

OFFICE MEMORANDUM

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EXTENSION: 3-5557

SUBJECT: **The World Bank's role in Water Resources Management in the Philippines:
Results of a Consultation**

Summary and Overview:

In early 2001 we will present a new Water Resources Sector Strategy to the Board. In developing such a Strategy we are reviewing our experience with implementing the 1993 Water Resources Management Policy Paper. We are doing this through two instruments. In each region we (a) do a desk review of the water-related portfolio, and (b) a "focus country study", which complement the desk review with field visits and a structured consultation with stakeholders.

This is a report of the third of these "focus country studies and consultations". This included a review of the Bank's water portfolio in the Philippines, field visits to Bank-financed water projects in Magat, Isabela, Angat, Nueva Ecija and Manila. There we discussed the challenges, and the Bank's projects with a wide variety of stakeholders – governors, mayors, government agencies, irrigation associations, farmers, the private sector and NGOs. Our work was concluded with a successful two-day structured two-day consultation with about 60 partners, most from the Philippines, but also including senior professionals from Thailand and Indonesia, and a few from donor agencies. The major conclusions which emerged from these discussions are as follows:

The State of the water sector in the Philippines

The Manila concession process has transformed the water sector in the Philippines. It has brought new, vigorous actors onto the water stage. It has created a ripple set of demands for reforms in the urban water and sanitation sector. But there remain major challenges, which include: developing a mature relationship between the regulator and concessionaires; extending the competition/private sector approach to other cities and secondary towns; and addressing the neglected areas of bulk water supply and sewerage.

The irrigation sector in the Philippines has many positive aspects. There is a long tradition of user involvement in management, and a long tradition, too, of users paying for services. But, as in many other countries, the National Irrigation Agency has not been able to make the transition from a construction

agency to a management agency. To the contrary, there are a set of perverse incentives which motivate farmers to neglect maintenance and rehabilitation, and to rely on NIA to bail them out. NIA is happy to do this, since this helps mobilize the external and domestic projects on which the agency depends for most of its resources. And there has been no serious exploration of alternative arrangements – including management contracts, leases, and concessions – for providing irrigation services to farmers.

In terms of water resources, overall the Philippines is a country with relative water abundance. There are, however, serious water stresses around the major cities of Manila and Cebu, and there will be similar stresses in the Cagayan Valley in Northern Luzon in coming decades. There has been much discussion about the location of the National Water Resources Board, the weak apex agency, but there is neither an effective strategy nor institutional arrangements for addressing the emerging allocation and water quality issues.

The Bank's role in water management in the Philippines

The Bank has played a major role in water resources management issues in the Philippines. In broad outline, the Bank has been an effective partner when there has been Filipino leadership and will to change. The outstanding example here is the highly effective IFC contribution to the concession contract for Metro Manila. In the urban water sector, the Bank has effectively built on “the momentum of Manila” and responded to the new reality of fiscal decentralization in the Philippines. The Bank's urban water group has developed an imaginative portfolio aimed at consolidating the concessions in Manila, bringing lease contracts to small towns, and bringing the important and difficult sewerage issues into focus. An implicit element of this strategy is developing competition to the moribund Local Water Utilities' Administration, which is an old-style national water supply agency.

In the irrigation sector there has been no champion for reform in the Philippines. The Bank has concentrated on the important micro issues of farmer turnover and operation and maintenance. However this has been done without changing the pervasive incentives which lead to a perpetuation of the under-maintenance and rehabilitation problem. The existence and modus operandi of the National Irrigation Agency (NIA) is taken as a given. Little has been done to analyze alternative modes of operation for the NIA, or alternatives for providing irrigation services to farmers. There has been no attention to modern asset management or to alternative, more productive modes of deploying the subsidies which are currently channeled through, and partially absorbed by, NIA. To a substantial degree Bank (and other donor) funds have enabled NIA to avoid facing the need for fundamental reform. Instead of concentrating solely on one strategic approach (building up the IAs and down-sizing NIA), the Bank might encourage experimentation with other approaches as well: farmer-own irrigation districts, management contracts, lease arrangements, concessions for integrated hydropower/irrigation schemes, etc. The objective with these experimental approaches would not be to reduce irrigation subsidies per se, but rather to channel the subsidies to farmers more efficiently by bypassing inefficient public organizations.

In water resources management, the Bank initiated a major planning effort in the mid-1990s, focussing on national-level institutions and a national framework plan. Results, however, have been disappointing. More generally, in water resources the Bank, again, has mirrored (poor) national performance. In recent years we have not had a cross-sectoral approach to water resources issues and have little dialogue among Bank staff working on water-related issues in the Philippines. Regional sectoral managers – who manage large staffs and a diverse portfolio -- appear to have little, if any, engagement in the major strategic issues relating to water resources management. The consequent lack of strategy and consistency on water resources management has been exacerbated by the fact that EAP has had no identified Lead Water Resources Specialist (who, in other regions, are tasked with developing strategy and ensuring consistency). (To our delight, just as this memo was being finalized, EAP management has appointed a regional Water Resources Advisor!) But there are issues of substance, too. In the Philippines we have done some technical assistance on water resources management, but this has focussed on defining a set of

conventional technical tasks which the apex agency should perform. The Bank has done little to engage in the political economy of reform, and has done nothing to help develop solutions where there is a current demand for change (most notably around metro Manila and Cebu), and where action might both generate more political will and serve to sharpen the assessment of the national institutional mechanisms required by the government. In Manila, where the Bank has been engaged for many years, there is an excellent opportunity for the Bank to contribute to changed water resource management practices. The Angat Basin is both the main supply for Manila, and a source of water for hydro and irrigation purposes. When there are water shortages, allocations are made in an ad hoc fashion, taking water from hydro and irrigation and giving priority to urban uses. This has caused much dissatisfaction (especially among irrigators) and is an important source of risk for the concessionaire. All parties have an obvious interest in developing more transparent, equitable and predictable water allocation mechanisms. Subsequent to the Manila consultation the Government has approached the Bank for assistance in exploring whether a rights-based allocation process might be both politically feasible and desirable in the basin. This type of “opportunistic” approach of “striking where the iron is hot”, seems much more likely than broad planning exercises to lead to systemic changes in water resources management in the Philippines.

Issues relevant to the Bank's Water Resources Sector Strategy

The Philippines focus country study highlights several issues which are germane to the Bank's new Sector Strategy. These include:

- **Striking progress on urban water reform:** The urban water business has been fundamentally affected, both in countries like the Philippines and in the Bank, by contemporary thinking about decentralization, privatization and the role of the state. In the Philippines in the urban water business one meets many of bright, impressive people from a variety of backgrounds both in and out of government. There is no doubt that, in the Philippines, the entry of the private sector via the Manila concessions has been the catalytic event.
- **Striking lack of progress on irrigation reform:** The Philippines has a venerable tradition of reform in irrigation. This is where the modern idea of "irrigation turnover" originated in the 1970s. Today this debate has degenerated into a sterile one between proponents of turnover (who argue that "you should trust the people") and realists (including Bank staff working in the sector in the Philippines), who correctly point out that this process has never resolved the fundamental problem of maintenance and rehabilitation. There is virtually no discussion of new modes of service delivery (such as management or lease contracts), no focus on modern asset management techniques, no discussion of the incentives which underlie the rehabilitation and financing problem, and no discussion of alternative ways of deploying the subsidies which are now embedded in the NIA budget. The result is a striking difference between the modern, reforming culture of the urban water sector and the irrigation culture, which is dominated by an aging cadre of (male) engineers who have little vision other than "the return of the golden days" of construction and who focus primarily on survival of their institution and jobs. Given the favourable underlying conditions in the Philippines (a history of reform, a history of payment for irrigation, a country where political and economic freedoms are high), the Philippines should be a world leader in irrigation reform, and the Bank should be an important partner in that process.

The challenge of irrigation reform is a generic one in East Asia and beyond. Irrigation is by far the dominant water user in most countries in the region. And an effective irrigation sector is enormously important to poverty alleviation, economic growth, the environment and food security. Irrigation turnover has been emphasised, with mixed results. But more attention needs to be directed to irrigation reform, and, more specifically about how to make the transition from construction-oriented irrigation agencies to flexible, efficient and accountable service agencies.

- **Lack of progress on water resources management:** There is a lack of imagination on how to deal with the emerging need for effective water resources management. The approach has been to perceive the problem largely as one of budgets, of institutional home, of data and staff. The Bank has tended to reinforce this normative definition of "the problem". A participant in the workshop summed up the essence of an alternative approach as "the politics of reform is the politics of tension". This alternative approach would suggest that reform starts with coming to grips with real water resource management problems (which are almost always local), where there are multiple stakeholders who are demanding practical solutions. This approach is based on the belief that once approaches to these "local problems" are found, a more dynamic water resource management culture will emerge at the national level. In the Philippines there are two "areas of tension" -- Metro Manila and Cebu. In Metro Manila the "interested parties" include the (about to be privatized) national power company, the concessionaires for Metro Manila and farmers. In Cebu a wide ranging and innovative civil society organization is taking the lead in trying to forge change. Both of these provide fertile ground for the Bank to work with a wide variety of stakeholders in both solving specific problems, and in developing instruments and a culture which could then "permeate up".

This problem of a moribund apex water resources management institution is one which the Bank confronts in many countries. It suggests the need for a new strategy, based not on a global normative “recipe”, but a more dynamic process aimed at identifying “promising tensions”, and focussing attention on addressing these.

- **The role of the private sector in catalyzing change:** The introduction of the private sector as a service provider in the Philippines has (as in other countries) changed water from being “a sleepy backwater” to an item which is high on the public and political agenda. The private sector (again as elsewhere) has led to implicit and explicit competitive pressures for better delivery of water services, for clarifying and improving mechanisms for water allocation, and setting sensible wastewater objectives. As in other places and sectors, this would require some legislative changes.
- **Discussions of reform need to involve people outside the water sector:** In a democracy like the Philippines, civil society and political leaders have a vital role to play in reform processes. The MWSS concession contract is a text-book case of how to manage this. Reform in irrigation and water resources management must learn from this. Key non-sector agencies (such as NEDA and the Treasury) must be involved. The Bank can play a facilitating role through supporting high-quality analytic work and using its convening power.
- **Bank staffing and organizational issues:** The lead Bank staff working on water in the Philippines are excellent and dedicated staff. But on water resource management issues, at least, they operate largely as independent “lone rangers”. Regional sectoral management does not appear to be engaged in quality enhancement or strategic dialogue on water issues. The Bank’s Water and Sanitation Sector Board plays an active quality enhancement role which is visible in Bank work in the Philippines. But on irrigation and water resources management there is no evidence of such support to staff.

At the time of the Manila Consultation (in March) it was clear that there was an urgent need for management in the East Asia region to pay more attention to strategy and quality enhancement on water resources. Subsequently there have been two important developments which should substantially help. First is the appointment of a Bank-wide Water Resources Management Group, with a mandate to enhance the quality of Bank work on water resources. Second is the appointment of a Water Resources Advisor in EAP. With an appropriate mandate and resources, this Advisor should be able to sharpen the strategic focus of the Bank’s work on water resources in the Region, and should catalyse the formation of a cross-departmental team on water resources.

Finally, one of the non-Philippines’ borrowers in Manila tabled an important human resource issue . He noted that in the past Bank staff (mainly water engineers) had high credibility. The positive side of this observation is obvious; the negative is that these staff seldom confronted the prevailing institutional paradigms for water management. This borrower expressed a concern that the new generation of Bank water staff often are policy generalists who are not credible with our borrowers. What is needed is clear – we need to aggressively recruit staff who are steeped in practical water management (and thus credible with our borrowers) and who have lived practical water reform processes.

Quotable Quotes:

“The politics of reform is the politics of tension” – a participant in the Manila consultation

“The simple fact is that the National Irrigation Agency (NIA) is a spending agency ... with no particular need for financial discipline... (which) has every incentive to spend as much as possible... if responsibility for design and decision-making is left entirely to NIA’s field offices, it would simply be a disaster!... NIA has no particular incentive or pressure to be cost-effective ... unless under close supervision by external agencies” – a staff member of a donor agency who works with NIA.

“The Bank has a unique structure for policy assessment.... should use this more systematically as the benefits are great... should not be limited to water professionals” – a participant in the Manila consultation.

1. BACKGROUND ON THE CONSULTATION AND THIS MEMO

In early 2001 we will present a Water Resources Sector Strategy to the Board. We will follow the standard format for such Sector Strategies – chapters on (1) the problem, (2) the Bank’s experience, (3) our comparative advantage and (4) the strategy and business implications.

As part of the stocktaking exercise, we are undertaking a review of experience with implementation of the 1993 Water Resources Management Policy Paper. A central element in the process is a series of consultations in six “focus countries”. These consultations are designed to get frank feedback on what the Bank is doing and how we are doing it. The first of these consultations was held in Brazil in March, and the second in Yemen in September.

Our methodology is as follows:

- we agree with the Region on a country which will be the “focus country” for that region.
- we conduct a detailed desk review of projects under supervision;
- we make visits to projects in the field (in the case of the Philippines, to the National Irrigation Scheme in Magat, a Community Irrigation Scheme in Nueva Ecija, the Local Government Unit Water Supply Project in Isabela, and the regulator and concessionaires in metro Manila);
- we speak with people from all perspectives;
- we conduct a two-day, structured workshop (in this case with about 60 participants from the Philippines and participants from Thailand and Indonesia) which gives both detailed quantitative data and a lot of “color” on how the country is doing in water resources management and how the Bank is and might be helping.

After the Brasilia and Sana’a consultations we produced a “memo for regional management”, in which we described (in unvarnished form) what we had done, what we had seen, what we had heard and what we thought some of the implications were for our work in the country and region in particular, and for the Bank’s work on water resources more generally. This memo follows this practice, and reports the results of the project reviews, field visits and stakeholder consultation (held in Manila on the 28th and 29th of February). (All powerpoints and documents from the Brazil, Yemen and Philippines studies, are available on our web site

The Water Resources Sector Strategy Web Site:

All documents and powerpoints developed in the course of the Sector Strategy are available on the Water Resources Sector Strategy Web Site. To access the site go to www.worldbank.org, click on "Topics and Sectors", "Environment", "Water Resources Management" (twice), “Water Resources Sector Strategy”.

(see box). The participants’ assessment of the Consultation is summarised in Annex 1 suggests that the format and structure of the Consultation worked well.) As in the case of the Brazil and Yemen reports, our hope is that this memo will be useful both for the EAP Region and the Philippines Department, and for building the knowledge base for the Sector Strategy.

2. INTERACTIONS WITH BANK REGIONAL STAFF

Philippines was chosen as the EAP focus country in conjunction with water staff in EAP. It was chosen: because the Bank has a number and diversity of water-related projects; because of the richness of civil society in the Philippines and the consequent ease of getting people to speak openly; and because of the support of the key task managers (Syed Husain and Vijay Jagannathan). Syed and Vijay helped in many ways – by informing us of their views on the challenges in the Philippines and the challenges in our portfolio; by helping identify participants, by scrupulously observing “the spirit” of the consultation; and by providing detailed comments on an earlier draft of this memo.

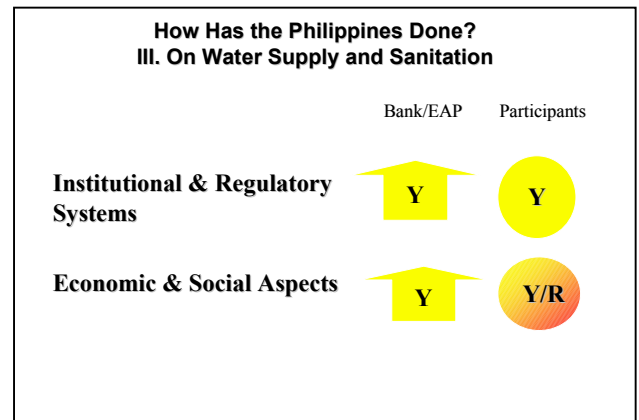
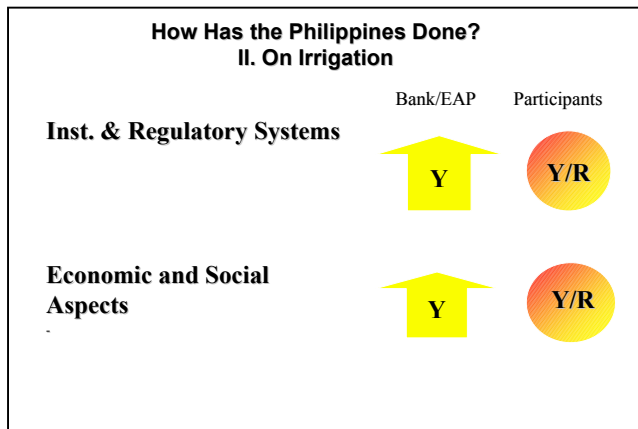
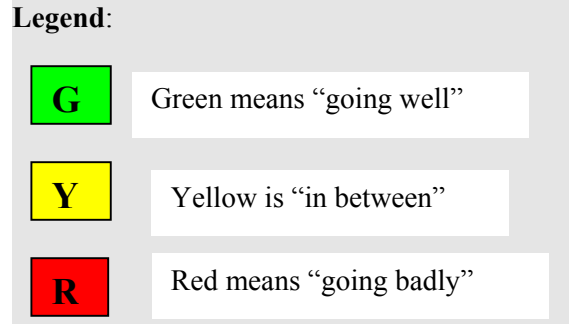
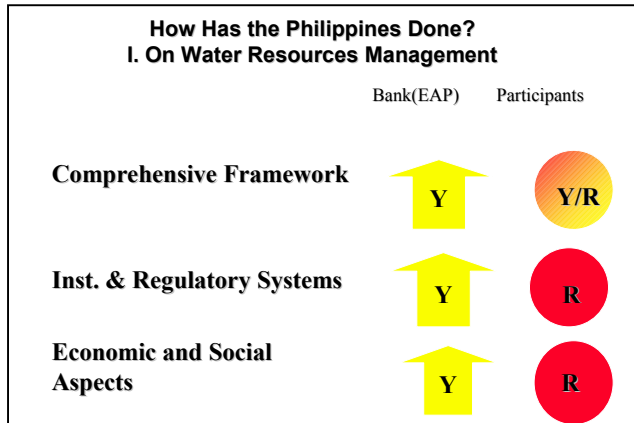
3. THE STATE OF WATER MANAGEMENT IN THE PHILIPPINES

An important initial focus in our consultation was to get broad agreement on the nature of the challenges in water management in the Philippines. We did this by commissioning a “report on the state of water management in the country” by a respected “key informant” from the country. In the case of the Philippines this was Professor Angel Alejandrino, the founding director of the National Water Resources Board in the 1970s.

As in our previous consultations, we used a “scorecard based on the Dublin principles” as a way of focussing the discussion, and as a way of organizing feedback from working groups and participants. (The “Dublin Principles” were developed as part of the Agenda 21 process in 1992.) There is wide international acceptance of these principles, which heavily influenced our 1993 Water Resources Management Policy Paper. In a slightly restructured form the Dublin Principles are: the “**holistic principle**”, which says that water should be managed comprehensively, with special attention to the environment; the “**institutional principle**”, which says that management should obey the principle of subsidiarity, and that there should be broad involvement of stakeholders, with a greater role for the private sector, NGOs and women; and the “**instrument principle**”, which says that water should be managed as an economic good, with greater use of economic instruments, and with attention to the needs of the poor.

After Professor Alejandrino had given “a Filipino view” on the status of water resources management in the Philippines, Syed Husain, Senior Economist in the Rural Department in EAP made a presentation on “a Bank view on the state of the water sector in the Philippines” This was done following a pre-defined format, and indicated level of performance by a “traffic-light” method, in which green means “in good shape”, red means “in bad shape” and yellow somewhere in between. In the first round of group discussions the Philippines’ participants followed the same format, and gave their rankings of the state of the sector in the Philippines and, as designed, used these as the basis for a conversation about the achievements and challenges of water management in the Philippines. The method worked well in Manila (as it had earlier in Brasilia and Sana’al) and served to actively engage the participants. Figure 1 (overleaf) summarizes the perceptions of the participants, and compare the views of Bank Regional staff (the squares) and the national participants (the circles).

Figure 1: The State of Water Management in the Philippines:
Perceptions of the Bank’s regional staff and participants from the Philippines



There are several broad conclusions which emerge from these figures and the associated discussions. These include agreement that:

- the policy and legal framework in the Philippines is generally adequate, but there are major problems with implementation;
- progress on urban water in Metro Manila is the “brightest spot” on the landscape.
- there has not been similar progress either in water supply to other cities or to rural areas, or overall on sanitation;
- there has been little progress in irrigation management;
- the most striking and serious lack of progress has been on water resources management.

The “highlights” emerging from the discussions of the working groups at the consultation are as follows:

3.1 Water Resources Management:

There is a lack of political commitment at high levels in the Government of the Philippines on water resources management. (An important question, not satisfactorily answered in the workshop is on the quite different impact of the two water summits convened by then-President Fidel Ramos in the mid 1990s. The first summit led the way to the Manila concession, and thus fundamental reform in urban water supply. The second summit focussed on water resources management, and had no lasting impact.) There remains a “Presidential taskforce” on water resources, but this has no visibility, no high-level support and no access to senior decision-makers.

The most obvious and discussed institutional shortcoming is the status and capacity of the National Water Resources Board (which was established in the 1970s). The Board’s activities are largely limited to the issuance of water rights. The general sense is that this process is poorly managed – that there is, in the words of one senior participant a “blind approval of requests from NIA (and other agencies) without attention to impacts on existing water users”.

There is a protracted, costly and largely sterile struggle over the location of the NWRB (which is currently in the Ministry of Public Works, but which many feel should be in the Ministry of Environment and Natural Resources). Wherever the NWRB is located, there is a need to address issues of participation and conflict of interest. Some participants felt that this should not be a Board dominated by the concerned government departments, but that it needs broader participation by stakeholders and should, possibly, be chaired by a respected figure from the private sector.

Compounding the NWRB problem is the dearth of basin-type management authorities at the local level. The Laguna Lake Development Authority is the only such agency with enforcement power. A number of river basin management agencies have been created over time, but this has been by Executive Order, and they have never survived changes of administration. Some would have new river basin authorities authorized; others consider it essential to first understand why agencies like the Bicol Basin Authority have not worked.

3.2. Irrigation:

The Philippines has about 1.3 million hectares of irrigated land, about half of this in large National Irrigation Systems (NISs) built and managed by the National Irrigation Agency and about half in smaller, community-built and managed Communal Irrigation Systems (CISs).

There is a long tradition (dating back to the Spanish period) of farmer-managed systems. This model, with some modifications, continues to prevail in the CISs. In the 1970s NIA led the world in innovating with the integration of such Participatory Irrigation Management in the NISs. The process of “turnover” to the Irrigation Associations (IAs) has been beset by problems. There are competing explanations for this. One group (including the turnover “pioneers”) see the failure to be largely a result of insufficient conviction and support from NIA. Many observers (including a recent OED report) concur with this assessment, and see the Bank as playing a major role in undercutting the turnover process (by being, in the eyes of the critics, fixated with the issue of maintenance and by fee collection, and transforming the Irrigation Associations into little more than contractors to NIA).

Bank staff have vigorously (and appropriately, in our view) contested this interpretation. It is a fact that the IAs were not maintaining their systems, and NIA was consistently having to do deferred maintenance and rehabilitation. The Bank-inspired response to this was to reduce the

IAs control of the Irrigation Service Fees (ISFs) and pass the control to NIA. Different forms of “pass back” to the IAs were developed, depending on the level of responsibility assumed by the IA (for fee collection, operation and maintenance).

From our field visits and discussions, it would appear that neither of these analyses are satisfactory. Both approaches focus too much on the IA level, and insufficiently (in our view) on the set of incentives which bind the two parties (NIA and the IAs) together. When looked at from this perspective, there are pervasive incentives which lead to the persistent maintenance/rehabilitation problem. For the IAs, deferred maintenance is a sensible strategy, because NIA is always on hand to (happily) provide rehabilitation when needed. For NIA’s own survival (in an era of reduced construction) it is essential that the agency continue to get capital grants for rehabilitation, since they are allowed to take a “management fee” of 5% on all capital projects. (In recent years these “management fees” account for about 17% of NIA’s revenues.) And these projects also refurbish NIA’s stock of equipment which they then rent out (which accounts for another 20% of NIA’s revenues). Finally, in the Community Irrigation Schemes NIA is “paid back” 30% of costs of government-provided construction grants made to these schemes. This accounts for another about 18% of NIA’s revenues. In sum, therefore, about 55% of NIA’s revenues are directly derived from the capital projects (primarily for rehabilitation). In short, if the IAs were to do better maintenance, and to contract others to do rehabilitation, NIA would not exist in its present form.

NIA, understandably, does not see it like this. Like all such agencies, it expects “autonomy” when it favours the agency. There is thus widespread displeasure with the fact that President Estrada unilaterally “condoned” irrigation service fees (a stance which has meant that these fees have declined from about 40% to about 20% of NIA’s revenues). But NIA is also happy to take the implicit subsidies from acting as “government’s agent” (see above). And NIA was actually able to turn the Irrigation Service Fee crisis to its advantage, by getting the government to pay a direct subsidy which exceeded the loss of Irrigation Service Fee revenues to NIA.

All of this has led to an unhealthy symbiosis between irrigation associations which depend on NIA for “subsidized services” and NIA, which is happy to provide such services. This arrangement is fraught with moral hazard. The result is dependent IAs and an unaccountable agency. In the words of the Bank’s principal staff working on irrigation in the Philippines: ***“the simple fact is that NIA is a spending agency ...,with no particular need for financial discipline... (which) has every incentive to spend as much as possible....*** The only way to counteract these incentives is perceived to be centralized control (***“... if responsibility for design and decision-making is left entirely to NIA’s field offices, it would simply be a disaster!”***) and even control by donors (***“NIA has no particular incentive or pressure to be cost-effective ... unless under close supervision by external agencies”***).

As with central irrigation agencies in other countries, NIA has not reacted enthusiastically or imaginatively to changed political realities. The mandated devolution of the Communal Irrigation Systems to Local Government Units is not going well, both because NIA is not anxious to give up its responsibility, and because there has been little enthusiasm from the LGUs (who see this as a transfer of responsibility without a corresponding transfer of resources from NIA). And four years after farmer representation on the NIA Board has been mandated, the major farmers’ association (the Confederation of Irrigation Associations) is still not represented.

NIA now faces a persistent financial crisis, which consumes managerial attention from the field level (where fee collection is a dominant concern) to headquarters. Behavior of NIA staff conform closely to the agency’s unusual “mission statement” (Figure 2, below).

Figure 2: The mission of the National Irrigation Association



These realities are broadly understood in the irrigation sector in the Philippines, but the only reform proposals are to increase subsidies or Irrigation Service Fees. Discussions in the field, at NIA's head office, and at the Consultation suggested that there had been little discussion of alternatives or the many possible avenues which might be part of a more efficient, accountable system. While the natural and social context of all irrigation systems is different and there is no simple "transferability of instruments", it is instructive – see Table 1 overleaf -- to contrast the implicit incentives operating in the Philippines system with those in a "healthy" irrigation system, such as the Australian. Some of the key elements of a change in the incentive system might include:

- Irrigation Service Fees which are scheme specific and thus related to costs and service (rather than being an irrigation tax)¹;
- Much more focus on incentives and costs of rehabilitation (there is no asset management program at either the IA or NIA level);
- The more imaginative application of implicit and explicit subsidies (perhaps by matching communities' own collections for rehabilitation fees);
- Unbundling of the technical and social activities undertaken by NIA;
- The possibility of getting the private sector to manage some of the National Irrigation Systems through management or lease contracts, thus not only directly improving the operation of the systems for which management is delegated, but introducing performance and cost benchmarking against which to judge NIA's performance.

¹ In comments on an earlier draft of this memo, Bank staff informed us that there is an agreement that NIA will start implementing volumetric pricing. This will start with a pilot program (due to have started in 1999). As indicated by Bank staff, volumetric pricing would be a major step forward in re-aligning the incentive systems – for farmers who would have an incentive to use water efficiently and to diversify into higher-valued crops and to the service agency since payments would be linked to service provision.

Table 1. Incentives in the Philippines Irrigation System and a “healthy” irrigation system

		PHILIPPINES IRRIGATION SYSTEM	HEALTHY SYSTEM (such as Victoria, Australia)
FARMERS	Maintenance	<ul style="list-style-type: none"> • Irrigation service fee is a tax, unrelated to service costs • Users defer maintenance because NIA will cover costs of deferred maintenance 	<ul style="list-style-type: none"> • Service fee is a transparent fee which covers costs in each particular system
	Rehabilitation	<ul style="list-style-type: none"> • IAs do not have any asset management plan and thus no idea of liabilities for rehabilitation costs • NIA does rehabilitation “for free”. • Users unconcerned about costs of rehab. 	<ul style="list-style-type: none"> • Asset Management Plan tells what is needed for rehab over next twenty years and what it will cost • Users make payments to transparent rehabilitation fund to cover projected rehab costs
IRRIGATION AGENCY		<ul style="list-style-type: none"> • NIA has no asset management plan and thus no idea of liabilities for rehabilitation costs. It just does periodic requests for rehab financing from government and donors. • Most \$ from capital projects and government, not users • NIA as end in itself, not means to an end • World Bank: <i>“the simple fact is that NIA is a spending agency ..., no particular need for financial discipline... has every incentive to spend as much as possible... no particular incentive or pressure to be cost-effective...”</i> 	<ul style="list-style-type: none"> • Depend on users for \$ • Accountable to users • Strong incentive for efficient O&M • Strong incentive to minimize costs of rehab
FUNDERS (government and donors)		<ul style="list-style-type: none"> • All funds – from government and donors -- are grants which generate over half of NIA’s total revenues • NIA has a strong incentive to maximize spending on capital costs (including rehab) 	<ul style="list-style-type: none"> • Loans for capital costs (mostly for rehab) which are paid by users.

Participants in the consultation gave additional perspectives on the challenge of the irrigation sector in the Philippines.

NIA’s dependency on government inevitably means that political influence looms large in decisions affecting NIA (such as the Irrigation Service Fees and the location of new irrigation schemes). The “iron triangle of bureaucrats, farmers and politicians” applies to irrigation investments in the Philippines as elsewhere.

Farmers (in the field and at the Manila consultation) also pointed out that irrigation services were poorly coordinated with other essential services, and that they would like a more integrated package of irrigation services coupled with credit, technology and marketing services.

3.3. Water Supply and Sanitation

For many years Metro Water Supply and Sewerage (MWSS) of Manila was a text-book case in the difficulties of reform, and the persistence of poor performance in a publicly-run water utility. A long series of “reforms without reform” (often pushed by the World Bank) produced little change for the better. In the early 1990s the Philippines began introducing private providers into the utility business. The most visible and popular part of this change was that a number of BOTs in the power sector led to a dramatic reduction in the brown-outs which had become an endemic feature of electricity supply in the Philippines. This success led to the natural question – if it’s good for power, why not for urban water supply? There was both a latent demand for better services from the population and a number of private companies who were aggressively marketing “the BOT model” to the government of the Philippines. These led President Ramos to convene the first “Water Summit” in 1994, with the outcome being a high-level government commitment (led directly by the President himself) to reform. The next few years a remarkable story unfolded, with imaginative leadership by the Government of the Philippines combined with superb services from the World Bank Group’s IFC. The first critical step was understanding that BOTs would mean more (expensive water) into a badly managed distribution system, and thus offered no lasting solution to cost-effective and efficient provision of services. The second critical step was energetic devotion in the government (starting with President Ramos) to “making the deal happen”. Just as critical to a good and politically stable outcome was the way in which the bidding was managed, and the public perception that the process was transparent and in the public’s interest.

Important as the consummation of the Manila concession transaction was, this is only the start of a process. A number of major issues remain unresolved. The private operators are consortia of national and international companies, who are working together for the first time. The forging of a single company from component companies with different cultures does not happen overnight. More worrying and important (as in other concessions) is the development of “the second leg”, namely a mature and effective regulatory capacity.

There is also a surprising and worrying lack of clarity in the concession contract on the respective responsibilities of the concessionaires and MWSS with regard to bulk water supplies. Metro Manila gets most of its water from the Angat River system north of Manila. At the Angat Dam water is released either for irrigation or for Manila. In both cases the water is used for power generation, either through a high-head 200 MW plant (the irrigation stream) or a lower-head 50MW plant (for the Manila water). The irrigation water is used by a 30,000 hectare National Irrigation System.

While all users have water rights (with about 20 cumecs going to Manila and about 35 cumecs to irrigation in normal years), the allocation rules are not well defined. In the drought of 1998 MWSS drew on the article of the Water Code which declares that “priority is given for drinking” to claim all of the water from Angat in the dry season. This involved costs for the electricity company. But more important is the fact that the irrigators were presented with the decision as a *fait accompli* and were given no compensation for their losses. They were justifiably irate about this, and are determined to do what they can to ensure that it does not happen again in the next dry year.

The Angat allocation issue pinpoints both a challenge and an opportunity. The challenge is that the citizens of Manila (and the concessionaires) face considerable uncertainty about their claim to Angat water. The opportunity is that this situation offers an excellent venue in which to fine-tune the Philippines water allocation system. The obvious way of handling this would be to define rights more explicitly, and to make these transferable. In the short term this might mean

that a California-style Water Bank (in which there are temporary sales from farmers to the city in dry years) could operate with full agreement of the farmers in the next dry season. (Since the opportunity cost of irrigation water in Angat is estimated to be about 2 US cents per cubic meter, and the opportunity cost in Manila much higher, large-scale transfers are likely.) In the longer term there need to be increased, secure supplies of water to Manila, even once the Umiray diversion comes on stream (this year). It would appear that permanent transfers of Angat water out of irrigation to urban uses would be a least-cost alternative for additional water. A transferable water rights regime would make this process transparent and voluntary (and would probably supply water at a fraction of the cost of developing new supplies for Manila from Liband Dam or elsewhere). Given the World Bank Group's prominent role in the Manila concession process, the Bank was in an excellent position to stimulate such innovations. The Bank did not take this opportunity. The Asian Development Bank has now started work on water allocations from Angat.

The Manila concession has injected a sense of possibility and excitement into the urban water and sewerage sector in the Philippines. Inter alia this has stimulated a review of "the BOT law" which is correctly perceived to be insufficient for water, where leases and concessions are the more appropriate solution. And the changed environment means that LWUA, which has operated as an unaccountable national monopoly agency (much like NIA) for cities, is and will be subject to new competitive pressures.

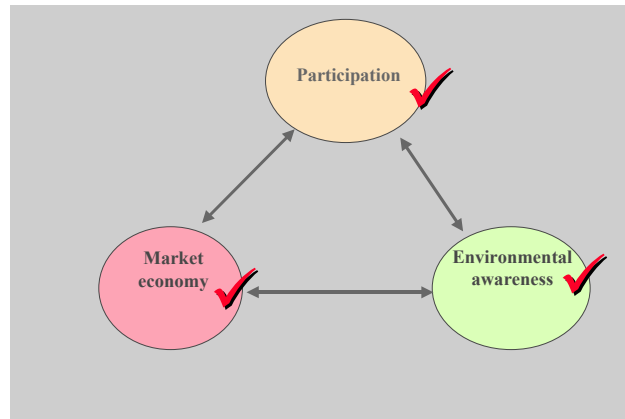
As in other middle-income countries, water coverage levels are quite high. Dealing effectively with sewerage and sanitation is the next great challenge, and one for which the Philippines has yet to develop a coherent strategy institutional, financial and technological strategy.

4. THE ROLE AND PERFORMANCE OF THE WORLD BANK IN WATER MANAGEMENT IN THE PHILIPPINES

With this background on the state of the water sector in the Philippines, and a discussion on the critical constraints to improved performance, the consultation focussed on the main item, namely to assess the performance of the World Bank in the water sector in the Philippines. Again this discussion was stimulated by two presentations addressing this question: the first "a Philippines' perspective" from Angel Alejandrino, and the second a "perspective from the center at the World Bank" which I presented. (These and all other powerpoints are on our web site.)

By way of preface we noted that management is generally more advanced where societies are managed according to market principles, where participation is a part of the political culture, and where environmental awareness is high. On all three criteria, the Philippines ranks very high among developing countries (Figure 3 below). We accordingly asked the participants to hold the Bank's work on water in the Philippines to high standards.

Figure 3: Underpinnings of water reform, and their status in the Philippines

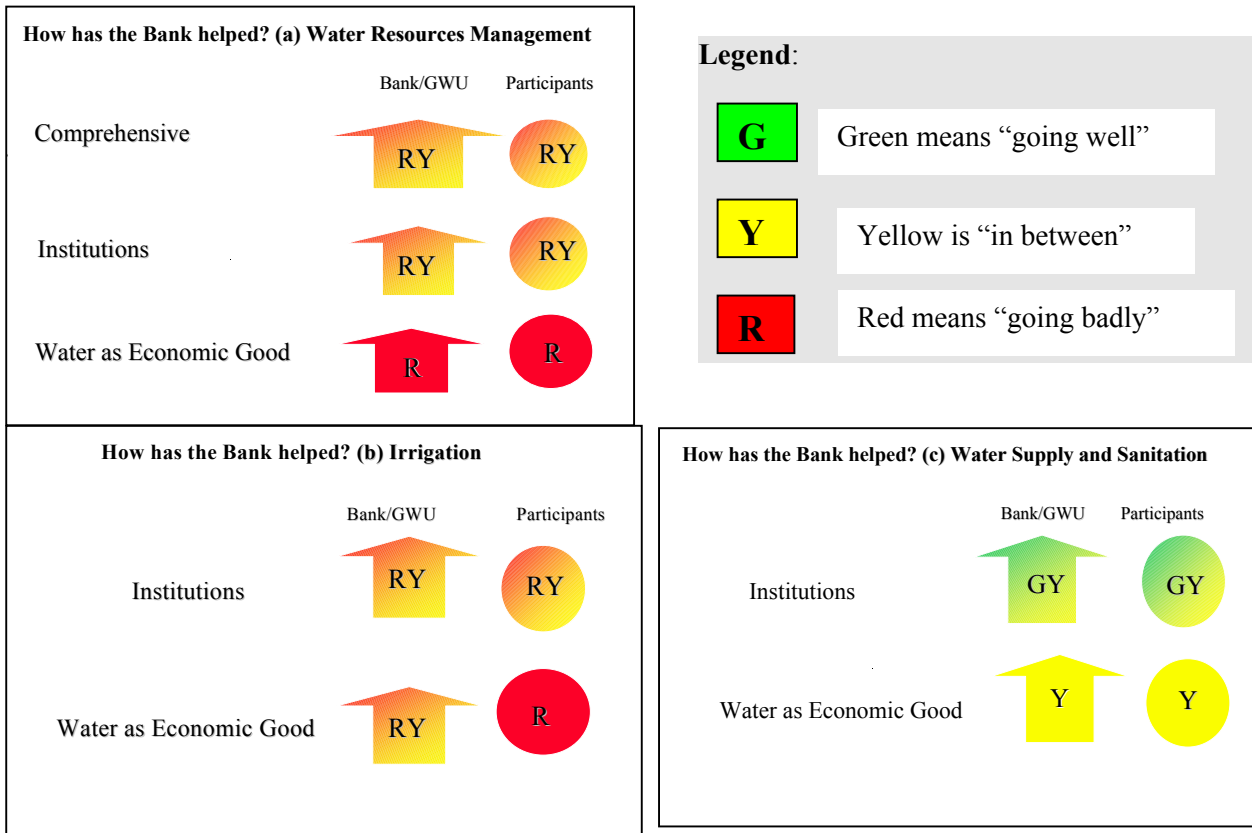


Participants started by discussing the appropriate role of the World Bank. There was broad consensus that the Bank’s role is catalytic. But it was also agreed that it requires “sensitive feelers” to find the right balance. On the one hand, the Bank needs to be proactive. On the other, the Bank must not, and must not be perceived to, “take over”. Participants agreed that it was not easy to find the right balance. And agreed that it is important to have broader discussion and understanding among a wider community of the role of the Bank – including what it is pushing and why .

There was broad consensus that the Bank has not done enough to stimulate the policy dialogue in key areas in the Philippines. In the words of one participant ***“The Bank has a unique structure for policy assessment.... should use this more systematically as the benefits are great... should not be limited to water professionals”***. This policy dialogue should be based on more analytic work on what has worked (and what not) in the Philippines, as well as the insertion of lessons from other countries on critical issues such as water rights, groundwater management and irrigation reform.

Following the same format used for the discussion of the state of water management in the Philippines, the participants at the consultation discussed the Bank’s performance using the “traffic light” system. Figure 4 summarizes the perceptions of Bank staff from the center (the arrows) and national participants (the circles).

Figure 4: Bank (Global Water Unit) and Philippines’ perceptions about the Bank’s performance in water management in the Philippines



There are several broad conclusions which can be drawn from these assessments:

- the Bank’s performance marches in step with overall performance (see Figure 1 on page 7) in the Philippines: in sectors where there has been national progress, the Bank has done relatively well; where there has been little progress in the country there has been little contribution from the Bank.
- the Bank is perceived as being most effective in the water and sanitation sector, and least effective on issues of water resources management;
- the Bank has been least effective in dealing with water as an economic good.

While these tables do throw up some interesting issues, the principal purpose was not to over-analyze these subjective data, but to use them as “a stimulus to an intelligent conversation” about the Bank’s performance in the water sector in the Philippines. To get this conversation started, we provided the participants with considerable background information, including descriptions of active Bank water projects and the data shown on Figure 5 (overleaf).

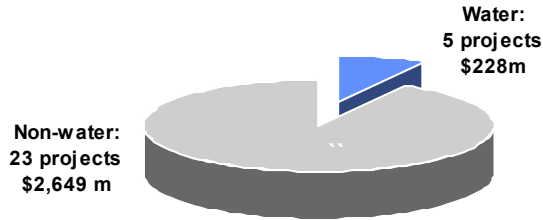
4.1. Perceptions of Bank performance in irrigation

The participants do not have a positive view either of the irrigation sector in the Philippines (Figure 1 on page 7) or of the Bank's contribution in this sector (Figure 4, page 14).

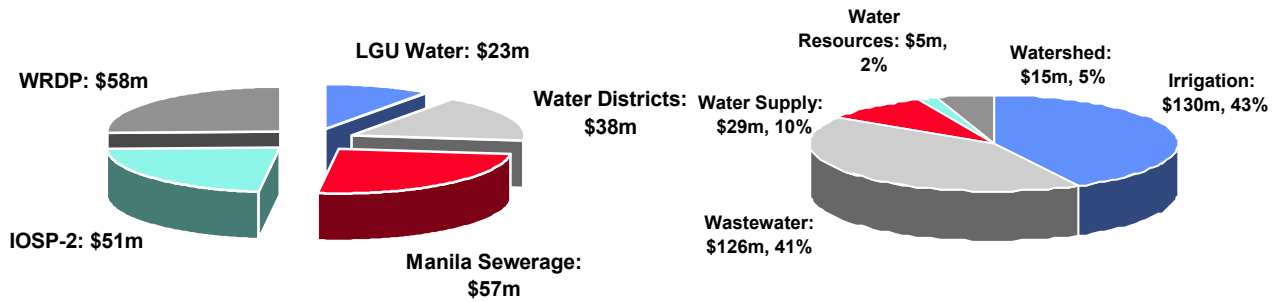
As described in Section 3.2 above, the main policy debate on irrigation in recent years in the Philippines has been about irrigation associations and their role. Bank staff working on irrigation in the Philippines have been under intense pressure (including from OED) to "go with the participators". Bank staff have confirmed their commitment to participatory irrigation management, but have taken a principled and, in our view, correct position of not sweeping the real problems of operation and maintenance under the rug. They have insisted (correctly) that reforms must provide an answer to the endemic problems of deferred operation and maintenance.

Bank projects have recently initiated some innovative work in this regard, especially in bringing the technological issues to the fore. A pilot project in the Magat National Irrigation System suggests that modernization of flow structures (essentially replacing manual gates with proportional flow dividers and other mechanisms for ensuring that flow is distributed equitably) greatly simplifies the management problems and, potentially, the effectiveness of the Irrigation Associations.

Figure 5: Some of the data presented to participants on Bank-financed water projects in the Philippines

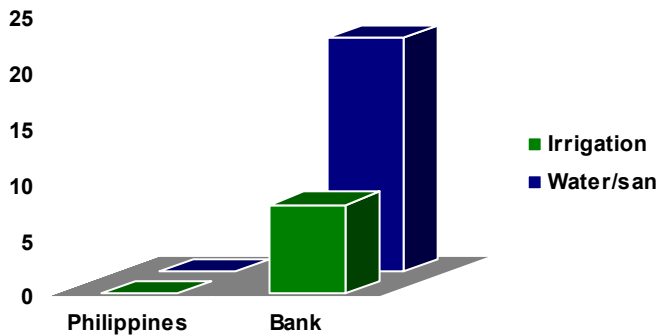


(a) Bank water lending as a proportion of total lending

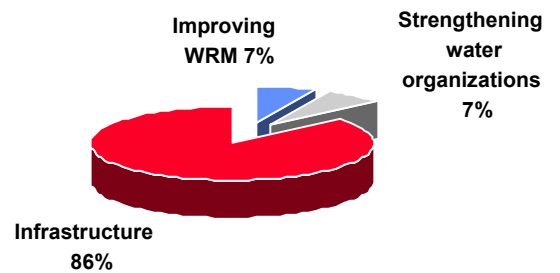


(b) Current Bank-financed water projects

(c) Components of Bank projects



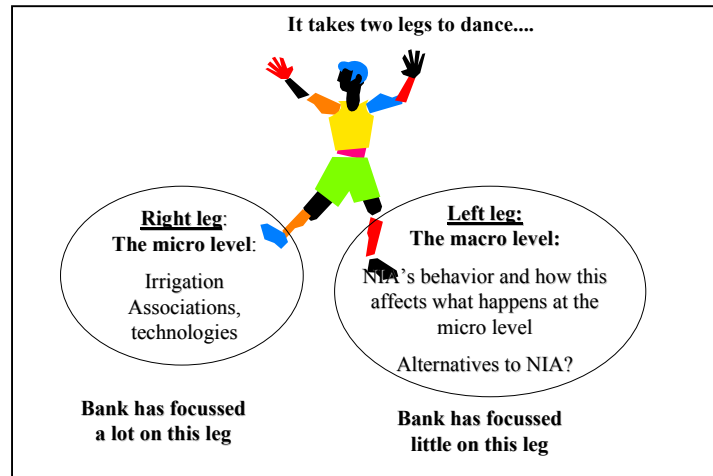
(d) Percentage of "problem projects"



(e) Components of Bank projects

In our view this is useful and appropriate work. However, we do not believe it is enough, since it assumes that the solutions lie largely at the micro level (the Irrigation Association). In our view (as described in Section 3.2 above) the problem at the Irrigation Association level will never be solved without addressing the pervasive incentives for under-maintenance and, more specifically, the role of NIA. The graphic below summarises our perception of the Bank's role.

Figure 6: The World Bank's role in irrigation reform in the Philippines



Bank staff seem to us to have an inconsistent attitude on irrigation reform. On the one hand they have a remarkably clear and negative view of NIA and how it functions. (See the “NIA has no incentive to be cost effective” quote on page 9.) It is worth repeating how Bank staff see the resolution of the pervasive incentive problem in NIA **“if responsibility for design and decision-making is left entirely to NIA’s field offices, it would simply be a disaster!”** and, most remarkably **“NIA has no incentive to be cost effective... unless under close supervision by external agencies”**. There are several implications from this damning and accurate description. First, by providing a constant stream of project lending to NIA the Bank is enabling the survival of this distorted system (half of NIA’s budget comes from external sources, with the Bank the largest donor). Second, even if there were a will for reforming NIA (which there is not), we believe it would be extremely difficult for NIA to “pull itself up by its bootstraps”. What would appear to be needed is competition and alternatives, to which NIA would be challenged to respond. Such reforms may include, inter alia, directing subsidies in a direct and transparent way to users, and giving users options for service provision, including lease and management contracts with the private sector.

Bank staff working on irrigation in the Philippines reasonably counter that while there are reform lessons from developed countries, there are no precedents to guide such reform in developing countries. While this is largely true and reasonable, in our view it is not a reason to accept the status quo. Instead we would argue that the necessary conditions for reform (a history of participation and payment in the irrigation sector, and the broader reform agenda in the body politic and economic) are more prevalent in the Philippines than they are in most other developing countries. Rather than wait to follow others, we believe that the Philippines could “show the way” for irrigation reform.

Finally, it is also true that such reform cannot be led from the outside. We met no one in the NIA structure who was even thinking of reforms. But we understand that the Minister of Agriculture (who, unfortunately, did not attend the consultation) understands the need for reform and is interested in exploring options. Given the Bank’s role as a major underwriter of NIA (we are historically the

biggest donor for an agency that gets 50% of its budget from external sources) we would appear to be in a good position to open such a dialogue and provide support if it were requested.

4.2. Perceptions of Bank performance in the water and sanitation sector

Had we held this consultation five years ago, there is little doubt that the Bank's activities in water supply and sanitation would have been rated similarly to those in irrigation. We had decades of futile efforts at reforming un-reformable public utilities. (A commonly-cited statistic in the water and sanitation community is that a major objective of the the Bank's first loan to Manila some thirty years ago was to reduce unaccounted-for water (UFW) from the unacceptably high level of 45%. Decades later, after a series of projects with similar objective, UFW in Manila was about 60%!)

Today, happily and largely due to Filipino leadership in this sector, the Bank plays a far more innovative and productive role. As shown in Figure 4, page 14, the participants judged the performance of the Bank in the water and sanitation sector to be "green/yellow" in terms of institutions and "yellow" in terms of "water as an economic good".

Overall the judgement was that the Bank was a critical and highly valued partner in the Filipino-led reform process. The urban water staff in the IFC and the Bank are appropriately judged to be effective and innovative. They (especially IFC) are acknowledged as key partners in the Manila concession. And now the Bank water supply team has seized "the momentum of Manila" and the "revolution of fiscal decentralization" in various innovative and appropriate ways. This has meant helping to consolidate the Manila reforms, but also taking the energy and innovation unleashed by the Manila reforms and the decentralization reforms to start a reform process in urban water supply in small towns. This process is important in its own right. And even more important given the collateral objective of "bookending" the anachronistic LWUA, by reforming "above" (Manila) and "below" (in the small towns, so endearingly referred to as "non-viable towns" by LWUA!).

The major challenge for the cities of the Philippines is not water supply but sanitation. (90% of the investments in Manila are expected to be in sewerage and sanitation.) The Bank team has sharply redirected both lending and knowledge support to the vital issue of sanitation. Over 80% of Bank lending in water and sanitation (see Figure 5c) now goes to sewerage and sanitation. And the Bank appropriately reinforced its technical capacity in this area (by hiring a staff member with a strong track record in innovative sewerage in Brazil).

In this context, a participant at the consultation made an important suggestion of global significance. All know that the great financing challenge for urban utilities in the future will be raising the investments required for sewerage and sanitation. Why, she asked, did they not structure the concession bids so that tariffs would be maintained at more or less their prior levels, using the difference between these tariffs and the bids to capitalize an investment fund to be used for sewerage?

In Manila the Bank urban team has started an innovative approach to ensuring that communities are equipped with information on utility performance, and that they have mechanisms for recording their perceptions. The process has not started well. The process was unfortunately named a Participatory Performance **Audit**, the name both being misleading and conveying a sense of adversity rather than partnership. There has not been good communication between the team responsible for this effort and the concessionaires, who fear that it is premature to introduce such an untested and potentially costly and complicated process. They are concerned about its informational demands at a time when data systems and quality are still precarious. They also

worry about how it will be used in an immature regulatory system and are particularly and reasonably worried that it will add to the cost of regulation. The Bank team faces a substantial challenge in ensuring that it is the promise, and not the fears, of this process that will prevail. The team is aware of these concerns, and coincident with the consultation were taking steps to address them.

There is also a concern that the Bank (and especially the IFC) has prematurely declared Manila to be a success. Participants (correctly) described the transaction as just a first step in a long road, with many obstacles to be overcome. All participants (including the concessionaires and regulator) see a vital need of an “honest broker” to help nurture the concession to maturity. The Bank is the obvious candidate for such a role because of its convening power, expertise and “paternity commitment” for Manila.

The participants noted two caveats to this generally positive view of our work on water supply and sanitation. First, the Bank has so far not found an effective approach to cost recovery for sewerage. And, second, the Bank has done little to address the bulk water issues which are of pressing concern to Manila and Cebu and which will become critical for many other utilities in coming years.

4.3. Perceptions of Bank performance in water resources management

As shown in Figures 1 and 4 (pages 7 and 14), the participants' dim view of the performance of water resources management in the Philippines is matched by their dim view of Bank performance in this area!

The Bank has water resources management components in only one current project, and none of these components have been implemented. Bank staff reasonably explain that this is beyond their control because NEDA is unwilling to borrow IBRD money for “soft” components and because the “substitute donor” (Canadian CIDA) has made re-location of the NWSB from the Ministry of Public Works to the Ministry of the Environment and Natural Resources a condition of the grant. While this is accurate and clear, and while it is true Bank staff have to prioritise among multiple objectives, it is also true that the Bank has not pushed hard on this, either with NEDA or with the Ministries concerned.

In the mid 1990s the Bank financed a major externally-managed consultancy to set priorities for water resources management in the Philippines. The consultancy developed a comprehensive normative vision of what the NWSB should do and how it should do it. What is sobering is that very few of these recommendations have been implemented, despite initial support from President Ramos. This raises important strategic questions about how reform of water resources management will take place in the Philippines and, accordingly, how the Bank should target its support in this area.

As described in Section 3.1 above, in our judgement reform will come “from the bottom up”, rather than from the top down. This was aptly put by a participant at the workshop – “*the politics of reform is the politics of tension*”. There are three areas in which water scarcity either occurs already (Metro Manila and Metro Cebu) and one (the Cagayan Valley) where there will be water stress in coming decades. The obvious place to start working out the practicalities of reform is, accordingly, in these locations. And although the Bank either has or is involved in all three areas, we have not used this presence to stimulate water resource management reforms.

To compound this poor performance “on the ground”, the participants perceive the Bank to have done little to stimulate a policy debate on vital issues such as participatory basin and aquifer management, rights allocation and tradeable rights.

In addition to their perceptions on particular sectors, the participants were invited to consider the following set of broader and deliberately provocative questions:

The questions we will ask you to address in your group

Relevance:

- #1: Are we doing the right things?
 - ◆ right sectors? right issues? right places? right risks?

Effectiveness:

- #2: Are we using the right tools?
- #3: Do we make good use of partnerships?
- #4: Do we have the right people and organization to help?
- #5: Are we using the Bank’s access outside of the water sector?
- #6: Are we dealing effectively with the political economy of reform?

4.4. Are we doing the right things and are we doing them right?

The participants were surprised by the very low (suspiciously low!) risk profile of the Bank’s water-related activities in the Philippines (see Figure 5d, page 15). They correctly pointed out that several of the urban projects were risky (the LGU project depending on a supply-side response from the private sector, and the sanitation projects moving slowly because of the unwillingness of local governments to borrow for sanitation). They were a bit puzzled and amused when it was explained that these ratings were deceptive. (“Ah, so it’s not only in the Philippines that people do these things!”) (The Bank’s recent Water and Sanitation Portfolio Improvement Program showed that there were NO water and sanitation projects at risk in East Asia! Why? Because EAP regional management and staff choose to define them as “urban projects” thus escaping the more rigorous financial criteria applied to water projects!) More substantively, there was broad consensus among the participants that the Bank’s role was precisely to innovate and take risk, not to do “safe projects”.

There was consensus, too, that the Bank has done far too little analytic and policy work on water in the Philippines. As reported earlier, the Bank is seen as having “***a unique structure for policy assessment... and should use this more systematically as the benefits are great... should not be limited to water professionals***”. Participants stressed the need for such analytic work to focus on the critical institutional, economic and implementation issues.

We were surprised that the key movers in the Manila reform process were hardly aware of two World Bank Institute (then EDI) seminars held in the Philippines on private sector participation in

water. Interestingly, a Bank-sponsored study tour to Buenos Aires (which did not take technocrats on a shopping trip, but took key decision makers and union members, too) had a very substantial positive impact on the reform process.

The Bank was perceived to work well with partners, both donors and the full range of civil society in the Philippines. The participants stressed that this was important, given the Bank's role in bringing issues onto the policy agenda.

In terms of staff, there are several concerns. Those who work closely with Bank projects sense that the ongoing budget cuts have come at a cost to teamwork and effectiveness. They also feel that the Bank is not always making the desirable match of global experience and local knowledge, and suggest that greater complements of local professional staff would be appropriate. Most seriously, the participants felt that the Bank acted in a fragmented way on water, that there was no dialogue among the Bank units working on water and that Bank staff allegiances with their national counterpart agencies exacerbated the serious problem of fragmentation in the Philippines. Upon learning that four of the Bank's six regions now have Water Resources Advisors (whose job it is to ensure that our work on water resources is coherent and mutually reinforcing) the participants suggested that such an appointment in EAP would help the Bank play a more prominent and useful role in water resources management in the Philippines. (The participants will undoubtedly be pleased to learn that the EAP Region has, subsequent to the workshop, appointed a senior staff person to this position. With the right mandate, managerial support and resources, the EAP Water Resource Advisor can greatly enhance the quality and coherence of our work on water resources in the Region.)

It was recognised that the Bank has a special role to play in getting issues to the attention of NEDA. There are examples where this has been used effectively on procurement issues. But there was a sense that this "privileged access" has not been mobilized on water-specific issues. (For example, in a dialogue with NEDA on the importance of management and institutional issues and, therefore, on relaxing the NEDA proscription on using the proceeds of loans for institutional development and other "soft" purposes.) It was also suggested that the Bank has unique credibility with, and access to political decision-makers, and that this needs to be tapped in so political a subject as water reform.

Finally, with respect to effective engagement with the political economy of reform, the scorecard is mixed. In the Manila reform, the IFC team played an important technical and political role in implementing the Government's goal of transparency and broad acceptance. Today the Bank has a clear and imaginative political strategy for urban water reform. But there is no such evident strategy for irrigation reform, or for reform in water resources management. There would appear to be high payoff in the Bank and in the Philippines to the preparation and discussion of short Bank Country Sector Strategy Papers for each water "sector", outlining objectives, the strategy for reform, and the consistency of our lending program with these objectives.

5. Reflections from Thailand and Indonesia

Finally, the consultation benefitted greatly from the participation of leading water resource professionals from Thailand and Indonesia. They were asked to reflect on "the lessons emerging from the Manila consultation" and indicate what they thought was similar and what different in their (extensive) experience with the Bank in their countries.

The overall conclusion was that the challenges and experiences of working with the Bank were largely similar. Again the themes of "the balance between being proactive and taking over" was a delicate balance which we didn't always get right. They stressed that the Bank often tries to

force complex institutional changes into the straightjacket of project timetables, but noted that reform in an area as deep-seated and political as water marches to a much slower drummer! They stressed, too, that the Bank needs to improve its capacity to communicate with clients and stakeholders about its policies, priorities, strategies and projects. They also repeated the observation from the Philippines' participants – that the Bank does not learn from its own experience (that it is, in the words of a Bank colleague “a learning challenged institution!”)

The participants made an important commentary on the Bank's water staff. Over the years there has been a marked change in Bank staff working on water. In the past they were experienced engineers who had legitimacy with the engineers who dominate the irrigation and water management institutions in the region. The new profile of Bank staff is of policy generalists, who are often not regarded as legitimate by the client. (This raises a vital challenge for the Bank – how do we replace the cadre of retiring technical staff who, to a large degree, came from the same culture as our water borrowers with a new generation who are legitimate but advocate a reform agenda?)

Finally, two observations of regional (and global import) which emerged from the discussion with the regional participants. There are a set of extremely similar challenges in all Bank borrowers who have large irrigation agencies. NIA, the Royal Irrigation Dept in Thailand and others “came of age” in the construction era. Their staff uniformly see that as “the golden age”, and uniformly have great difficulties in adapting to the new challenge of being efficient service agencies responsive to users. Similarly, most of our borrowers are grappling with the challenge of developing national-level water resource management agencies. Everywhere the story is the same – agencies which have emerged out of the dominant water users, which are ants next to the (usually) irrigation giants, and which assert a huge mandate and are able to accomplish very little. Donors (including the Bank) get consultants to help rewrite Water Laws, write terms of reference for their institutional structures and the instruments they use. But on the ground little changes. Here is a case where cold-eyed learning without strong normative lenses is required, and here is an area where the Bank needs to stimulate a dialogue, including a dialogue on the political economy of developing capacity to manage water resources.

Annex 1: Who participated in the Manila consultation, and what did they think of it?

prepared by
Ms. Rory Tolentino,
Executive Director of the Ayala Foundation

On a scale of 1-5 where 1 is lowest and five is the highest, how would you rate the round table discussion:

:	1	2	3	4	5	Average
Clarity of Objectives	0	0	0	13	14	4.36
Workshop Design	0	0	1	15	9	4.32
Papers/Presentation	0	0	2	12	17	4.48
Participation	0	0	8	8	11	4.1
Overall Assessment	0	0	2	13	11	4.34

Each Participant was also given a green and red card to indicate what they liked best and liked least about the workshop. The following is a summary of the points raised:

Liked Best:

- Candidness in admitting bank's shortcomings and willingness to initiate changes...
When and How it will be transformed into all aspects of the bank's dealings with governments and stakeholders is the real test to answer the prayer;
- Efforts taken to get this group together to draw from collective experience and insight and not rely on consultants who may have learned too much in the consultancy business to lick the right _____ and say acceptable things.
- Participatory; all concern are being heard and will surely end up to a successful result.
- Openness and frankness of the discussion
- Appropriate mix of breakout and plenary.
- Venue is good; good speakers; good presentation – powerpoint, brief, concise, colorful and clear;
- Group workshops was good in eliciting participation among participants;
- Very exhaustive discussions
- Very prompt reporting of results
- Well-organized
- Excellent facilitator
- Excellent over-all rapporteur (John Briscoe)
- Other WB staff (Syed and Vijay) well rounded on the water sector issues, constraints and problems.
- The recognition of the need for more action on the institutional or capability building of stakeholders; recognition of holistic approach for farmers;

- Very good meals and socials;
- Comfortable place to discuss problems
- We could freely air our ideas, likes and dislikes
- Representation of participants, varied, representing almost all sectors.; sharing of experience, food and accommodation fantastic; also food and accommodation
- Venue is nice, including the food
- The issues/comments raised are enlightening
- The workshop was well planned and implemented.
- The frankness of the discussion in the small workshop groups;
- The technical water professionals were well represented
- The role of Rory in keeping the presentations within time was effective;
- The presentations were good!
- Organization: the sets of sectors and setting of rules are excellently organized
- Useful topics for discussion
- Good parking arrangements
- Aside from the good food and the 5-star venue:
- The WB being the initiator of the whole process of assessment (especially of its role and how it has done so far); open communication; inputting global perspective (Thailand, Indonesia, Canada, other countries thru WB people)
- Very frank and cordial responses/reactions from WB people
- Resource person from the Philippines - one of the best, well respected in the field
- Well and properly arranged workshop; foods are excellent; resource persons are very good
- Honesty of assessment by the WB
- Openness of participants and facilitators
- Venue and facilities
- Very well done presentations
- Free flowing discussions on issues, the real ones on water resources management in the Philippines and how WB has done so far to help
- The roundtable discussions were conducted very well. The group size is good and gives every one the opportunity to speak his/her mind
- Issues/concerns were discussed lengthily by participants in groups.
- More neighboring countries should have been invited
- Good facilities in the presentations
- Good chance to meet and exchange ideas with responsables in the Philippine water sector
- The impression that at least Greg and John wants to improve the work of WB
- Candidness of participants and Bank staff
- Participants have great minds
- Camaraderie among participants very good
- Time management was efficient
- Nice people to work with
- Participants are very much interested in the topics presented
- Discussion was very good because participants were well versed with the issues
- Speakers were also very knowledgeable
- "results" well presented and made fast (immediately after the workshop)
- the opportunity to hear from the people of their experience on WRM.

Liked Least:

- Neda's participation was not felt
- LGUs not represented
- Not enough quality time for the "free for all"; no holds portion to draw contribution from all participants who may have and should have said something
- Good collection of officials /policy folks and created a sense of momentum not translated into action for Philippines.
- Give professional facilitators in the workshop groups
- Workshop groups are not well-organized; agency/inst'n representation in each group not taken into consideration
- NWRB to be attached to DENR
- Time constraint in discussing all issues
- Too much concentrated on issues rather than solutions during the workshops
- We should have been given more background materials ahead
- The political sector was not represented
- Some of the instruction was not very clear.
- Time allocation: there was less time for socials and acquaintance
- Too much food
- There are important actors in the Phil. Water sector which are not represented (e.g.) NEDA
- Limited time, especially for group discussions and open forum
- Group 1 facilitator/rapporteur failed to capture the important points of discussions in her presentation
- Modest incentives should have been given
- Accommodation for lodging – housing all participants together would have been better
- Same food always
- Unrealistic per diem (moderate inns close to the venue cost more than just \$50/day)
- LGUs not represented
- Where are the Department of Health/Sanitation participants?
- Discussion papers should have been distributed well in advance of the workshop
- Moderate Problem: the method to ranking was not effective in providing feedback to WB

Water Resources Management Roundtable Conference
 List of attendees
 Feb. 28, 2000

NAME	AFFILIATION
1. Macra A. Cruz	MWSS
2. Leonor Cleofas	MWSS
3. Rodolfo M. Lucas	BSWM
4. Hector A. Dayrit	NWRB
5. Renato T. Cruz	EMB
6. Nicanor E. Mendoza	EMB
7. Marian S. Delos Angeles	ENRAP
8. Leonardo Q. Liongson	National Hydraulic Research Center
9. Cesar Yniquez	Consultant
10. Ellen Pascua	DILG
11. Jorge Reyes	UNDP
12. Karen Jacob	World Bank
13. Virgilio Rivera, Jr.	Manila Water
14. Joel M. de Jesus	Manila Water
15. George Z. Diego	NIA-CIDP II
16. Marina Meuss	DILG/GTZ Water Program
17. Narcisa Umali	CIDA
18. Benjamin de Leon	Agno River Basin
19. Antonino Aquino	Manila Water
20. Edilberto B. Punzal	NIA
21. Eleanor Pintor	
22. Thomas Panella	Research scholar
23. Dr. Ricarte Javellosa	Presidential Task Force on Water....
24. Dr. Judy F. Sese	R&D, BRS, DPWH
25. N. J. Toledo	DILG
26. R. G. Almeda	LGSD, MGB-DENR
27. Marina M. Mena	U.P. College of Engineering
28. Mario M. Gulinao	NIA
29. Joey Roncesvalles	LWUA
30. L. Provencher	MWSI
31. Lani Magdamo	DOF
32. G. M. Carpio	DENR-PTFWRDM
33. S. B. Ramos	DENR-PTFWRDM
34. Erdolfo Domingo	WRDP-NIA
35. Jose Galvez	Consultant
36. Avelino Mejia	NIA
37. Lope Villenas	NWRB
38. Dolora Nepomuceno	LLDA
39. Mariles Navarro	Consultant, World Bank
40. Apolonio V. Bautista	FOCAL Phils.
41. Mai Flor	Lyonnaise des Eaux
42. Angel Alejandrino	Consultant
43. Raul Asis	DPWH
44. Marie Charity Quiroz	Land Bank
45. Floriño Diloy	Land Bank

46. Gigo Alampay	Policy & Governance Initiatives
47. Benjamin Bagadion	Consultant, Abra River Irrigation Assoc.
48. Jose Mabanta	MWSS
49. Francisco Arellano	MWSI
50. Philip Cases	MWSI
51. Edilberto Payawal	NIA
52. Armando Alfoja Jr.	NCIA
53. Soenarno	Indonesia
54. Marcel Gono	PCEEM Project
55. Craig Taylor	PCEEM Project
56. Amador Dulig	NCIA
57. Chaiwat Prechawit	Thailand
58. Senon M. Miranda	UP Los Baños
59. Fe Walag	USC-WRC/CUSW
60. Evelyn Nacario-Castro	CUSW
61. Deanna P. Fudalan	PPDC-Agusan Sur
62. Joseph Renato Amponin	NCIA