

# Abandon Laiban Dam project, FDC urges gov't

Tuesday 29 September 2009, by [Freedom from Debt Coalition](#) (Date first published: 21 August 2009).

MANILA, Philippines - Advocacy group Freedom from Debt Coalition today urged the government to abandon the controversial \$1-billion Laiban Dam project, stressing that said proposed undertaking is disadvantageous to more than 12 million consumers of Metropolitan Waterworks and Sewerage System (MWSS).

In a media forum held here, FDC advocacy coordinator Dianne Roa said that if news reports on rate adjustment attributed to the proposed Laiban Dam project are correct, then residents of Metro Manila and other areas under the services of MWSS' two water concessionaires will be made to bear an additional cost of P18 to P20 per cubic meter. This is in addition to the water rates presently being collected for water distribution by Maynilad and Manila Water.

"Each household that consumes around 30 cubic meters of water has to shell out an additional P540 to P600 monthly should this proposed project push through. This is unacceptable. Government should abandon the proposed Laiban Dam project," said Roa.

The debt watchdog also assailed the reported "take or pay" provision contained in the joint venture between the MWSS and San Miguel Bulk Water Co. Inc. Such a provision provides for the payment of a specified volume of water supply each day, and burdens the buyer (MWSS) with the associated risks related to the inaccuracy of any supply-and-demand projections.

Roa explained that there are two scenarios by which such a provision is disadvantageous to MWSS consumers.

"Firstly, if the supply projection exceeds the actual volume that can actually be depended on daily from the water supply project, MWSS may find itself paying for volumes of water that are not actually delivered," Roa said. The Laiban Dam project has a supply projection of 1,900 million liters per day.

"The MWSS will therefore undertake the hydrology risk of the project and commit itself to paying a specific sum, regardless of the actual supply that is extracted from the reservoir," she added.

Roa said that a second scenario may also take place, wherein the over-estimation of demand projections will lead to an oversupply of water, therefore the 1,900 million liters per day to be supplied will not actually be consumed.

"With a take-or-pay provision in place, MWSS consumers will have to shoulder the costs of the excess water supply," said Roa.

The FDC advocacy coordinator also said that huge cost overruns, which are typical of a large dam project such as the Laiban Dam, will further jack up the project cost. The project has already been estimated at \$1 Billion, making it the most expensive water supply project of the MWSS to date.

"The government has a poor track record on estimating the correct amount of its big projects. With

a project this huge, let us expect the actual cost to double. Unfortunately in the end, every last centavo spent for the project would be recovered from MWSS consumers,” Roa said.

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\* From FDC:

[http://fdc.ph/index.php?option=com\\_content&view=article&id=450:abandon-laiban-dam-project-fdc-urges-govt&catid=36:advocacy-on-water&Itemid=87](http://fdc.ph/index.php?option=com_content&view=article&id=450:abandon-laiban-dam-project-fdc-urges-govt&catid=36:advocacy-on-water&Itemid=87)