

DUTERTE'S WATER WARS

The reader can skip to the SUMMARY on last two pages

-----Original Message-----

From: Danny Gil
To: Nilo Cruz
Cc: Mercy Abad

Sent: Fri, Dec 5, 2019
Subject: Re: Water Service Metro Manila

Nilo, there is great hullabaloo about above subject centering on nefarious deals which are leaving both the public and gov't in the lurch. Entities being gunned after are the Ayalas and the Lopezes from previous administrations. Maybe you can shed more light, as I understand during your ex-pat job assignment here some years back, you played an important role.

To be specific, despite soaring water rates paid by the customers to the water companies, parts of Manila are running out of water and there is water rationing. And the gov't has to pay billions more. Yet rainfall is normal.

I am also cc'ing Mercy, one of our cyber friends who is always up to date on hot issues

Danny

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-----Original Message-----

From: Nilo Cruz
To: Danny Gil Cc: Mercy Abad
Sent: Dec 5, 2019
Subject: Re: Water Service Metro Manila

As you all know, I was in Manila from 1996-Dec 2000. The NWSA contract was awarded in 1997 after several bids and negotiations to Maynilad (Lopez Group) and Manila Water (Ayala consortium). It was a very complicated agreement and had several short term goals for further negotiations.... I do believe that water was of short supply before the contract was awarded. In 1998, water supplies and costs were better than previously managed.

Our company 'B' was involved with the Manila Water group... Involvement was as part of the water specialist group from Europe associated with that contract... Manila's group was combined with the French experts.

I was the company country manager from 1999 until my assignment ending in 2000. With company business dwindling and without much prospects doing scoreboard contracts and the assignment of the company's director at Manila Water ending, I was also given to wear that hat which turned out to be only for the last 3 months of my assignment. Our role was more in the design, engineering and construction management of Projects for improvement of water and waste disposal for Manila Water Co..

In this endeavor, there were several problems in trying to complete capital works that were funded thru cheap loans from the government of Japan, such as...

Red tape in securing right of ways and access, scarce supplies of local materials that were dictated by the loans and supply contract, and local contracting practices... one that really hampered the construction was only having one manufacturer for cement lined cast iron fittings

(very common item globally) used for the large water supply mains and this easily remedied by importing them but could not....

We did make some progress in adding to the supply lines to the locals.... I was managing in the design and construction of capital works and I directly reported to Mr Tony Aquino of Manila Water.

My stint was in the early stages. Most important was improving the water supply and though contract goals were known to be very optimistic, not much negatives were exposed....

I have not followed the contract after leaving Manila...

Nilo Cruz

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On Dec 4, 2019 Mercy Abad wrote (with attachment below):

Nilo I didn't know you were part of the Manila Water group. Speaking as a housewife, water supply before Manila Water was iffy. I still remember waking up as early as 3 to "sahod" water, to fill up the baldes and big containers inside the bathroom. So when Manila Water came, it was heaven because clean water flowed continuously at a cheaper price. Kasi no-on when one ran out of water you called for a water truck to deliver water. The cost of one truck kept on going up. When our neighbor, Jun Berba, made it possible to tap on to Manila Water, it was truly a big relief for housewives. Then we could take hot showers.

I hope the government does not go back to the old system. Especially now when it is hard to get good helpers. It will be hell for old folks like me.

Mercy

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Mercy's attachment

For inquiries, please contact:

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PRESS STATEMENT

04 December 2019

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Manila Water would like to state certain facts in the interest of public discussion on the award recently issued by an arbitral tribunal in favor of Manila Water as administered by the Permanent Court of Arbitration (PCA). We wish to clarify that the PCA is an internationally recognized inter- governmental organization.

In 1997, the Philippine Government, led by President Fidel V. Ramos, solicited bids for concession agreements with Metropolitan Waterworks and Sewerage System (MWSS) to address the water crisis in Metro Manila that existed due to the incapability of the MWSS to maintain viable operations due to technical inefficiencies and enormous financial debts. The Government unilaterally determined the terms of the agreements, which were bidden out on a take it or leave it basis.

Manila Water was one of many local and international corporations who responded to the Government's call for public-private partnership to solve the water crisis. It offered the lowest fee to serve as concessionaire of MWSS, which decided to pay the fee with the water tariff to be

collected by the concessionaire. Manila Water was subsequently awarded the Concession Agreement for the East Zone.

Manila Water has diligently discharged its obligations as concessionaire of MWSS, spending over Php166 billion to improve water and wastewater services. We have installed over 5,500 kilometers of pipes and built 2 new filter plants, 32 new reservoirs, 113 pumping and booster stations, 40 additional wastewater treatment facilities and five times more sewer network capacity to improve the MWSS facilities in the East Zone.

This resulted in the expansion of water service coverage in the East Zone from 67% coverage serving around three million people to 93% coverage serving over seven million people. This includes an additional two million customers from the poor and marginalized sector, who used to buy vended water in buckets or pails delivered by vendors in pushcarts. Manila Water services Securing Your Future Today

allowed them to save about 90% of what they used to pay for water. We also reduced water losses from 63% to less than 12%, saving 700 million liters per day of water.

Because MWSS decided to pay our services and reimburse our costs with the water tariff that we collect, the Concession Agreement contains a procedure for the adjustment of water rates in accordance with the MWSS Charter. The Republic of the Philippines undertook to respect the procedure, which is under the full control of MWSS from beginning to end.

The arbitral award issued in our favor is for acts in breach of the procedure committed by officials of the previous administration, not the Duterte administration.

When Manila Water received the information about the award, our Chairman together with a few other senior officers of the Company sought guidance and met with Secretary Dominguez before it became public. We informed him that we are willing to come up with a mutually acceptable manner of implementation of the arbitral award considering that this case was filed due to a violation incurred not during this administration. Secretary Dominguez acknowledged our proposal to work very closely with his office to find a mutually acceptable scheme to address the award.

In 2009, the administration of then President Gloria Macapagal-Arroyo extended the Concession Agreement up to 2037 upon recognizing the compelling need for more water and wastewater investments. The Clean Water Act and subsequently the Supreme Court Mandamus expanded from 50% as contained in the original Concession Agreement to 100% sewer coverage. The extension required our commitment to spend an additional Php 458 billion to comply with the new water supply and wastewater requirements all the way to 2037.

As our slogan says "Care in Every Drop," throughout the past 22 years we have improved on customer service enhancing the customer experience, except for the incident this year. We know how vital water is to human life, so we have passed and complied with the highest international water quality standards and every test as required by the Department of Health. Through our many other initiatives we have demonstrated we do care about our customers, the community, and the environment.

We wish to reiterate that Manila Water is more than willing and have started to work with the incumbent administration to come up with a workable solution to the arbitration decision.

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-----Original Message-----

From: Nilo Cruz

To: Mercy Abad

Cc: Danny Gil <

Sent: Thu, Dec 5

Subject: Re: Water Service Metro Manila

That was my last 3 months as country manager and in addition as a director for capital projects for Manila Water....I thought we were doing well with adding water mains at Katipunan, water distribution at Libis and West triangle, water main crossing of Marikina river and several water pumping stations that made water available.... but reorganization at Asia Pacific happened and that was the end of my assignment....I had fun in my 4 year assignment. With good

accomplishments including the Quezon power plant, Globe telecoms line installations assisting at Lucent's contract, 21 Nextel towers, use of our CAD groups for AT&T distributions in the US, use of the Manila office to supply Lakers and engineers for projects in the Middle East and Australia, sending 20 telecom engineers and contract administrators to the USA and ultimately getting their residencies etc....

Nilo Cruz

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SUMMARY

On Dec 5, 2019, Danny Gil wrote:

Hi Nilo, Mercy,

Thanks for all the info we have exchanged above.

Let me try to put everything in a nutshell.

I am basically pro-Duterte. But let me now describe him in the words of his enemies because much is true.

He is an uncouth, filthy-mouthed, womanizing, irreverent, power-hungry megalomaniac. But even the Yellow SWS surveys show that only 9% of the local population do not like him, while 10% are undecided. His trust and approval rating is about 85%, as reported by Rappler.

But to me, the saving grace is that he is a grand stand player with a great sense of humor. He is pulling everybody's leg, and many of us of Visayan heritage know that.

His popularity is fast rising because he is taking on the Ayala and Lopez and Pangilinan oligarchs for their obscene gain in this MM Water Problem, where they already made P40B in the past. It was Drilon during Ramos' time who drafted a contract all in their favor. Duterte has named names, and can sue them for economic sabotage, which can lead to imprisonment. The companies are now sending signals for compromise. As an aside, doesn't that article above of Dittie Galang sound like an apologist's letter.

Even from early on, Duterte collected P40B from the illegal Chinese Cigarette tax scam. He has collected P7B from Lucio Tan's PAL unpaid landing fees at NAIA. They still are negotiating about taxes. He already has taken back the illegally held mile long property of the Prietos, and is collecting the tax due, and other illegally gained assets. Then there is ABS-CBN, Rappler, and many others that owe the gov't many millions in unpaid taxes. Eventually, it will get to Hacienda Luisita, in the billions.

He claims Chinese and Muslim ancestry and grew up in Mindanao and Cebu. And is one of the few who can mend the fractious factions in the South.

He is not poor. Grew up as the son of a Governor, and is a practicing lawyer.

Duterte's list of corrupt businessmen, military and gov't officials goes on and on. He names them on live TV even as he curses them soundly.

With so much less stealing in the gov't, there has been enough money to increase substantially the pay of the military, police, teachers, nurses, etc. There is free education in public schools, and better health insurance. Phil Gen Hosp gets P100M a month, Sotto Clinic in Cebu gets less. All these benefits trickle down to even the lowliest in the barrio. The cell phone and social media make all things more transparent.

No wonder a vast majority of the population go with him and his administration and are eagerly waiting for more heads to roll. The DPM scam is still the biggest mess where the Abads of Batanes are most corrupt. Mar Roxas and Dinky Soliman still have unliquidated billions.

But Duterte's war on drugs is relentless, and may even bring earlier politicians into the quagmire, just like Delima. Imagine the National Penitentiary used as a drug manufacturing and distribution center? All these human rights flack is collateral damage, nowhere near what is claimed by the opposition, much less foreign human rights activists.

He is no lackey to any world leader. He understands the paradigm shift to Asia's ascendance, and has been positioning the country well. Note all the soft loans, donations, new business deals with other countries. His build, build, build program is very sound. No fanfare.

So Nilo, I hope you get a better grasp of what's happening here. I know the news you get in the US about the Phil can be so negatively skewed. I hope you are not a Trump fan. But ironically, some anti Duterte die-hards here think you folks are better off out there because you at least have a choice, pro or anti Trump. Back here, they say all politicians are "tuta daw", as they all just follow Duterte. Hooray for that.

More power to the megalomaniac.

Seriously, we need a maverick: a strong, sincere, honest, old man to save our country.

Furthermore, if he dies in office, the incumbent VP will take over, whoever it is. If it is Lenie, she is an idiot, and will bring the Yellows back to power. If Bongbong unseats her, which still is possible, he might be more independent but will bring the hated Marcoses back to power.

Duterte is a cagey operator. He will see to it that he will have his handpicked successor to carry on what he started. Already there is talk of Bong Go, Inday Sarah, even Dick Gordon or Esco Moreno.

Less than three years hence, if he is still alive, it will be a free-for-all normal election.

But if he feels the end is coming, then before that, he can declare martial law, or have a revolutionary gov't, and put in his hand picked choice. He is strong with the military, and if indeed all politicians are tutas, that's the shoo-in option.

I am willing to gamble on this option, and I am one of the 85% who approve of him.

Cheers,

Danny