



OFFICIAL DEVELOPMENT COOPERATION BETWEEN DENMARK AND THE PHILIPPINES: THE CASE OF THE PASIG RIVER REHABILITATION



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Abstract:

The problem formulation of the thesis sets out to determine why Danida had funded a project in the Philippines, using the Pasig River Rehabilitation Project as a case study. The research main objectives were to learn about Danida's development cooperation policies and how this benefited both Denmark and Philippines. The methodology of the thesis involves using development cooperation theory models to explain Danida's motives and intentions for engagement in the Philippines. Data from stakeholder interviews, quantitative and qualitative literatures were collected in order to connect the theoretical models to realities of the Pasig River Rehabilitation Project in the Philippines.

Analysis of the data shows that there are four main reasons that influence Danida's official development assistance to the Philippines. The first reason is to increase soft power by maintaining 73 years of diplomatic relations between Denmark and the Philippines, further continuing historical and economic ties. The second reason is that Danida provides grants and technical assistance on the basis that the Philippines adheres to political stability and democratic norms set by the international community. The third reason is that the Danish government recognizes the global threat to global warming and that to prevent more environmental degradation, Danida provides technical assistance to the Philippine government for implementing environmentally friendly projects. The fourth reason is that Danida provides official development assistance to the Philippines in order to benefit the Danish private sector industries working with water and environmental sectors.

Based on the results of the analysis, official development assistance in the case of the Pasig River Rehabilitation Program identifies that there are cultural, political, and economic reasons for Danida's engagement. By analysing the motives and intentions behind Danida's intervention in the PRRP in the 1990s, using development cooperation theory as a framework, the thesis can show 4 reasons why official development assistance is implemented by Danida for the Pasig River Rehabilitation Program.

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Introduction:

In the Philippines, authoritarian rule of Ferdinand Marcos ended when he was forced to exile in 1986 due to capital wide protests more commonly known as “EDSA 1”. It symbolizes resurrection of democracy in the form of Corazon “Corey” Aquino. Aquino’s administration was tasked to re-establish Philippine democracy, institutions, processes and economy. A period that was a turning point for the Philippines, but one of the most difficult times for the nation. Fixing the economy was high priority, and the Philippines was heavily in debt (New York Times, 1992).

1986 to 1992 was a period where national banks were in the negatives, inflation was rapidly increasing, and Gross Domestic Product was plunging. A period where basic services such as electricity could not be provided with Manila experiencing power crisis for 8 to 12 hours a day (Drogin, 1990). A period where major disasters such as volcanic eruptions, typhoons and earthquakes happened and had unprecedented effect, killing at least thousands of people. A period that saw 7 coup d’états thwarted yet highlighting the highly volatile political environment at the time (Official Gazette, 1990). Philippines was a highly unstable country that had many issues. However, by July 1989, 3 years after Marcos was exiled, the Aquino administration managed to receive a total of USD3.52 billion in pledges. USD2.8 billion were in the form of Official Development Assistance (ODA) in the form of concessional loans and grants (Presidential Management Staff, 1992).

The question is why would countries all over the world provide official development assistance (ODA) to the Philippines? A total of USD232.4 million pledges in soft loans and grants was realized during the President’s trip to Western Europe. Japan pledged ODA of USD308.4 million and a USD100 million in technical assistance grants was also extended. The USA provided almost USD1 billion in loans and grants (Presidential Management Staff, 1992). What was the potential that these countries saw in the Philippines? Were these grants and loans all for humanitarian reasons? Are these loans purely to develop the Philippines?

The thesis will research the internal motives that donor countries possessed. By using a case study approach, the thesis will analyse Denmark’s ODA to the Philippines. In 1989, the Government of Denmark agreed with the Philippine Government to extend a grant of 100 million Danish Kroner of financial assistance to the economic development of the Philippines. One of the projects that was

funded under the grant was the Pasig River Rehabilitation Program (PRRP). It was first introduced in the 1970s, however did not gain any traction until the help of the Danish aid agency Danida. The rehabilitation efforts would put emphasis on improving water quality and environmental matters of the river (Murphy & Anana, 2019).

Problem formulation:

Official Development Cooperation between Denmark and the Philippines: Why has Danida funded a project in the Philippines? The case of the Pasig River Rehabilitation Project

The main objective of the thesis is to learn to about Danida's assistance and its motivations. The main research points are:

1. To learn about Danida's development cooperation strategy
 - The purpose is to understand the motives and intentions behind funding a project in the Philippines.
2. The significance of the Pasig River Rehabilitation Project for Denmark and Philippines
 - How has the project benefitted Denmark and Philippines?

Methodology:

The problem formulation is looking to investigate Danida and its intervention in the Pasig River Rehabilitation project in the Philippines. To figure out why, the thesis will research for a theoretical framework related to ODA in the international aid system. The thesis specifically needs to present a theory that can explain the motives and intentions of a development agency. In this case, development cooperation theory is used to research Danida's motives and intentions for funding a project. The theory offers 4 different models that can explain Danida's involvement in the Philippines. The thesis will also need to collect data to be able to test the applicability of the theoretical framework.

Since the thesis is using a case study analysis approach, majority of the data collection will be related to Danida in the Philippines, ODA in the Philippines and Pasig River. To further expand on the applicability of the theory, the data will feature existing literatures and the thesis' own qualitative data in the form of stakeholder interviews. The case approach is useful in answering the problem formulation because the thesis can bridge the gap between theory and reality.

The next part of the methodology section is expanding on the choice of theory and choice of data used to answer the problem formulation. This will describe the theoretical framework in which the thesis is working on and the methods of data collection and analysis approach.

Choice of theory:

This section of the thesis will describe how it will analyse the data of the research. The thesis will first introduce development conceptual theories as an overview of the different perspectives of development. The thesis will then introduce a theoretical framework that will be used to analyse the data.

The thesis has decided to incorporate development cooperation theory to identify motives and intentions that influence the shape and policies of Danida's development cooperation. All the theoretical models of development cooperation enable the thesis to analyse internal motives of the donor country implementing ODA. The thesis will demonstrate how development cooperation models can be incorporated in understanding development cooperation by using Jones' research on aid trends in the Philippines. His methodology is built on analysing quantitative data from The Organisation for Economic Co-operation and Development (OECD) and Development Assistance Committee's (DAC) International Development Statistics (IDS). His research is valuable because he provides insights and analysis that explain in depth donor and recipient nation interactions and his research goes into depth by analysing the top 5 donors to the Philippines. Japan, USA, Germany, Netherlands and Australia are each a case in his study to determine aid trends in the Philippines (Jones, 2006).

Conceptual theories of Development Studies:

Majority of the discussions and literature on development stem from modernization theory and state building. While dependency theory provides a different perspective that questions western led modernization theory. As development can be used broadly, this will give the reader a general overview of the discussions among development scholars in history (LaMonica, 2013).

The terms "development" and "underdevelopment" first emerged when late US president Truman used the word "underdeveloped" in his speech on January 22, 1949 when he took office:

“we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped area...” (LaMonica, 2013)

Scholars first used the word development in international relations in the 1950s. Initial advocates of development discussions ranged from conservative “modernization theorists” to the more progressive supporters of democratic development. For a time, both conservatives and progressives were unified in their optimism for development in “third world” states (a term coined during the Cold War). Scholars often used the terms “progress,” “modernization,” and “development” interchangeably (LaMonica, 2013). Most scholars were predominantly made up of Western state scholars. Therefore, it can be said that modernization theory is a Western originated theory. A less enthusiastic response to the Western-state-led project of development soon emerged in the form of postcolonial literature and scholarship. Influenced by ideas from Marx and Lenin, that are critical towards theories of development from the Western world. Most notably in Latin America where scholars labelled development under the rubric of “dependency.” (LaMonica, 2013)

Development was considered the path to independence. Both the colonizer and decolonized applauded the welcome of a new era. As majority of emerging development literature made references to Western theories and models, development emphasized Western state craft as the primary method. Leading theorists such as Max Weber and Emile Durkheim mentioned that developmental pressures and change was inevitable (LaMonica, 2013). Weber argued that for social progress, it was necessary to transition from traditional forms of authority to rational-bureaucratic ones. Industrial revolution was a big part of social progress and Durkheim argued that the specialization of labour was not only materially best for society, it was also the most moral arrangement for society because it allowed for individual workers to be arranged according to ability. What he claims as “organic solidarity.” (LaMonica, 2013).

In comparison, the Marxist-Leninist literature focused on the exploitation of the weak and material inequality. Marxist-Leninist literature brought in perspectives that questioned proponents of the Western model, especially questioning and emphasizing the “miracle” of economic efficiency via specialization as argued in *Stages of Economic Growth: A Non-Communist Manifesto* (LaMonica,

2013). Other modernization theorists such as Rostow contended that all societies go through five stages of development, which start at the level of traditional society and end in a society of mass consumption that moves beyond people's basic needs to the consumption of durable goods.

The discussion was further expanded by Almond and Coleman's work (1960). Their work focused on the politics of developing areas, highlighting and comparing political systems in Asia, Africa, Middle East, and Latin America. These had a great impact on the field of political science, and within comparative politics because it changed the scope of understanding development. Especially in the less economically developed countries. The overarching inevitability and optimism of modernization theories was soon met increasing critical literature that reflected the lack of economic and social development as well as the unfortunate patterns of coup d'états, authoritarian regimes, and wars in developing countries (LaMonica, 2013). These conceptual overviews are staple when understanding development and international relations.

The power-political model

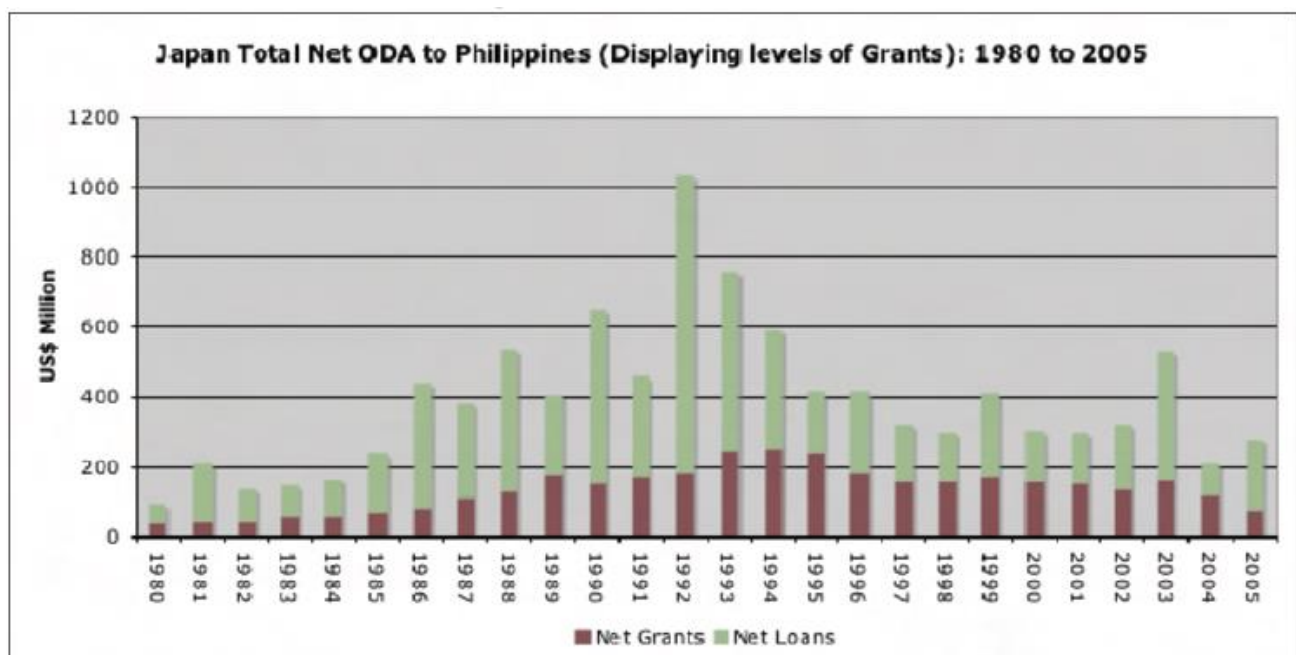
The power political model assumes that foreign aid to developing countries is given to gain support (Panasevic, 2013). Foreign aid is then considered as a tool of diplomacy, that expands the donor country's soft power in the developing country. The concept of soft power is presented by Jr. Joseph S. Nye (2004), he mentions that a country may obtain the outcomes it wants without having to use hard power such as military pressures or economic sanctions, but by becoming attractive to other countries through its values, culture, examples, its level of prosperity and openness – which is soft power.

According to Nye (2004), foreign aid is one of the sources of soft power that promotes shared values such as democracy and human rights. Soft power differs from hard power by the fact that it depends on the willingness of the aid recipient country. Thus, a number of variables affect the deployment of soft power by one state to another and the effect of such efforts, namely, geographic proximity, cultural similarity, historical relations and economic ties (Nye, 2004). By providing aid, the donor country increases its soft power not only in the recipient country, but also within the international community. In a political context, aid can be understood as a political symbol. Increasing amounts of aid could signal increasing closeness in relations between the donor

country and the recipient. This can also happen vice versa, where the falling aid levels could be understood as separation of relations and alienation between the countries (Panasevic, 2013).

The power-political model can best explain Japan's ODA to the Philippines. Jones' research shows that Japan has dominated aid flows to the Philippines, as it is the number one donator to the Philippines. Jones claims that Japan's number one status as the top donator reflects Japan's ambitions to become a regional leader in Asia. The desire to garner influence is apparent due to Japan's continues outsourcing of production to the country (Jones, 2006). The power-political model explains that due to geographic proximity, historical relations and economic ties, Japan would prefer to increase its soft power in the Philippines to gather support and show to the international community and other regional powers that they are prosperous. Figure 1.1 shows Japan's Total Net ODA to Philippines. In 1992, they granted up to a USD1 billion.

Figure 1.1



Note. Jones, A. M. (2006). *Aid trends in a middle-income country: The Philippines case*. Manila: IBON Foundation.

Political stability and democracy model

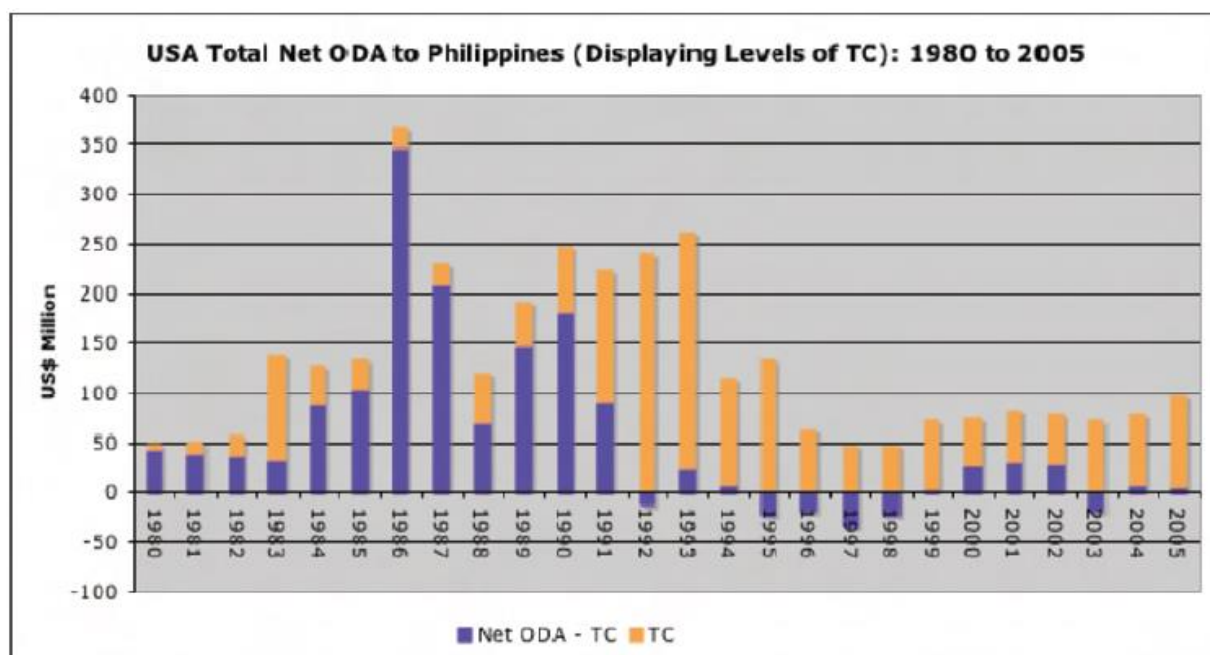
The model of political stability and democracy claims that foreign aid is given to developing countries that correspond to standards of democracy and human rights (Fielden, 1998).

Constructivism theory mentions that national interests and cooperation between states are social constructs and that culture, norms and ideas are shaping the way states define their own strategic interests. According to constructivists, the mutually comprehensible conduct of international relations is impossible without mutually recognized rules and norms (Panasevic, 2013).

Development cooperation is not just about the provision of foreign aid to developing countries, it is also about the social reconstruction of these countries. The recipient country must comply with the norms of maintaining a secure and safe environment, democratic political processes, respect for human rights, etc. in order to receive foreign aid. These are the norms followed by the international community and legitimized by the United Nations (UN). (Panasevic, 2013) The interests and preferences of states are flexible as they can be formed or changed by the international norms that provide international politics with structure and meaning. Thus, in order to predict the behaviour of other states it is important to make them respect the same norms (Panasevic, 2013).

The political stability and democracy can help explain the sudden rise of USA ODA into the Philippines in 1986. ODA, in the form of technical cooperation, from the US drastically increased in 1986, a period that saw highly authoritarian Marcos' administration collapsed. In turn, Philippines was experiencing a democratic rise of Corazon Aquino's administration. One can argue a correlation between ODA and democratic rise. Even though her administration was not politically stable, ODA was still incoming due to democratic practices. Figure 1.2 shows USA's total net ODA to Philippines.

Figure 1.2:



Note. Jones, A. M. (2006). *Aid trends in a middle-income country: The Philippines case*. Manila: IBON Foundation.

Development and performance model

The development and performance model claims that aid is allocated to the countries that have the best development potential for the future (Fielden, 1998). Based on a neo-liberal concept of global governance, the argument is that foreign aid is a tool for states to cooperate in addressing problems of interdependence and globalization (Lancaster, 2007).

The concept of global governance is based on the existence of common global interests. The main argument is that environmental problems in recent years have become crucial and the global community must work together to create a common strategy for growth and development based on sustainability (Panasevic, 2013). It is argued that poverty in developing countries is significantly contributing global degradation of the environment. That these large populations and high growth is increasing pressure on the earth's limited resources. Developmental aid to developing countries should be to ensure the implementation of their environmental policies (Martinussen, 2003).

The environmental issues only became the main attention of the foreign aid sector in the late 1980s and therefore was a turning point in the delivery of aid. Foreign aid is seen to expand international control of global threats such as the spread of infectious diseases (smallpox, measles, polio, HIV/AIDS, malaria, tuberculosis, etc.), environmental degradation (global warming, loss of the

ozone layer, pollution of air, water, and land etc.), population growth, global poverty, hunger and so on (Lancaster, 2007).

The development and performance model can be applied to the Netherlands and German ODA. Jones' analysis of the different nations also investigates which sectors the ODA is spent on. In his findings, both Germany and Netherlands focus more of their ODA projects to environmental protection, education, water and sanitation. The Netherlands was also unique in the sense that they committed to developing the civil society community in the Philippines. Jones claims that the focus of Germany and Netherlands reflect the European values in ODA disbursement (Jones, 2006). In a sense, one could argue environment is an important factor to consider when implementing development cooperation policy in the Philippines.

Economic-commercial model

This model is based on commercial liberal theory. It claims that economic interdependence and the realization of material interests is the main factor that encourages cooperation, close partnership relations and peace among countries (Schneider, 2003). Foreign aid determined by the economic and commercial interests of donors (Hopkins, 2000). The assumption is that development cooperation with developing countries is linked with enhancing trade and increasing investment opportunities. It means that the donors choose the development cooperation partner countries by their "economic worth" for this state (Panasevic, 2013).

There are 3 mechanisms in which foreign aid can contribute to the commercial interests of the donor state. The first is the donor state promotes special political and economic reforms in the recipient country that would be beneficial for the commercial interests of donor, this is known as conditionality policies. Second method is the introduction of special rules in development cooperation programs that would require that the grants and loans must be used to buy goods and services from the donor's country (Panasevic, 2013). This means not only an increase in sales of goods and services, but also better and smoother access to markets in the recipient country. The last method is that development cooperation projects contribute to smoother cooperation between individuals, building confidence between the societies of the two states and creating a better climate for investments (Panasevic, 2013). In this way the foreign aid promotes the better

understanding of the market structure in the other country, which also influences closer commercial relationships and promotes trade (Martinussen, 2003).

The economic-commercial model can be argued with Jones data. His analysis is critical towards OECD countries that abuse tied aid. Tied aid is a concept in which aid is only disbursed on the condition that a company or contractor within the donor country wins the procurement of the project contracts. He states that in general, immortality of such practise has been addressed by world donor nations, however, countries such as the USA and Australia still seem to be using aid more as a tool to benefit their own economies rather than that of the recipient country (Jones, 2006).

Choice of Data:

In order to answer the problem formulation, the thesis conducted research and found multiple sources related to Danida's involvement in the Pasig River Rehabilitation. The research was conducted in a time span of 3 months and due to limited time and resources, the thesis had to use of existing qualitative and quantitative data. These data sources both stem from research reports made by government institutions, international institutions, and civil society organizations. The data though is limited since the Philippines is a developing country and these existing data can only be relied on to a certain extent. However, they still do provide value because they have different arguments and research outcomes. In order to get more specific and valuable data, the researcher conducted stakeholder interviews.

The thesis conducted stakeholder interviews and document reviews. At the time the researcher was living in Manila, Philippines and interning for the Embassy of Denmark in the Philippines. The reputation and support of the Embassy allowed the researcher access to stakeholders that won't usually be accessible without endorsement from the Embassy. This gave the thesis a unique opportunity to interview representatives from public, private, and civil society sectors active in the Philippines. The interview's format was a discussion style and the interviewer had a set of 10 questions to guide the interview. Each question had some relation to the work done in the Pasig River Rehabilitation and how it was collaborating with Danida. The format allowed the discussion to venture and build up organically which led to insights not always available through a

typical interview. The interviews took between 1-2 hours and was recorded for documentation purposes. Transcripts have been made and the thesis will use insights that was provided.

List of people interviewed:

1. Dr. Zvonimir Haman- Former Carlbro International Project Director
2. Jen Santos- ABS CBN Foundation
3. Francisco Arellano- Maynilad Water Concessionaire
4. George Oliver- Pasig River Rehabilitation Commission

The limitation of the thesis's data collection is the small interview group. The thesis could have greatly benefitted if it was able to interview more stakeholders and beneficiaries. The thesis was also unable to find a Danida representative that had worked on the project, however, Dr. Haman provided plenty of insights and information regarding his work with Danida. The thesis also lacked interviews with beneficiaries. However, the purpose of the interviews was to learn how Danida collaborated with these stakeholders as well as figuring out what assistance was provided by Danida to these different institutions. In attempts to remain objective, the thesis managed to interview a representative from each sector, covering public, private, and civil society. In turn, these insights gained from the different sectors is not readily present in existing literatures regarding the Philippines and development cooperation.

Some of the issues encountered during the interviews were keeping the conversation in line with the subject. However, the 10 questions helped guide the discussion back to its topic. The discussions also led to personal opinions and baseless claims about the Philippines and to avoid becoming subjective, the thesis has decided to not include them.

The research design is simple and can be replicated by others, however the thesis would recommend more time for data collection. There are not many existing literatures using this method of research that is related to the Pasig River Rehabilitation project. Another method would to solely focus on the beneficiaries to learn about their perspective and how they were impacted by the project. Surveys may also add another dimension, specifically trying to get a quantitative figure regarding the opinion of whether the project was a success or not. There are not many reports that

look closely at how these development projects are affecting the lives of people, especially researching the opinions of the beneficiaries.

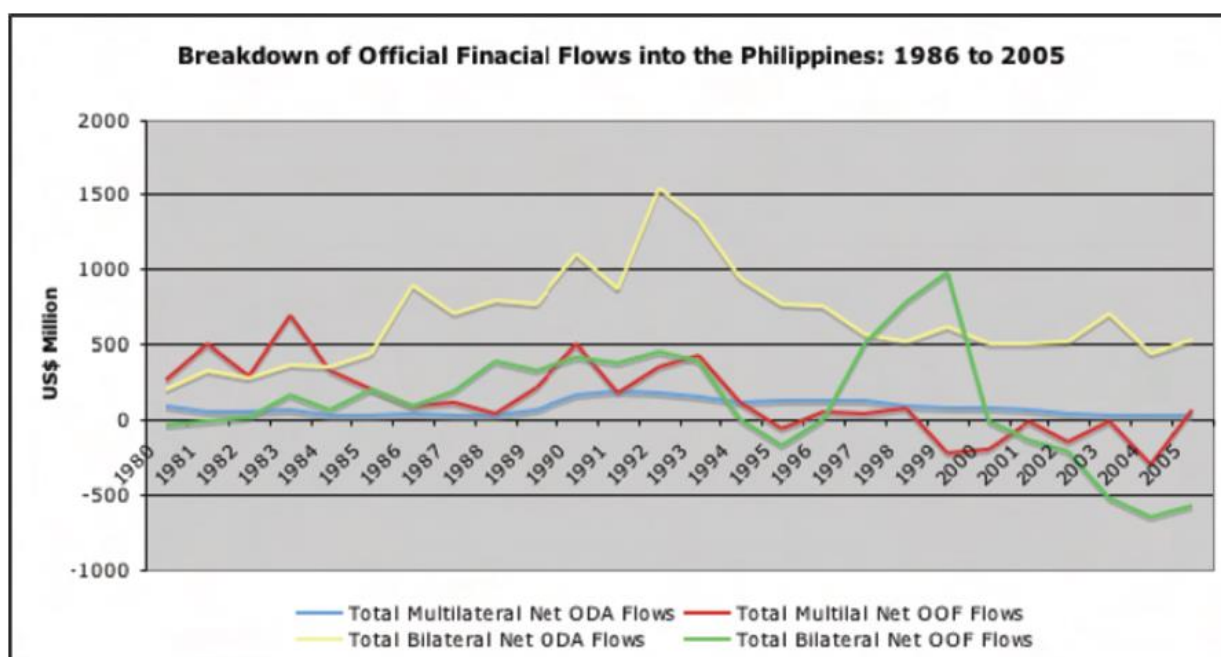
The thesis will use a case analysis approach with the gathered data. This means that the analysis will apply the theoretical framework into the data to identify which theoretical models of development cooperation can best explain why Danida committed ODA towards the Pasig River Rehabilitation project. The analysis will also confirm and bridge the gap between theory and reality, allowing the thesis to conclude its findings.

Analysis:

This part of the analysis will provide a broad overview of bilateral aid flows into the Philippines. According to Jones (2006) almost every OECD nation has interacted with the Philippines since 1980 and among them is Denmark. The balance between grants and loans is fairly even with grants having a slight advantage.

Bilateral aid compared to multilateral aid dominated the dissemination of Filipino development aid after the fall of Marcos in 1986 (Jones, 2006). In the beginning of the 90s, Donors preferred to interact with the Philippines unilaterally rather than multilateral. Jones claims (2006) that this reflects the fact that no international consensus existed at the time, so donors followed their own development agenda on the ground. Development agendas depended on foreign states independent engagements and forms of aid. Figure 2.1 shows the comparison of total Bilateral net ODA flows and total multilateral net ODA flows into the Philippines from 1986 to 2005.

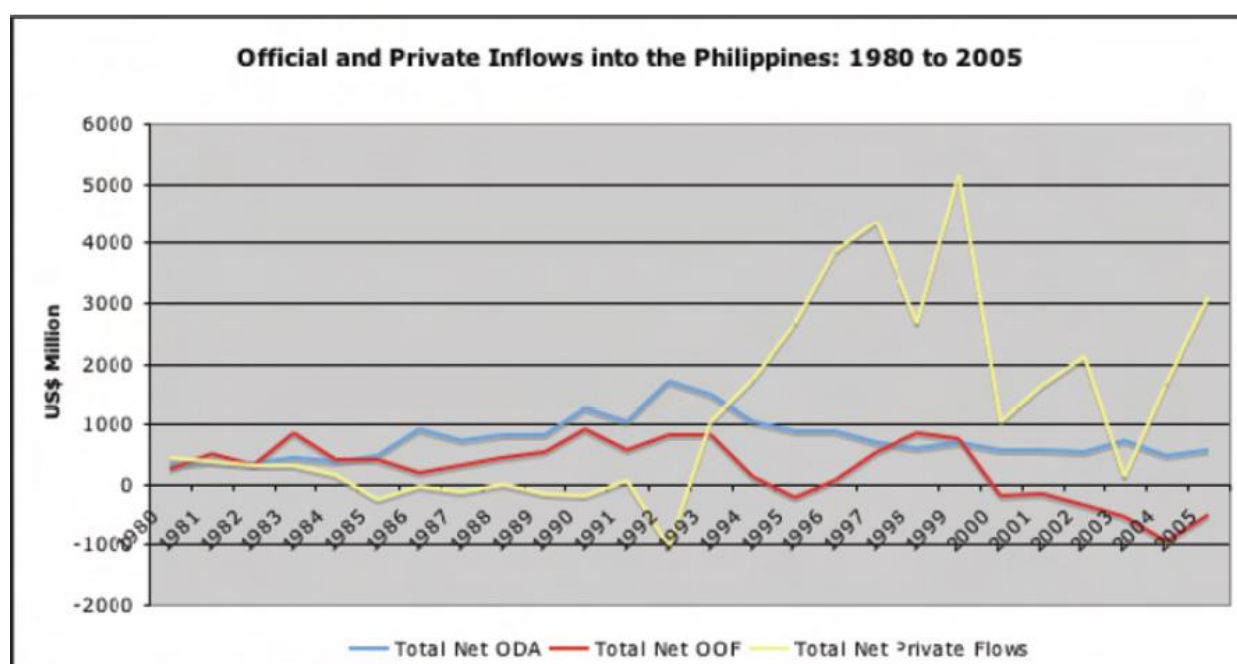
Figure 2.1



Note. Jones, A. M. (2019). *Aid trends in a middle-income country: The Philippines case*. Manila: IBON Foundation.

ODA assistance can be seen to provide development capital for the Philippines at a time when the Philippine market faced unfavourable economic conditions. According to Jones (2006) 1991 saw ODA compensate capital because of the major capital flight from the private sector, as a result the Filipino economy entered a recession in 1991. From 1986, Philippines under Corazon Aquino's administration faced political issues, corruption and an economy still trying to recover from the Marcos era. The economic situation started to change as growth started to increase in 1992 thanks to neo-liberal economic reforms. Jones (2006) claims that private investment flows and GDP started increasing in 1993, meaning that the economy was growing. In turn, this led to levels of aid dropping and debt repayments increasing. According to Jones (2006), ODA in previous years can be interpreted to having prepared the Filipino market for privatisation and highlights the donor's belief in neo-liberal development policy. Figure 2.2 shows the comparison of official and private inflows into the Philippines from 1980 to 2005.

Figure 2.2



Note. Jones, A. M. (2019). *Aid trends in a middle-income country: The Philippines case*. Manila: IBON Foundation.

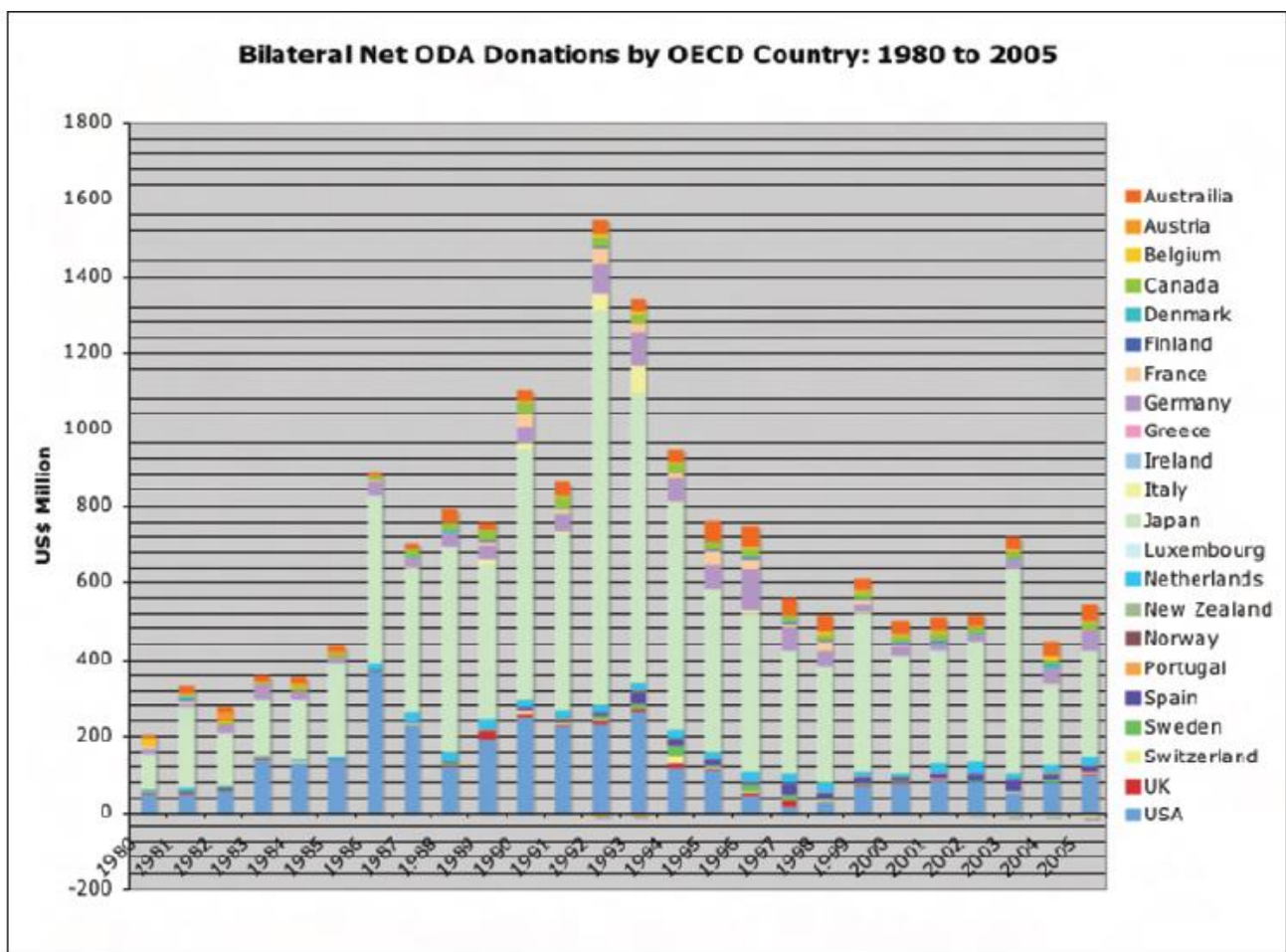
The flow of development capital also depends on the Filipino political status quo. As evident during Estrada's presidency (1998-2001), his administration lost USD4 billion worth of investments due to massive political and economic scandal. Due to this, Jones (2006) claims that as development capital increasingly originates in the private sector and the world market, the Philippines will have to demonstrate high levels of commitment to neo-liberal economic principles in order to ensure that money continues to come in (Jones, 2006).

In his final findings, the data demonstrated that ODA has focussed largely on economic development and growth as a method to addressing issues of poverty. Increases in private investment and GDP do correlate with the decrease in poverty post 1993 in the Philippine context (Jones, 2006). Among the donors that have dominated aid flows to the Philippines, Japan is the number one donator to the Philippines. Reflecting Japan's ambitions as a regional leader and desire to garner influence as it continues to outsource production to the country (Jones, 2006). The USA follows by always having a close and strategic economic relationship with the Philippines as it was a former colonial power. Germany, Netherlands and Australia make up the top 5 in the Philippines that have provided assistance (Jones, 2006). However, according to Jones (2006) many of the

bilateral aid in turn led to many, as what Jones states, into engaged or tied aid with each donor having their own development agendas and business interests. OECD member states for the most part, have contributed to development in the Philippines, however in their own terms.

Jones' research has shown that Philippines was a country that has relied on ODA since the end of the Marcos era. ODA in the most part, acted as capital for development in the form of non-concessional loans and grants. The flow of ODA also depended on the political environment and economic performance with the Philippines having to remain welcome to neo-liberal economic principles. Majority of ODA assistance was done through bilateral means, and although multilateral assistance was also taking place, the former was a preferred way. Figure 1.3 shows the bilateral net ODA donations by OECD countries: 1980-2005 (Grants, TC, Loans).

Figure 2.3:



Note. Jones, A. M. (2019). *Aid trends in a middle-income country: The Philippines case*. Manila: IBON Foundation.

Among his analysis of data, Denmark was also part of the OECD members that have provided ODA to the Philippines. However, the amount of ODA is minimal compared to other donors.

Historically, Denmark has been active in the Philippines providing ODA for development projects across the Philippines. The Pasig River Rehabilitation project is just one of the many projects. The next section of the analysis will investigate the significance of the Pasig river and why it became a necessity to rehabilitate.

[Before the intervention on The Pasig River:](#)

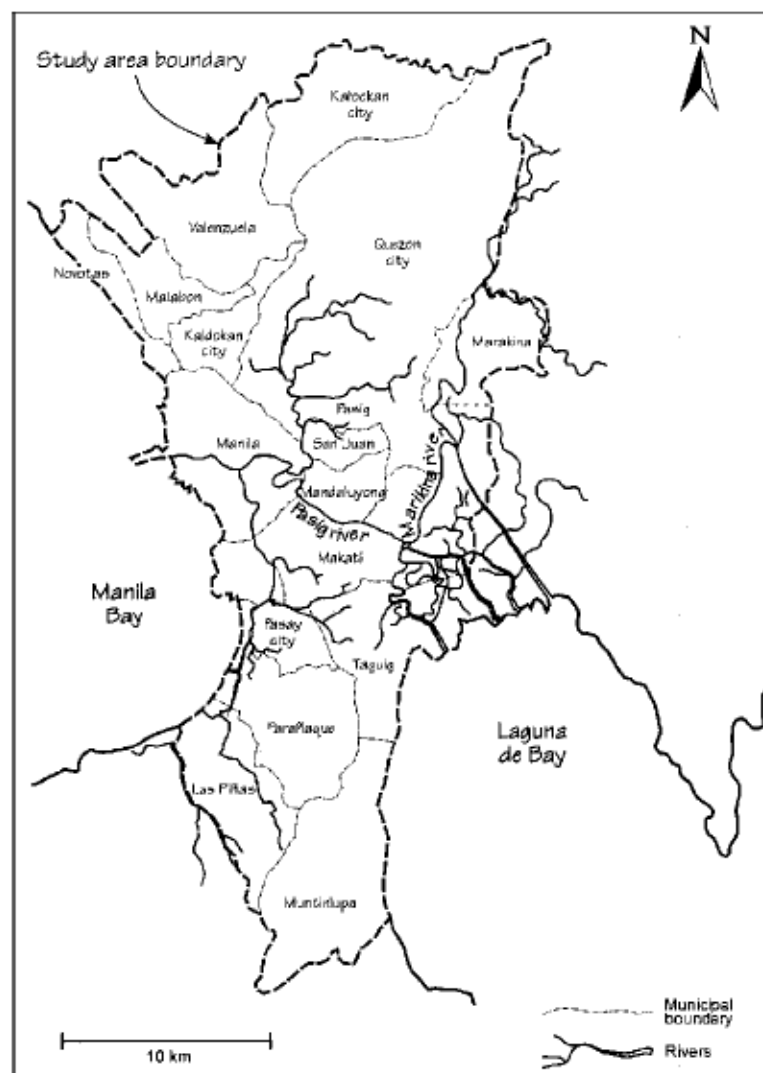
This section introduces the case of the Pasig River. The historical significance of the Pasig River as well as the problems associated with the river. The thesis will use qualitative data sources for this section. Featuring reports conducted by Renato T. Cruz, a case study of the Pasig River, regarding water pollution control. The report was done on behalf of the United Nations Environment Programme, the Water Supply & Sanitation Collaborative Council and the World Health Organization (WHO). A report created by Habitat International Coalition. An NGO that works on housing and human settlements (Habitat International Coalition, 2019). Finally, a report featured in Environmental Engineering Research. Conducted by the Department of Civil and Environmental Engineering, Kongju National University South Korea. These reports provide an overview of the historical significance of the Pasig River, the deterioration of water quality and informal settlers families (ISFs).

The Pasig River is an important river system since it connects two large water bodies in Metro Manila: Laguna Bay (largest fresh water lake in the Philippines) and Manila Bay (the Philippines main port of maritime trade and travel) (Gorme, Maniquiz, Song, & Kim, 2010). The flow of the Pasig River through the urban areas come from upstream portions located in Laguna Bay. The flow then moves through the Napindan Channel and joins the Marikina River. It links further with the San Juan River and surrounding water tributaries across the city. The river is 27Km long and with an average width of 91 m. The average depth is 1.3 m deep with the deepest portions being 4.5 m (Gorme, Maniquiz, Song, & Kim, 2010). The river runs through the heart of Metro Manila and is the city's centre and lifeline. The river basin includes eight cities and three municipalities. Pasig City,

City of Manila, Pateros, Caloocan City, Marikina City, Pasay City, Taguig, Quezon City, San Juan, Mandaluyong City, and Makati City (Murphy & Anana, 2019).

Traditionally, the municipalities upstream were fishing communities relying mostly on the Pasig River and Laguna de Bay, while the settlements downstream towards Manila bay experienced rapid urbanization with the influx of trade from other provinces and countries (Cruz, 1997). Figure 1.4 shows a map of the Pasig River and the cities around it.

Figure 2.4:



Note: Cruz, R. T. (1997). *Water Pollution Control- A Guide to the Use of Water Quality Management Principles- The Pasig River*. Manila: United Nations Environment Programme.

Before pollution virtually extinguished aquatic life, the whole 27 km of the Pasig River between Laguna de Bay and Manila Bay served as a habitat for 25 varieties of fish and 13 different types of

aquatic plant (Cruz, 1997). However, deterioration of the Pasig River system became apparent starting in the 1930s where fish migration from Laguna Lake began to be minimal. In the 1950s, after world war II, the Pasig river was utilized less. People no longer used the river for bathing, washing clothes, and transportation. By the 1970s, the river's smell was foul and during the dry season would become unbearable, basically stopping transportation on the river. By the end of 1980 and beginning of the 90s, the Pasig river's fishing activities was to its bare minimum and was considered biologically dead (Murphy & Anana, 2019).

The strategic location of the Pasig River has made it and its tributaries an integral area for economic activity in Metro Manila. It provides a mean of transport, water sources for domestic and industrial uses, and place for recreation. It's a vital ecosystem and an irreplaceable natural resource (Gorme, Maniquiz, Song, & Kim, 2010). However, hardly any life forms can survive its murky waters due to the lack of proper water treatment and sewage systems. Many of the tributaries are clogged by household garbage and liquid domestic loads. 40-60% of the pollution stems from industrial, chemical and commercial establishments. Even general waste from hospitals and health centres were found to have been disposed through unsatisfactory methods and ended up in the river. Mass migration to Metro Manila has made Pasig River banks to become the most logical areas for many settlers due to other squatter areas becoming overpopulated (Gorme, Maniquiz, Song, & Kim, 2010).

Colonies of ISFs lined along the riverbanks, living on makeshift homes in the major creeks and esteros. These families lived in houses on stilts, or under bridges in sub-human conditions which presented a danger to themselves and to utilizers of the river (Cruz, 1997). These settlements don't have any sanitary facilities and their solid wastes were discharged straight into the river. Eventually the build-up of various subcultures existing in Manila resulted in many problems for the river, that reflect the complex socio-economic characteristics of the city. Constant negligence led to the river bed becoming more and more silted with organic matter and non-biodegradable waste. It can result in heavy flooding in many areas along the river, including those households living close to the river (Murphy & Anana, 2019). Health authorities have also found that its coliform content is extremely high, making the river a breeding ground for diseases. Abandoned and sunken boats left behind to make navigation even more difficult and hazardous (Cruz, 1997).

Efforts for Rehabilitation of the Pasig River:

The next section goes into detail of the Philippine government's efforts to reverse the pollution and declining ecological condition of the Pasig river since the 1970s. The Pasig River Development Council (PRDC) was created under a Presidential Decree Nos. 274 and 281 with police powers to oversee the Pasig River Development Program (PRDP) to regulate and control pollution, as well as administer a trust fund (Belmonte, 2015).

The program was mainly concerned with relocation of ISFs, dredging silted portions of the river, and the construction of concrete railings along the banks and easements (Gorme, Maniquiz, Song, & Kim, 2010). These efforts were made possible due to Mrs. Imelda R. Marcos's dream of making Pasig River into a tourist destination with floating casinos and restaurants (Cruz, 1997). However, this program failed because the program did not recognize the importance of involving communities and private sector. PRDC and PRDP was abolished in 1987 due to lack of support (Gorme, Maniquiz, Song, & Kim, 2010).

Regarding the problem formulation, Danida's became involved with the Pasig River Rehabilitation project in 1989, under Corey Aquino's administration, in which efforts to revive the river began with help from Danish government (Mayuga, 2018). The next administration of President Fidel V. Ramos continued the rehabilitation efforts by successfully forging a multi-sectoral effort. The next section will explain the type of assistance provided by Danida.

Danida involvement in Pasig River Rehabilitation Program (PRRP):

This section of the thesis introduces Danida's intervention and describes exactly the kind of ODA Danida provided. The Government of Denmark agreed with the Philippine Government on October 30, 1989 to extend a grant of DKK 100 million (USD 14 million current price as of 1989)¹ financial assistance to the economic development of the Philippines. Pasig River Rehabilitation Program (PRRP) was one of the many bilateral aid projects identified for funding under the grant. On December 18, 1989, a letter of understanding between Danish and Filipino government agencies, Danish International Development Assistance (DANIDA) and Department of Environment and Natural Resources (DENR), was officially signed in Copenhagen on December 18, 1989 for the implementation of PRRP (Carl Bro International, 1991).

¹ Appendix 2 for exchange rates

The agreement was that Danida will fund and provide technical assistance for a feasibility study of the PRRP. The feasibility study took place in 11 cities and municipalities in Metro Manila. A total coverage of 215 square kilometres of catchment areas were studied. It also included the study of five river basins: Taguig-Napindan, Marikina downstream, Pasig upstream, Pasig downstream and San Juan river. The feasibility study was given a 1-year time frame from 1990 to 1991, then after the feasibility study, PRRP will be continued by Filipino agencies, and run by Pasig River Secretariat (PRS), to bring back the ecological health of the Pasig River system by a multi-project and multi-sector program with a 15-year period (Water Environment Partnership in Asia, 2019).

The feasibility study's main objectives were to formulate a plan of operation for implementing the PRRP which will enable the restoration of environmental qualities of the Pasig River system, further facilitating commercial, transport and tourism development in and around the river system (Carl Bro International, 1991). To identify and describe attainable environmental targets for PRRP in accordance with Danida policies. To define and describe the roles of various government agencies involved for the implementation of the program and to improve the skills of Philippine consultants and government officials in river rehabilitation methodologies to enable them to replicate the feasibility study in other river systems (Carl Bro International, 1991). Figure 3.1 shows the environmental targets the feasibility study created for implementation

Figure 3.1 Title: Environmental targets

Targets	Description
1	Eliminate completely the offensive odour in the dry season from the Pasig River
2	Reduce Biochemical Oxygen Demand load to the Pasig River from approximately 330 tons/day to 200 tons/day
3	Reduce the amount of solid waste dumped into the rivers and creeks and regularly remove all floating solid waste from the navigable parts of Pasig River and its main tributaries
4	Increase and control the flow of water in Pasig River during the dry season
5	Reduce flooding frequency along the Pasig River and its main tributaries
6	Strengthen the content and improve the enforcement of the Zoning Ordinance of 1981 for the National Capital Region
7	Remove sunken vessels from the Pasig River
8	Develop linear parks on the 10-meter easements along the Pasig River
9	Relocate all the squatters living on the easements of the Pasig River and its main tributaries

Source: Carl Bro International. (1991). *Pasig River Rehabilitation Project Feasibility Study*. Manila: Carl Bro.

The feasibility study was performed by an integrated team composed of Philippine government staff from different agencies. These were DENR/Environmental Management Bureau (EMB, National Capital Region city governments, Metropolitan Manila Authority (MMA). Along with them was specialists from local and Danish consultants. The integrated approach was to enable on-the-job training of Filipino government staff and local consultants, even traveling to Denmark to learn skills that will improve their capacities (Carl Bro International, 1991). This integrated team was to work together to achieve their objectives and the main strategies were to physically clean up the Pasig river in the short term and to stop pollution at multiple sources in the long-term (Cruz, 1997). The feasibility study provided 21 different projects for implementation over the next 10 years. Each project would help achieve the environmental targets the study made as well as rehabilitate the Pasig River. The 21 projects listed also provided descriptions of the various role's government agencies would be doing. Figure 3.2 lists the A listed and B listed projects. A listed were short-term projects, B listed were the long-term projects.

Figure 3.2 Title: A listed projects

No.	Title	Description	Implementing Agency
A-1	River Rehabilitation-Secretariat	Coordination, Planning, Monitoring, Modelling, Information (Pilot Phase)	DENR
A-2	Flushing of Pasig River	Operation of control Structures Optimization of rule curve	DENR/ LLDA/DPWH
A-3	Industrial Waste to Energy	Feasibility study, sugar refinery and other industries	DENR/DTI/Private
A-4	Secondary Industry for Resource Recovery	Feasibility Study, workshops, seminars	DENR/DTI
A-5	Hazardous Waste Treatment	Feasibility Study	DOH/DENR/MMA
A-6	Collection of Solid Waste in River	Boat collection from river and Barangays	MMA/LOG
A-7	Upgrading of Squatter Settlement	Pilot Project. Solid waste/liquid/waste/health/educational/institutional/water hygiene	PRODEV/Barangay/PCUP/LOG
A-8	Upgrading of Water Quality Laboratories	Water Quality, Effluent Monitoring, information, training	DENR/NCR/EMB
A-9	Absorption Capacity of Manila Bay	Carrying capacity study	DENR/MWSS

Title: A listed projects

No.	Title	Description	Implementing Agency
B-1	Construction of Sanitation Sewerage System	Metros II Sewer system	MWSS
B-2	Septic Tank Maintenance Program	Collecting and disposal	MWSS
B-3	Local Treatment of Sewage from High Income Residential Areas and Complexes	Feasibility Study, Change in building code	MWSS/DPWH
B-4	Diversion of San Juan River	Recon, Study, Diversion San Juan River, combined sewer	MWSS/DPWH
B-5	Collection of Solid Waste in inaccessible Barangays	Truck, push car solutions in Barangay	MMA
B-6	Integrated Solid Waste Management Program	Collection and disposal	MMA
B-7/B-8	Flood control and Drainage improvement program for Pasig river and Marikina River and East west Mangahan	Dredging, Flood Wall repairs, gate structures	DPWH/PPA
B-9	Development Plan NCR	Land Use, Zoning Ordinance	MMA/LOG
B-10	Removal of Sunken Derelicts from the Pasig River	All derelicts in Pasig River Removed	PPA/LOG
B-11	Riverside Parks	Parks and green spaces	MMA/PCG
B-12	Urban Renewal of Escolta District	Renewal and maintenance	NHA/PCUP

Note. Carl Bro International. (1991). *Pasig River Rehabilitation Project Feasibility Study*. Manila: Carl Bro.

Estimations made by the feasibility study suggested that A- list projects would cost P448 million (DKK 99 million) of which Danida would donate PHP 239 million (DKK 53 million) for funding A-list projects. The A-list projects were high impact projects that were ready for early implementation. B-list projects, however, would cost PHP 725 million (DKK 161 million) over a 15-year period. In total, all the projects would cost PHP1.1 billion (DKK 260 million) (Carl Bro International, 1991).

The feasibility study also observed that the success of the program depended on the institutional and financial support required to implement the projects. Therefore, Danida had also provided another grant, allocating funds of up to DKK 15 million for the creation of the River Rehabilitation Secretariat (RRS). Their main job was to investigate possible financing alternatives during the first two years of operation in order to make the projects economically possible (Carl Bro International, 1991). The Secretariat will serve as a catalyser for initiating and coordinating environmental improvement activities in the Pasig River system and other rivers in the Philippines (Jensen, 1993).

Determining whether this project was a success and if it had impact boils down to subjectivity. As of 2019, none of these projects were fully completed and this feasibility study is no longer the master plan. Both Mr. Arellano and Mr. Oliver mentioned that budget constraints were the main reason these projects did not go through. Mr. Oliver, who represents a government agency, mentioned the amount of red tape has made the process very difficult. Adding to that is the overlap of functions between different government institutions and the lack of coordination between agencies. Local Government units (LGUs) also had their own agendas that cause divide because of different regulations and codes. Some are more willing than others to the integrated multi-sector approach, however it's not enough.

Meanwhile, Mr. Arellano pointed out that some of the solutions were unrealistic and was not preferred by the locals. Project A2 was a project heavily criticized by fishermen, fish pen operators and farmers whose livelihood relied on Laguna bay. This was because A2 was a project that involved the closing and opening of the Napindan Hydraulic Control Structure. A structure that was built in 1983 to prevent further pollution of Laguna bay and to control the storage of lake water to build up a dependable outflow of water supply used for irrigation (Santos-Borja, 1994). The proposed plan by Carl Bro was to delay the outflow of water from Laguna Bay after the rainy season so that when the dry season comes, the Napindan Hydraulic Control Structure would be opened so that water would out flow towards Manila bay instead of inflow to Laguna bay. This would prevent the Pasig river from having a strong odour. But according to fishermen, the salination of Laguna bay is beneficial to the lake's fishery because of its effect on turbidity (Santos-Borja, 1994). Increased turbidity allows for deeper light penetration and as a result increases the lakes productivity. Meaning that there is a good fish growth and higher potential for greater yield. People whose

livelihoods rely on the productivity of the lake would be greatly affected if the river did not inflow inward towards Laguna bay and caused the salination of water. Pressures and protests from fish pen operators, fishermen and farmers led to the Philippine government leaving the structure completely open (Santos-Borja, 1994).

Dr. Haman also pointed out corruption as one of the main constraints as well. As Philippines is a less economically developed country, many of the procurement of projects went along with corrupt practices. Bribery was common and government officials at the time benefitted from private payments that were “under the table”. In turn, this led to contractors and service providers that lacked the capacity and skills to do the project efficiently and up to standard. It also led to a quick depletion of funds that could have been used for the project. Dr. Haman mentioned the only way to fix Pasig River was to have proper waste and sewage treatment system and because of the lack of development in these systems, the Pasig River is in poor condition.

Overall, the feasibility study provided all the solutions needed for Pasig River’s rehabilitation, however a combination of factors ultimately led to its demise. The PRRP project symbolizes the first real effort to restore the Pasig River in the Philippines and the feasibility study was first of its kind to provide a plan of operation that included engineering solutions that could have been effective. Although some of the solutions were not possible, many of these solutions have influenced the Philippines. As of 2019, Pasig River Rehabilitation is being conducted by Pasig River Rehabilitation Commission (PRRC). A government agency formed in 1999, whose goal is to improve the water quality of the Pasig River system that supports and sustains aquatic life and resources. PRRC is the lead agency that coordinates all matters pertaining to the rehabilitation of the Pasig River and they use the multi sector approach that was introduced in the feasibility study. Together with its partnerships with inter-agency, civil society and private stakeholders, they have conducted several river restoration and management efforts (Pasig River Rehabilitation Commission, 2019).

PRRC builds on the work the feasibility study and projects conducted during PRRP and its evident through their strategies. PRRC conducts water quality projects, programs and activities in the recovery of easements from illegal settlers and private structures, relocation of ISFs, riverbanks development and protection, dredging, clean up drives, construction of ferry stations, public awareness campaigns, and capacity building of river communities to keep the river clean. In 2019,

they are focused on improving the water quality to class C level which means addressing sources of pollution draining into the Pasig River from connected waterways such as rivers, creeks, and inlets (Pasig River Rehabilitation Commission, 2019). They have fully restored 17 of the 47 tributaries, clean up 30 million kilograms of solid waste, and resettled up to 20,000 ISFs. Even biodiversity has returned with over 118 species of trees and vegetation, 39 species of birds, and 8 species of fish. Although the progress is quite small, the improvement can be seen when comparing to the river's condition in the 1990s. In 2018, they managed to win the inaugural Asia River prize award by International River Foundation (IRF) for their successful progress in river rehabilitation. PRRC hopes to continue the rehabilitation process with their newly developed strategic master plan (Pasig River Rehabilitation Commission, 2019).

Power political model

The power political builds on the model of soft power and it claims that foreign aid is a tool of diplomacy to gain support from the recipient country. The model suggests that variable that affects the deployment of soft power depend on geographic proximity, cultural similarity, historical relations and economic ties. In this case, Denmark is neither in the Philippines geographic proximity nor is it culturally similar. However, deployment of soft power is necessary to maintain historical relations and economic ties. In turn, the engagement of Denmark in the PRRP have led to value and cultural exchange between Denmark and Philippines

Politically, Denmark and Philippines, as of 2019, have celebrated 73 years of diplomatic relations. Denmark being one of the first countries to recognize the Philippines as an independent country in 1946 (Ministry of Foreign Affairs of Denmark, 2019). Both countries have historical and economic relations that span years and from a development standpoint, it makes sense that Denmark would provide ODA to the Philippines because of the years of ties and relations. ODA will help maintain the relationship between the countries and in turn open opportunities for both countries, politically and economically.

The exchange of values and culture in the PRRP was because of the required engagement between actors from both Denmark and the Philippines. The project was a joint effort and saw different local and foreign agencies working in integrated teams that possibly led to exchanges of values and culture. Some of these exchanges of values and culture is evident in the interviews with Dr. Haman

and Mr. Arellano, who both talked about their experience working on the PRRP project and their engagement with both Filipinos and Danish people.

Dr. Haman, who at the time was project director for Carl Bro, specifically mentioned changing the work culture of maintenance in the Philippines. As an engineer, maintenance is an important aspect to ensure that services are well running to its most efficient and sustainable extent. However, that was not the case in the Philippines, and often was a neglected part of engineering projects. It's not to do with the skills or capacities of the engineers, it was rather lack of budget allocation for maintenance works. Local engineers and consultants worked with the limited budget and maintenance is not considered in the budgets. Therefore, it was important that Carl Bro emphasized a work culture that also included maintenance works. "if it isn't broke don't fix it" mentality was ingrained and limited the work of the feasibility study. Work culture, as both sides engaged together to tackle a problem, was an important factor to consider. The work culture could determine whether a solution/technology will work for 20 years as supposed to it working for just 5 years due to the level of maintenance.

One of the purposes of the feasibility study was to improve the skills of Philippine consultants and government officials therefore the importance of ingraining Danish work values was necessary as identified by Dr. Haman's experience working in the Philippines. The values exchange was also prominent and can be identified from Mr. Arellano's experience working with Danish consultants and companies. Mr. Arellano was part of the technical working group engaging with septic tanks and water treatment. He claims to have experienced very good cooperation with Danish consultants as they were hard working and more understanding compared to consultants from other countries. He described Danes as "gentle people" while describing working with Americans as "argumentative" and "loud". Overall, he only had good things to say about working with Danish people and that there was a sense of equality. His experience is also based on previous work with Danish consultants in the 1970s and 1980s, even before the PRRP.

In turn, the thesis can argue that PRRP led to increased soft power due to the engagement of engineers and consultants of both countries. The Philippines was able to gain new work cultures and values and in turn Danish consultants were able to gain experience working in developing countries. The teaching of work maintenance culture shown by Dr. Haman's experience and the

values of equality described by Mr. Arellano are just two examples of Danish culture and values that have been exchanged.

Regarding the problem formulation, the power political model can to an extent argue the reasoning why Danida would fund a project in the Philippines. Politically, the PRRP help to improve and maintain Denmark-Philippines relations and economic ties. It also saw the exchange of work cultures and values among Danish and Filipino people. However, the model is not enough to provide a reasoning for intervention because Denmark is not in the geographic proximity of the Philippine and nor is it culturally similar. The increase of soft power makes sense from an international relations perspective and any increase is great. Evidence of this increase is noticed when Denmark is considered positively by Filipino people.

Political stability and democracy model:

The model of political stability and democracy claims that foreign aid is provided to developing countries that correspond to the standards of democracy and human rights (Fielden, 1998). The main argument of the model is that cooperation between states depends on the observance of international norms such as maintaining secure and safe environment, democratic political processes, and respect for human rights. These norms are legitimized by the international community and provide international politics with structure and meaning (Panasevic, 2013).

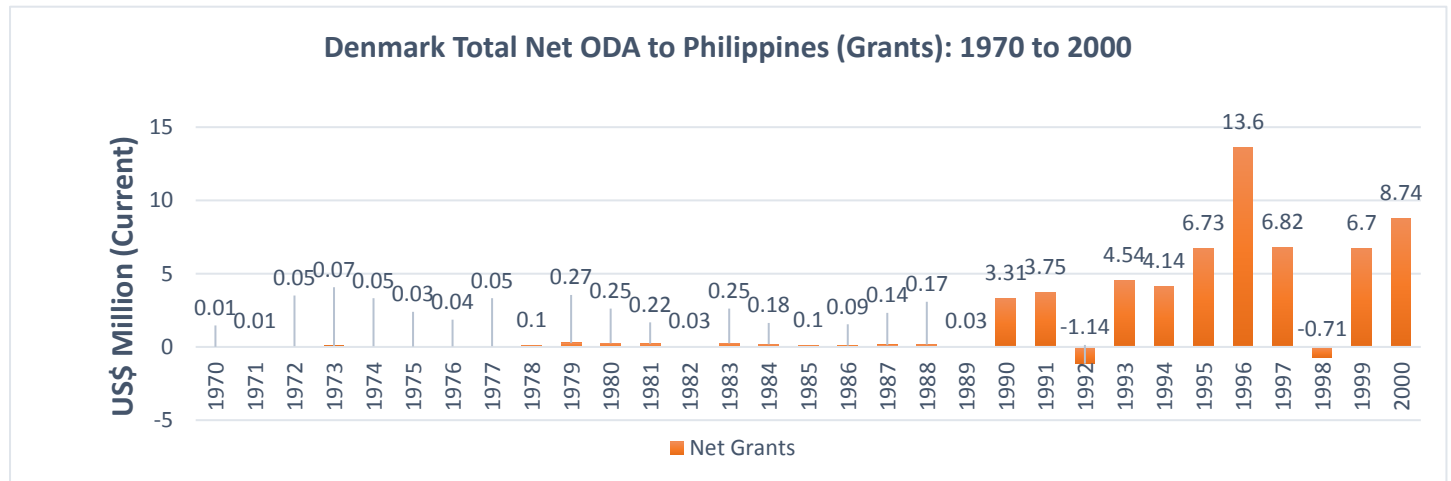
To present this model, the thesis will replicate Jones's data collection method. The thesis gathered ODA data from the OECD DAC International Development Statistics (IDS). The data sets are total net ODA that took the form of grants, technical cooperation and loans from Denmark to the Philippines from the years 1970-2000². By identifying trends in the data, the thesis can analyse Denmark's ODA flow to the Philippines.

The creation of a new constitution in 1987 may have influenced Denmark's ODA to the Philippines. When looking at ODA in the form of grants, the data suggests Denmark started giving grants to the Philippines in the 1990s, 3 years after Corazon Aquino's administration remade the Constitution. The 1987 Constitution of the Philippines abolished unconstitutional changes made by Marcos and it also respected the democratic process of ratification. In comparison, Marcos's 1973 constitution

² View Appendix 2 for more information on data

did not go through democratic process (Gavilan, 2016). Figure 3.3 shows Denmark's Total Net ODA to Philippines which were grants from the period of 1970 to 2000.

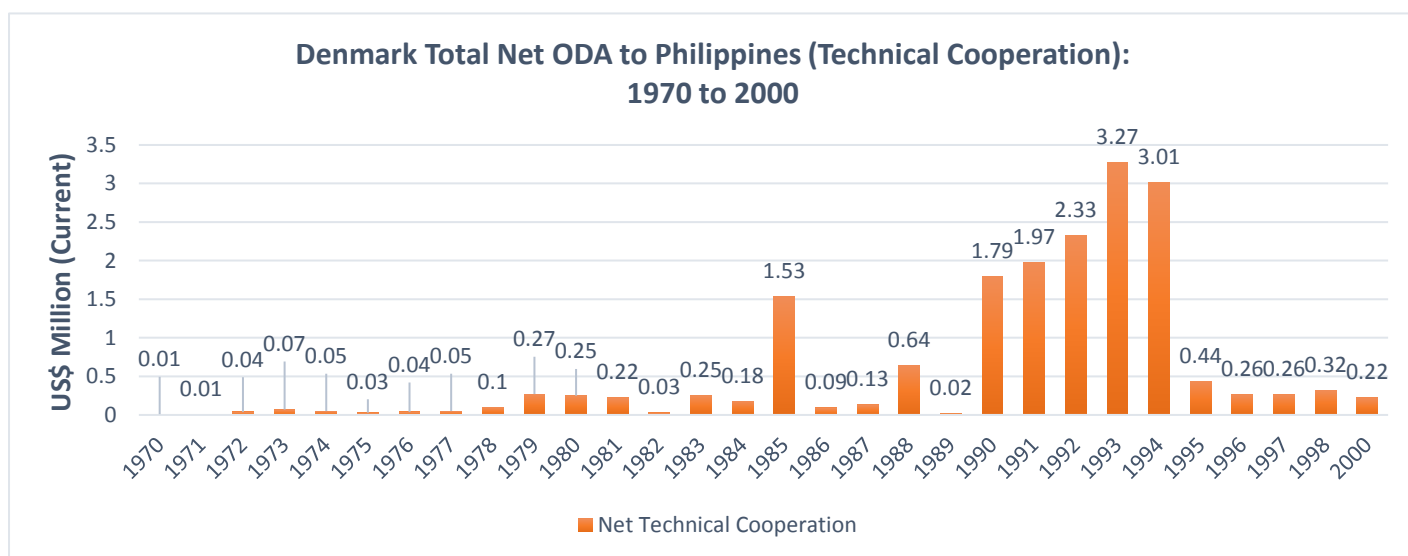
Figure 3.3



Note. Organization for Economic Co-operation and Development. (03. 09 2019). *Net ODA*. Hentet fra OECD Data: <https://data.oecd.org/oda/net-oda.htm>

Although there were grants made during Marcos's period, the trend of ODA in the form of grants shows a drastic increase of grant flow to the Philippines after the 1987 constitution was formed. The thesis can then identify a trend that ODA in the form of grants depended on the adherence to democratic norms. However, when analysing data that shows Denmark's total net ODA to Philippines, in the form of technical co-operation and loans, the trend is somewhat different. Figure 3.4 shows Denmark's Total Net ODA to Philippines in the form of technical co-operation from the period of 1970 to 2000

Figure 3.4



Note. Organization for Economic Co-operation and Development. (03. 09 2019). *Net ODA*. Hentet fra OECD Data: <https://data.oecd.org/oda/net-oda.htm>

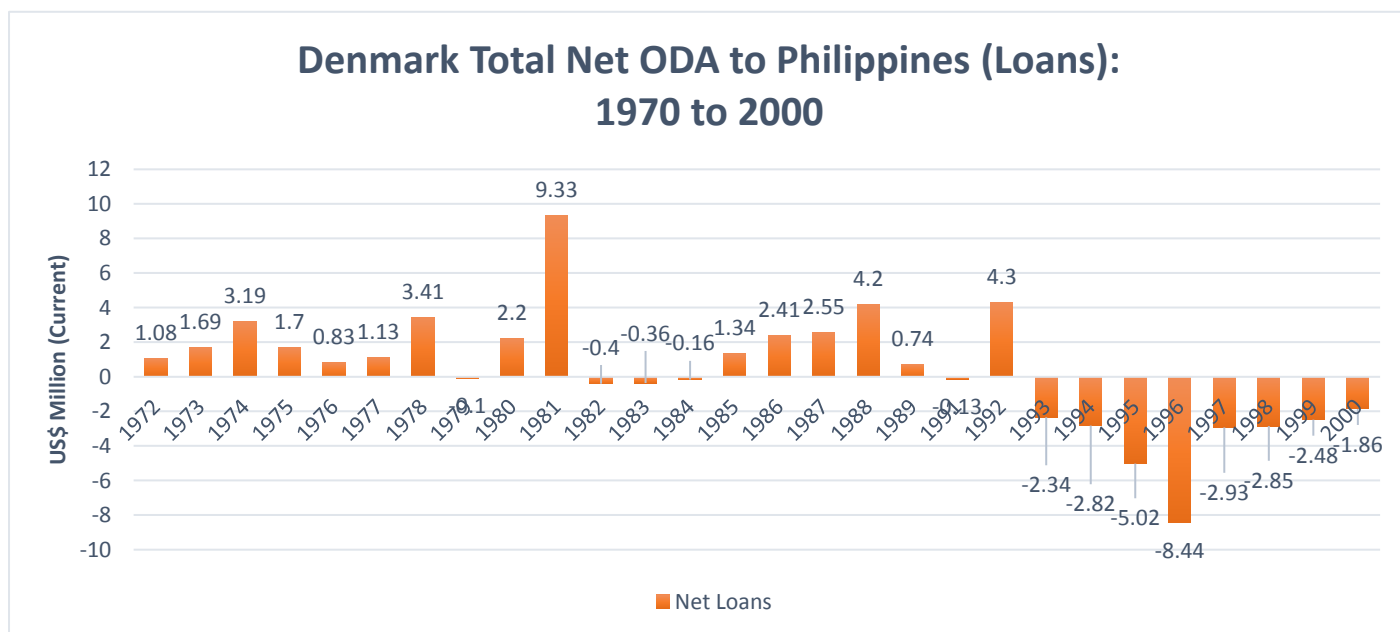
Figure 3.4 shows a rise of ODA in the form of technical assistance during the 1990s in the Philippines. The same period in which the PRRP was being conducted. Almost all the years before 1986 except 1985 saw little to almost no technical assistance being disbursed by the Danish government. The trend of low technical assistance before 1985 could be a sign of the Philippine government under Marcos not adhering to the political and democratic norms set out by the international community. It is possible to identify a correlation. As Jones (2006) mentions in his research, the flow of development capital in the Philippines correlates with the political status quo. In this case, the trends seen in the grants and technical assistance seems to support the correlation. The Marcos administration was notorious for its undemocratic and political abuses.

1971 to 1981 saw the Philippines under martial law due to the communist threats. Martial law was the start of an authoritative period where the entire power of the government fell into one person's hands. His rule was cruel and democratic values such as right to assembly, freedom of speech, and free press was banned or controlled by Marcos. Any members of the political opposition and prominent figures were always under threat of being arrested by the military or the Philippine Constabulary (Francisco, 2016). Regarding human rights abuses, according to amnesty international (2018), 70,000 people were imprisoned and 34,000 people were tortured and roughly

3240 people were killed during this period. Clearly these were violations of international norms such as democracy and human rights. Grants and technical assistance from Denmark to Philippines depended on the political stability and democratic status of the Philippines.

In relation to the case, figure 3.5 shows Denmark's total net ODA to Philippines in the form of loans. It identifies a trend that counters the political stability and democratic model because it shows that Denmark disbursed loans to the Philippines during the Marcos era. There are people in the Philippines that believe the Marcos administration was the "golden era" of the Philippines. The belief is influenced by the high government spending on infrastructure projects. Marcos's administration managed to develop the Philippines quite substantially, however at the cost of unsustainable debt. From 1977 to 1982, the Philippines total external debt grew from USD8.2 billion in 1977 to USD24.4 billion in 1982. In turn, this led to the Philippines failing to meet its obligations in debt repayment and as a result the "golden era" was erected by debt driven growth that would affect Philippine development years to come (Punongbayan & Mandrilla, 2016).

Figure 3.5



Note. Organization for Economic Co-operation and Development. (03. 09 2019). *Net ODA*. Hentet fra OECD Data: <https://data.oecd.org/oda/net-oda.htm>

To explain this trend, many of these loans might have been made by Investment Fund for Developing Countries (IFU). IFU is under the Ministry of Development Cooperation and IFUs main

task is to provide risk capital and advice to Danish companies wishing to set up business in developing countries. Many of their investments are commercial and take the form of equity and loans (Investment Fund for Developing Countries, 2019). All projects must be with a Danish co-investor who provides an amount of equity at least equivalent to IFU's investment (IFU, 2017). Local partners are not always necessary, but in the Philippine case, Danish companies had to have a local partner to conduct business in the Philippines because of foreign ownership laws. IFU also does work in co-operation with Danida, however majority is with the private sector (Development Assistance Committee, 1999).

In total, they have invested in 13 projects in the Philippines. 12 of them have been considered completed meaning that IFU has received the repayment of loans or have sold IFU equity to other firms (IFU, 2017). 9 of these projects were during the Marcos era and, 1981 saw the highest amount of loans invested during the Marcos administration. The high number of projects invested by IFU during the Marcos era in the Philippines highlight the activities of Danish private sector in the Philippines (IFU, 2017). Neglecting the Danish private sector because of political stability and democratic norms would not make sense for an organization like IFU whose sole purpose is to help Danish companies expand business in developing countries. It is also important to note that IFU is not bound by the same guidelines on strategic and cross-cutting issues that Danish ODA from Danida is bound to. Since there is more room and freedom for loans to be made, IFU benefits Danish SMEs in developing countries (Development Assistance Committee, 1999). In return, IFU makes profits by receiving repayments of loans or the selling of equity if recipients of the loans fail to pay for the debt (Development Assistance Committee, 1999).

In that sense, the political stability and democratic model can still be argued for determining Danida's reasoning for providing ODA to the Philippines. ODA in the form of loans were not affected by the Philippine government's compliance with international norms of political stability and democracy because of commercial purposes. However, ODA in the form of grants and technical assistance were dependent on the adherence to international norms set. PRRP is a project that may have only been possible because of the changes in political and democratic status of the Philippines. The Philippine government greatly benefitted from the change of political status quo by

receiving more grants and technical assistance instead of loans that would hurt the already weak Philippine economy.

Development and performance model:

The development and performance model suggest that aid is allocated to countries with the best development potential for the future and is based on a neo-liberal concept of global governance. Foreign aid is used as a tool for states to cooperate in addressing problems of interdependence and globalization and as Panasevic (2013) puts it, global governance is based on the existence of common global interests. These interests could be preventing global threats such as spread of infectious diseases such as polio, smallpox and malaria. It can also be reducing environmental degradation to avoid global warming. As a method to achieve these interests, states use ODA to create a common strategy for growth and development based on sustainability.

This model is well supported by Danida's development cooperation policies in the 1990s. A lot of Danida's ODA was focused on environmental projects and providing developing countries sustainable development strategies and projects. In the 1990s, environmental and sustainable development became the highlight of many development cooperation strategies. This is evident during the Rio conference held in 1992 where the world saw new jargon in the form of "ozone hole", "desertification", and "sustainability" (Danida, 2012). Denmark, which already taken steps before the conference, had dedicated funds for the environmental projects since 1989. Under this new frame, a wide range of Danish environmental initiatives in several developing countries were done and in 1997, OECD reported that approximately 25% of all Danish projects had "Aid to Environment" as a significant or principal objective (Development Assistance Committee, 1999) (Danida, 2012).

The PRRP is one of the many projects that was under this frame and possibly one of the first since the deal between the Danish and Philippine governments were signed in 1989. It is evident because PRRP was about rehabilitation of river environments in the Philippines. It was also a good opportunity for Danish private sector and public sector, who were well advanced in the environmental and water sectors, to conduct an environmentally friendly project in a developing country (Danida, 2012). The expertise in environment and water sectors became a "system export"

for Denmark In that sense, the feasibility study can be attributed as a system export (Danida, 2012). The feasibility study emphasized the importance of integrating environmental targets.

In the Philippine side regarding the environment, changes in the Philippines legislative branches of the Philippine government also supports the development and performance model. Corazon Aquino's changes of the 1987 constitution included the legitimatization of organizations which promoted national welfare. This gave environmental groups a political opportunity to establish themselves in the Philippines, furthermore, enacting policies for environmental management and protection that inspired many donor agencies to pour funding into the Philippines. This ultimately helped to mobilize local communities and agencies to implement environmental projects (Caplis, 2014). Followed by the Rio conference in 1992, on UN framework of sustainable development, the Philippine society had subsequently adopted consciousness over the environment (Caplis, 2014).

Under legislation, Philippines appeared to be adequate for the implementation of PRRP. However the enforcement of rules and regulations governing environmental protection and pollution control were limited by the lack of funds, technical equipment and trained workers (Carl Bro International, 1991). Therefore, it was important that the collaboration between Denmark and the Philippines also included institutional capacity building, training of local consultants and engineers. This is also acknowledged by Danida's decision making process because the limited capacity of these agencies made integration of environmental policy with economic development at all levels very slow (Development Assistance Committee, 1999).

Overall, the development and performance model can be supported by the case study. The Danish government and the Philippine government do recognize the global threat of global warming and to prevent any more damage to the environment, both nations set legislative policies that deals with environmental management and pollution. Both governments dedication to reducing environmental degradation reflect a common global interest and since the Philippines was newly adopting the implementation of environmental laws, the Philippine government struggled to regulate and implement because of budge, capacity, and knowledge constraints. However, when applying the PRRP case, the "system export" provided by Denmark's ODA has helped the Philippines to be more environmentally conscious by providing technical assistance that improves

the capacities that counteract the constraints of implementing economic development with the integration of environmental policy.

Economic-commercial model

The model is based on commercial liberal theory and claims that economic interdependence and material interests are the main drivers that encourage cooperation, close partnership relations and peace among countries. Foreign aid is determined by the economic and commercial interests of the donor. The assumption is that ODA is linked with enhancing trade and investment opportunities, and that donors choose the recipient country based on the potential economic worth of the state. In turn, the model suggests several mechanisms where foreign aid can contribute to the commercial interests of the donor state.

First mechanism is that donor states will promote special political and economic reforms in the recipient country, this is understood as conditionality policies. Second is the introduction of special rules in development cooperation programs. This means that the provided ODA must be spent on buying goods and services from the donor country, further increasing sales of goods and services from the Donor country. In turn, this also has benefits for private companies that want access to the markets of the recipient country. The last method is that development cooperation projects contribute to smoother cooperation between individuals building confidence between the societies of the two states and creating a better climate for investments (Panasevic, 2013). In turn, both states build a better understanding of market structure in each other's country which helps to influence and create new commercial relationships.

The model suggests that foreign states will promote special political and economic reforms in the recipient country in the form of conditional policies. In 1990, Philippines depended on ODA for development capital because of the poor economic conditions. There was low private investment and national banks had no funds to allocate for development. In order to recover the economy, the Philippine government had to demonstrate neo-liberal economic principles in order to receive and sustain ODA. Adhering to these economic principles meant more private investment flows for development and national banks recovering from debt. As Jones' argued in his research, ODA prepared the Filipino market to be open for privatisation so that economic conditions would improve. In a sense, foreign states or international norms may have influenced the promotion of

special political and economic reforms that encouraged neo-liberal reforms to be implemented in the Philippines. By foreign states providing ODA, the Philippine government saw this as an opportunity to recover its economy and to sustain it by opening market access to the world. The Philippines then was able to enhance trade and investments to recover its economy.

The second mechanism underlines that ODA is given with special rules. In development cooperation, tied aid is the term that best describes “special rules”. When ODA is tied, the purchase of goods and services from the donor country’s industries are required by the donor agency (Meeks, 2018). Denmark also did tied aid and this is evident when analysing Denmark’s policy on tying aid in the 1990s, OECD’s country review of Denmark (1999) reported that Denmark’s tying policy required ODA projects to involve sectors of Danish industry. The tying process was done through informal tying where procurement of ODA projects was offered to Danish companies and service providers to submit a proposal. Companies would then submit a proposal and be chosen by Danida. Tied aid was common and in 1996-1997, the Creditor Reporting System (CRS) suggests that of the USD 1.1 billion in bilateral commitments in 1996-1997 by Denmark, 49 % was tied, with 24 % of it in the form of technical co-operation (Development Assistance Committee, 1999).

In relation to the case study, PRRP was a project that was funded by a DKK 100 million Danida grant. The agreement was between Danida and DENR and under the agreement, Carl Bro won the procurement process or was contracted to provide technical assistance to DENR (Carl Bro International, 1991). Carl Bro International at the time was a Danish consultancy and engineering company that worked on developmental projects across the world related to water, environment, transport, civil engineering, architecture, and energy. In 2002, Carl Bro was bought and is now part of Swedish consultancy firm Sweco (Børsen, 2002). Figure 4.1 Shows which projects was contracted by Danida/DENR to Carl Bro International.

Figure 4.1

Carl Bro projects in the PRRP project

Name	Location	Description	Cost
Pasig River Rehabilitation Feasibility Study	Manila Bay and Laguna de Bay	The study will cover such areas as, urban planning, sociological aspects, ecology, economy, water and wastewater planning & management, solid waste management, institutional development, fisheries development and public participation/public awareness. Least cost strategies for solving the interconnected problems in the catchment area will be considered in order to arrive at environmentally and economically sustainable solutions.	USD 1,000,000 DKK 7,858,070
Pasig River Rehabilitation Feasibility Study	Pasig River	The study will cover such areas as, urban planning, sociological aspects, ecology, economy, water and wastewater planning & management, solid waste management, institutional development, fisheries development and public participation/public awareness. Least cost strategies for solving the interconnected problems in the catchment area will be considered in order to arrive at environmentally and economically sustainable solutions.	USD 1,800,000 DKK 12,858,660
Pasig River Rehabilitation Project: Phase 1	Metro Manila	The project includes areas and activities such as, urban planning, sociological aspects, ecology, economy, water and wastewater planning & management, institutional development, fisheries development and public participation/public awareness. Least cost strategies for solving the interconnected problems in the catchment area are considered in order to arrive at environmentally and economically sustainable solutions.	USD 2,000,000 DKK 14,287,400
Pasig River Rehabilitation Project, Phase II	Manila	Overall project management and co-ordination - Institutional aspects including integration of the River Rehabilitation Secretariat into the Environmental Management Bureau, and co-ordination with the private sector, NGOs and other relevant organisations - Industrial monitoring and updating of industrial database - Preparation of waste minimization plans - Support for the conduct of community campaigns and training and support to community based environmental media - Training in specialised technical subjects and in communication and management	USD 2,490,000 DKK 17,787,813
Training Course on the Design of Industrial Wastewater Treatment Plants	Manila	Services provided include: i) Development of training course for government staff responsible for industrial wastewater treatment plant evaluation. ii) Delivery of training course. iii) Course evaluation performed. The training course provided lectures, tutorials and site visits on a variety of methods of industrial wastewater treatment, activated sludge, trickling filter, sludge treatment, and chemical processes. Training was given on process design, effluent standards, and responsibilities of treatment plant designers.	USD 30,000 DKK 214,311

Training of Industrial Waste Treatment Plant Operators	Manila	Services provided include: i) development of training course for industrial wastewater treatment plant operators, ii) delivery of training course, iii) course evaluation performed. The training course provided lectures, tutorials and site visits on a variety of methods of industrial wastewater treatment, activated sludge, trickling filter, sludge treatment and chemical processes. Training was given on operation of treatment processes, maintenance, record keeping, safety, effluent standards and responsibilities of a treatment plant operator.	USD 30,000 DKK 214,311
Training of Industrial Waste Treatment Plant Operators Stage II	Manila	Services provided include: i) development of training course for industrial wastewater treatment plant operators, ii) delivery of training course, iii) course evaluation performed. The training course provided lectures, tutorials and site visits on a variety of methods of industrial wastewater treatment, activated sludge, trickling filter, sludge treatment and chemical processes. Training was given on operation of treatment processes, maintenance, record keeping, safety, effluent standards and responsibilities of a treatment plant operator.	USD 30,000 DKK 214,311
Training of Industrial Waste Treatment Plant Operators Stage II - IV	Manila	Services provided include: i) development of training course for industrial wastewater treatment plant operators, ii) delivery of training course, iii) course evaluation performed. The training course provided lectures, tutorials and site visits on a variety of methods of industrial wastewater treatment, activated sludge, trickling filter, sludge treatment and chemical processes. Training was given on operation of treatment processes, maintenance, record keeping, safety, effluent standards and responsibilities of a treatment plant operator.	USD 90,000 DKK 642,933
Waste Minimization Programme in the Pasig River Industry (Under the Pasig River Rehabilitation Programme)	Metro Manila	Project management Contact and information to the industry, ½ day visits to the industries together with local staff, - Training of local staff, - Performance of environmental reviews, - Elaboration of Waste Minimization Programmes, - Project reporting.	USD 700,000 DKK 5,000,590
Waste Minimization Programme in the Pasig River Industry (Under the Pasig River Rehabilitation Programme) Stage II	Metro Manila	Project management Contact and information to the industry, ½ day visits to the industries together with local staff, - Training of local staff, - Performance of environmental reviews, - Elaboration of Waste Minimization Programmes, - Project reporting.	USD 50,000 DKK 357,185
<p>Total cost of Carl Bro services for Pasig River Rehabilitation Project (Rounded to the nearest 100th)</p> <p>USD 8,320,000</p> <p>DKK 59,435,000*</p>			

Note. Retrieved from Document Review: Sweco Danmark A/S- major work during last ten years that best illustrates qualifications³

³ Retrieved document: Not available online

* USD to DKK Exchange Rates: Appendix 2

According to Dr. Haman, the project director for the feasibility study, Danida made payments to Carl Bro based on the progress of their work for PRRP. Haman also mentioned that other Danish companies that worked in association with Carl Bro International were also paid for their services and goods. These payments for the projects are proof that Danida intervention in the PRRP is tied aid. Based on the document review presented in figure 4.1, payments to Carl Bro International amount to 59% of the DKK 100 million grant provided by Danida to DENR in 1989. The other 41 % of the grant may have been paid out to DENR or other Danish firms that were involved in the project. In turn, these companies benefit from the experience working in the Philippines by increasing their local networks, knowledge of the market structure, profits and revenues. The Philippine government agencies and local consultants that were involved also benefit from the technical cooperation by valuable training, capacity building, and experience working with foreign firms.

Overall, the economic commercial model can be supported by the case study because all mechanisms the model introduced is applicable. The Philippine government opened its markets by implementing neo-liberal political and economic reforms. Denmark's ODA policy regarding tied aid suggests that it was mandatory for Danish industry sectors to benefit from ODA projects. The PRRP project was also a tied aid project with 59% of the DKK100 million grant going back to Danish consultant. Furthermore, Danish companies such as Carl Bro were given the opportunity to gain market shares in the Philippines with their respective sectors through network building, knowledge of market structure and partnerships. In return, the Philippine government and local consultants benefitted from the technical cooperation by gaining new knowledge, experience and capacities that will aid development progression of the Philippines.

Discussion

The problem formulation aims to figure out why Danida, a Danish international development agency, has funded a project in the Philippines. To answer the problem formulation, the thesis used development cooperation theory as a framework for analysis. The thesis also used the Pasig River Rehabilitation program as a case to research and gather data. The theoretical framework of development cooperation theory provided the thesis models which can describe a development agencies motives and intentions for engaging in a development project. By applying the models to the PRRP project, the thesis can demonstrate 4 different logics as to why Danida would fund a project in the Philippines.

The first model covered in the analysis was the power political model. In relation to the problem formulation, the thesis argues that this model does not fully provide a complete reasoning for Denmark's engagement in the Philippines. Denmark is neither in the geographical proximity of the Philippine and nor is it culturally similar. However, the Philippines and Denmark does share 73 years of diplomatic relations. Therefore, the thesis argues that ODA to PRRP was to maintain these relations for historical and economic reasons. PRRP project was a cooperation between Denmark and the Philippines and what was most interesting about this model's analysis was the engagement between Danish and Filipino people. The findings in the interviews suggested that both Dr. Haman and Arellano experienced exchanges of culture and values. Dr. Haman described and emphasized his experience of trying to change Filipino work culture regarding maintenance. Mr. Arellano discussed his positive views of Danish engineers and consultants. In particular, he highlighted that Danish consultants were gentle and that there was a sense of equality. Mr. Arellano's positive opinion on Danish people could highlight the effect of soft power in an individual level.

The second model in the analysis is the political stability and democracy model. In relation to the problem formulation, the thesis argues that Danida's reasoning for providing ODA to the Philippines is reliant on the Philippine governments adherence to international norms set by the international community. The thesis supports the model by making a correlation between the Philippine political and democratic status quo with OECD data on ODA disbursements. Danish ODA disbursements in the form of grants and technical assistance indicate that Philippines was receiving very little during Marcos's administration. However, in Aquino's administration, who revamped Philippine

democracy with the 1987 Philippine constitution, saw a rise of Danish ODA disbursements in the form of grants and technical cooperation into the Philippines.

However, disbursements of ODA in the form of loans were not affected by the political and democratic status quo set by international norms and community. The data suggests loans were made to the Philippines during Marcos's time. To explain, these loans may have been made by the Investment Fund for Developing Countries (IFU) and although IFU is under the Ministry of Development Cooperation, IFU is not bound to the same guidelines as ODA. IFU's main purpose is to help Danish companies' investments in developing countries and therefore it wouldn't make sense for IFU to neglect Danish companies who want to invest in the Philippines just because the Philippine government doesn't comply with international norms. What is interesting about this model is the difference in ODA provided based on the political and democratic status quo of the recipient country. Political stability and democracy do play an important role when donors provide ODA in the form of grants.

The third model is the development and performance model. The thesis supports this model by analysing Denmark's development cooperation policies regarding the environment in the 90s and the Philippines's legislative policies regarding the environment. The thesis found that Denmark was ahead of its time when ODA had to be environmentally friendly. Even though the Rio conference held in 1992 put environmental projects in interest of development, Denmark had already dedicated funds for environmental projects since 1989. Denmark's environment and water industries were well advanced to the extent that this expertise became a system export for Denmark's ODA. In fact, PRRP's feasibility study could be considered an example of a "system export" where Danish expertise on water and environment was utilized for technical cooperation.

The thesis also analysed the Philippines legislation on environmental policies and the analysis observed that the legitimization of national welfare groups gave the environmental groups a political opportunity to establish themselves and enact policies for environmental management and protection in the Philippines. These enactments by these groups were supported by donor agencies and a strong political will to implement environmental development projects. These funds helped to mobilize local communities and government agencies to implement environmental projects.

However, by using the PRRP case as an example, the thesis found that the Philippine government struggled with the implementation of environmental projects. The government agencies involved with environmental protection and pollution control were limited by lack of funds, technical equipment, and trained workers. Therefore, the “system export” or technical cooperation between Denmark and the Philippines in PRRP had to include institutional capacity building, training of local consultants and engineers. Both governments dedication to reducing environmental degradation reflect a common global interest and overall, both Denmark and Philippines recognize that the global threat of global warming requires strategic cooperation. What stands out about this model in the analysis is the emergence of these environmental groups and Danida’s system export. The timing of the enactments of environmental laws and Denmark’s switch to focus on environmental development projects was just right and reflects the global effect a UN conference can have. What is more impressive is that Denmark was already ahead of other states when implementing environmental projects.

The fourth model is the economic commercial model which provides 3 mechanisms for analysis. The first mechanism is supported by building on Jones argument that ODA prepared the Filipino market for privatisation. ODA to the Philippines built on the premise that neo-liberal economic and political reforms would be implemented to encourage growth. It was also in the Philippine governments best interest at the time to liberalize the market in order to reduce debts. The second mechanism states development cooperation having “special rules”. The thesis supported this by building on the concept of tied aid, which requires the recipient of ODA, to buy goods and services from the donor countries. The thesis analysed Denmark’s tying policies and found out that Denmark engages in “informal tying”. In relation to the PRRP case, the thesis shows some of the project contracts and costs of Carl Bro’s involvement in the Philippines. The calculations indicate that 59% of the PRRP project was indeed guaranteed to be tied aid. This is also supported by Dr. Haman’s testament of how pay-outs were made by Danida to Carl Bro. The third mechanism is supported by the valuable experience a project like PRRP can have for Carl Bro. The company got an opportunity to expand their business by building on networks, knowledge of the market structure and partnerships. In return, the Philippine government and local consultants gained valuable knowledge, experiences and capacities that can influence positive development in the Philippines.

In relation to the problem formulation, the economic commercial model provides a strong argument for reasoning Danida's engagement in the Philippines. Benefiting Danish private companies while helping the Philippines with technical cooperation is a good strategy and seems to be fair. This model though raises a few questions that would be interesting to pursue for a future project. What would the development project be like if it was untied aid? Would it have led to more development for the country? If the Philippine government was given the authority for procurement of the projects, would the development project be any different? The Philippine economy would benefit if local Filipino companies and consultant firms received the funds.

However, in PRRP's case, would these local companies and consultant firms been able to provide a feasibility study with the same level of expertise as a Danish company? Could corruption play a role in affecting the project? A DKK 100 million in the Philippines is a lot of spending power, and when working in a developing country, the money could become victim to corruption. From the donor's perspective, it seems there is less risk involved when the services are provided by a company from the donor's country. However, that doesn't mean corruption will not happen.

Overall, the thesis can provide cultural, political, and economic reasons to why Danida would intervene in the Philippines by using the Pasig River Rehabilitation Program case. However, the thesis does have limitations that affect the research. The sample size of the interviews hampered the thesis ability to generalize. It would have been more credible if the thesis was able to interview at least 20 individuals who worked on the PRRP from both the Danish side and Philippine side. The small sample size is due to the problems encountered when gathering data, some people were not available to have time to meet for an interview because of work or personal issues. This in turn, affects the research on Danida's development cooperation strategy in the Philippines and specifically in the PRRP project.

Another limitation is the limited data available online. A lot of the data collection had to be done through physical means such as scanning received documents or looking through archived physical reports and digitalizing it. The access to these physical data sources is also dependent whether the company, government agency or civil society group is willing to give these documents. Luckily the researcher managed to gain some data but due to the lack of available data, the results cannot confirm its findings better. Regardless of the limitations, the thesis is still able to answer the

problem formulation. Danida's involvement in the Philippines is explained by the models of development cooperation theory and with the case approach, managed to connect theory with reality.

Conclusion:

The thesis set out to make a theoretical argument based on an analysis of a case study. By analysing the motives and intentions behind Danida's intervention in the Pasig River Rehabilitation Program in the 1990s, using development cooperation theory as a framework, the thesis can show cultural, political, and economic reasons to why official development assistance is implemented by Danida for the Pasig River Rehabilitation Program. These 4 reasons have influenced Danida's development cooperation strategies and in turn also revealed multiple motives and intentions behind the strategies.

The thesis's main research points were to learn more about Danida's development cooperation strategies and to see how Danida's involvement in the Pasig River Rehabilitation Project benefitted Denmark and the Philippines. The methodological approach of the project was effective in providing overall reasons behind Danida's official development assistance to the Pasig River Rehabilitation Program. The theoretical framework provided valuable models to research motivations and intentions for donor engagement and by applying the framework on a case study, the thesis was effective in bridging theory with reality, showing how influential the realities of a recipient country can affect Donor engagement in a country.

Analysing the PRRP case also came with a lot of unexpected insights which arose during the analysis. In particular, the economic commercial model illustrates that commercial interests are the reason for engaging donor countries to engage development assistance while political stability and democracy model illustrates the importance of the political and democratic status quo of the recipient country. Further research is needed to address the relationship between these two models and for understanding how they interact with each other.

The research has successfully answered the problem formulation by determining reasons why Danida would fund a project in the Philippines. Development cooperation theory offers models that can be applied to analyse the motives and intentions of Danida and how these reasons relate to the realities in the Philippines. Denmark's intervention in the Pasig River Rehabilitation Program is

reflective of multiple reasons that development cooperation policy considers for the implementation of official development assistance.

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Appendix 1:

Understanding Quantitative data: Destination of Official Development Assistance Disbursements. Geographical breakdown by donor, recipient and for some types of aid (e.g. grant, loan, technical co-operation) on a disbursement basis (i.e. actual expenditures). The data cover flows from all bilateral and multilateral donors except for Tables DAC 1, DAC 4, DAC 5 and DAC 7b which focus on flows from DAC member countries and the EU Institutions.

Appendix 2:

Exchange rates

DKK 1 = PHP 4.5 As of August 1991

USD 1 = DKK 7.1473 As of October 30, 1989

USD conversion to DKK can be seen here: <https://www.poundsterlinglive.com/bank-of-england-spot/historical-spot-exchange-rates/usd/USD-to-DKK-1989>

Appendix 3:

Abbreviations list:

CRS	Creditor Reporting System
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DENR	Department of Environment and Natural Resources
IDS	International Development Statistics
IFU	Investment Fund for Developing Countries
ODA	Official Development Assistance
OECD	The Organisation for Economic Co-operation and Development
PRRC	Pasig River Rehabilitation Commission

PRRP	Pasig River Rehabilitation Program
TC	Technical Cooperation
LGUs	Local Government Units