



Republic of the Philippines
METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM

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MWSS ADMINISTRATOR SLAMS BASELESS RAPS OVER LAIBAN DAM PROJECT

Administrator Diosdado Jose M. Allado of the Metropolitan Waterworks and Sewerage System (MWSS) has slammed the binge of charges on its handling of the private sector proposal to build the Laiban Dam in Tanay, Rizal, describing them as “baseless, imprudent and reckless.”

Allado said allegations surfaced when he was confined in a hospital for pneumonia, and he had to come out of sick bay to address the issues raised and prove that the MWSS complied with all the legal requirements in accepting and evaluating the proposal for a project that was originally proposed in 1979, or 30 years ago.

The dam project, estimated to cost \$1 billion, is the biggest infrastructure project in the country and once completed, it would add 1,900 million liters per day (MLD) to the water supply of the National Capital Region (NCR) and surrounding provinces by 1,900 MLD to meet the projected demand of 5,619 MLD by 2015.

It also ends the dependence of the NCR on water coming from the 41-year-old Angat Dam, which straddles a fault line, and is heavily silted, and which is also burdened with providing irrigation water for 31,000 hectares of farm land in 20 towns in Bulacan and Pampanga.

Moreover, the unsolicited proposal does not require a single centavo from government.

The MWSS administrator scored allegations that the proposal was hidden from the public, negotiations were kept secret and that the “award” was “sinister.”

“There is absolutely nothing secret or sinister, illegal and inappropriate about this project. The Laiban Dam Project is a pro-active government initiative that seeks to address the water supply demand of Metro Manila in the year 2015, and to prepare for inevitable deterioration of the only source of water for Metro Manila – the 41-old Angat Dam Reservoir,” Allado stressed.

He added that it is the mandate of MWSS to find a suitable and sustainable source of water for its area of responsibility, and if it does not do so now, the prospect of a waterless Metro Manila by 2015 is a very grim, but a very real possibility.

Allado, who was Undersecretary of Justice before he was appointed as MWSS Administrator, said the Department of Justice (DOJ) has also opined that the Joint Venture guidelines are legal, and not against public policy or morals. “All the legal issues concerning these rules have been passed upon by the OGCC and have been sustained by the DOJ in a number of cases of similar nature,” he explained.

The Unsolicited Proposal is still subject to a process of Competitive Challenge, also known the “Swiss Challenge,” that has yet to be completed. The procedures covering this type of unsolicited proposal have been approved by the National Economic Development Authority (NEDA), the Office of the Government Corporate Counsel (OGCC) and the Government Procurement Policy Board (GPPB), he added.

Rules governing the Swiss Challenge are provided for in the Joint Venture Guidelines issued by NEDA, which in turn complied with Section 8 of Executive Order No. 423 dated April 30, 2005.

Under the Swiss Challenge system, an unsolicited proposal is subjected to intense evaluation by a Joint Venture Selection Committee (JV-SC), a Technical Working Group (TWG) and team of legal, technical and financial experts, prior to giving challengers a final crack at besting the Unsolicited Proposal in an open, public, and transparent process of Competitive Challenge.

For the Laiban Dam project, the Proponent signed the MOU on September 8, 2008 and submitted its Unsolicited Proposal on February 9, 2009. Both the signing of the MOU and the submission were widely publicized in newspapers of general circulation.

All that an interested party should do if it is serious in competing for the award is to purchase the same tender documents and MWSS opened such one-week period for competitive challenge on July 2, 2009.

No serious contender appeared to buy the tender documents, or even file a letter of intent, despite the fact that the MWSS provided for a period that is longer than what is provided under the NEDA JV Guidelines.

Instead of finding a suitable challenge, Allado lamented, what materialized was “was a flurry of unfounded, fabricated and false charges that wormed their way into the media. I deplore this binge of erroneous and misleading allegations.”

He stressed that the reports from some quarters exhibit the same pattern of demanding public disclosure of the details of the offer by the proponent, contrary to the principles of the JV Guidelines. Annex C, Section III, Stage Three, No. 1, of the NEDA JV Guidelines provides that: ***“Proprietary information shall, however, be respected, protected, and treated with confidentiality. As such, it shall not form part of the tender and related documents.”***

“First, the rules on the JV Guidelines firmed up by the NEDA provide for the confidential character of the data contained in the private sector proposal. Interested parties can examine the proposal if they wish but the proponent retains ownership of the data. If we allow them to photocopy, we shall be open to criminal and administrative charges,” he clarified.

“Second, from February 9, 2009 up to this moment, MWSS waited for the challenge of another private sector entity but none came. Any interested bidder could have come and secured the documents to show they are serious but none appeared,” Allado said.

“Third, the charges raised are not based on facts and thus, the media campaign must fall. Not one of those who are skewering the MWSS has read the proposal, the technical studies, the hydrological analyses and all other components of the project,” he revealed.

“Lastly, the real accusers continue to lurk in the shadows and do not have the courage to show up and be counted. This is deplorable. MWSS would not shirk in its responsibility to seek water sources for our burgeoning population and for this, the accusers themselves would benefit,” Allado concluded.