

The views expressed in this paper are the views of the authors and do not necessarily reflect the views or policies of the Asian Development Bank (ADB), or its Board of Directors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this paper and accepts no responsibility for any consequences of their use. Terminology used may not necessarily be consistent with ADB official terms.

**Lantapan Water Supply and Sanitation Project
Lantapan, Bukidnon, Philippines**

**A Presentation at the 2nd Southeast Asia Water Forum
29 August -2 September 2005
Bali, Indonesia**

The Municipality of Lantapan from Northern Mindanao in the Philippines has a population of 42,585 in 2000 and projected at 44,185 for 2005 and 48,309 by 2010.

For as long as I can remember, lack of potable water supply has been a serious problem that has slowed down the municipality's economic growth. Our people used to queue up as early as 2:00 in the morning to be able to get water from public faucets where water was being supplied between 2 to 4 hours a day, or sometimes every other day. This problem was compounded by the rapid growth of our population and the advent of agribusiness industries. At that time, almost ten years ago, the need to improve our water supply could no longer be deferred, much less ignored. However, the municipal government did not have enough funding to improve its water supply on its own. Outside financing was the only option left.

It was therefore very timely when in 1990, the national government came out with an urban water supply program funded by the World Bank designed to provide funding for water supply and sanitation projects in small to medium-sized municipalities through loans to local governments via a Government Financial Institution.

Our municipality readily grabbed the opportunity to avail of the loan and was one of the first ten municipalities to join the program. Not only did the program provide a source of funds, it also presented what we considered a viable approach to managing the delivery of water supply. The program required that management and operation of water supply be delegated to a private operator through a long term lease contract of 15 years which is the same period for the loan repayment. Because the municipalities participating in the project are small, the project promoted amalgamation or consolidation of as many municipalities as possible within a province to reach a certain scale large enough to attract private sector. For our project, we amalgamated three other neighboring municipalities to form a service area.

Our municipal government gladly welcomed the concept because we had always believed that the private sector could bring in the management expertise and efficiency

that government may not always have. Besides, we also believe that as government, our role should shift more to planning, regulation and monitoring.

Our water supply project is now providing water supply to more than 3,000 households or about 60% of the municipality, 24 hours a day, 7 days a week. Expansion to unserved areas is part of our development plan.

Under the long-term lease contract, the private sector operator has the obligation to, among others, comply with performance targets such as 24- hour service, pressure, non-revenue water, service coverage, etc.

The operator pays the municipality a lease fee to cover the loan amortization.

Over all, we have learned that social acceptance and the support of the private sector are essential to the success and sustainable operation of the Lantapan Urban Water Supply and Sanitation System. What we now have is a model of how public-private partnership can work even in a small municipality like ours.