guarantee agreement (reinsurance of up to 50%) with the LGU Guarantee Corporation, which effectively expands the corporation's ability to mobilize private capital lending for the water supply and sanitation facilities of LGUs and water districts.

7. **JICA.** JICA has also been undertaking a long-term program of work in the water supply and sanitation sector reflecting its priority bilateral thrusts in sustainable development, poverty reduction, social amelioration, and good governance. JICA has been working with the DPWH on flood control and drainage improvement in Metro Manila. Through JICA's "Pasig-Marikina River Channel Improvement Project (PMRCIP)" in 1988-1990, the DPWH updated the master plan for the channel improvement of the Pasig-Marikina River System. The work envisioned is being implemented in four (4) phases: Phase I involving Delpan Bridge to Marikina Bridge; Phase II, Delpan Bridge to Napindan River (2007-2015); Phase III, Lower Marikina River including Construction of Marikina Control Gate Structure (2012-2019); and Phase IV, Mangahan Floodway to Marikina Bridge (ongoing). JICA is also working with Development Bank of the Philippines (DBP) to fund water and sanitation projects under its Environmental Development Project (EDP), a policy based lending facility intended to support viable and environmentally-sound investment projects. It is expected to fund a sanitation project for Maynilad in 2016.

8. JICA's support to the government to establish a flood forecasting and early warning system will build on existing infrastructure such as the Effective Flood Control Operation System (EFCOS) for a portion of the Greater Metro Manila Area. JICA also supports the NWRB, the improvement of small water districts, and a 5-year in-country training program on water supply management and technology to retool LWUA management and staff on water quality, supply management, and nonrevenue water reduction techniques (completed in 2010).

9. **German Government.** The Government of Germany's Water Program aims to improve basic conditions for the development of the water and sanitation sector through sustainable water management, customized technological solutions, stronger inter-agency coordination, and decentralized operations. LWUA implemented the Third German-assisted Provincial Towns Water Supply and Sanitation Program III (PTWSSP III), a EUR 10.2 million loan from KfW for on-lending to water districts. In 1999, GIZ partnered with the Department of Interior and Local Government (DILG) to initiate integrated water resource management as a means of linking local, provincial, and national water supply and sanitation resources, activities, and capacities. The GIZ Water Program in 2007 and 2010 extended technical assistance to NWRB and DILG to update the Philippine Water Supply Sector Roadmap.

10. **United Nations agencies.** The involvement of the World Health Organization (WHO), through its country office, supports state commitments to develop, promote, and meet both international standards and national targets established for health and human development. Lodged within the organization's three major program areas (combating communicable disease, building healthy communities and populations, and health sector development) are various coordination and monitoring activities and technical advisory initiatives that drive forward the government's efforts to achieve sector goals and the reduction of waterborne illnesses. In 2015, ADB supported WHO's pilot sanitation safety planning with two Philippine water utilities.

11. **ADB.** Since 2012, ADB has focused on (i) supporting MWSS improve existing raw water supply and its aspirations for a new system to ensure water security for Metro Manila; (ii) sector-wide initiatives such as (a) project preparatory technical assistance for sector loans to LWUA; and (b) support for DPWH in connection with NSSMP; and (iii) support to the Department of Environment and Natural Resources for solid waste management, which is essential to protecting scarce water resources, given the country's increasing population.

## **B. Institutional Arrangements and Processes for Development Coordination**

12. Development partners meet regularly at meetings organized by the Philippines Development Forum's Sub-Working Group on Water Supply and Sanitation and attended by representatives of the Department of Finance, NEDA, DPWH, DILG, LWUA, MWSS, NWRB, National Anti-Poverty Commission, and Cooperative Development Authority.

## **C. Achievements and Issues**

13. The devolution of responsibility for providing basic services to the local governments, and limited enforcement of regulations about water, solid waste, etc. have contributed to significant underinvestment and unsustainable practices in many cities and municipalities in the Philippines. Much of the development action has helped demonstrate how sustainability of Level III water supply systems can be achieved.

## **D. Summary and Recommendations**

14. Quarterly meetings of the Philippines Development Forum encourage coordination between development partners for cohesive initiatives aligned with the government's priorities.

### Appendix 1

### ADB's Water and Sanitation Sector Projects in the Philippines

Number	Title	Type	Approval Date	Amount (\$ million)	EA
<b>A. LOANS</b>					
1	190 Manila Water Supply		28-Aug-74	51.30	MWSS
2	251 Provincial Cities Water Supply		16-Dec-75	16.80	LWUA
3	351 Second Manila Water Supply		07-Sep-78	49.00	MWSS
4	457 Manila Sewerage		24-Jun-80	42.80	MWSS
5	545 Water Supply Sector		25-Nov-81	46.00	LWUA
6	645 Manila Water Supply Rehabilitation		27-Oct-83	39.30	MWSS
7	812 Island Provinces Rural Water Supply Sector		04-Dec-86	24.00	DPWH
8	947 Second Manila Water Supply Rehabilitation		24-Jan-89	26.40	MWSS
9	986 Angat Water Supply Optimization		14-Nov-89	130.00	MWSS
10	1052 Second Island Provinces Rural Water Supply		20-Nov-90	24.00	DPWH
11	1056 Metropolitan Cebu Water Supply		29-Nov-90	16.00	LWUA
12	1057 Metropolitan Cebu Water Supply		29-Nov-90	6.00	LWUA
13	1150 Manila South Water Distribution		19-Dec-91	31.40	MWSS
14	1217 Umiray-Angat Transbasin Technical Assistance		22-Dec-92	2.60	MWSS
15	1269 Municipal Water Supply		25-Nov-93	43.20	LWUA
16	1379 Umiray-Angat Transbasin		21-Sep-95	92.00	MWSS
17	1440 Rural Water Supply and Sanitation Sector		04-Jun-96	18.50	DPWH
18	1441 Rural Water Supply and Sanitation Sector		04-Jun-96	18.50	DPWH
19	1472 Small Towns Water Supply Sector		30-Sep-96	50.00	LWUA
20	2012 MWSS New Water Source Development		14-Oct-03	3.26	MWSS
				<b>731.06</b>	
<b>B. TECHNICAL ASSISTANCE</b>					
1	72 Laguna de Bay Water Resources Development Study	PP	08-Aug-72	1.31	
2	87 Manila Water Supply	PP	05-May-73	0.05	MWSS
3	433 Bulacan Bulk Water Supply Scheme	PP	25-Nov-81	0.15	LWUA
4	737 Island Provinces Water Supply Sector	PP	26-Dec-85	0.08	
5	779 Water Supply and Sanitation Sector Profile	PP	20-Jun-86	0.05	DPWH
6	1039 Angat Water Supply Optimization	PP	21-Sep-88	0.10	MWSS
7	1057 Manila Metropolitan Region Environmental Improvement Study	AO	08-Nov-88	0.53	
8	1219 Angat Water Supply Optimization	AO	10-Nov-89	0.30	MWSS
9	1268 Cebu Water Supply Phase II	PP	29-Jan-90	0.67	LWUA
10	1270 Umiray-Angat Transbasin Study	PP	19-Feb-90	1.27	MWSS
11	1422 Training System for Rural Water Supply Personnel	AO	20-Nov-90	0.13	DPWH
12	1423 Second Manila Sewerage	PP	23-Nov-90	0.25	MWSS
13	1513 Manila North-East Water Supply	PP	07-May-91	1.28	MWSS
14	1268 Cebu Water Supply Phase II (Supplementary)	PP	24-Jul-91	0.06	LWUA
15	1845 Second Provincial Towns Water Supply	PP	25-Jan-93	0.10	DPWH
16	1513 Manila North-East Water Supply (Supplementary)	PP	23-Jul-93	0.06	MWSS
17	1995 Institutional Strengthening of Local Water Utilities Administration	AO	25-Nov-93	0.59	LWUA
18	2089 Socioeconomic Survey and Evaluation of the Island	AO	12-May-94	0.10	
19	2254 MWSS Operational Strengthening Study	AO	24-Dec-94	0.60	MWSS
20	2263 MWSS Water Supply Improvement Study	PP	27-Dec-94	0.58	MWSS
21	2272 Small Towns Water Supply and Sanitation Sector	PP	27-Dec-94	0.10	LWUA
22	2401 MWSS Privatization Support	AO	21-Sep-96	0.58	MWSS
23	2417 Water Resources Management (Angat Reservoir)	AO	06-Oct-95	0.10	LWUA
24	2803 Pasig River Environmental Management and Rehabilitation	PP	29-May-97	0.80	PRRC
25	2916 Water Supply and Sanitation Sector Plan Study	AO	24-Nov-97	0.60	
26	3703 Capacity Building for MWSS Regulatory Office	AO	08-Aug-01	0.80	MWSS
27	3848 Metro Manila Solid Waste Management	AO	18-Mar-02	1.25	
28	7122 Water District Development Sector Project	PP	10-Sep-08	1.27	LWUA
29	7683 Urban Water Supply Sector Project	PP	26-Nov-10	2.00	MCWD,
30	8115 Solid Waste Management Sector Project	PP	16-Jul-12	1.22	DENR
31	8135 Design of a Pilot Project to Improve Environmental Conditions	SS	08-Aug-12	0.44	PRRC
32	8169 Angat Water Transmission Improvement Project	PP	13-Sep-12	0.94	MWSS
33	Flood Management Knowledge Sharing Forum		4-5 Dec-12	0.15	DPWH
34	Sanitation Safety Plan Pilot Demonstration Activity	PDA	01-Jul-13	0.05	WHO
35	Improving the Social Dimension of Flood Risk Management	CD	10-Feb-14	0.12	DPWH
36	8769 Metro Manila Water & Sanitation Development Project	PP	25-Nov-14	1.00	MWSS
				<b>19.68</b>	
<b>TOTAL</b>				<b>750.74</b>	