

ENVIRONMENTAL COOPERATION-ASIA (ECO-ASIA)

**QUARTERLY REPORT
APRIL – JUNE 2006**

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By

Planning and Development Collaborative International, Inc. (PADCO)

1.0 Summary

In this quarter, Planning and Development Collaborative International, Inc. (PADCO) continued support for the ECO-Asia program by completing a series of project planning, design and implementation activities, as well as remaining project start-up arrangements. Primary activities focused on: (1) project systems development; (2) refinement of the water and sanitation component; and (3) activity development and implementation. Highlights from this quarter centered on obtaining a license to operate PADCO's main project office in Thailand, organizing a full team-building meeting, and finalizing the performance management plan (PMP).

2.0 Performance Objectives and Expected Outputs

Project performance objectives for the third quarter focused on activity development, planning and implementation in line with the annual work plan. Core performance objectives and expected outputs included:

- Continued activity planning, development and implementation;
- Completed mobilization of long- and short-term personnel
- Made progress toward project/office registration
- Finalization and submission of the PMP

3.0 Summary of Major Accomplishments

Major activities and accomplishments during this quarter centered on: (1) project systems development; (2) refinement of the water and sanitation component; and (3) activity development and implementation.

3.1 Project Systems Development

During this quarter, PADCO continued to put in place key project systems and tools. Principal activities included:

Project Registration and Offices

- Continued to consult with RDM/A and legal professionals to identify all legal requirements and obstacles for registering PADCO's office in Bangkok
- Received a license on June 22 from the Business Development Department of the Thai Ministry of Commerce to operate and provide services to USAID

Project Management Systems and Team Meeting

- Mobilized all staff for ECO-Asia team meeting in Bangkok for program orientation and team building. Developed key elements of effective activity planning and design; discussed communications and reporting strategies; and defined staff roles and responsibilities.
- Worked closely with TAF and Louis Berger to finalize comprehensive exchange guidelines that enable each contractor and office to utilize comparative advantages in keeping with contract requirements to ensure effective use of resources and funds in support the exchange program.

Performance Management Plan

- Supported the Regional Environment Office Strategic Objective (SO) team meeting and PMP workshop and assisted in finalizing indicator definitions.

- Defined the support mechanism for RDM/A on SO PMP.
- Finalized activity-level PMP that links with RDM/A's SO, set targets and submitted to USAID

Staffing and Subcontracting

- Completed key hires (Country Coordinators for India, Indonesia, Sri Lanka, and Vietnam; Communications/IT Specialist; Communications/Media Specialist; and Regional Exchanges/Grants Manager).
- Continued to identify and hire pool of short-term consultants.
- Finalized subcontractor arrangements

3.2 Refinement of the Water and Sanitation Component

Through discussions with USAID/RDM/A and the ECO-Asia team, a senior consultant (Allen Eisendrath) reviewed and helped refine the ECO-Asia water and sanitation component to expand the program beyond to address a broader range of programming areas. Key outcomes included:

- Identified five strategic focus areas for the water and sanitation program, including: (1) improved corporate governance and management by water service providers; (2) innovative models for expanding water supply to poor communities; (3) sustainable sanitation solutions; (4) improved enabling conditions for water and sanitation services; and (5) innovative financing mechanisms.
- Identified potential pilot activities that address five strategic focus areas
- Ensure closer integration with Water for the Poor Act and AID/W program priorities.

3.3 Activity Design and Implementation

PADCO worked with key project partners to continue activity design and implementation. Major activities are presented in the appendix. Specific tasks included:

Water and Sanitation

- Mobilized consultants to support overall program and activity planning and implementation in water and sanitation in India, Philippines, Vietnam, Thailand, and Sri Lanka, including sector appraisals and pilot screening.
- Met with the Pune Municipal Corporation in India to outline working arrangements and identify priority topics for a pilot activity. Letter of Intent (LOI) signed in May; concept note approved by USAID in June.
- Met with service provider in Bandung, Indonesia to discuss pilot activity involving converting public taps into small-scale community run distribution systems. Concept note approved by USAID in June.
- Discussed support to the Environmental Services Program (ESP), Indonesia through regional support for energy efficiency audit training. Concept note approved by USAID in June.
- With ESP, initiated planning for Indonesian study tour to India to highlight municipal/corporate bond development and application. Concept note approved by USAID in June.
- Met with Local Water Utilities Administration (LWUA) in the Philippines to explore pilot opportunities, including preparation of transitional loan packages. Concept note approved by USAID in June.
- Finalized development of sanitation pilot in San Fernando, Philippines.
- PADCO finalized the Sri Lanka sector assessment and supported identification of the Sri Lanka sanitation pilot city (Nuwara Eliya). Pilot to be the model for addressing priority sanitation challenges in Nuwara Eliya; concept note approved by USAID in June. Began preparations for the Nuwara Eliya inception workshop.

- Conducted a two-day pre-Sanitation Summit training-workshop on Risk Assessment Methodology and Developing Case Studies with the Philippine Department of Health.
- Supported the Development of National Framework for Sewerage and Septage Management in the Philippines by conducting a write-shop to help prepare the National Sewerage and Septage Management Program (NSSMP), which is required by the Philippine Clean Water Act of 2004.
- Began organizing the first Philippine Sanitation Summit to take place in Q4.
- Sponsored the participation of two resource persons for the National Conclave on Globalizing Indian Cities workshop, which focused on building a sustainable partnership with the media for creating an appropriate enabling environment for urban water reforms.
- Conceptualized Urban Water Leadership Forum – Asia. Concept note approved by USAID in June.
- Sponsored participants from four countries to attend the Mayors' Asia Pacific Environmental Summit (MAPES) in Melbourne, Australia.
- Met with SEAWUN to discuss the MOU with USAID.
- Planned the upcoming energy efficiency training for water utilities in Indonesia and the energy consumption audits that will follow.

Asian Environmental Compliance and Enforcement Network (AECEN)

- Organized workshop with the Supreme Court of Thailand and senior justices from Indonesia, Philippines, Thailand, and the United States on developing environmental courts; the Supreme Court of Thailand announced plans to establish a specialized environmental court that will handle all environmental cases.
- Organized three national consultation and training workshops for environmental agencies in the Philippines, Thailand and Vietnam in partnership with U.S. EPA to identify and develop national-level environmental compliance and enforcement indicators.
- Supported efforts to recruit new AECEN members – e.g., Industrial Estate Authority of Thailand (IEAT) (Thailand) and Laguna Lake Development Authority (LLDA) (Philippines), whose membership was endorsed by the Executive Committee; Japan Ministry of Environment also expressed interest in joining AECEN.
- Prepared regulation and operations manual to collect, manage and disburse water quality management funds created under the Philippine Clean Water Act as part of the Establishing Water Quality Management Funds pilot activity; held joint technical meeting held between the Environmental Management Bureau-Department of Environment and Natural Resources (DENR/EMB) and Department of Budget and Management to discuss implementation issues and possible way forward.
- Prepared action plan to establish a compliance assistance center and planned upcoming workshop with resource persons from U.S. EPA, Singapore, Philippines, and several Thai agencies to discuss establishing a compliance assistance center in Thailand.
- Sponsored participation of representatives from Indonesia, Philippines, Thailand, and Vietnam in an International Workshop on Environmental Performance Disclosure in Developing Countries in Beijing to share experiences and explore opportunities for collaboration. The workshop brought together environmental officers from eight countries that have existing disclosure programs or are interested in establishing such programs.

Transboundary Conflict Management

- Launched joint program with the Mekong River Commission (MRC) to promote cooperation among Cambodia, Lao PDR, Thailand, and Vietnam in addressing transboundary environmental conflicts.
- Conducted inception workshop for representatives from the National Mekong Committees to discuss conflict prevention and conflict management and implementation of Goal 2 of the MRC Strategic Plan with experts from U.S. EPA and Oregon State University.

Communications and Reporting

- PADCO continued to develop communications materials, including ECO-Asia outreach materials and website; finalized website design and began populating the site.
- Drafted comprehensive outline of AECEN website, inclusive of general text.
- Drafted AECEN brochure containing general information on the network.
- Finalized activity-level PMP that links with RDM/A's SO, set targets and submitted to USAID

4.0 Outstanding Issues

Outstanding issues for the next quarter will center on: (1) completing office operations; (2) moving into the activity implementation phase for all programs; and (3) finalizing communications and outreach materials. Key outstanding issues include:

- Completing Thailand project office registration and coming into compliance with local labor, immigration, banking, and taxation requirements
- Working with the Government of India to get necessary approvals to operate as a project;
- Completing MOUs with the Government of Vietnam for implementation of AECEN activities
- Completing MOUs with SEAWUN and MRC
- Obtaining USAID approval to finalize small grant guidelines
- Continuing with activity implementation with strategic partners to ensure first-year results
- Finalize all outreach materials, including brochures, website, posters, e-newsletter, etc.

5.0 Resource Leveraging and Sustainability

PADCO continued to work closely with RDM/A to implement ECO-Asia's core implementation strategy of leveraging programming resources and capabilities with project partners, including USAID missions. In particular, we worked with representatives from ongoing bilateral mission programs in India (FIRE-D), Indonesia (ESP), Philippines (LINAW), and Sri Lanka (TALG) to implement specific activities and share project resources. Other efforts included partnering with the Water and Sanitation Program for East Asia and the Pacific (WSP-EAP) of the World Bank, Technical German Cooperation (GTZ) and Philippine Department of Health (DOH) to organize the first Philippine Sanitation Summit to be held in Q4. Began work with the World Bank to develop a regional toolkit on public disclosure to be presented during the AECEN Annual Forum in December, 2006.

6.0 Performance Objectives for Next Quarter

In the fourth quarter of performance, PADCO will focus on activity implementation per the first-year work plan. Key performance objectives for the quarter will include:

- Completing or launching pilots in water (Bandung, Pune, Bangkok, Bac Ninh), sanitation (San Fernando, Nuwara Eliya and Halong), environmental enforcement (Thailand, Philippines), indicators (Philippines, Thailand and Vietnam), and program assessments (India, Sri Lanka, Indonesia).
- Completing water and sanitation rapid sector appraisals
- Finalizing working arrangements with Water for People to facilitate the technical cooperation between Asian and U.S. counterpart water and wastewater utilities, and other organizations or individuals through the ECO-Asia twinning program.
- Meeting with main project partners (e.g., target cities, AECEN national coordinators) to continue activity design and implementation for priority country and regional activities.
- Receiving approval for grants procedures and issuing small grants in support of project activities.
- Completing regional activities and tools (e.g., sanitation manual, public disclosure toolkit).

- Completing MOUs with MRC, SEAWUN and other key partners.
- Finalizing project/office approvals in Thailand, India and Vietnam
- Finalizing core communications tools (website, outreach materials).
- Continued planning and establishment of the Urban Water Leadership Forum – Asia.

7.0 Expenditures by Contract Budget Category

Appendix: Activity Summary

AECEN Delegates Participate in International Workshop on Public Disclosure in Beijing, China.

Through the USAID-funded Asian Environmental Compliance and Enforcement Network (AECEN), representatives from Indonesia, Philippines, Thailand, and Vietnam participated in an International Workshop on Environmental Performance Disclosure in Developing Countries in Beijing on April 6-7, 2006, to share experiences and explore opportunities for collaboration. The workshop was organized by the World Bank and the State Environmental Protection Administration (SEPA) of China. The workshop brought together environmental officers from eight countries that have existing disclosure programs or are interested in establishing such programs. AECEN delegates presented the PROPER program in Indonesia, the Laguna Lake Development Authority experience in the Philippines, the Green Bamboo program in Vietnam, and the efforts in Saraburi Province, Thailand. All participants committed to implement, expand or strengthen environmental performance disclosure in their respective areas and to continue to share experiences, and it was noted that AECEN could serve as the regional information center. The AECEN Secretariat reported that together with the World Bank, it will be developing a regional toolkit on public disclosure to be presented during its Annual Forum in November, 2006.

Thailand Supreme Court Announces Plans to Establish Environmental Court.

With support from USAID, senior justices from Indonesia, Philippines, Thailand, and the United States convened a regional workshop on April 26-27, 2006, in Bangkok to exchange views on the role of the judiciary in environmental protection and to promote regional cooperation. As part of the program the Supreme Court of Thailand announced plans to establish a specialized environmental court that will handle all environmental cases. Courts throughout Asia have witnessed an increased number of environmental cases as a direct result of rapid urbanization and related environmental problems, including continued deterioration of water and air quality, increased production of hazardous waste and depletion of forests. At the close of the workshop, participating justices issued a statement that promotes regional cooperation on environmental adjudication in cooperation with the USAID-funded Asian Environmental Compliance and Enforcement Network (AECEN). The Thailand Judicial Training Institute and the Philippines Judicial Academy also prepared an action plan for regional cooperation on judicial capacity building.

Philippine Department of Health Spearheads Risk Assessment Workshop with USAID Support.

A two-day training-workshop on Risk Assessment Methodology and Developing Case Studies was conducted April 26-27, 2006, in Makati City. Twenty-three participants representing 14 local government units (LGUs) and practitioners in the field of wastewater management and sanitation attended the event. The workshop is part of the preparatory activities leading to the Philippine Sanitation Summit 2006 scheduled for June 8-9 in Mandaluyong City. The objective of the workshop was to train the participants on the use of the risk assessment method in developing case studies and project interventions. The LGU case studies will be featured during the national summit. The summit and all of the pre-event activities are being spearheaded by the Department of Health (DOH). LGU participants were selected from among DOH-assisted local governments, as well as other LGUs being assisted by USAID (LINAW, SCOTIA and ECOGOV), GTZ and the Center for Advanced Philippine Studies (CAPS). USAID sponsored the participation of six LGU delegates from three cities involved in the Local Initiatives for Affordable Wastewater Treatment (LINAW) project, namely Dumaguete, Iloilo and Muntinlupa Cities.

USAID's ECO-Asia Supports the Development of National Framework for Sewerage and Septage Management.

Twenty-five participants attended a write-shop on May 2-3, 2006, in Tagaytay City, Philippines to help prepare the National Sewerage and Septage Management Program (NSSMP), which is required by the Philippine Clean Water Act of 2004. The document will set the national framework, provide guidance for local decision making to develop projects and provide funding options, and set criteria for national

funding. Participants included representatives from several Philippine government agencies that serve on the NSSMP Technical Working Group (TWG), the League of Cities of the Philippines, Muntinlupa City, German Technical Cooperation (GTZ), and Metro Manila water utility concessionaires. Inputs from the write-shop will be used by TWG Chair Jose Roncesvalles to develop a draft by the end of May; the draft will be presented during the Philippine Sanitation Summit in June.

USAID and Mekong River Commission Launch Joint Program to Address Transboundary Water Conflicts.

USAID, the Mekong River Commission (MRC), the U.S. Environmental Protection Agency, and Oregon State University met in Vientiane, Lao PDR on June 2, 2006, to launch a joint program to promote cooperation among Cambodia, Lao PDR, Thailand, and Vietnam in addressing transboundary environmental conflicts. Participants identified follow-up activities to address MRC's goals to enhance effective regional cooperation, identify potential transboundary issues for negotiation, mediation and conflict prevention, and develop mediation and conflict management capacity.

Mekong Countries Meet to Launch New Program to Address Transboundary Water Conflicts.

Decision-makers from Cambodia, Lao PDR, Thailand, and Vietnam met in Udon Thani, Thailand on June 5-6, 2006, to launch a new program to promote cooperation in addressing transboundary water conflicts. With support from USAID and the Mekong River Commission (MRC), representatives from the National Mekong Committees agreed to cooperate in identifying potential transboundary issues and building human and institutional capacity in conflict prevention and conflict management. Experts from the U.S. Environmental Protection Agency and Oregon State University joined the meeting and shared experience in transboundary waters and conflict prevention.

USAID assists Asian Environmental Agencies in Developing Indicators to Measure Environmental Compliance and Enforcement Efforts.

In partnership with the U.S. Environmental Protection Agency (EPA), USAID organized three national consultation and training workshops for environmental agencies in the Philippines, Thailand and Vietnam in June 2006, to identify and develop national-level environmental compliance and enforcement (ECE) indicators. These national consultations included key stakeholders in each country and focused on preparing and developing actual ECE indicators to be used on a national basis. The workshops were organized under the auspices of the Asian Environmental Compliance and Enforcement Network (AECEN), which is supported by USAID. Representatives from EPA and the International Network for Environmental Compliance and Enforcement (INECE) led 30 participants in each country in discussions about measuring the performance of environmental agencies in implementing compliance and enforcement programs.

In Manila, mid-level officials of Environmental Management Bureau- Department of Environment and Natural Resources (EMB-DENR) and selected stakeholders outlined an action plan and timeline for further developing the workshop outputs (proposed indicators) and push for their adoption. In Hanoi, participants from national and local environmental agencies (Ministry of Natural Resources and Environment (MONRE), Vietnam Environmental Protection Agency (VEPA), selected Department of Natural Resources and Environment (DONRE)) committed themselves to adopt the workshop outputs in monitoring and improving their current programs, as well as in designing new programs under the new Law on Environmental Protection. Finally, in Bangkok, participants from the Pollution Control Department (PCD), Bangkok Metropolitan Administration (BMA), Department of Industrial Works (DIW), and other agencies, developed indicators for their specific programs which contribute to common end outcomes.