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## **IFC Contributes to World Bank-administered Output Based Grant for Water Services to Manila's Poor Communities**

**Washington, D.C., October 23, 2007**—IFC, a member of the World Bank Group, is contributing to a new Manila Water Company Inc. project through the Global Partnership on Output Based Aid, a multidonor trust fund administered by the World Bank. GPOBA today signed an agreement with the company to cofinance individual household water supply connections in poor communities in the Philippine capital. About 20,000 homes will benefit from the \$1.05 million grant.

This new project builds on IFC's partnership with Manila Water since 1997, when, following an IFC-structured deal, the company was awarded a 25-year concession to provide services to 5.3 million people in the city's eastern zone. The GPOBA grant will support Manila Water's flagship program, "Tubig Para sa Barangay" (water for the community), which was launched in 1998. Since then, more than a million poor people in urban areas have received a regular supply of clean, safe, and affordable drinking water. The new project, will build on the program's successful track record, accelerating the rollout of individual connections to poor households.

The project plans to reduce the cost of household connections by subsidizing the regulated connection fee through a \$17.6 million project. The GPOBA subsidy will support the water service connection component of Manila Water's flagship program. It is part of a larger network expansion program. The company will also install booster pumps, reservoirs, infiltration galleries, and secondary or tertiary distribution pipelines in target communities.

Manila Water's standard household connection covers the pipe work to the meter and the meter itself. To improve the GPOBA scheme's sustainability, the company will prefinance "after the meter" pipe work and faucets. Each household will repay Manila Water in monthly installments for these facilities.

In addition to the GPOBA program, “Manila Water will also offer to prefund the provision of a toilet, as this is seen to be essential to making a complete and sustainable development package available to poor communities,” said Manila Water’s President Tony Aquino.

The program is structured around installing a working household connection that must deliver acceptable service for three months. “To ensure the sustainability of the scheme over and above the subsidized connection fee, customers will be billed according to the actual work done, and costs will reflect in their water bill,” added Patricia Veevers-Carter, GPOBA Program Manager.

To finance its part of the project, GPOBA will be drawing on contributions from IFC. Rashad Kaldany, IFC Director for Infrastructure, said, “We are happy to support Manila Water in developing a scheme that is innovative in its design and use of subsidies, and that increases the sustainability of the concession.”

### **About IFC**

IFC, a member of the World Bank Group, fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing private capital in local and international financial markets, and providing advisory and risk mitigation services to businesses and governments. IFC’s vision is that poor people have the opportunity to escape poverty and improve their lives. In FY07, IFC committed \$8.2 billion and mobilized an additional \$3.9 billion through loan participations and structured finance for 299 investments in 69 developing countries. IFC also provided advisory services in 97 countries. For more information, visit [www.ifc.org](http://www.ifc.org).

### **About Global Partnership on Output-Based Aid**

GPOBA was established as a multidonor trust fund in 2003 to develop output-based aid approaches in sectors such as infrastructure, health, and education. The subsidies, which are performance-based, are designed to create incentives for efficiency and the long-term success of development projects. GPOBA’s current donors are the United Kingdom’s Department of International Development, IFC, the Directorate-General for International Cooperation of the Dutch Ministry of Foreign Affairs, and AusAid of Australia.