



Students attend a Metro Iloilo Water District (MIWD) educational tour. Photo credit: MIWD

Private Sector Partnerships for a Water-Secure Iloilo City

May 2019

With a rapidly increasing population, Iloilo City, a highly urbanized city in western Philippines has grown to just under 1 million residents. In recent years, the city experienced an economic growth spurt. Commercial and residential buildings are springing up around the city, services and retail businesses are thriving, and tourists are flocking to the city's landmarks. A potential economic powerhouse, Iloilo City is one of the eight partner cities of the USAID/Philippines through its Cities Development Initiative. Through this initiative, USAID partners with regional growth hubs outside of Metro Manila to be engines of inclusive, sustainable growth.

Despite Iloilo City's fast-paced growth, water systems have not kept up with the developments. As of 2016, only about 23 percent of the population was connected to piped water service through the government-owned Metro Iloilo Water District (MIWD), and those who were connected experienced rationing and low water pressure. For years, MIWD struggled to meet Iloilo City's growing water needs, but

with limited resources. “MIWD has no internal funding [to upgrade and expand its services],” says Imelda Magsuci, MIWD general manager.our rivers,” he said.

An important policy shift occurred in 2013 when the Philippine government actively began to encourage public-private partnerships to spur sustainable development across the country. Municipal water boards, like MIWD, looked to these opportunities with interest. In December 2014, MIWD received an unsolicited proposal from Metro Pacific Water Investments Corporation (MPIC), part of a leading Philippine-based, private infrastructure firm, to rehabilitate, expand, operate, and maintain MIWD’s water systems.

Meanwhile, USAID was continuing to respond to U.S. policy priorities to partner with the private sector in advancing development. USAID, through its Water Security for Resilient Economic Growth and Stability, or Be Secure, project helped facilitate the partnership between MIWD and MPIC. “USAID enabled MIWD to evaluate and negotiate the technical, legal, economic, and financial aspects of the proposal, ensuring that consumers will benefit in the best possible way from the partnership,” says Joanne Dulce, USAID/Philippines project manager for water, sanitation, and hygiene. USAID’s Be Secure project operated for four years (2013–2017) in six target cities, including Iloilo, to expand access to improved water and sanitation to approximately 1.8 million people across the Philippines.

In July 2015, Be Secure began working with MIWD, providing a team of experts to help review an evaluation of the proposal and then, starting in March 2016, with the negotiation process. It would take several more steps to finish the entire process until the contract was awarded, but the project provided the necessary assistance during the critical and arduous stage of the negotiations.

USAID’s Be Secure project ended before final negotiations concluded, but the two parties were far along at that point in successful negotiations, and MIWD was confident to carry out the process on its own. In December 2018, the final agreement was signed. “With expert support from the U.S. Government, MIWD’s joint venture agreement is now in order and has a high degree of integrity and credibility,” says Magsuci.

Under the joint venture, MPIC will invest nearly \$250 million to rehabilitate, upgrade, expand, operate and maintain MIWD’s water distribution facilities. The partnership will provide septage and wastewater treatment services as well as address MIWD’s high rates of non-revenue water or water lost through old and leaky pipes and theft. The partnership aims to expand the water district’s current service coverage and provide access to safe and potable water for the growing population of Metro Iloilo in the next 25 years.

“The U.S. Government believes that the private sector plays a crucial role in the Philippines’ development journey,” says Mission Director of USAID/Philippines Lawrence Hardy II. “USAID is proud to have facilitated this partnership between the Metro Iloilo Water District and the Metro Pacific Water Investment Corporation. This collaboration is a concrete example of how businesses can play a significant role in offering developmental solutions such as advancing water security.”

By Christine Chumbler

This article appears in Global Waters, Vol. 10, Issue 3; for past issues of the magazine, visit Global Waters' homepage on Globalwaters.org.