



**Asia-Pacific
Economic Cooperation**

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Session 3

**Implementing Domestic Regulatory Reform, Public
Sector Reform and Strengthening the Economic
Legal Infrastructure so that Investment for the
Public Benefit Increases – The Manila Water
Experience**

Submitted by: Manila Water Company



**Capacity Building for Sharing Success Factors
for Improvement of Investment Environment
Singapore
27 July 2009**



Implementing Domestic Regulatory Reform, Public Sector Reform and Strengthening the Economic Legal Infrastructure so that Investment for the Public Benefit Increases

The MANILA WATER EXPERIENCE

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Outline

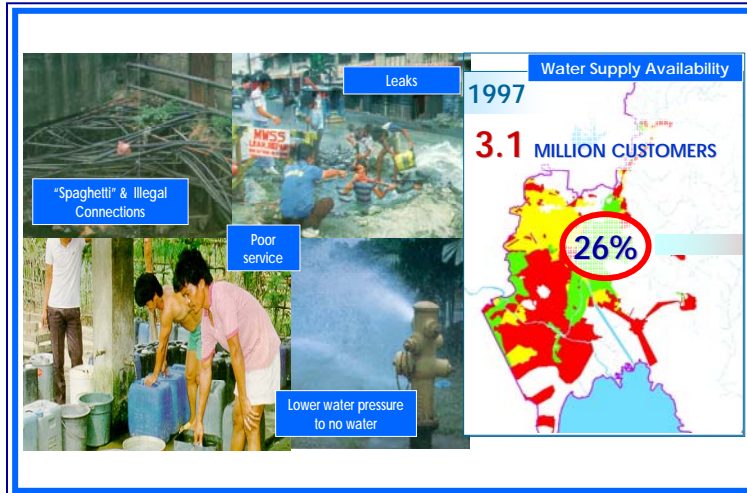
- ◆ Public – Private Partnership
- ◆ Business Results and Benefits to the Public
- ◆ Gearing Up for Growth: Improving the Investment Environment
- ◆ Summary



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Privatization Challenges

Why Private Sector Investment was Needed



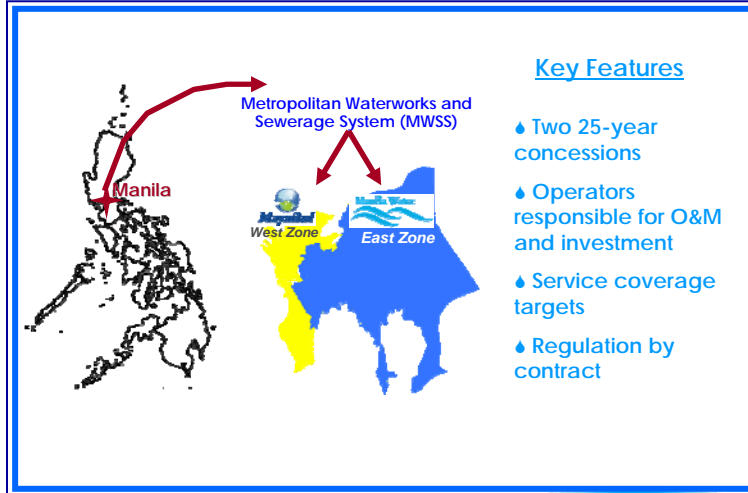
Manila vs Asian Cities

City	Population (million)	Water Availability (hrs/day)	Water Coverage (% of pop)	Non-Revenue Water (% of prod)	Staff/1000 Connections
Manila East (1996)	3.1	16	58	63	9.8
Manila East (2008)	5.6	24	99	20	1.6
Singapore	3.0	24	100	7	2.0
Hong Kong	6.3	24	100	36	2.8
Seoul	10.6	24	100	35	2.3
K. Lumpur	1.4	24	100	36	1.4
Bangkok	7.3	24	82	38	4.6

Source : Asian Development Bank 1996 Data

Public – Private Partnership

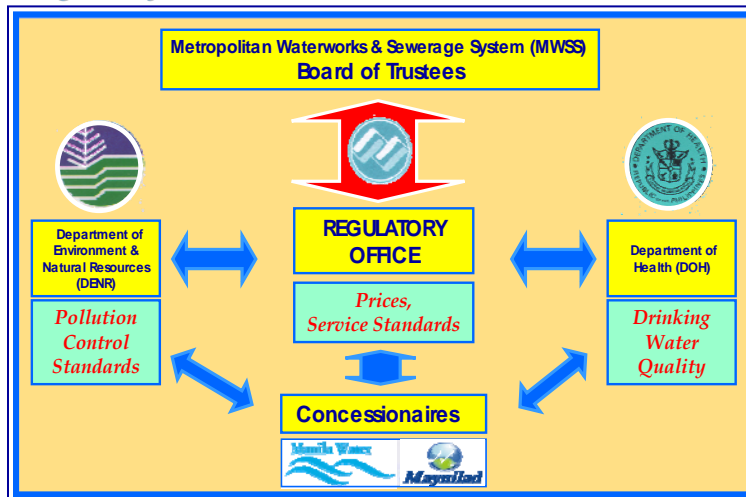
1997 Privatization



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Public – Private Partnership

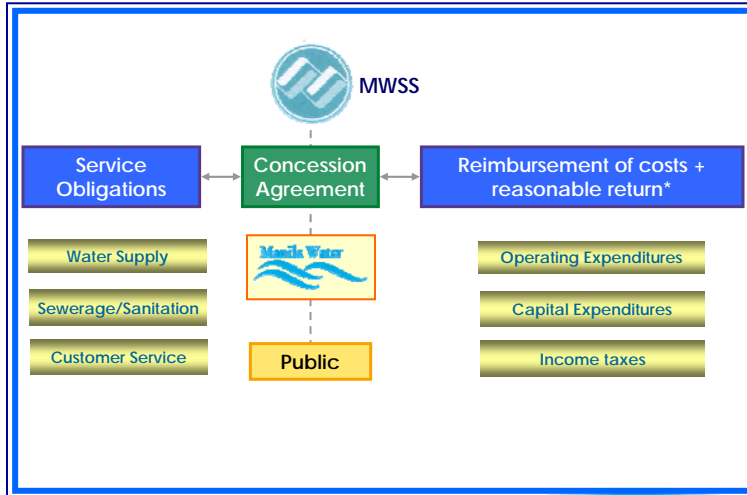
The Regulatory Environment



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Progressive Regulatory Framework

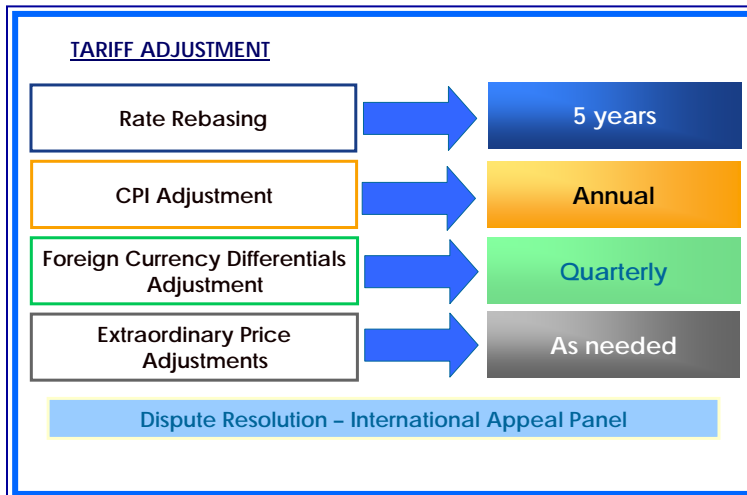
Concession Framework



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Progressive Regulatory Framework

Formula-driven Adjustments



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Business Results and Benefits to the Public

The Manila Water Business Model

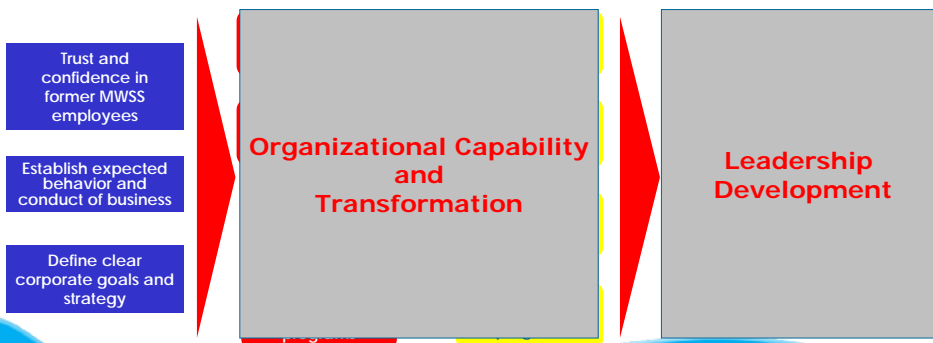


Credible Shareholder Base



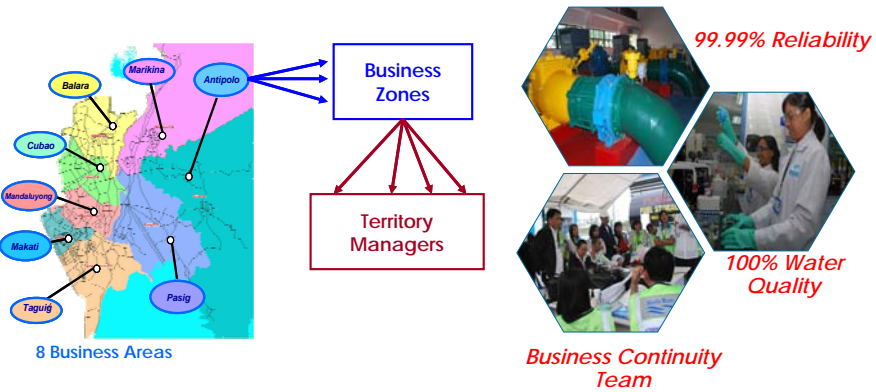
Company Best Practices

Investing in Our People



Company Best Practices

Decentralization and Empowerment for Stability and Efficiency



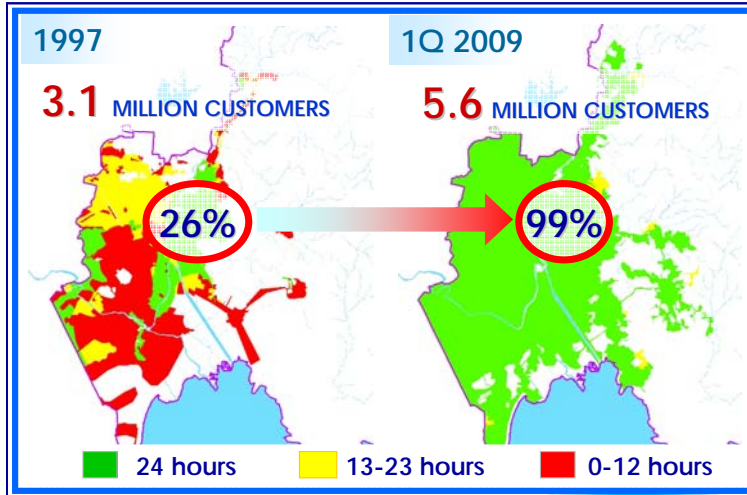
Company Best Practices

Pro-active Stakeholder Management



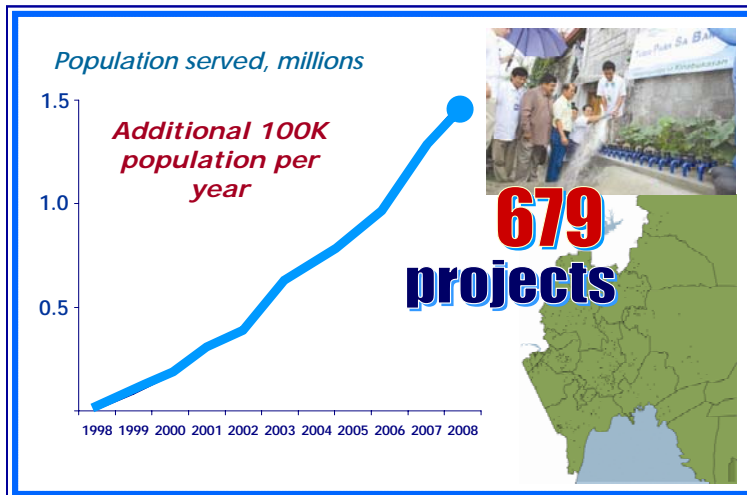
Benefits to the Public

Impact on Quality of Life



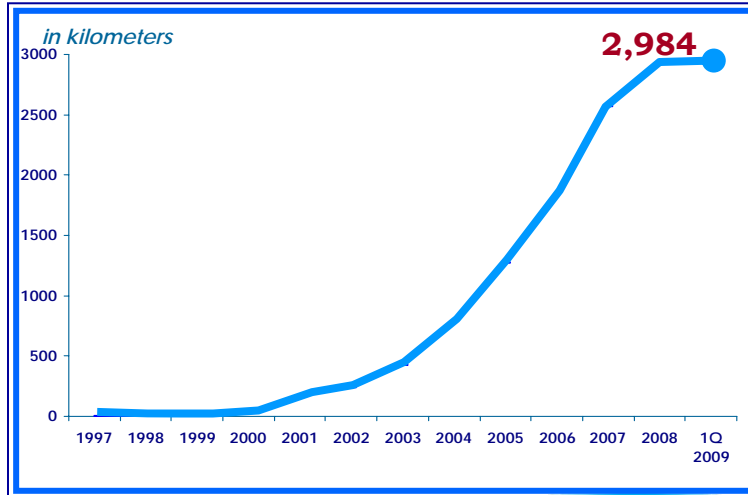
Benefits to the Public

Water for the Poor Program



Business Results

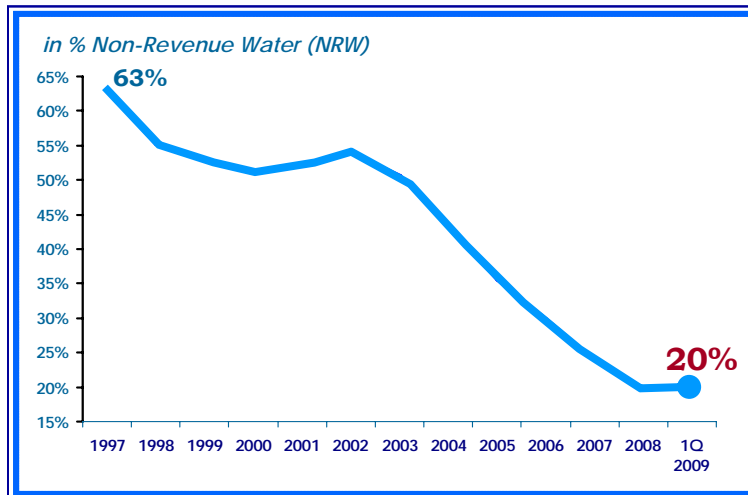
Laying of Mains and Distribution Lines



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Business Results

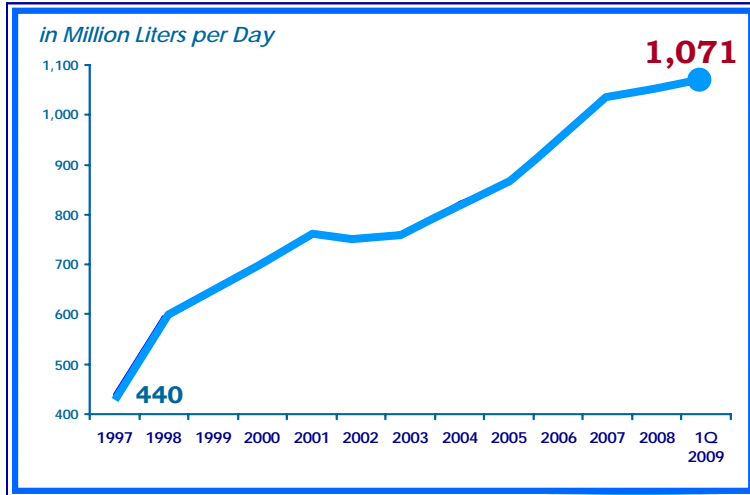
Reduction of Water Losses



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Business Results

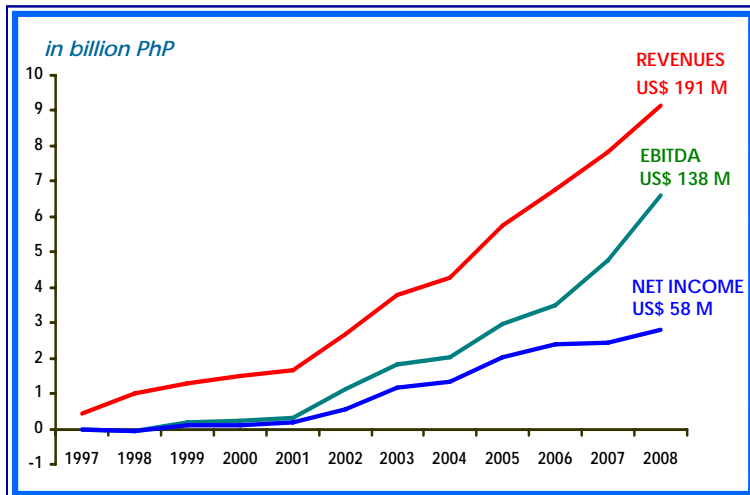
More Water Delivered to Customers



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Business Results

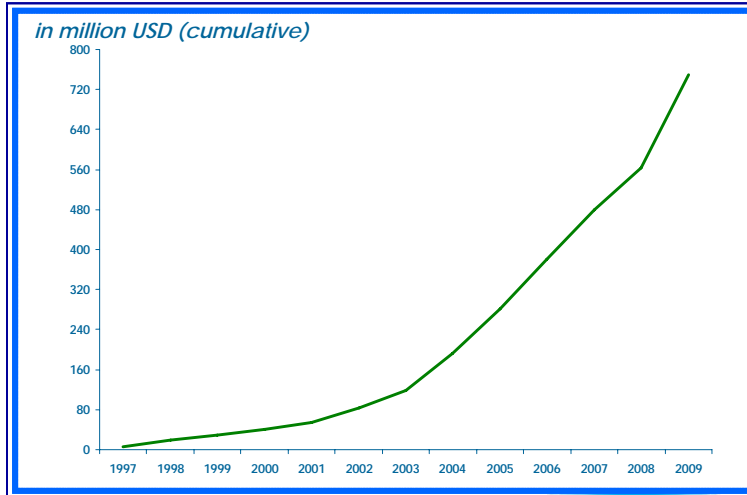
Solid Financial Performance



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Business Results

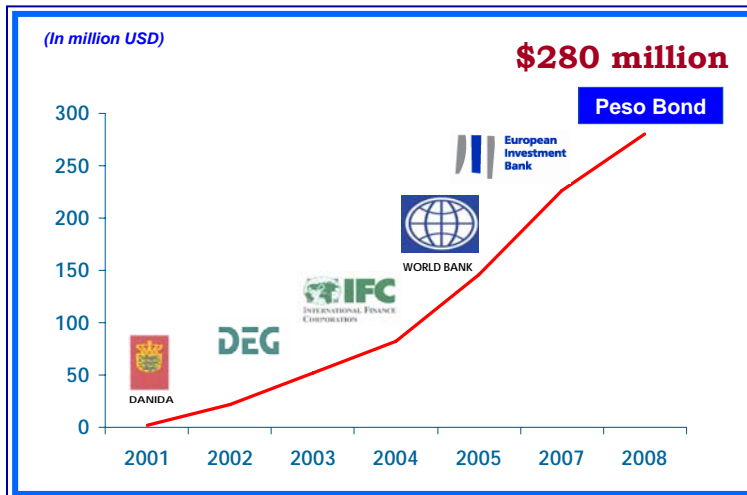
Increasing CAPEX for Better Service



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Business Results

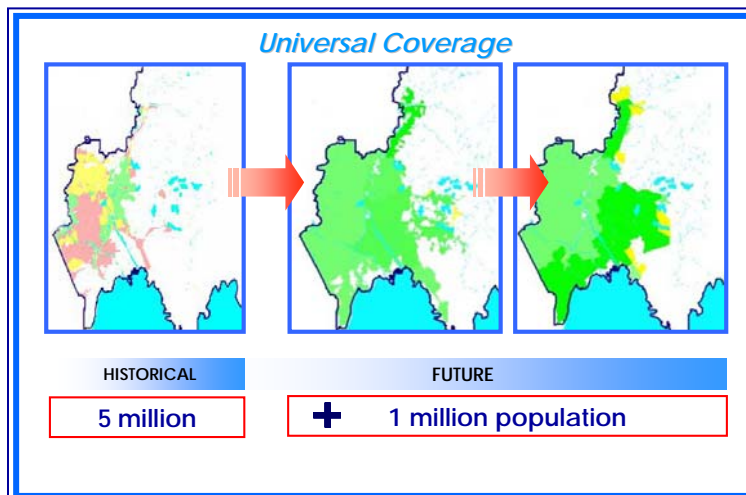
Access to Low Cost Funding



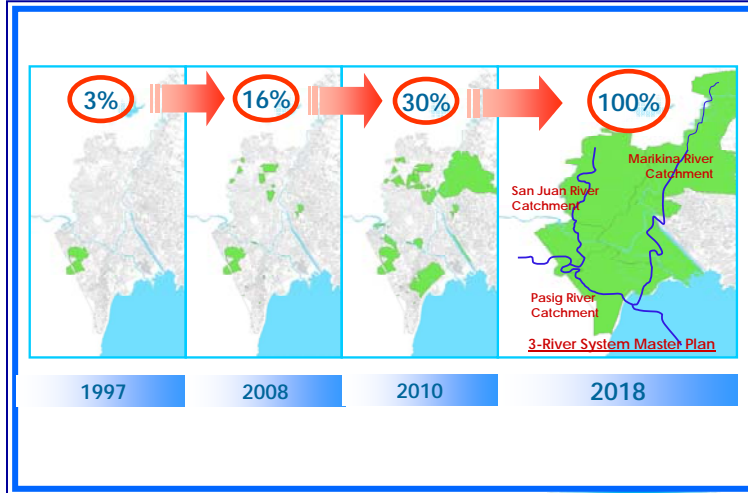
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Gearing Up for Growth: Improving the Investment Environment

Water Supply Expansion



Expand Wastewater - Environmental Services



Expansion Beyond the East Zone



Summary

- ◆ The Government's political will in inviting private sector investments in the water industry is an essential first step to the provision of better services
- ◆ A progressive regulatory framework is a good foundation for a successful private-public partnership
- ◆ Perfect alignment of business and social objectives provides maximum value to both shareholders and the public
- ◆ Solid financial support and a credible shareholder base are important factors to improve the investment environment



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