

The Philippine Water Revolving Fund Support Program

QUARTERLY REPORT

January 1 – March 31, 2009



This project is implemented by Development Alternatives, Inc. in association with:

- The Community Group International LLC
 - Resource Mobilization Advisors
 - CEST, Inc.

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Executive Summary

USAID Mission Goal: Enhanced security, governance and capacities for sustainable, equitable economic growth.

Strategic Objective #4: Management of productive, life sustaining natural resources strengthened.

Intermediate Result 1.2: Urban environmental management improved.

Background:

The PWRF Support Program started as a one-year project with four option years. The first year is for the program's Phase 1 and is focused on the set up and operationalization of the PWRF credit facility in the Development Bank of the Philippines. However, the PWRF set-up is contingent on the availability of the JICA loan to DBP, anticipated in March 2007, but was not signed until September 2008. In view thereof, USAID decided to extend Phase 1 to March 2008, then again to March 2009. It also decided to exercise the option years. USAID's decision to continue the assistance stems from the desire to sustain the momentum gained in financing reforms, favorable response from the PFI market, and the growing interest shown by the Philippine development partners to pursue the reforms in the sector. While the Option Year 1 (Year 2) work plan focused on capacity and institution building for PFI participation in the sector's financing, policy reforms, and formulation of the long-term financing mechanism with domestic capital market participation, the Option Year 2 (Year 3) work plan will install the PWRF program window in DBP upon signing of the JICA loan, establish mechanisms and provide technical assistance to enable local government units (LGUs) and water districts (WDs) develop a pipeline of bankable projects, develop the long term financing mechanism for water supply and sanitation projects, and strengthen selected water and finance sector institutions vital to the water sector reform program as outlined in the Philippine Water Sector Roadmap.

This accomplishment report shows the status of deliverables and activities of the base year and Option Years 1 and 2 Work Plans.

PWRF Targets in support of IR 1.2

Accomplishments for the Quarter (January – March 2009)

A. Year 1 Outstanding Deliverables

Component 1: PWRF Set-up

- | | |
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| <p>1. PWRF Business and Marketing Plan for DBP</p> | <ul style="list-style-type: none"> ▪ On-going; completed the Inception Report of the DBP TA; three focus group discussions (FGDs) with the officers of the DBP Regional Marketing Centers in Luzon, Visayas, and Mindanao were held in preparation for the PWRF Marketing Plan. ▪ Currently reviewing draft marketing plan ▪ The road shows are scheduled towards the end of |
|--|--|

June 2009.

Component 3: Policy Reform

2. Position Paper on Agri-agra eligibility of water sector loans

- **Completed** position paper, consultations with and letter of DOF to BSP requesting Agri-Agra eligibility of water and sanitation project loans. The request was denied by BSP. We then held consultations with BSP staff to clarify their reasons for denial, and prepared another letter for DOF seeking reconsideration. The letter is still pending with DOF.

B. Year 3 Work Plan

Component 1: PWRf Set-up and Institutional Development

Targets for the Quarter

- Identify projects for PWRf financing/ facilitate deal making activities
- Three prospective projects for financing were discussed with DBP and LGUGC—San Pedro WD, Metro Cebu WD and Bolinao LGU. Assisted in the review of financial statements and pre-investment studies of San Pedro WD. Bolinao was dropped after it decided to apply with Land Bank and Metro Cebu postponed review of financing options for distribution expansion, pending the bidding of the requisite bulk supply project with private providers
- Edit and print the Water Project Appraisal Guidebook for Lenders
- The articles are undergoing final editing and lay out. The launch is scheduled in May 2009
- **Securitization-** Assist LWUA in drafting the RFP for Financial Adviser, Underwriter, and Bond Counsel.
- **Dropped.** With the change in LWUA Board's chairmanship, priorities shifted. LWUA advised PWRf-SP to hold in abeyance the securitization plan and related activities (Letter from W. Feleo dated November 4, 2008)

Component 2: Project Development

Targets for the Quarter:

- On demand basis, evaluate level of preparedness of project feasibility studies; or assist targeted utilities improve project feasibility studies, for financing from the PWRf; or assist LGUGC and DBP evaluate projects for financing
- Two water districts, Zamboanga City Water District and San Pablo City Water District, were granted TAs for feasibility studies; Zamboanga in February 2009 for a sewerage treatment plant, and San Pablo in March 2009 for sewerage/septage management.
- Assist Jolo Mainland Water District (JMWD) with
- Due to the internal problems of JMWD, the values formation and project management training for

capacity building

JMWD has been delayed further. It was decided that a more comprehensive needs assessment will be conducted before the training.

- Assist MCWD and implement Septage Management projects
- Upon the request of MCWD, PWRf-SP reviewed and proposed a cost recovery mechanism for the MCWD septage management program, particularly identifying pricing scheme for high volume users which require more than one de-sludging service over the scheduled 5 year interval period.
- Finalize assistance to CCWD on the septage management FS
- Completed FS for CCWD. Team awaiting advise from CCWD on implementation plan.
- Conduct workshops to disseminate business model
- The workshops are targeted to be conducted in June 2009.

Component 3: Policy and Institutional Strengthening

Targets for the Quarter

- Prepare policy paper on rationalization of public resource allocation for water supply and sanitation projects
- A discussion paper, *Rationalizing Grants and Subsidies in the WSS Sector*, has been drafted and commented by USAID and DOF. The paper proposes a framework and strategies to rationalize the use of grants and subsidies for WSS development.
- Provide technical secretariat support to the PDF sub-Working Group on WSS
- In the last roundtable meeting where the Task Force on Financing and Infrastructure Investment of the PDF Sub-Working Group on WSS was formally reconstituted, the financing reform agenda was drawn up. The agenda included the issuance of operating guidelines on GOP financing policy, adoption of an incentive system to catalyze investments for WSS development, establishment of financing mechanisms to leverage public resources with private financing in WSS, and the implementation of financing facilities for project preparation and pre-investment studies.
- Facilitate NWRB and LWUA's harmonization of their regulatory roles
- Assist NWRB develop a sustainable financing plan
- Conduct training of selected water service providers on performance contracting and pilot testing
- The task forces on Strategic Alliance Building, Capacity Development, and Institutional Strengthening met separately to work on their own action plans.
- Assist NWRB advocate corporate governance and performance contracting
- Conduct training on ring-fencing for DILG
- The scope of work for the harmonization of NWRB and LWUA's regulatory roles has been drafted and the consultant is expected to begin the study within the next quarter.

- coordinators and selected LGUs and cooperatives
- Develop model schemes to expand water services in poor communities
 - Put in place a grant program to implement model schemes
 - Prepare training modules/toolkit on business planning for WDs and LGUs
 - Conduct business planning training of trainers and selected WDs
- The Inception Report on the Sustainable Financing Plan for NWRB has been submitted in January. The draft final report is expected in the second week of April.
 - The scope of work for the study of various approaches in providing water supply services to the poor communities and development model schemes that can be pilot tested in selected areas has been drafted. The study will be conducted from April to June 2009.
 - The advocacy on corporate governance and performance contracting is expected to begin with selected LGUs and cooperatives that have been trained on and are undergoing ring-fencing of their accounts.
 - The ring-fencing manual has been reviewed by stakeholders and is being finalized. The training schedule for the ring-fencing will be held in May 2009.
 - The final copies of the training modules/toolkit have been submitted and are being edited for printing.
 - As of March 2009, the five (5) pilot WDs are finalizing their business plans. The training of the next batch of 5 pilot WDs will be held in the third quarter of 2009.

Component 4: Overall program support

Targets for the Quarter:

- Steering Committee and TWG meetings
- The first PWRf Steering Committee Meeting was held on 10 February 2009

Chapter I: Summary of Project Objectives and Results

A. Project Objectives and Scope

The Clean Water for People Initiative (CWPI), a partnership of the Governments of the United States of America (USG) and Japan (GOJ) to help selected countries achieve their targets for water supply and sanitation under the Millennium Development Goals (MDG) spurred the development of the Philippine Water Revolving Fund. The Philippines is one of the pilot countries of CWPI. Under this program, USAID and JICA have committed to establish the Philippine Water Revolving Fund to help achieve the following goals:

- Improve access to safe drinking water and sanitation through the establishment of a successful PWRf;
- Through the successful utilization of PWRf and subsequent investment in water and sanitation infrastructure, help reduce morbidity and mortality from waterborne diseases and, specifically in the case of sanitation and wastewater treatment, contribute to biodiversity conservation, particularly in coastal areas.

Secondary thereto:

- Attract private sector investment in water and sanitation infrastructure projects thereby enabling the Philippines to meet its MDG commitments; and
- Strengthen the capacity of key institutions in the water and finance sectors – chiefly water utilities – to effectively obtain and utilize funds for infrastructure investments.

A. 1 PWRf Support Program Objectives

The PWRf Program is divided into five components, listed below, and will be implemented in two phases over five years. Phase I “PWRf Establishment” has three objectives:

- Set up the appropriate institutional arrangements for the PWRf, including supporting efforts to secure the JICA loan and its operating and policy guidelines; and USAID’s DCA guarantee agreement;
- Strengthen selected water and finance sector institutions vital to PWRf Program’s success; and
- Assist LGUs and WDs to develop a pipeline of viable projects in anticipation of an operational PWRf.

Phase 2 focuses on the institutional support for the operation of PWRf and maintains the key components under the Phase 1 Work Plan.

A.2 Project Scope and Expected Outputs

USAID extended Phase 1 execution until May 2009. Continuing into the second year of Phase 2, our team agreed with USAID on the following priorities:

Component 1: PWRf Set-up and Institutional Development - involves establishing the PWRf program window in DBP upon signing of the JICA loan and recommending the long term financing mechanism for water supply and sanitation projects.

Expected Outputs:

- Assistance to DBP on the establishment of the PWRf lending window
- Assistance to DBP in the preparation of the business and marketing plan for PWRf
- Training Workshops for DBP on project appraisal (second round)
- Water Project Appraisal Guidebook for Lenders
- Continuing updates of PWRf operating guidelines and loan documentation
- Roadmap for the long-term financing structure of PWRf

Component 2: Water and Sanitation Project Preparation - involves setting down mechanisms and providing technical assistance to enable local government units (LGUs) and water districts (WDs) to develop a pipeline of bankable projects.

Expected Outputs:

- On demand basis, provide technical assistance to water service providers to update or improve pre-investment studies
- Establish Help desk for septage management planning and implementation

Component 3: Water and Finance Sector Strengthening – involves strengthening selected water and finance sector institutions vital to the water sector reform program as outlined in the Philippine Water Sector Roadmap¹

¹ The preparation of the Philippine Water Sector Roadmap is jointly led by the National Economic Development Authority and National Water Resources Board. The Roadmap outlines the institutional, policy, regulatory and financing reforms for the water supply sector, with the end view of achieving universal coverage and efficient services.

Expected Outputs:

- Policy paper on rationalization of public resource allocation to WSS projects
- Support to DOF to put in place financial incentives for water sector lending
- Technical secretariat support to the PDF's sub-working group on water supply and sanitation
- Support for NWRB for the implementation of the regulatory reform action plan
- Training of LGUs on ring-fencing of water service operations and pilot implementation in five (5) LGUs
- Development of implementation strategies for reaching poor communities
- Training of LWUA trainers and ten (10) WDs on strategic business planning

Component 4: General PWRF Program Support- involves serving as the technical secretariat to the PWRF Steering Committee and Technical Working Group and supporting USAID in reporting, advocacy, and collaboration with JICA on the PWRF. Activities will begin in Phase 1 and continue in Phase 2.

Expected Outputs:

- At least one meeting per quarter for the Steering Committee and the Technical Working Group
- Technical papers, presentations, inputs to USAID reports and communication materials on the PWRF, as may be required by USAID
- Set up and maintain PWRF Support Program Website

B. Overview at end of the Quarter (January 1 to March 31, 2009)

On project financing – While three projects were identified, San Pedro, Metro Cebu and Bolinao LGU, no loan transaction has been started yet. San Pedro WD is still not done with the downscaling of the project design as proposed by LWUA; Metro Cebu has slowed down with the review of financing options since the requisite component of its project is still pending², and Bolinao decided to borrow from Land Bank. Moreover, the LWUA issue, difficulty in getting waivers and tariff adjustment approvals remain unresolved.

LWUA also recently launched a new financing package which offers concessional rates and long term tenors (see Box 1). Apparently LWUA is expecting the DOH Php 1.5 billion budget appropriation for water supply projects to fund this package. While there are still no clear guidelines on access or eligibility, WDs have opted to wait before looking at other sources of funding.

Box 1. New LWUA Financing Package

Interest rates and tenor:

- 9.2% for 10 years
- 9.5% for 20 years
- 9.8% for 30 years
- 10.2% for 40 years

Source: LWUA

² Metro Cebu WD intends to expand its distribution network; however this will be dependent on the procurement of private bulk water supply providers. The procurement has been delayed.

On sanitation project development – We have completed the FS of MCWD and CCWD for septage management. We are mid stream in the preparation of a similar FS for Baliwag WD; and we will soon commence also with pre-investment studies for septage management for San Pablo WD and sewerage treatment plan for Zamboanga WD.

On strategic business planning – Following the training of LWUA and Regional Training Centers, five pilot water districts were identified to prepare their respective strategic business plans. Four of the five (Orani, Baliwag, San Pedro and Surigao) presented their output to the PWRf-SP and LWUA mentors. The constructive critique of the mentors was well received and final plans, ready for presentation to their Boards are expected by end of April. The fifth pilot (Floridablanca) is pursuing its business planning exercise and is also targeting to complete its draft plan by end of April.

Another significant development for this activity is LWUA's agreement to take the next steps to institutionalize the process. It agreed to create a Business Planning Unit, which shall serve as the brain trust for the strategic business planning guide and workbook. It also committed to allocate resources in its budget for related activities leading to institutionalization, e.g., harmonizing tariff approval guidelines with the business planning guide, mentoring of WDs and training of RTCs.

On economic regulation reform initiatives – Together with other donors we collaborated with the Philippine Water Partnership to hold a consultation with legislators on the proposed legislative action to establish an independent economic regulator. PWRf-SP contributed a resource person—an international regulation expert—who presented international experiences and best practices.

International recognition of PWRf as a financing best practice- PWRf SP supported the participation of Undersecretary Paul in various panels and in the ministerial forum of the World Water Forum 5, where sustainable financing initiatives were discussed. The PWRf has been recognized as a laudable initiative to expand and deepen financing for water supply and sanitation.

Leveraging resources – The PWRf Support Program project has been able to leverage resources from its project partners. The loan from JICA for the PWRf (\$41 million or Php 2 billion), stand-by credit line from MDFO (\$10.2 million or Php 500 million), and the allocation for WSS guarantee from LGUGC (\$37.5 million or Php1.8 billion) were all pledged during the base year and have recently been approved. Since October 2008 (beginning of Option Year 2) to March 2009, more resources (see table below) were leveraged thereby allowing PWRf SP to engage in more activities to further the project's objectives.

Table 1: Leveraged Resources

Donors/Partners	Activity	Cost (Php)
WSP	Additional work required to finalize toolkit	709,914
LWUA	Strategic Business Plan for WDs	54,000
PSA	MCWD Septage Management	573,898
ADB/WB/AusAID	SubWorking Group Meetings	135,000

Baliwag	Counterpart cost of Baliwag WD for Septage Management Project	100,000
Zamboanga City WD	US Ambassador's visit	50,000
LGU Guarantee Corporation	PWRF marketing-related services	300,000
DBP	PWRF Administrator	600,000
TOTAL		Php 2,522,812 or US\$52,232.13

Chapter II: Progress to Date and Targets for the Next Quarter

Component 1: PWRF Set-up and Institutional Support

Assistance to DBP in the preparation of the business and marketing plan for PWRF – The three focus group discussions that were carried out as part of the preparation for the PWRF Marketing Plan were held with various groups. The first one, held on 6 February, was attended by 17 senior and junior DBP officers from the head office and nearby Luzon branches. The second one was with PFIs and was attended by seven representatives from PNB, Allied Bank, BPI, and Security Bank. This was conducted on 11 February. The third and last one was held in Cagayan de Oro with 15 participants from the Visayas and Mindanao DBP branches.

The findings of the discussions with DBP officers in Luzon, Visayas, and Mindanao are the same in that they would want to know more details about the PWRF, its structure, its mechanics, the whole procedure involved in setting up a loan. The PFIs, on the other hand, are more interested in finding out when the facility will take off and what safety nets are available out there to mitigate the risks of their participation.

The PWRF Marketing Plan is expected to be completed by the end of April 2009. It has been agreed with DBP that internal marketing shall be conducted prior to any external marketing (i.e. potential borrowers, PFIs). The internal marketing will consist of a two-day workshop on the Operating Policy Guidelines and Water Project Investment Appraisal. The schedule is as follows:

- April 27 – 28 Davao for Mindanao branches
- May 7 – 8 Cebu for Visayas branches
- May 11 – 12 Northern Luzon branches (venue TBD)
- May 14 – 15 DBP head office for Manila and Southern Luzon branches

The marketing for PFIs and potential borrowers shall follow in June 2009.

Component 2: Water and Sanitation Project Preparation

Review of potential projects for PWRF financing – Table 2 below shows the status of projects identified as potential candidates for PWRF financing.

In December 2008, Mabalacat Water District's loan has been signed but has yet to be enrolled with DCA for re-guarantee cover. It joins Calamba and Cabanatuan WDs which have also accessed PFI financing but have not been enrolled yet. Two WDS, Sta. Maria and Dagupan WDs have processed loan agreements ready for signing. Dagupan is waiting for

LWUA approval of tariff adjustments required for the financial viability of the project; and Sta. Maria is waiting for progress on LWUA's proposal to do a bulk water supply project for a cluster of WDs in Bulacan.

New TAs for septage management – Two WDs were granted technical assistance on septage management: San Pablo City (SPC) and Zamboanga City. The Memorandum of Understanding (MOU) stipulating PWRf assistance to SPCWD on a feasibility study for septage management and pilot sewerage facility was signed on March 13, 2009 by PWRf SP Chief of Party, Alma Porciuncula and SPCWD General Manager, Roger Borja (pictured).



The MOU with Zamboanga City Water District (ZCWD) for a technical assistance on sewerage development was signed on 11 February 2009. US Ambassador Kenney witnessed the signing (pictured). A field visit to Zamboanga City was made on 26-27 February to inspect existing sewerage facilities and hold discussions with officials and staff of ZCWD on the scope of work, data requirements, and future activities for the sanitation TA for ZCWD.



TA to Baliwag Water District (BWD) on septage management – After the enumerators training and a test household survey were conducted in January, the actual household survey in Baliwag was completed in March 2009. A planning workshop with BWD was also held in March.

TA to MCWD and CCWD on septage management – Upon request of the Metro Cebu Water District (MCWD) to revise the Phase 1 strategy to cover a different service area taking into account consultations/arrangements made with the different local governments, the study team reworked Phase 1 service targets, investment requirements, and the project financial analyses. The revised final feasibility report was submitted on 27 January 2009 to MCWD for its review. On 19 February 2009, the proposed septage management program of MCWD was presented to the LGUs of Lapu-Lapu City and Cordova (site of treatment plant for MCWD's septage project). Both LGUs endorsed the septage program but requested MCWD to further review the cost recovery mechanism. PWRf-SP assisted in the review and even proposed a cost recovery mechanism for the MCWD septage management program, particularly identifying pricing scheme for high volume users which require more than one de-sludging over the scheduled 5 year interval period for the service.

As regards CCWD, it has completed its review of the draft septage feasibility study report and has concurred with the findings and recommendations. A meeting with CCWD for follow-up activities for project implementation is scheduled sometime in May.

Part of the TA to MCWD on the septage management is the development of a Septage Management Business Model. The Septage Management Business Model draft final report was forwarded to the Local Water Utilities Administration, Philippine Association of Water

Districts, and Manila Water Company Inc. (MWCI) for peer review in January 2009. The latter was requested to provide its comments given its extensive operations and experience in septage management. MWCI went back to us to say it has no substantial revisions on the report.

To deepen the knowledge of the water districts on septage management, a study tour of Manila Water septage and sewage treatment facilities was held on March 6, 2009. Representatives of BWD, MCWD, and the Municipality of Cordova participated in the study tour.

Component 3: Water and Finance Sectors Strengthening

Support to the Rationalization of Public Resource Allocation for Water Supply and Sanitation

- In compliance with the agreement reached during the organizational meeting of the Task Force (TF) on Financing and Infrastructure Investment of the PDF Sub Working Group on WSS a discussion paper, "Rationalizing Grants and Subsidies in the WSS Sector" has been drafted and commented on by USAID and DOF. The paper reviews the financing policy framework for allocating public resources; identifies areas for optimal use of grants and subsidies from government and ODA sources; and proposes a framework and strategies to rationalize the use of grants and subsidies for WSS development. It also includes the SOW for the preparation of a policy instrument and operating guidelines on the proposed framework.

The paper is currently being finalized and will be given to the members of the Task Force on Financing and Infrastructure Investment of the PDF Sub Working Group on WSS for comments. Later, we will get TF's imprimatur for a more in-depth study of the rationalization framework and financing strategies.

Support for the Implementation of the Regulatory Reform Action Plan – The Inception Report on the development of the NWRB sustainable financing plan has been submitted in January 2009. The draft final report is expected to be delivered in mid April. The paper assesses the authority of NWRB to retain part of its revenues to support its operations, as well as other schemes to augment its regular appropriation. It also reviews the rationalization plan of NWRB and estimates its funding requirements given its expanded functions and reorganization.

The other activities included in the technical assistance, i.e., training of NWRB on performance contracting; and NWRB activities in the advocacy and pilot testing of performance contracting arrangements with selected water service providers have been moved back until after the selection of LGUs and cooperatives that have been trained on and will be piloting the ring-fencing of their accounts. These same water service providers will be selected for the performance contracting arrangement.

The conduct of the first of a series of ring-fencing trainings of trainers (TOT) has been scheduled in May 2009. By this time, the ring –fencing guide developed by the Water and Sanitation Program for LGU-run utilities would have been finalized and ready for use for the training and pilot testing. The review of the guide is part of the collaborative undertaking between WSP and PWRf-SP to pursue and institutionalize ring-fencing in LGU and cooperatives' operations.

The Department of Interior and Local Government, with whom the PWRF SP has a technical assistance agreement for the ring-fencing of LGU-run utilities has submitted a long list of possible trainors, and potential pilot areas for ring-fencing. This list is expected to be finalized within April 2009. The design and actual conduct of the TOT will be done by WSP consultants. PWRF-SP will contribute cost of venue, meals during the training and transportation of DILG and LGU participants. The TOT will be conducted in May for three (3) days.

As part of the long-term institutionalization of ring fencing in the operations of LGUs and water cooperatives, we met with Arnold Tan, Director of Bureau of Local Government and Finance, Neil Santillan, Director of Cooperative Development Authority, and Carmencita Delantar, Director of the Department of Bureau of Management to discuss how LGUs and coops can be compelled to ring fence their utilities, say through executive fiats, and budget guidelines for economic enterprises.

Table 2: List and Status of WSS Projects with PFI Financing

		Loan Volume						Date of enrollment under DCA	Release Date
		LWUA		DBP		PFI			
Water District		Php (in million)	%	Php (in million)	%	Php (in million)	%		
Pilot Project under the Municipal Water Financing Loan Initiative (pre-cursor of PWRF)	Metro Iloilo/ Rehabilitation and expansion of Water System; Refinancing of LWUA Loans			138.672	75	46.224	25	April 7, 2006	March 31, 2006
Yr 1 Projects	Calamba/ Repair and Rehabilitation of Existing Water System					40	100	Not enrolled	June 29, 2007
	Legazpi/ Bulk Water Supply					105	100	Not enrolled	October 5, 2007
	Silang/ Rehabilitation and Expansion of Water System					189	100	September 28, 2007	November 29, 2007
Yr 2 Projects	Laguna/ Expansion of Water System					100	100	January 8, 2008	December 19, 2007
	San Fernando, Pampanga/ Rehabilitation and Expansion of Water System	23	10			203.4	90	April 17, 2008	April 9, 2008

(Continuation Table 2)		Loan Volume						Date of enrollment under DCA	Release Date
		LWUA		DBP		PFI			
Water District		Php (in million)	%	Php (in million)	%	Php (in million)	%		
	Indang/ Expansion of Water System					15	100	May 12, 2008	May 5, 2008
	Cabanatuan/ Rehabilitation and Expansion of Water System					250	100	For enrollment	June 27, 2008
Yr 3 Projects	Mabalacat/ Rehabilitation and Expansion of Water System	15	10			135	90	For enrollment	December 5, 2008
	Dagupan					100	100	Not yet closed	-
	Zamboanga	19.278	10			173.502	90	Not yet closed	-
	Sta. Maria	14.025	10			126.225	90	Not yet closed	-
Candidate projects	Metro Cebu			250		250			
	San Pedro			71.5		71.5			

Strategic Business Planning for Water Districts – Of the five pilot water districts who were given the training on strategic business planning last December 2008, only four made substantive progress in preparing their respective business plans: Baliwag, Orani (pictured right), San Pedro and Surigao Metro (pictured below) Water Districts. The fifth, Floridablanca Water District has only started with the exercise. The former four WDs were visited and got advisory and coaching assistance from Philip Giantris of ValuADD, the international consultant for business planning and LWUA mentors. We will continue to monitor the progress and finalization of the business plans of the five pilot WDs.



As a result of the discussions with the pilot WDs, refinements will be made on the business plan model, workbook and training guide. In particular, suggestions were made to revise the work book spreadsheets on staffing and demand forecasting to align it with the requirements of LWUA.



The next steps include the following:

- Establishing within LWUA of a Business Planning Unit, which will be the brain trust of the business planning guide, workbook and training modules.
- Enrich training of Regional Training Centers and accredit trainers. Roll out of training on business planning should be decentralized for efficiency and effectiveness of delivery.
- Identify 5 more pilot WDs, preferably those that host training centers and those we are currently assisting with preparation of sanitation projects, e.g., Zamboanga, San Pablo, Baguio, Cagayan de Oro and Davao.

Technical support to DOF for its leadership of the sub-working group for water under the Philippine Development Forum – The four different task forces under the PDF Sub-Working Group on Water Supply and Sanitation (SWG WSS Action), i.e., Institutional Strengthening, Capacity Development, Strategic Alliance Building, and Financing and Infrastructure Investment held their own meetings to move their own respective agenda. Below is the consolidated and updated SWG WSS Action Plan of the sub-Working Group which may be included in the next Philippine Development Forum scheduled sometime in July 2009:

Table 3: PDF Sub-Working Group on Water Supply and Sanitation Action Plan ³, 2008-2009⁴

Agreed Action Agenda (1)	Identified Measures/Outputs (2)	Status (3)
<i>KRA 1. Institutional Strengthening</i>		
1. NWRB Strengthening	<ul style="list-style-type: none"> • <i>NWRB and LWUA regulatory roles delineated and guidelines harmonized</i> • <i>Sustainable NWRB financing plan developed</i> • <i>NWRB guidelines on light-handed regulation finalized</i> • <u>Rationalization of NWRB's organization</u> 	<p><i>Held in abeyance in view of LWUA pronouncement to regulate WSPs, invoking its mandate under PD 198</i></p> <p><i>The TOR between the NWRB and PWRF Support Program had already been signed. Study on the development of sustainable NWRB financing plan is on-going. NWRB counterpart/Core Team had been designated. Consultant services commenced on Jan. 19, 2009 and expected to finish on March 30, 2009</i></p> <p><i>Framework and guidelines for LHR for SSWPs drafted. MOA between NWRB and CDA on LHR of water coops had been signed.</i></p> <p><i>Rationalization plan is under evaluation by DBM.</i></p>
2. Resolution of injunction of EO 279	<ul style="list-style-type: none"> • <i>Court resolution</i> 	<i>Decision pending with the Regional Trial Court of Quezon City</i>

³ *Items in italics will be done within October 08 to June 09*

⁴ *Status as of 02 April 2009*

Agreed Action Agenda (1)	Identified Measures/Outputs (2)	Status (3)
3. Formulate a Philippine Water Supply Sector Roadmap (PWSSR)	<ul style="list-style-type: none"> • <i>PWSSR approved</i> • Preparation of the National Water Resources Policy 	<p><i>The Roadmap is at its final stages and is expected to be printed in the 2nd week of May 2009.</i></p> <p><i>INFRACOM Sub-Committee on Water Resources has tasked NEDA and NWRB to collaborate in undertaking the said study. Initial TWG meeting will be on April 3, 2009</i></p>
4. Develop a National Sustainable Sanitation Program (NSSP)	<ul style="list-style-type: none"> • <i>National Sustainable Sanitation Framework</i> • National Sewerage and Septage Management Program • Local Sanitation Plan • Local Sanitation Code (Chapters 2 & 7) • Template for local legislations and ordinances on water safety and sanitation 	<p><i>Framework formulation and consultations are ongoing</i></p> <p><i>The TA is being implemented by AECOM together with a TWG composed of DILG, DOH, DPWH, DENT-EMB, LWUA, MWSS, NEDA with Manila Water Company and Maynilad Water in advisory capacity. The TA involves the formulation of the intervention and investment framework, institutional arrangements and financing options. LSPs have been adopted by concerned city and municipal councils. NSSP and 7 LSP and 7 LSC (Mt. Province, Dagupan City, Eastern Samar, So. Cotabato, Gen Santos City, Sarangani and San Fernando, La Union)</i></p>
KRA 2 . Capacity Development		

Agreed Action Agenda (1)	Identified Measures/Outputs (2)	Status (3)
1. Framework on Capacity Development	<ul style="list-style-type: none"> • List of capacity development needs of WDs, LGUs, coops, WATSANs • Inventory of all training programs and activities in the water supply and sanitation sector • List of training/knowledge development centers 	<p>Framework formulation is ongoing. Initial draft prepared by GTZ-funded consultants was presented in March at the DILG Head Office.</p> <p>LGA has existing regional training resource centers- Local Governance Resource Centers</p> <p>6 academic institutions identified for the Water Safety Plans</p>
2. Build capacity of water utilities, particularly less creditworthy water districts on - benchmarking - business planning - efficiency improvement - sanitation	<ul style="list-style-type: none"> • <i>Institutionalize benchmarking</i> • <i>Institutionalize business planning</i> • Graduation program for less creditworthy WDs 	<p><i>Benchmarking system pilot-tested in 45 WSPs</i></p> <p><i>Toolkit on business planning developed by LWUA & PWRF-SP; Trainors' training and training of 5 WDs conducted in Dec 2008</i></p>
3. Develop capacity of LGUs and cooperatives on -ring-fencing -benchmarking -master planning -performance contracting	<ul style="list-style-type: none"> • Training needs of LGUs, Cooperatives, WDs in water supply and sanitation identified and assessed • Joint Circular from 	<p><i>Toolkit for ring-fencing developed</i></p> <p><i>TA for DILG on ring-fencing is on-going; Ring-fencing manual developed by WSP is expected to</i></p>

Agreed Action Agenda (1)	Identified Measures/Outputs (2)	Status (3)
-sustainable sanitation	DILG, DoH, LWUA and CDA requiring the ring-fencing of accounts; benchmarking and master planning <ul style="list-style-type: none"> • Benchmarking toolkit developed • Updated Provincial and Municipal Master Plan • Sustainable sanitation integrated in the master plan of provinces, cities and municipalities 	<i>be finalized in May 2009, with PWRF-SP support</i> <i>TOR on performance contracting approved and signed by NWRB; TA commenced in March 2009</i> <i>Benchmarking system pilot-tested in 45 WSPs</i> <i>DOH performance-based grant has indicators for sustainable sanitation. CAPS/PEN has developed a knowledge node on sustainable sanitation</i>
4. Sector Assessment and Monitoring	<ul style="list-style-type: none"> • Database on water supply and sanitation by level of services (including updating of database on water availability and projected demand on water supply and sanitation) • WSPs (non-WD) registered 	

Agreed Action Agenda (1)	Identified Measures/Outputs (2)	Status (3)
	<ul style="list-style-type: none"> • Inventory of sanitation interventions, gaps and overlaps • Updated provincial plans 	<p><i>Provincial plans of Central Visayas provinces recently updated; no proposal yet for plan updating of other provinces</i></p>
5. Institutionalize WATSAN sector assessment process	<ul style="list-style-type: none"> • Institutionalized national and local process of data collection, systematic data scrutiny, data analysis, and updating for continuous and periodic assessment • Sector assessment reports 	Concept note developed by Roadmap Secretariat
KRA 3. Strategic Alliance Building		

Agreed Action Agenda (1)	Identified Measures/Outputs (2)	Status (3)
1. Develop advocacy program and identify appropriate champions	<ul style="list-style-type: none"> • Advocacy programs to expand and improve WSS services • Champions and support groups from the government, NGOs, private sector 	<i>Consultations/conference on regulations with key stakeholders conducted in July and Aug 08</i>
2. Develop a National Sustainable Sanitation Communication Plan (NSSCP)	<ul style="list-style-type: none"> • National Sustainable Sanitation Communication Plan (NSSCP) and local SCCP • Sanitation Summit National/Regional/Local • Series of local (city/municipal) International Year of Sanitation launchings • Series of launching of WASH Day by LGU program partners • National Awarding for 	<p><i>Drafting of the NSSCP is ongoing. Local SCCP for 6 municipalities under SUSEA Program completed</i></p> <p><i>Done on 9 -10 July 2008 at ADB Headquarters</i></p> <p><i>Grand launching held on 18 February 2008 at Mandaluyong City. Provincial launching was held at Guiuan, Eastern Samar in March 2008</i></p> <p><i>Done during the celebration of Global Handwashing Day on 15 October 2008 at Makati City, Quezon City, Iloilo City and Bukidnon</i></p>

Agreed Action Agenda (1)	Identified Measures/Outputs (2)	Status (3)
	<p>the Search for Barangays with Best Sanitation Practices</p> <ul style="list-style-type: none"> • Quarterly Sanitation Forum • Hosting by the Philippines of the 2010 East Asia Ministerial Conference on Sanitation and Hygiene (EASAN 2010) 	<p><i>Completed on 10 December 2008; 28 barangays were given awards.</i></p> <p><i>The Philippine Government will bid for the hosting of the EASAN 2010, which is slated in February 2010, with DOH as the lead agency. This was conveyed during the meeting of the Thematic Working Group on Water and Sanitation of the Regional Forum on Health and Environment of the WHO held in Kuala Lumpur, Malaysia on 11 – 13 March 2009. The proposed plan was included in the work plan of the TWG.</i></p> <p><i>Initial discussion among members of the TF and PEN concerning the EASAN 2010 preparation is currently ongoing.</i></p>
<p>3. Formulate a Philippine Sustainable Sanitation Roadmap (PSSR)</p>	<ul style="list-style-type: none"> • PSSR Formulated • National Water Sanitation and Hygiene Policy and 	<p><i>The drafting of the Roadmap will be led by the DOH with funding assistance from WHO. The funds will be used to secure consultant(s) to facilitate the drafting of the Sanitation Roadmap which is expected to be completed before September 2009. Initial draft of the terms of reference for the consultancy service has been prepared.</i></p> <p><i>Terms of reference for the consultancy service is being prepared</i></p>

Agreed Action Agenda (1)	Identified Measures/Outputs (2)	Status (3)
	Strategies drafted	
KRA 4. Financing and Infrastructure Investment		
1. Issue operating guidelines on GOP Financing Policy (EO 279)	<ul style="list-style-type: none"> • Clear-cut operating guidelines to implement GOP financing policy stated in EO 279 • Policy study on rationalization of public resource allocation for WSS conducted 	<p><i>WSS Financing Principles and Operational Framework discussed and endorsed by the TF-FII to the SWG WSS.⁵ The SWG WSS during its 11 December 2008 meeting, agreed that the framework be elevated by NEDA to Infracom for a possible NEDA Board Resolution for its adoption.</i></p> <p><i>Discussion paper on the framework for rationalizing public resources for grants and subsidies for WSS development already drafted by PWRf-SP. This will be circulated to members of the TF-FII for comments.. A detailed study will be prepared based on the discussion paper.</i></p> <p><i>TORs for related policy studies drafted by PWRf-SP, WB and GTZ.</i></p> <ul style="list-style-type: none"> - The SOW for the more indepth rationalization study already drafted by PWRf-SP. - WB Study to improve LWUA's financial sustainability and support its reorientation under EO 279 through a performance –based graduation scheme on-going. - GTZ currently preparing a TOR on capacity building needs of WSPs
	<ul style="list-style-type: none"> • Financing programs for WSS identified 	<p><i>WB approach to meet requirements of SCW and PCW WDs thru blending of grant and ODA loans proposed to and being studied by LWUA</i></p> <p><i>ADB-PPTA for the Water District Development Sector Project commenced early Feb 2009</i></p>

⁵ The WSS Financing Framework is anchored on the following operating principles:

- Shifting creditworthy utilities to market-based sources
- Mobilizing private resources
- Tying concessional financing of less creditworthy utilities to a graduation program
- Blend grant and ODA re-lent at market rates
- Rationalizing grants to the water sector

Agreed Action Agenda (1)	Identified Measures/Outputs (2)	Status (3)
		<i>ADB TA on developing models for financing small scale water service providers on-going</i>
2. Adopt an incentive system to catalyze investments for WSS development	<ul style="list-style-type: none"> • Eligibility of water and sanitation projects for Agri-Agra Law compliance • Revised guidelines on private sector participation 	<p><i>DOF to ask BSP for re-consideration of Agri-Agra eligibility proposal</i></p> <p><i>New JV guidelines already drafted</i></p> <p><i>Related case studies that may be used to generate analysis are currently being conducted by WB</i></p> <p><i>PDF SWG position paper on the Joint Venture Guidelines on PSP still to be drafted; WB to provide case studies as bases for the analysis</i></p>
3. Develop financing mechanisms to leverage public resources with private financing in water supply and sanitation (from the IWG Work Agenda)	<ul style="list-style-type: none"> • Co-financing arrangements between GFIs and PFIs facilitated; WSS projects financed and operational • Operationalize the Philippine Water Revolving Fund • Financing Strategy and Long-term mechanisms 	<p><i>JICA-DBP loan signed on 30 Sept 08; PWRF launched on 20 Oct 08</i></p> <p><i>Concept paper on bond financing prepared by PWRF-SP</i></p>

Agreed Action Agenda (1)	Identified Measures/Outputs (2)	Status (3)
4. Implement financing facilities for project preparation, pre-investment studies, efficiency improvement support	<ul style="list-style-type: none"> • PTAC-Fund of MDFO • PDEIF of LWUA 	<p><i>PTAC-Fund now operational</i></p> <p><i>PDEIF now operational</i></p>

Component 4: General PWRF Program Support

Participation in conferences - PWRF-SP participated in the following meetings:

- Regional Water Finance Forum on the Development of a Water Financing Strategy for Development Financing Institutions in Asia on 29-30 January in Makati City;
- Annual PAWD Convention on 12 February 2009 in Cebu City;
- DAI Staff Conference on 23-27 February 2009 in Washington DC;
- Conference on Legislating Regulation to Improve Water Service Performance on 10 March in Pasay City;
- 5th World Water Forum on 15-22 March in Istanbul, Turkey

Technical Support to Usec Paul and USAID for the 5th World Water Forum – We coordinated and provided technical support for the participation of Usec Paul in a number of high-level panel discussions and the ministerial forum (pictured) led by USAID under the theme of sustainable means of financing local water authorities and systems during the 5th World Water Forum held in Istanbul, Turkey from 16-22 March 2009. Undersecretary Paul presented the Philippines' development strategies and programs for sustainable financing. He highlighted the PWRF as an innovative financing instrument in that it uses ODA to leverage private sector resources. He also highlighted the corollary reforms supported by USAID to strengthen the enabling environment, capacitate utilities to become more viable and prepare the long-term financing strategy that rationalizes use of public resources and deepens private sector involvement, such as capital market-based instruments.



We also supported the USAID learning center in the forum, which presented two financing initiatives enhanced by the guarantee provided by the Development Credit Authority. These initiatives are the PWRF and the micro-financing program in Kenya. Related to the PWRF, the USAID-JICA collaboration was also highlighted.

In the same Forum, USAID and Rotary International launched its collaboration to help improve access to safe water and sanitation services. The Philippines, along with Dominican Republic and Ghana was selected as one of the pilot countries where this collaboration will be implemented. PWRF-SP will be one of the USAID Mission's projects tasked with identifying and implementing on the ground projects with local Rotary clubs or districts.

The World Water Forum aims to raise the importance of water on the political agenda, formulate concrete proposals to address the sector's issues and generate political commitment. It was attended by an estimated 20,000 delegates from governments, business and civil society leaders in the sector from all over the world.

DBP buy-out of PFI shares in LGUGC – This issue has been resolved. DOF USec Paul enjoined the DBP president to reconsider the buy-out plan and President David, agreed not to pursue it.

Steering Committee Meeting – The first quarterly Steering Committee Meeting for 2009 was held on 10 February. The main issues discussed were the enforcement of GRP's financing policy and in particular the hurdles with LWUA in securing financing waiver and tariff approval. We got assurance from USec Paul that he will discuss the matter with the LWUA Chair.

Issues and New Developments

1. LWUA continues to be a hurdle for PWRF financing, on two points: it has not been forthcoming with the issuance of financing waivers and approval of tariffs, both critical conditions for loan approval; and it competes for the same target clientele. DBP, LGUGC and the BAP representative (PNB) voiced this concern in the last PWRF Steering Committee meeting. Undersecretary Paul committed to take this matter up with the LWUA Board Chairman. However, as of this writing, we do not know of any concrete steps taken to initiate this meeting.
2. Unresolved Injunction of EO 279 – The court case remains unresolved; hence, the policy implementation plan is also on hold. In particular, LWUA financing policy is still not aligned with the EO, graduation program has not been formulated, and LWUA has not been re-engineered yet according to the ascribed mandate from the EO.
3. LGUGC Buy-out Issue- This has been resolved positively. DBP President heeded the request of USec Paul not to pursue plans for the buyout.
4. With the launch of the USAID and Rotary International collaboration to improve access to safe water and sanitation, PWRF-SP is one of USAID projects tasked to carry out joint projects with local Rotary clubs and districts to implement this collaboration. We will anchor activities to reaching poor program and promotion and advocacy for sanitation projects.
5. The World Water Forum 5 highlighted the PWRF and related financing sector reform initiatives in the Philippines. While it is heartening to get recognition for taking steps in the right direction, it also puts pressure on GRP/DOF specifically and other stakeholders to show results. As it requires concerted effort, the biggest challenge to the program is how to motivate and effectively support USec Paul and his DOF team to sustain efforts and be more pro-active in implementing reforms.

Major Activities and Targets for the Next Quarter

Table 4 shows the major activities of the project for the next quarter (April to June 2009). The targets are:

Table 4: Major Activities for the Next Quarter

Project Component	Targets for the Next Quarter
Component 1: PWRf Set up and Institutional Support	<ul style="list-style-type: none"> ▪ Finalize and print the Project Appraisal Guidebook ▪ Prepare the DBP medium term business plan and marketing plan for PWRf ▪ Conduct internal information dissemination and marketing workshops for DBP's account officers ▪ Conduct marketing road shows for PWRf potential borrowers and PFIs
Component 2: Water Supply and Sanitation Project Preparation	<ul style="list-style-type: none"> ▪ Provide assistance on project development (on demand) ▪ Continue assistance to MCWD and CCWD in the implementation of Septage Management projects ▪ Continue assistance to Baliwag WD in the preparation of FS for septage management ▪ Assist San Pablo City WD and Zamboanga City WD in the preparation of FS for septage management and sewerage treatment facility, respectively ▪ Conduct workshops to disseminate septage management business model ▪ Set up a help desk for WDs preparing septage management plans
Component 3: Water and Finance Sector Strengthening	<ul style="list-style-type: none"> ▪ Submit and present white paper on "Rationalizing Grants and Subsidies in the WSS Sector"; the rationalization plan and financing guidelines will be developed upon endorsement of DOF and PDF Sub Working Group for WSS Task Force on Finance and Investments ▪ Conduct assessment of the status of implementation of the regulatory reform agenda ▪ Hold training of trainers for ring-fencing of LGU/cooperative utilities ▪ Identify pilot LGUs and cooperatives for ring-fencing of water utilities ▪ Draft concept paper to expand water services in poor communities ▪ Conduct business planning training orientation for the second batch of pilot WDs; assist with the mentoring of these WDs in the preparation of respective business plans
Component 4: Overall Program Support	<ul style="list-style-type: none"> ▪ Hold Steering Committee Meeting ▪ Provide technical secretariat support to the PDF Sub-Working Group on WSS; relatedly continue technical assistance to Usec Paul on water related matters

Chapter III: Contract deliverables (Overall Status of Accomplishment)

The status of the contract's expected outputs is shown below:

Table 5: Overall Status of Accomplishment

Component 1: PWRf Set-up and Institutional Support	
Updated financial model for the PWRf	Completed and submitted to DBP
Information memorandum for ICC	Completed; ICC approval of PWRf obtained
PWRf Operating Policy Guidelines of the JICA loan to DBP	Completed; Submitted final draft of integrated EDP and PWRf OPG to DBP
MOA between DBP and PFIs and inter-creditor agreement	<i>Dropped.</i> In lieu thereof, solicited comments of PFIs on the standard loan agreement, including the creditor agreement and incorporated them in the final documents.
Draft Operating Guidelines and Manual of Operations	<i>Dropped.</i> DBP said the OPG will suffice as its existing credit manual will be applied to PWRf.
Finalized standard loan agreement, guarantee agreement, MDFO loan agreement	Completed; Consolidated the comments of the various PFIs on the standard loan documents on the PWRf. The following PFIs have submitted their respective comments on the standard loan documents: Bank of the Philippine Islands, Allied Bank, Banco de Oro.
Draft guidelines for the Standby Credit Line	Completed. Submitted final draft of the guidelines to MDFO
Credit rating manual for water districts	Completed; submitted final copy to LGUGC in May 2008
Training of PFIs, DBP and other PWRf Stakeholders on Water Project Appraisal	Completed. Conducted training seminars in Manila, Cebu, Davao and Clark, Pampanga to cover participants from North Luzon.
Study tour for 8-10 participants to examine US experience with pooled financing mechanisms	Completed.
Inputs to the USAID Philippine Mission Action memo to the Development Credit Authority for the new guarantee agreement with LGU Guarantee Corporation	Completed. Agreement has been signed.
Briefing of DBP Regional Marketing Centers on the PWRf	Completed. Conducted 5 regional consultative meetings, coinciding with the training seminars on project appraisal.
Assistance to DBP in the preparation of the PWRf business and marketing plan	On-going; currently reviewing draft Marketing Plan

Internal marketing of PWRf to DBP account officers and training on the PWRf OPG and project appraisal	Four regional training workshops are scheduled in April and May 2009
Water Project Appraisal Guidebook	Ready for layout then printing; Guidebook will be launched in May 2009
Reform program and action plan of the US SRF Study Tour Group	Completed. The action plan includes: setting up of a project development facility; more comprehensive rationalization of credit programs, capacity building assistance and support for regulatory reforms. The convening of the sub-committee under the PDF will be the first step in getting consensus on the overall reform agenda for the sector.
Concept and framework of bond issue for WSS project financing	Completed
Assistance to LWUA's securitization exercise	<i>Dropped upon advise from LWUA</i>

Component 2: Water Supply and Sanitation Project Preparation

Prioritization criteria developed and approved by the PWRf Steering Committee and DBP	<i>Dropped. Deemed not necessary; prioritization criteria has been included in the DBP's OPG for PWRf</i>
At least 7 and up to 10 projects are ready for PWRf funding	Completed. Three projects with financial closing; three projects with loans in process; and six projects ready for PWRf financing.
At least 3 more projects (in Option Year 2) ready for PWRf funding	Candidate projects: Cebu, Davao, Sta. Maria and San Jose
Credit ratings completed for at least two projects	Completed; final report submitted to LGUGC in May 2008
Plan developed for establishing a Project Development Facility	Completed; final report submitted in December 2008
Establishment of procurement mechanism for providing technical assistance needs to utilities	<i>Dropped upon advice of LWUA</i>
TA for project feasibility update	On demand; no requests for TA yet
FS for Septage Management Project and Business Model for Metro Cebu Water District, Cabanatuan City Water District and Baliwag Water District	<ul style="list-style-type: none"> ▪ PWRf-SP proposed a cost recovery mechanism for the MCWD septage management program, particularly identifying pricing scheme for high volume users for its review. ▪ Completed CCWD FS ▪ Currently preparing FS of Baliwag, and will commence with the FSs of Zamboanga and San Pablo in April 2009

Training course for LGUs for project development, financing, and utility operations	<i>Dropped as similar training programs are being already being provided by other donor programs.</i>
Pilot ring-fencing of LGU-water utility account	Scheduled in the second half of 2009
Implementing guidelines of the LWUA-administered Project Development and Efficiency Improvement Facility	Completed. Operating guidelines accepted by LWUA; the Facility is now operational
Assistance to LWUA on the marketing of PDEIF	<i>Dropped upon advise from LWUA</i>

Component 3: Water and Finance Sector Strengthening

Implementing guidelines to rationalize credit programs and draft ICC resolution adopting guidelines	<i>Dropped. This has been superceded by efforts to prepare rationalization plan.</i>
Position Paper for Central Bank on eligibility of water projects for Agri-Agra Law compliance	Completed. Submitted to DOF position paper and draft cover letter to BSP
Long-term business planning framework for water districts	Five pilot WDs expected to complete their business plans by end April 2009. An additional five (5) WDs will be given a training orientation on business planning in the third quarter of 2009
Recommendations on the long term financing policy mechanism for water supply and sanitation projects	<i>Will be tackled in the rationalization plan.</i>
Recommendations on financial incentives for PFIs to lend to the water sector	TBD
LGUGC Pricing Policy and Framework	Completed. USAID has submitted the final report to LGUGC.

Component 4: Overall Program Support

At least one meeting per quarter for the Steering Committee and the Technical Working Group	The second Steering Committee Meeting for 2009 will be held in June 2009
Technical papers, presentations, inputs to USAID reports and communication materials on the PWRF as may be required by USAID	On demand
Set up PWRF Website	The website is operational. It is continually updated.
Meetings and consultations with the key implementing agencies as necessary	Periodically holding meetings with key implementers to resolve emerging issues
PWRF Performance Monitoring Plan	The PMP has been finalized. PMP reports will accompany the project's annual report to USAID.
Technical Secretariat Support to the PDF Sub-Working Group on Water Supply and Sanitation	Sub-working Group now operational. The four Task Forces, i.e., Institutional Strengthening, Capacity Development, and Strategic Alliance Building, Financing and Infrastructure Investments have been conducting their own meetings to achieve their respective action agenda.

