

# Revisit the Laguna de Bay project cancelled in 2011

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This January, the World Bank’s International Center for the Settlement of Investment Disputes (ICSID) declared illegal the Philippine government’s cancellation of a Belgian firm’s P18-billion flood control project, the Laguna Lake Rehabilitation Project, in 2011. It ordered the Philippine government to pay the Belgian firm, BaagerwerkenDecloedt En Zoon (BDZ) P800 million – what it had already put into the country plus interest since 2011.

The cancellation of the contract was said to be a decision of then new President Benigno S. Aquino III who was suspicious of any deal entered into by the previous Gloria Macapagal Arroyo administration. Belgian Prime Minister Yves Leterme vouched for the project’s integrity, citing an independent engineering firm’s valuation that it would truly “alleviate flooding, improve local transportation infrastructure, and increase sea water capacity.” But his appeal was ignored and the contract was unilaterally cancelled by the government, leading to the proceedings in the international court.

Last week, Quezon Rep. Danilo Suarez, House of Representatives minority leader, said the government should revisit the Laguna de Bay project, for the problems it sought to alleviate remain today and have even worsened.

The project would have dredged and deepened Laguna de Bay to improve its capacity as a catchbasin for rainwater falling in surrounding areas, thus minimizing flooding in the towns and cities around the lake. It would have similarly dredged the Napindan Channel, the lake’s outlet to Manila Bay via the Pasig River, created additional navigational channels, and rehabilitated wetlands around the lake.

It would have used the material dredged from the bottom of the lake to build reclaimed land where waste-water treatment facilities would be built. The 90,000-hectare fresh-water lake could serve as a source of potable water in the area.

The case was decided by the international court after seven years. But the issue goes beyond the legal losses to the country, Congressman Suarez said. The country's reputation as a reliable investment partner was tarnished. And in all the years that the case dragged on in court, pollution levels continued to rise in Laguna Lake and floods kept threatening low-lying areas.

For all these reasons, Congressman Suarez urged the Duterte administration to revive the Laguna de Bay project and open new negotiations with the BDZ, said to be one of the biggest and most respected firms in the dredging industry in the world, with a record that goes back 150 years.

A new project would also help to mend our relations with foreign investors such as BDZ. But much more important is the need to clean up Laguna de Bay, ease the flooding along its shores, and develop it as a source of clean water for the people.