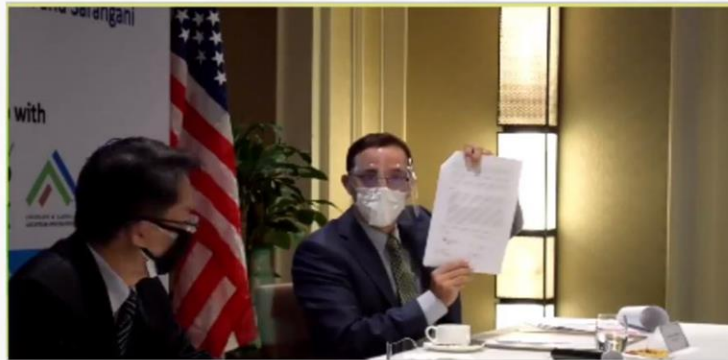




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# USAID Safe Water QUARTERLY REPORT

First Quarter (Year 2: October – December 2020)

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## **PREFACE**

The United States Agency for International Development (USAID), through its Mission in the Philippines, has contracted DAI Global, LLC (DAI) as the implementing partner for the Safe Water activity under Contract No. 72049220D00002. The effective date of the contract is December 2, 2019 to December 1, 2024. DAI partners with five organizations—Orient Integrated Development Consultants, Inc.; Lutheran World Relief, Manila Observatory, Geosciences Foundation Inc., and CEST Inc.

This report describes the accomplishments of the Safe Water project from October 2020 to December 2020, the 1<sup>st</sup> Quarter of its second year of implementation. It also provides a summary of the planned activities for the second quarter, ending March 2021.

## ACRONYMS AND ABBREVIATIONS

AFOLU	Agriculture Forestry and Other Land Use
BACIWA	Bacolod City Water District
BDP	Barangay Development Fund
BMRB	Buayan-Malungon River Basin
BWSA	Barangay Water and Sanitation Association
CLAFI	Conrado and Ladislawa Alcantara Foundation, Inc.
CMS	Central Management System
COVID	Coronavirus Disease
DBP	Development Bank of the Philippines
DENR	Department of Environment and Natural Resources
DILG	Department of Interior and Local Government
DOH	Department of Health
EGS	Ecosystem Goods and Services
FALGU	Financial Assistance to LGUs
FAS	Financial and Accounting System
FFPI	Forest Foundation Philippines, Inc
FSSI	Foundation for a Sustainable Society
GAP	Gender Action Plan
GEWE	Gender Equality and Women's Empowerment
GFI	Geoscience Foundation, Inc.
GFPS	Gender Focal Point System
GHG	Greenhouse Gas
GIS	Geographic Information System
GSCWD	General Santos City Water District
IFAD	International Fund for Agricultural Development
IWRM	Integrated Water Resources Management
KDFI	Kasilak Development Foundation, Inc.
KOICA	Korea International Cooperation Agency
LAST	Livelihood Assessment and Scoping Toolkit
LGU	Local Government Unit
LGSF	Local Government Support Fund
LWCP	LGU Watershed Conservation Plan
LWUA	Local Water Utilities Administration
MEL	Monitoring, Evaluation and Learning
MFI	Mahintana Foundation, Inc.
MFI	Microfinance Institution
MO	Manila Observatory
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
NEDA	National Economic and Development Authority
NG	National Government
NGO	Non-Governmental Organizations
NWRB	National Water Resources Board

OBA	Output-based Aid
OCAT	Organizational Capacity Assessment Tool
ODA	Official Development Assistance
PAWD	Philippine Association of Water Districts
PBSP	Philippine Business for Social Progress
PCSD	Palawan Council for Sustainable Development
PDRF	Philippine Disaster Resilience Foundation
PES	Payment for Ecosystem Services
PGP	Provincial Government of Palawan
PIWSP	Provincial Integrated Water Security Plans
PLDT	Philippine Long Distance Telephone
PO	People's Organization
PPA	Program, Projects and Activities
PPC	Puerto Princesa City
PPCWD	Puerto Princesa City Water District
PW	Protect Wildlife
PWSF	Provincial Water Security Framework
PWSSMP	Philippine Water Supply and Sanitation Master Plan
SURGE	Strengthening Urban Resilience for Growth with Equity
SDG	Sustainable Development Goals
SOW	Scope of Work
STTA	Short-Term Technical Assistance
SW/A	Safe Water/ Safe Water Activity
TA	Technical Assistance
TOR	Terms of Reference
TWG	Technical Working Group
UNICEF	United Nations International Children's Emergency Fund
URAF	Unified Resource Allocation Framework
USAID	United States Agency for International Development
USG	United States Government
WASH	Water, Sanitation and Hygiene
WASHFIN	Water, Sanitation and Hygiene Finance Project
WB	World Bank
WC	Watershed Council
WD	Water District
WDM	Water Demand Management
WHO	World Health Organization
WMC	Watershed Management Council
WRM	Water Resource Management
WSP	Water Service Providers
WSS	Water Supply and Sanitation
WWD	World Water Day
YBF	Yamang Bukid Foundation

## COVER STORY: Forging Partnerships for Water Security

Safe Water ushered in its second year with a celebration of partnerships with government, the private sector and civil society. The celebration included a ceremonial signing of Memorandums of Understanding (MOU) between USAID (represented by Acting Mission Director [REDACTED]) and the three Provincial Governments of Palawan, Negros Occidental and Sarangani (represented by [REDACTED], respectively).

The *real-time and multi-site* MOU signing was witnessed by NEDA Assistant Director General [REDACTED] and [REDACTED], Chief of USAID/Philippines Environment Office. Also represented were five private sector and non-government organizations that will work for water security in Safe Water project sites. These are: Philippine Business for Social Progress (PBSP), Foundation for a Sustainable Society (FSSI), Water.org, Mahintana Foundation Inc., and Conrado and Ladislawa Alcantara Foundation, Inc. (CLAFI).



According to USAID Acting Mission Director Patrick Wesner, “Transforming the way water is managed, Safe Water will maximize the use of data and sound analytics to guide stakeholders in making informed decisions, identify lasting solutions and prioritize investments.”

In his remarks, NEDA Assistant Secretary Roderick Planta expressed excitement for this initiative as “it deals with national partners as well as the dynamics in the local governments. There is also the partnership with international and local civil society” to address key challenges in water security.



And on behalf of the Safe Water Project, Chief of Party [REDACTED] emphasized that “partnerships are means of sharing the load, leveraging resources and comparative strengths and capacities to achieve our goals... We look forward to the productive collaboration [with you] to provide more Filipinos with safe water and improved sanitation services, manage water resources effectively to ensure sustainable supply for generations to come.”

The event served as the public launch of the Safe Water project and was timed to coincide with World Sanitation Day / World Toilet Day on November 19. It was livestreamed through the USAID Philippines Facebook page. Based on Facebook metrics, the event was among USAID Philippines’ top social media posts, with more than 32,000 people reached and more than 1,200 engagements.



# EXECUTIVE SUMMARY

This report presents the accomplishments of the Safe Water Project (SW) for the 1st Quarter (October to December 2020) of its second year of implementation. It also provides a summary of the planned activities for the 2nd quarter (January to March 2021).

Safe Water is the flagship project of USAID in the Philippines for water and sanitation sector development. It is an \$18 million initiative over a five-year implementation period spanning December 2019 to December 2024.

The primary purpose of SW is to improve water security of water-stressed communities in the Philippines. Water security is characterized by: i) increased access of underserved or unserved communities to safe water supply and sanitation services; and ii) more sustainable water management of surface and groundwater resources to meet human, economic and ecosystem needs.

The project has three inter-related objectives: increased access to resilient water supply and sanitation services; improved water resource management; and strengthened water sector governance.

It operates through offices in Manila and in three focal sites, namely: Puerto Princesa City and Palawan Province, Bacolod City and Negros Occidental Province, and General Santos City and Sarangani Province.

The SW Team (the Team) accomplished the activities summarized in Table 1.

**Table 1: Summary of Year 2 First Quarter Key Activities and Accomplishments**

Objective	Key Activities
Objective 1: Increased access to resilient water and sanitation services	<ul style="list-style-type: none"> <li>• Identification of infrastructure and operational deficiencies of WSPs</li> <li>• Adoption and updating of models and tools for utility reform, financial performance assessment and livelihood assessment of communities in watersheds</li> <li>• Completion of Central Management System (CMS) training materials and identification of pilots for CMS implementation</li> <li>• Preparation of Provincial Water Security Framework</li> <li>• Gathering well data in the cities of Puerto Princesa, General Santos and Bacolod to supplement hydrologic studies</li> </ul>
Objective 2: Improved sustainable management of water resources	<ul style="list-style-type: none"> <li>• Facilitation of management planning for priority watersheds and strengthening of organizational capacities of Watershed Management Councils</li> <li>• Generation of downscaled climate data and hydrologic studies</li> <li>• Partnerships with private sector for resource mobilization to support community livelihood and implementation of watershed management actions</li> </ul>
Objective 3: Improved water sector governance	<ul style="list-style-type: none"> <li>• Mapping and formulation of mobilization strategy for funding sources for WSS services and WRM</li> <li>• Preparation of a policy note related to the justification of the bill on the Department of Water Resources and the TOR of the inter-agency body that will lead the implementation of the PWSSMP and URAF</li> <li>• Technical secretariat support to the Government and development partners forum</li> </ul>
Cross-cutting Activities	<ul style="list-style-type: none"> <li>• Conceptualization of Water Challenge</li> <li>• Drafting of the Baseline Assessment Report</li> <li>• Integration of gender assessment in baseline study</li> <li>• Organization of MOU signing event between USAID and Provincial Governments</li> <li>• Internal SW Team Training Activities</li> </ul>

Activities which contributed to targets this quarter include:

- Engaging two (2) new partners – one with Conrado and Ladislawa Foundation, Inc. (CLAFI) and the other with Kasilak Development Foundation, Inc. (KDFI) to achieve Cross-Cutting Indicator 2 (number of partnerships developed and / or institutionalized)
- Developing a Livelihood Strategy report which outlines technical assistance that SW will provide to community enterprises and partners. The report articulates SW's strategic approach to achieve Outcome 2.3 (number of people receiving livelihood co-benefits)
- Preparing a Policy Note on the Economic Cost of Inadequate Water and Sanitation Services (WSS) as input to discussions refining the bill creating the Department of Water Resources and the Water Regulatory Commission to achieve Intermediate Result 3.1 (number of major reform initiatives supported).

In addition to continued work on 1st Quarter Activities, major activities planned for the 2nd Quarter are:

### **Objective 1: increased access to resilient water supply and sanitation services**

1. Implementing technical assistance for project development or implementation or capacity development of WSPs, such as completion of project proposals for *Salintubig* grants, mentoring participating WSPs to complete strategic business plans, and assisting SURGE in the implementation of Water Safety Plans
2. Assisting the General Santos City Water District (GSCWD) in finalizing the loan with DBP for its septage management program
3. Consulting and seeking a mandate for pilot implementation of the Central Management System (CMS)
4. Finalization of the Provincial Integrated Water Security Framework

### **Objective 2: improved sustainable management of water resources**

1. Completing the hydrologic studies for the five watersheds: Buayan-Malungon, Montible, Bago, Malogo and Siguel
2. Facilitating formulation of watershed management plans and LGU watershed conservation plans
3. Training stakeholders on water flow, quality monitoring and climate risk assessment
4. Finalizing partnership agreements with the Coca Cola Foundation, Puerto Princesa Water District, Yamang Bukid Foundation, and Philippine Disaster and Relief Foundation for the Water Challenge
5. Undertaking documentation of water demand management (WDM) best practices in the private sector<sup>1</sup> and initiating the organization of local versions of the Water Alliance

### **Objective 3: strengthened water sector governance**

1. Following up NEDA action on the draft Unified Resource Allocation Framework Technical Working Group (TWG) Terms of Reference and provide assistance in the mobilization of the TWG
2. Providing technical secretariat support to NEDA for the Development Partners' Meeting in January and the formation of the WSS Network, a broader stakeholder network
3. Prepare plan and materials for budget advocacy for LGUs for the 2022 budget preparation

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<sup>1</sup> PBSP is negotiating with San Miguel Corporation (SMC) on behalf of Safe Water to become one of the cases to be featured as best practice. The STTA will protocols developed the case documentation protocol with Safe Water and PBSP to be presented to SMC.

4. Provide assistance to NEDA for the launching of the PWSSMP; follow up finalization of the Philippine Water Supply and Sanitation Master Plan (PWSSMP) document and schedule and design of launch with NEDA

### **Cross-Cutting Activities**

1. Launch the Philippine Water Challenge
2. For Gender Equality and Women's Empowerment, commence work on Strategy 1 and 2 of the Gender Action Plan (GAP). Lay the groundwork for the LGU Gender Focal Point System (GFPS) under Strategy 1, with the search and identification of gender allies and champions within LGUs, community partners and the private sector. Under Strategy 2 (increased professional and/or leadership opportunities for women in WSS and WRM institutions), liaise with existing programs offering relevant leadership and mentoring for women and underserved sectors.
3. For Communications and Outreach, organize and manage the observance of World Water Day 2021, with the theme Valuing Water.
4. For Monitoring, Evaluation and Learning (MEL), complete the Baseline Assessment Report and conduct Pause and Reflect sessions with stakeholders in the three SW project sites.

# I. INTRODUCTION

USAID designed the Safe Water project to assist the Philippine Government sustain gains made in the water supply and sanitation (WSS) sector, address sector gaps, capitalize on the efforts of predecessor water and sanitation related projects and expand the scope to include resource management for sustainability of supply—in terms of both quantity and quality.

SW will contribute solutions to the following challenges:

1. *Access to Water Supply and Sanitation Services.* Approximately 12.4 million people in the Philippines still lack access to safe drinking water. Throughout the Philippines, there are still 332 waterless municipalities. In each municipality more than 50 percent of households are still in need of access to clean drinking water. According to the 2017 Field Health Service Information System of the Department of Health (DOH), 85.09 percent of the population has access to basic sanitation services but data is not yet available for the percentage of the population with safely managed sanitation services (definition includes having properly designed septic tanks and wastewater management services). In a preliminary assessment the DOH, working with the World Health Organization (WHO), estimated that less than 20 percent of the population has access to safely managed sanitation services. This is a consequence of poorly designed septic tanks and lack of wastewater management services. Many low-income households still rely on shared or unsanitary toilets (e.g. open pit, drop/hang system); and more than four million people still practice open defecation. Even among those households that have access to improved sanitation, few are connected to sewerage or septic treatment facilities. Existing sewage collection/treatment systems serve only three to five percent of the population. Consequently, a large volume of untreated household wastewater contaminates ground and surface water resources, creating serious public health concerns.
2. *Water Resource Management.* The Philippines has 18 major river basins, 142 critical watersheds and about 24 percent of forest cover. While the Philippines has an apparent abundance of water resources, these resources are unevenly distributed and face multiple threats to their ability to supply water on a long-term basis. These threats include the continued degradation of watersheds, poor water resources governance and allocation, and the increasing frequency of extreme weather events caused by climate change.

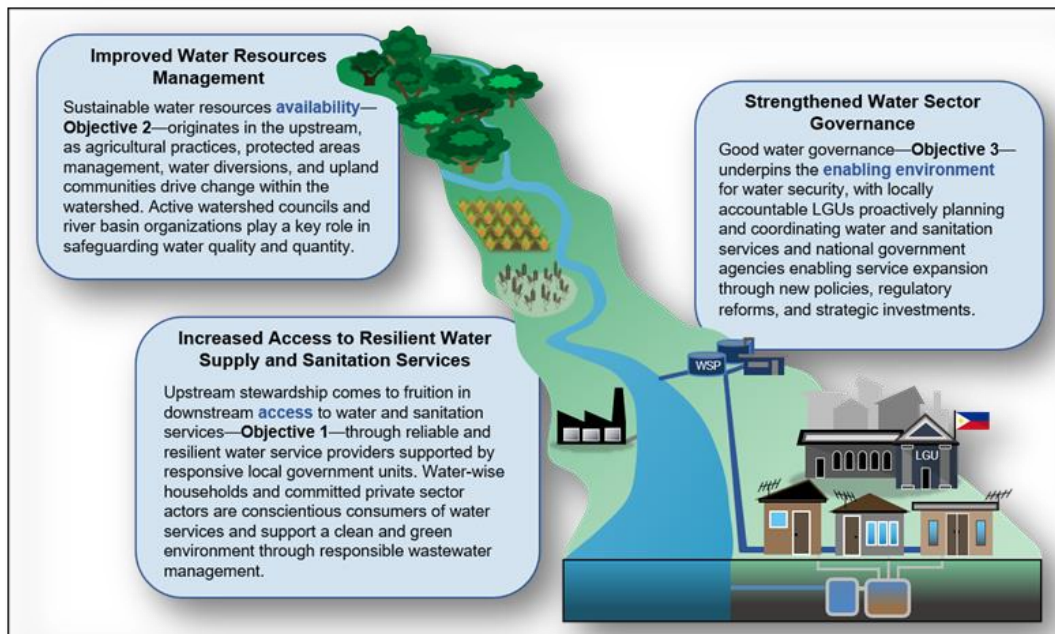
The deteriorating condition of the country's forests and watersheds has exacerbated drought and flood conditions that occur with greater frequency, and there is increased competition among agriculture, energy and other sectors for ever-scarcer surface water resources. In response, cities, municipalities and industries have expanded their reliance on groundwater, which is accelerating the depletion of groundwater resources. In many coastal zones, this has led to saltwater intrusion into freshwater aquifers.

3. *Enabling Environment.* The Philippines' water and sanitation sector is highly fragmented with no apex body. Multiple national and local government institutions are involved in WASH governance and service delivery. Economic regulation (license to operate and tariff setting) is also fragmented and ineffective given conflicts of interest within regulatory bodies due to other mandates. Local government unit (LGU)-run utilities are not regulated and hence are not held accountable for standards of service. The financing requirements needed to meet the Sustainable Development Goal (SDG) targets for universal coverage for water supply and sanitation services by 2030 is in the magnitude of PhP1.3 trillion, 25 times more than historical public investments.

## I.1 ACTIVITY OVERVIEW

The primary purpose of SW is to improve water security of water-stressed communities in the Philippines. Water security is characterized by: i) increased access of underserved or unserved communities to safe water supply and sanitation services; and ii) more sustainable water management of surface and groundwater resources to meet human, economic and ecosystem needs. The Integrated and Inclusive Water Security Framework (*Figure 1*) underpins the implementation plan of the project, which revolves around three objectives, as follows: 1) increased access to safe and resilient water supply and sanitation services, thereby contributing to the SDG target of universal coverage by 2030; 2) improved water resources management focusing on protection and conservation of resources, and efficient use of water resources; and 3) strengthened water sector governance, primarily supporting the enactment of policies, regulatory reforms and strategic investments at the national and local government levels.

**Figure 1:** Safe Water Integrated and Inclusive Water Security Framework



SW is working in three geographic sites to implement activities related to Objectives 1 and 2. However, the project will move beyond the prioritized areas as successful models and approaches are scaled and sustained through collaboration and communication with water and sanitation service policy makers and service providers, as well as thought leaders at the basin, regional and national levels.

Objective 3 activities are being led from the Manila office of the project. The focus is supporting NEDA's efforts to lead the implementation of the Philippine Water Supply and Sanitation Master Plan (PWSSMP), which covers eight key reform areas including institutional strengthening and regulatory reforms, and the new financing policy for the sector embodied in the Unified Resource Allocation Framework (URAF).

## I.2 TARGET SITES

SW field activities focus on the following cities and provinces (Figure 2): Puerto Princesa City in Palawan Province, Bacolod City in Negros Occidental Province and General Santos City in Sarangani Province.

**Figure 2:** Safe Water Project Sites

The Team identified the following LGUs and watersheds (Table 2) in the focal sites to be the priority areas in the project’s Year 1 and Year 2 Work Plan. The prioritization was based on access gaps, number of people who will benefit, and economic significance of the LGUs. The Team confirmed the prioritization with stakeholders in various consultations.



**TABLE 2: SW Target Cities and Municipalities for Year 1 and Year 2**

Year	Puerto Princesa City and Palawan	Bacolod City and Negros Occidental	General Santos City and Sarangani
Year 1 Sites	Puerto Princesa City, Coron, Dumarán and Taytay	Bacolod City, Bago, Candoni, Isabela, Murcia, San Carlos, Silay, Talisay and Salvador Benedicto	General Santos City, Alabel, Kiamba, Maasim and Malungon
Year 2 Sites	Aborlan, Busuanga, El Nido, Narra, Roxas and San Vicente	Cadiz, Calatrava, Enrique B. Magalona, Escalante, Manapla, Pulupandan, Sagay, Toboso and Victorias	Glan and Malapatan

**TABLE 3: SW Target Watersheds Covered for Years 1 and Year 2**

sYear	Palawan	Negros Occidental	Sarangani
Year 1	Irawan Montible Itangil* Abongan* Lake Manguao*	Bago Malogo Binalbagan*	Buayan-Malungon River Basin Siguel Pange*
Year 2	Aborlan Catchment Busuanga Cataban Malasgao Baton Baton Sandoval Buayan	Sicaba Himugaan Grande	Lun Padidu Lun Masla Glan

\*Watersheds that were not previously included as priority for Year 1

## 2. RESULT BY RESULT ANALYSIS

### 2.1 ACHIEVEMENTS BY OBJECTIVES

This section presents the key activities and accomplishments of the SW Project in Year 2, 1st Quarter. The major activities and accomplishments are described below.

#### 2.1.1 OBJECTIVE I: INCREASED ACCESS TO RESILIENT WATER SUPPLY AND SANITATION SERVICES

Outcome 1.1: Number of people gaining access to basic or safely managed drinking water services as a result of USG assistance

Outcome 1.2: Number of people receiving improved service quality from an existing basic or safely managed drinking water service as a result of USG assistance

Outcome 1.3: Number of people gaining access to limited, basic or safely managed sanitation services as a result of USG assistance.

Outcome 1.4: Number of people receiving improved sanitation service quality from an existing limited or basic service as a result of USG assistance

##### 2.1.1.1. Identification of Infrastructure and Operational Deficiencies of WSPs

###### a. New opportunities identified/ prioritized

The baseline data gathering activities brought to fore immediate opportunities for project development in Negros Occidental: Kabankalan, La Carlota and Sipalay; and in Sarangani: Maitum (included in the list below). Hence the Team will include these municipalities in the list of priority areas in Year 2. With project development and gestation taking about two to three years, the Team recognizes the need for an early start with as many project sites as possible.

###### b. Identification of technical assistance for WSPs

Based on preliminary assessments made, the Team identified possible technical assistance (TA) to the WSPs at the SW project sites.

###### Puerto Princesa City and Palawan:

- i. Hydraulic network analysis as complementary assistance with SURGE in readying the distribution system of Puerto Princesa City Water District (PPCWD) for the additional supply from Montible Dam
- ii. Updating of PPCWD business plan in coordination with SURGE
- iii. Continuation of SURGE assistance to PPCWD on the monitoring and implementation of the latter's Water Safety Plan
- iv. Hydrologic study for Manguao Lake as water source for new service areas of the LGU-run WSP in Taytay municipality
- v. Improvement of water treatment facility of the LGU-run WSP in Taytay to address turbidity problem

- vi. Pilot study on rainwater harvesting as main water source for the small islands in Taytay which can be replicated in other small islands within Palawan
- vii. Training on NRW reduction and investigation of limited water service operating hours of the LGU-run WSP in Dumarán municipality
- viii. Training to improve O&M skills for the LGU-run WSP in Dumarán
- ix. Automation of billing and collection system for the LGU-run WSPs in Dumarán and Aborlan municipality
- x. Capacity building assistance for the *Salintubig* projects in the LGUs of Taytay, Dumarán and Coron

Bacolod City and Negros Occidental:

- i. Hydrologic study, concept design and design-build tendering assistance for surface water source of a new service area in Kabankalan City Water District
- ii. Concept design and design-build tendering assistance for an additional spring source for La Carlota City Water District
- iii. Concept design and design-build tendering assistance for additional spring and well sources for Sipalay City Water District
- iv. Improvement of water treatment facility to solve the turbidity problem for the LGU-run water service provider of San Carlos City
- v. Capacity building assistance for the *Salintubig* projects in the LGUs of Candoni and Isabela municipalities
- vi. Assistance to La Carlota City and Sipalay WDs in planning and implementation of the recently completed feasibility studies for septage management

General Santos City and Sarangani:

- i. Complement SURGE assistance to General Santos City Water District (GSCWD) and Alabel municipality on the supervision of drilling of additional wells
- ii. Updating of GSCWD business plan in coordination with SURGE
- iii. Assistance to GSCWD to secure Development Bank of the Philippines (DBP) financing and tender the septage management project
- iv. Design and work program implementation for additional surface water source for the Alabel LGU-run WSP
- v. Automation of billing and collection system for the Alabel LGU-run WSP
- vi. Design and work program implementation for the proposed rehabilitation of the existing distribution system of Malandag WSP in Malungon municipality
- vii. Optimization and operational improvements to the existing LGU-run septage treatment plant of Alabel municipality

Most of the above-listed activities still require further investigation, validation and preparation of the terms of reference (TOR) for the technical assistance.



c. Preparation of SOWs and identification of experts and resources needed for proposed technical assistance agenda

The proposed TA activities will require services of the following specialists:

- 1) Hydrologist
- 2) Hydrogeologist/Well Drilling Specialist
- 3) Water Supply/Hydraulic Network Specialist
- 4) Water System Management Specialist
- 5) Non-Revenue Water Reduction Specialist
- 6) Treatment Process Specialist
- 7) Sanitation Specialist
- 8) Structural Engineer
- 9) Procurement Specialist
- 10) Information Technology Specialist
- 11) Financial Specialist
- 12) Economist

As soon as the proposed TA activities are validated and more detailed information becomes available, the respective scopes of work for the required experts will be prepared by the Team.

2.1.1.2. **Adoption and updating of models and tools**

a. Adoption of WB financial stress test model for WSPs

The Team adopted the financial model developed by World Bank (WB) and modified by USAID's WASH-FIN Project to determine the impact of the COVID-19 pandemic on WSPs in developing countries. The simplified financial planning tool was developed to help WSPs quantify the financial impact on their operations and, as appropriate, make evidence-based justifications for additional public finance support as a response to the pandemic.

Although the model was developed in response to the pandemic, SW recognizes its utility as a risk analysis tool for other disasters with prolonged and lingering effects, such as typhoons and drought / dry spells that occur in the country every so often and other non-climate related disasters, such as earthquakes, volcanic eruption or man-made disasters such as war or economic crises.

The study tests the financial resilience of WSPs to the impact of COVID-19 during the 12-month assessment period starting February 2020. Specifically, it aims to: (a) help WDs prioritize key actions for ensuring continuity of water service; and (b) inform national or local government assistance to alleviate the financial impact of COVID-19 to ensure viability during and post- pandemic recovery.<sup>2</sup>

The study utilized an Excel-based financial model, which primarily performs a comparison of pre- and post-COVID-19 revenue, costs and cash flow. The results showed the following: ability of the utility to generate cash from operations during the pandemic; and the pace at which the utility burns its cash from beginning balance and reserves to sustain operations.

The Team invited 23 water districts in SW project sites to participate in the financial stress test – five (5) water districts in Palawan, 15 in Negros Occidental and two (2) in Sarangani and General

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<sup>2</sup> An Introduction to the World Bank's COVID-19 Stress Testing Tool, WASH-FIN, Aug 12, 2020.

Santos City. Six WDs agreed to participate and provided information needed to run the analysis, namely: Culion and Taytay in Palawan; Murcia, Kabankalan City, and La Carlota City in Negros Occidental; and General Santos City.

The results were presented during an online workshop on November 17, 2020 where 12 WDs took part together with one interested LGU-run water system. The report will be shared with the Philippine Association of Water Districts (PAWD), Local Water Utilities Administration (LWUA) and National Water Resources Board (NWRB) for possible adoption and scale up to other WSPs. The results of the application of the model can be used for managing the cash burn and some mitigating measures on the impact of the crisis, but more importantly for prolonged risk occurrences it can inform the support package from the government to ensure services are not discontinued.

The report containing the findings of the financial stress test analysis was submitted to USAID on December 14, 2020.

b. Training and Mentoring of Water Districts on Strategic Business Planning

The Business Planning training program was designed to be carried out in three parts:

- Part 1: Orientation/Refresher
- Part 2: Use of the Excel-based Model
- Part 3: Mentoring

Part 1 was conducted in two online sessions / workshops on December 3 and 7, 2020. Fifteen WSPs from SW sites were represented; as well as an LGU-run WSP of El Nido; the Nabunturan WD in Davao de Oro Province as guest participant from the Mindanao Development Authority (MinDA); and, the Provincial Government of Palawan (PGP)-Water Infrastructure Group. The latter's participation is a prelude to a more in-depth training of trainers for the Group, which will be tapped to build the capacity of the municipalities of Palawan.

Prior to the Part 1 sessions, the participating WSPs were asked to submit their latest or existing Business Plans, if any, so that discussions were tailored to fit the participants' needs. Those who submitted existing Business Plans in spreadsheet format were Kabankalan WD, La Carlota WD, Murcia WD and Talisay WD.

Part 2 is scheduled for late January 2021 and will also be conducted in two online sessions. The Excel-based model was shared with participating WSPs so that they can gather the needed data and inputs. The model will generate the following outputs: 1) 5-year staffing projection; 2) service connections and water production; 3) capital expenditures; 4) operations and maintenance costs; 5) revenue needs; 6) investment requirement and debt service; 7) pricing strategy; and 8) cash flow. The tool also has a dashboard that presents results vis-à-vis key performance indicators (KPIs).

Part 3 shall consist of mentoring sessions through in-person meetings with WSPs to validate recommendations and guide mentees in preparing the business plan write-ups.

## Improving WSP Efficiency through Business Planning

Participants from at least 16 water service providers, local government units and community water utilities took part in the first of a three-part Strategic Business Planning Training series conducted online last December 3 and 7.

In his opening remarks, [REDACTED], Director of the Environment Office of USAID Philippines said, “Through the five-year Safe Water project, the U.S. government will support Palawan, Negros Occidental, and Sarangani to achieve water security goals and targets. USAID will work with water service providers to improve governance, management and operating efficiency, service expansion and overall performance improvement.”

He added, “Financing is not enough to bring about desired change. It must be coupled with sound planning and combined with the preparation of bankable projects. I understand the model you will be using in this training program was developed under the auspices of USAID’s Philippine Water Revolving Fund Support Program. It has since been improved and updated by input and use by many water service providers.”

The December online training covered an orientation and refresher on the business planning process and an assessment of the water service providers’ current conditions and priority issues and identification of strategic goals.

The participants included the water districts of Taytay and Culion, the El Nido Water and Sanitation System (ENWSS), the Quezon Water

Supply Systems Office, Provincial Government of Palawan – Water Infrastructure Group and another USAID project, Strengthening Urban Resilience for Growth with Equity (SURGE) for Palawan; water districts of Binalbagan, Kabankalan City, La Carlota City, Murcia, Talisay City and the Association of Chief Executives (ACE) for Negros Occidental; and, the Alabel Water System and the Savesegrow Multipurpose Cooperative for Sarangani.

Other groups represented were the Mindanao Development Authority, Nabunturan Water District (Davao de Oro province), and Water.org.

### c. Preparation of a Comprehensive WSP Assessment Tool

The Team prepared a Water Utility Assessment Tool that is now being used by WSPs in assessing water supply infrastructure and management systems. The tool can be used to identify infrastructure and operational deficiencies. The information and diagnostic sheets of the tool cover water sources, water quality, storage facilities, pipe network, pumping facilities, service connections, organization / staffing, and financial information. The tool analyzes each item by comparing the WSP’s data against established norms and industry benchmarks for key performance indicators.

#### 2.1.1.3. **Complementing USAID-SURGE Interventions**

SW and Strengthening Urban Resilience for Growth with Equity (SURGE, another USAID project) work in three common areas: Puerto Princesa City, General Santos City and the Municipality of Alabel in Sarangani. With SURGE ending in 2021, the SW and SURGE Teams identified activities that SW can support and /or continue.

On October 22, 2020, SW oriented the SURGE team on the updated Business Planning spreadsheet tool. SW also supported SURGE during the latter’s workshop on updating the business plans of

GSCWD and PPCWD held on December 21 and 22, 2020. The workshop ended with the SWOT analyses and listing of priority issues of the two WDs. It will resume in January 2021 up to the completion of the updated business plans.

#### **2.1.1.4. Completion of Central Management System (CMS) Training Materials and Identification of Pilots for CMS Implementation**

The Team completed presentation materials for the promotion of the CMS based on the Guidebook prepared by the USAID WASH-FIN project. The CMS addresses the challenges on quality and adequacy of service of small, loosely-organized and poorly-operated community-based water service providers, such as barangay water and sanitation associations (BWASA), which are not held accountable for technical and quality of service standards, and do not follow any rationalized guidelines for tariff setting.

The CMS intends to set up an autonomous economic enterprise within LGUs to manage water and sanitation service provision. The enterprise will be ring-fenced and will have disposition over the revenues it generates. It will put under its mantle the numerous and disparate community-based water service providers. These entities may be allowed to operate as agents of the LGU, but they will be subject to common technical, operating and management standards, key performance indicators, and tariff setting guidelines (the Team is recommending adoption of the NWRB methodology).

The SW field teams have introduced CMS to priority municipalities during field visits. Positive responses to participate in the pilot implementation were received from: El Nido, San Vicente and Narra in Palawan; EB Magalona, Taboso, Calatrava and Isabela in Negros Occidental; and Alabel in Sarangani. Once the list of interested LGUs is firmed up, the Team will select pilot areas based on these criteria: receptiveness / commitment of the local chief executive and the *Sangguniang Bayan* to the CMS concept; presence of a number of existing decentralized barangay water systems in the LGU; willingness / commitment of barangay water systems to attain certain key performance indicators; water services accounts already ring-fenced or willing to be ring-fenced; and organizational readiness / availability of managers, engineers. Ring-fencing of water utility accounts of LGUs is a critical first step of the CMS.

#### **2.1.1.5. Complementation of WSS Initiatives with Development Partners**

ADB is set to implement a PhP1 billion tourism project split between El Nido and Coron municipalities in Palawan. SW is currently working on assessing the capacity building needs of the water and sanitation service provider in El Nido. The Team visited El Nido on November 3-4, 2020 to look at the water supply and sanitation facilities of El Nido being managed by the LGU.

The El Nido Waterworks started operation in 2017 through its small project under *Salintubig*. Major water supply and wastewater treatment facilities were added through the intervention of the PGP-Water Infrastructure Group.

#### **2.1.1.6. Preparation of Provincial Water Security Framework**

Safe Water completed the initial draft of the Provincial Water Security Framework (PWSSF) which will be used as a guide in the formulation of Provincial Integrated Water Security Plans (PIWSP). The PIWSP will be the provinces' roadmap toward achieving water security. The PWSSF outlines the significant role of the province in achieving water security through its oversight mandate over component cities and municipalities.

The framework aims to cascade the national vision and goals of the PWSSMP to local governments. The menu of interventions and measures to address the water security issues and challenges are

consistent with the principles of Integrated Water Resources Management (IWRM) as embodied in SW's water security framework.

Following the IWRM concept, the PWSF emphasizes the interconnectedness of the upstream and downstream environments and the importance of efficient and effective governance of the WSS sector to achieve water security.

The three major elements in the equation of water security according to this framework are WSS Services + Water Resource Management + Governance. In order to clearly define progress at any given time toward achieving water security goals, the proposed interventions are tied to key reform areas that the national government aims to address, as contained in the PWSSMP. The framework also includes an annotated outline of the PIWSP.

The provincial governments expressed keen interest in having a water security plan integrating WSS service provision and WRM concerns, as well as clearly delineated roles with municipalities and actionable measures.

#### **2.1.1.7. Gathering Well Data in the Cities of Puerto Princesa, General Santos and Bacolod to Supplement the Hydrologic Studies**

SW is carrying out hydrologic studies for the major watersheds in the target sites to estimate the water balance for the next 45 years based on downscaled climate projections. The water balance will indicate how rainfall or precipitation will be distributed into evapotranspiration, surface runoff and groundwater recharge. As the three big water districts in the project sites (General Santos City Water District, Puerto Princesa City Water District and Bacolod City Water District) rely mostly on groundwater, it is important to estimate future groundwater availability.

Knowledge of historical patterns of groundwater use, in terms of discharge and static and pumping water levels of existing wells of WDs will help determine if continued use of groundwater is sustainable or a shift to surface water sources is necessary. In line with this, the Team obtained 2019 well data for General Santos City from the regional office of the Mines and Geosciences Bureau (MGB). The Team will gather data from GSCWD to get the historical patterns as the MGB does not collect data on an annual basis. For Puerto Princesa City, the Team will also gather all available historical well data from PPCWD.

For Bacolod City and its surrounding areas, the Team obtained the Groundwater Management Plan completed in 2016 from NWRB. The surrounding areas which were included in the delineated watershed include Talisay City to the north, selected barangays of Murcia to the east-southeast, Silay City to the far north and Bago City to the south. The following issues were considered and validated in the conduct of the study: (1) groundwater deficit of five (5) million liters per day in Bacolod City; (2) over-extraction of aquifers; (3) proliferation of unregistered wells; (4) salt water intrusion; and, (5) aquifer contamination.

## **OBJECTIVE 2: IMPROVED SUSTAINABLE MANAGEMENT OF WATER RESOURCES**

Outcome 2.1: Amount of GHG emissions reduced or avoided (in metric tons equivalent) related to sustainable landscapes as a result of USG assistance

Outcome 2.2: Number of people benefiting from adoption and implementation of measures to improve water resources management as a result of USG assistance

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Outcome 2.3: Number of people receiving livelihood co-benefits (monetary or non-monetary) associated with USG sustainable landscapes activities

Outcome 2.4: Changes in runoff-ratio in targeted catchments

Outcome 2.5: Changes in water quality as measured by water turbidity

Outcome 2.6: Changes in the volume of groundwater recharge / infiltration

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### **2.2.1.1. Facilitation of Management Planning for Priority Watersheds**

The Water Resource Management (WRM) Specialist conducted an internal training for SW field staff on watershed management plan formulation. Following this, WRM Field Officers together with the Provincial Environmental Management Office, City ENRO and DENR – CENRO identified the interim members of the Planning Teams in Malogo (Negros Occidental), Irawan (Palawan) and Siguel (Sarangani) watersheds. Subsequently, the SW Field Teams oriented members of the planning teams (composed of representatives from the LGUs, DENR, Water Districts and barangays, among others) in Siguel and Irawan on watershed management plan formulation and an action plan for completing the management plans was prepared. Field data gathering and situational analysis related to the formulation of watershed management plans will be undertaken next quarter.

In Palawan, a separate orientation training was conducted for PPCWD on the formulation of the Montible watershed management plan which is a requirement under the Palawan council for Sustainable Development (PCSD) clearance issued to PPCWD. The orientation was attended by assistant general managers, department and division managers and technical staff from the Engineering Services Department, Watershed Management Division and Planning, Monitoring and Management Services Division. After the orientation, the PPCWD expressed its desire to enter into a MOU with Safe Water to assist them in watershed management planning. The MOU was approved by the PPCWD Board of Directors in its meeting last December 2020 and signed on January 14, 2021.

An orientation on the formulation of LGU watershed conservation plan (LWCP) was also conducted by the WRM Specialist among SW WRM field staff. The LWCP is essentially an LGU plan to implement the existing integrated watershed management plan (such as that of Bago watershed and Buayan-Malungon River Basin) which will trigger LGU investment in watershed conservation. The SW Field Teams have advised the LGUs in Malungon and Alabel in Sarangani and Murcia in Negros Occidental on the process of LGU watershed conservation planning. Formation of Municipal watershed technical working groups is also underway in these LGUs to facilitate LWCP preparation.

### **2.2.1.2. Generation of Downscaled Climate Data and Hydrologic Studies**

The hydrologic study is a critical input in the preparation of watershed management plans. In the first quarter of Year 2, the Manila Observatory (MO) generated the downscaled climate data and updated land cover maps of five watersheds: Buayan-Malungon, Bago, Montible, Siguel and Malogo. These outputs were given as inputs to the Geosciences Foundation Inc.'s (GFI) hydrologic studies. Within the quarter, GFI completed the hydrologic studies of three watersheds: Buayan-Malungon, Bago and Montible. These hydrologic studies provide estimates of water resources based on surface water discharge and underground water recharge in the target watersheds, which are also critical in water allocation and risk assessment. The study also identified high recharge areas within the watersheds which should be protected from inappropriate land use conversion.

### 2.2.1.3. Developing Local Stakeholder Capacity for Climate and Hydrologic Risk Assessment

Following completion of the downscaled climate data in the 5 target watersheds, MO is preparing for a training workshop in February on climate and hydrologic risk assessment. A pre-training questionnaire was designed by MO to be administered to training participants to assess their current knowledge and understanding of climate and hydrologic risks. Through this training, WSPs and LGUs will be guided in building climate resilient facilities, planning for mitigation and emergency response, ensuring continuity of service in times of disaster and identifying recovery measures from extreme events like typhoons and droughts.

### 2.2.1.4. Facilitation of Management Planning for Priority Watersheds

Currently, there are two existing Water Management Councils (WMCs) in SW target watersheds: Bago Watershed Management Council and the Palawan Flora, Fauna Watershed Reserve Management Committee. Although formation of the Buayan-Malungon River Basin (BMRB) Management Council has been initiated with the drafting of the Memorandum of Agreement, this Council has not been officially organized since the draft memorandum of agreement (MOA) was not signed by the members. Initial assessment by SW field teams and key informant interviews indicate that these WMCs have been inactive and are not meeting regularly. Thus, the SW field teams conducted consultation meetings with key members of the technical working groups (TWGs) of Bago and Irawan watersheds and the BMRB to reactivate these WMCs.

The WRM Specialist is finalizing the draft Organizational Capacity Assessment Tool (OCAT) to be used in conducting an in-depth assessment and developing a capability strengthening program for these WMCs. Meanwhile, a briefing on Safe Water's Year 2 work plan for WRM was conducted for the TWGs. SW field teams are assisting in the formation of Municipal/ City TWGs for Bago Watershed and BMRB as well as that of Siguel and Malogo preparatory to the formation of WMCs in these areas.



### 2.2.1.5. Resource Mobilization to Support Community Livelihood Development

The approval of the four-year grant to implement livelihood and watershed conservation activities in Negros Occidental is one of the partnership highlights in this quarter. Safe Water assisted the Federation of Multi-Sectoral Alliance for Development - Negros (MUAD-Negros) in developing a grant proposal to Coca-Cola Foundation Philippines, Inc. (CCFPI)<sup>3</sup>. The project will rehabilitate 16 natural spring water sources in Bago and Malogo Watershed, implement agroforestry and train community water monitors in 19 barangays. Safe Water is both co-proponent and technical assistance

<sup>3</sup> CCFPI is the corporate social responsibility arm of the Coca-Cola Bottling Company Philippines, Inc.

provider while MUAD-Negros is the main implementing NGO partner. The grant agreement which is being finalized as of this report, will bring in investments for livelihood and sustainable landscape activities amounting to about 12 million pesos from CCPFI and two (2) million pesos from MUAD. A parallel MOU between CCPFI and USAID / Safe Water will be signed to document the strategic partnership on watershed conservation and livelihood in Negros Occidental.

For this quarter, Safe Water signed MOUs with Conrado and Ladislawa Foundation, Inc. (CLAFI) and Kasilak Development Foundation, Inc. (KDFI). The livelihood activities to be undertaken through these partnerships are as follows:

- a. CLAFI will implement environmentally sustainable livelihood activities and expand community support to watershed conservation and rehabilitation in Siguel Watershed. CLAFI is the implementer of the Watershed and Forest Protection Project of Sarangani Energy Corporation (SEC). As such, SEC's investment will be leveraged with Safe Water resources on reforestation of hectares of denuded forest of Siguel Watershed in Maasim, Sarangani Province. Joint planning has been conducted by Safe Water and CLAFI.
- b. KDFI, as the development partner of Dole Philippines Inc. Stanfilco Division,<sup>4</sup> implements projects in Stanfilco's areas of operations all over Mindanao. Collaboration with SW and partners in the LGU involves reforestation and riverbank rehabilitation activities in target watersheds in the common areas in Malungon. KDFI will implement livelihood activities which may include bamboo propagation and plantation, processing of agricultural crops and other products that may be identified with the community in Sarangani.

For existing partnerships, the activities are as follows:

- a. Mahintana Foundation, Inc. (MFI) will focus on riverbank vegetation enhancement by cultivating tree crops such as hagakhak, bagrass (*eucalyptus deglupta*) and bamboo in Malungon, Sarangani. In addition, Mahintana will explore contract-growing schemes with Dole Philippines and other companies that may require bagras-made wood pallets. All activities will be carried out with stakeholders in the LGU to ensure alignment with the Buayan Malungon River Basin plan and sustainable landscape objectives of Safe Water.
- b. Foundation for Sustainable Society Inc. (FSSI) commits to finance livelihood and enterprises either through loans or investments for people's organizations (POs), cooperatives and social enterprises in SW project sites over the life of the project. Safe Water's assessment of its target community producers revealed that they cannot meet the eligibility requirements as direct recipients of FSSI financing. Thus, SW has begun identifying cooperatives and social enterprises that will be linked to producer communities who will serve as conduits of FSSI financing. A series of capacity building activities is being planned with FSSI to improve organizational management of target peoples' organizations (POs).

The status of other partnerships in the pipeline are as follows:

- a. A Memorandum of Understanding (MoU) with Yamang Bukid Foundation (YBF), a social enterprise in Puerto Princesa City is currently under review. YBF will provide marketing support to producer communities in SW target sites to include direct purchase of the communities' produce, linking with other markets and provision of capacity building for negotiating marketing terms. YBF will also build the capacity of communities in target sites on improved production and post-harvest of high-value crops and value-adding processes that meet Good Manufacturing

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<sup>4</sup> Stanfilco is a division of Dole Philippines and is the leading global exporter of giant cavendish bananas. The company pioneered the Independent Banana Growers' program in the early 90's and has since worked with small banana producers in Mindanao.



Practices (GMP) standards.

- b. Initial discussions with Forest Foundation Philippines, Inc. (FFPI) were completed on potential watershed conservation and biodiversity project in Palawan. The WRM Specialist is developing the concept note to present to FFPI.
- c. Contact with the Philippine Partnership for Sustainable Agriculture (PPSA) was initiated to link Safe Water producer communities with PPSA's private sector members as markets and TA provider.
- d. Since Year 1, Safe Water has been in discussion with PLDT–SMART group to support a multi-year initiative on WRM in Palawan. However, Safe Water has deferred its partnership discussions.
- e. The SW Field Team in Puerto Princesa City is working on a partnership agreement with the PPCWD. The latter will invest in the formulation of Montible watershed management plan and in rehabilitation activities, with SW providing technical assistance. The MOU has been finalized and its signing is being facilitated by and Team in coordination with PPCWD.

#### **2.2.1.6. Scaled Adoption of Payment for Ecosystem Services**

SW engaged two short term consultants during the quarter to facilitate establishment of a payment for ecosystem services (PES) mechanism in three target watersheds. The Consultants reviewed the PES experiences in Palawan, Negros Occidental and in South Cotabato to inform planning activities for scaling adoption of PES in SW sites. An inventory of ecosystems goods and services (EGS) provided by target watersheds is also being conducted based on existing studies, reports and literatures. A PES orientation among stakeholders, cost-based valuation of EGS and cost and revenue analysis will be undertaken in February 2021 in preparation for PES negotiation among users and providers of EGS in target watersheds.

#### **2.2.1.7. Support for Water Demand Management at the Local Level**

Safe Water and the Water Alliance – with the Philippine Business for Social Progress (PBSP) serving as Secretariat - together with alliance member Maynilad Water Academy conducted a planning session on capacity building for water demand management (WDM). SW and PBSP agreed to review and enhance the WDM tools developed by Water Alliance with Maynilad Water Academy, including the water audit modules developed under the previous USAID-supported Water Security for Resilient Economic Growth and Stability (BE SECURE) Project.

The original modules consist of a one-day introduction to WDM and a three-day WDM Training that may or may not include a water audit. Output of the training is a WDM action plan by participants. Based on PBSP's experience, the action plans are oftentimes not implemented due to lack of buy-in from management.

Maynilad Water Academy will review the content of Module 1 (Basic) and Module 2 (Advanced) this January while SW will work with Water Alliance to develop Module 3 (Industry Specific). The enhanced modules will be specific to target participants, depending on their level of decision-making and functions in WDM efforts within their organizations. Local WDM best practices will also be documented and featured in the WDM modules as real-life examples to be showcased during trainings. Once approved by Maynilad Water Academy, a pilot training session with SW will be held in early March.

## OBJECTIVE 3: STRENGTHENED WATER SECTOR GOVERNANCE

Outcome 3.1: Number of policies or plans developed, enhanced, or implemented to promote water security and WSS service provision

Outcome 3.2: Number of water and sanitation sector institutions strengthened to manage water resources or improve water supply and sanitation services as a result of USG assistance

Outcome 3.2: Number of mechanisms developed and/ or enhanced for exchanging knowledge on water security

### 2.3.1.1. Mobilizing Financing for Resilient WSS Services

#### a. Review of NG and LGU Budgets for WSS

The Team continued to monitor the utilization of national government (NG) and LGU budget allocation for WSS for 2019-2020 and approval of the 2021 budget. Related programs, projects and activities (PPAs) funded by NG and LGU budgets in the project sites were also reviewed to identify where SW can help mobilize (obligate, disburse or leverage) allocated budgets through provision of TA and capacity building. A mapping of 2019-2020 PPAs and budgets was done and will be updated upon the approval of the 2021 General Appropriations Act.

#### b. Facilitation of LWUA-DBP Co-Financing Arrangement

In a meeting with NEDA and LWUA on November 5, the latter agreed to explore the SW proposal for co-financing with DBP as an option to augment its financial resources to fund WD projects. For 2021, LWUA has PhP400 million worth of water projects in the pipeline with no available financing. LWUA's internally generated funds are limited and only enough to cover its MOOE expenses for 2021. It plans to use a portion of the PhP526 M budget allocation for 2021 for loans to small WDs once this is approved. Tapping DBP co-financing for WD projects will leverage its funds. SW confirmed DBP's interest to co-finance these projects, on top of the co-financing for septage projects. DBP sent its letter of intent to LWUA and a draft MOA for the co-financing arrangement on November 18. SW will also help identify pipeline projects for the co-financing arrangement, starting with the feasibility studies conducted under the Project Development and other Related Studies (PDRS) Fund, a special purpose fund managed by NEDA with LWUA as implementing agency. SW will continue to facilitate discussions of both parties on the MOA and pipeline projects in January 2021.

#### c. Improving MFI Access to DBP Wholesale Lending for WSS

SW reached out to the Development Bank of the Philippines (DBP) and Water.org to facilitate wholesale lending to MFIs for WSS. A barrier to MFI borrowing is compliance with the mandatory disclosure of personal financial statements from principals of borrowers (Chair, President and Treasurer). Water.org requested a relaxation of this requirement and DBP offered the submission of credit information authority or data privacy consent form as options. SW will continue to engage Water.org, MFIs and DBP to mobilize the bank's lending window to expand the former's WASH portfolio.

#### d. Monitoring Collaboration with Related ODA-Funded Programs

The Team continued to monitor developments of pipeline official development assistance (ODA) programs for WSS and WRM, particularly:

- ADB's tourism projects in Coron and El Nido for institutional capacity building for improved governance and sustainability of sewerage facilities;
- World Bank's Program for Results (P4R) Financing where the three SW sites may be considered as pilot sites for the proposed investment project and TA to the Department of Interior and Local Government (DILG) for the restructuring of the *Salintubig* Program and setting up of a utility benchmarking system;
- The Korea International Cooperation Agency's (KOICA) project with NEDA on capacity building for WRM module development for capacity building and knowledge exchange on best practices in building capacities of water sector partners through online platforms; and
- The International Fund for Agricultural Development's (IFAD) Rural Agro-Enterprise Partnership and Inclusive Development and Growth (RAPID) Project with DTI.

Both ADB and WB investment projects are targeted to be implemented in 2022. The KOICA capacity building program will still be discussed with NEDA. SW will hold joint planning activities with the RAPID project in Sarangani in January 2021 on the conduct of technical trainings for livelihood interventions in support of WRM and on assistance to farmer organizations to facilitate their access to finance for WSS requirements in common sites. SW will follow up potential collaboration with these projects.

### 2.3.1.2. **Support for the Implementation of the Philippine Water Supply and Sanitation Master Plan (PWSSMP) and Unified Resource Allocation Framework (URAF)**

#### a. Preparation of the URAF Grants Implementing Guidelines

The Team had a follow up meeting with NEDA on November 26 on agreed joint activities leading to the implementation of PWSSMP's key action plans and operationalization of URAF. The NEDA Board (NB) Resolution on the implementation of URAF is being revised based on the comments of the Infrastructure Committee (InfraCom). NEDA Infrastructure Staff is targeting its inclusion in the agenda of the NEDA Board *en banc* meeting scheduled in the 1st quarter 2021. The Team will refine the draft URAF grants implementing guidelines based on the approved NB resolution.

#### b. Support to NEDA in Organizing the URAF Technical Working Group (TWG)

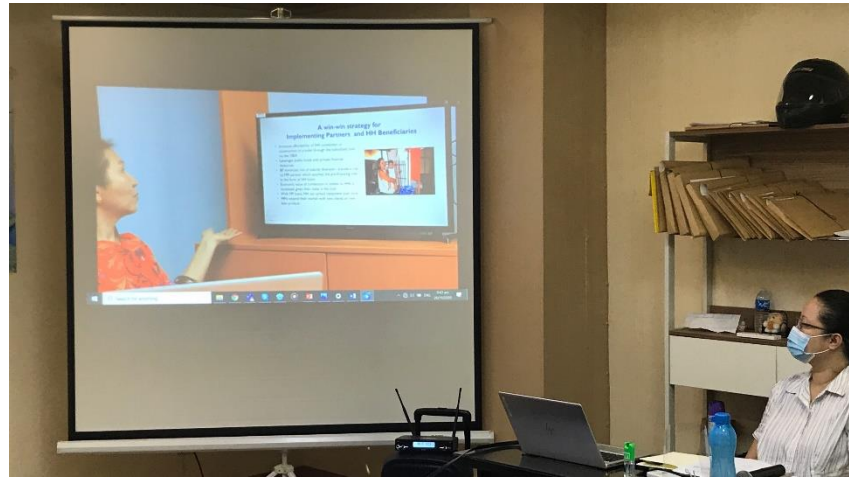
The Team prepared and submitted the draft Terms of Reference (TOR) for the URAF Technical Working Group to NEDA. The TWG is part of the URAF implementing structure mandated in the NB Resolution. The TWG will serve as the URAF Technical Secretariat and will lead the implementation of PWSSMP key reform areas and operationalization of the financing policy. The TOR is proposed to be discussed in the next InfraCom meeting.

#### c. Preparation of a Policy Note for the WSS Apex Body

At the request of NEDA, SW prepared a Policy Note on the Economic Cost of Inadequate WSS. NEDA asked this paper to respond to the request received from Congressman Marvey Mariño, sponsor of the bills on the creation of the Department of Water Resources and the Water Regulatory Commission. The Congressman sought information / evidence that he could use to justify the creation of the two institutions. USAID concurred with the paper on December 18 and submitted same to NEDA the following day.

#### d. Piloting of the OBA

The team collaborated with DOH, UNICEF and USAID Office of Health (OH) to discuss funding and implementation of sanitation programs including output-based aid (OBA) with blended finance (BF) for poor households. With DOH's inclination to veer away from administering grant subsidies to LGUs for sanitation in view of the Mandanas ruling, SW will explore other possible sources for the pilot implementation of OBA-BF in SW project sites (e.g. LGU funds and the Special Health Fund (SHF) provided under the Universal Health Care (UHC) Law that envisions the integration of health service delivery into the province-wide and city-wide health systems).



### 2.3.1.3. Technical Secretariat Support to the Government and Development Partners' Forum

The Development Partners meeting scheduled for December was postponed and tentatively moved to January 15, 2021. The Team prepared the draft agenda for the meeting which includes: a) updates on the PWSSMP and URAF (status of the URAF; bills on the DWR, WRC and NWMC; implementation of the Mandanas IRR; WSS Sector Budget for 2021 and budget advocacy for 2022); b) report on the December 2 SWA Finance Ministers' Meeting; c) preparation of the National Water Security Roadmap; and d) status of Development Partners' WSS Programs Supporting the PWSSMP.

### 2.3.1.4. Development of Knowledge Products

During the quarter, the Team produced or packaged (from tools and models adopted) the following knowledge products:

- a. WSP Assessment Tool
- b. Financial Stress Test Excel-based Model
- c. Strategic Business Planning Excel-based Model
- d. Livelihood Assessment and Scoping Toolkit
- e. Water Demand Management Framework
- f. PowerPoint slide deck on Orientation on Financing WSS
- g. PowerPoint slide deck on Orientation on OBA-Blended Finance for LGUs

## 2.2 ADDRESSING IMPLEMENTATION CHALLENGES

Although progress has been made, the COVID-19 pandemic related community quarantine and varying travel and health protocols among LGUs continue to affect the implementation of SW activities.

The Team still uses virtual platforms and field staff are maximizing with prudence in-person meetings and training workshops; however, this is not effective for some water service providers and LGUs that have

poor to no access to a reliable internet connection. In person meetings are also still limited by travel restrictions and guidelines on gatherings.

Furthermore, funding for improvements in WSS services or watershed conservation is still limited. Even the prior year's funding such as the *Salintubig* grants have not been released yet. This makes the facilitation of access to committed financing, identification of alternative funding sources and advocacy for prioritization of WSS and WRM in plans and budget a crucial focus of the Team.

### **Objective 1:**

#### **Travel Constraints Delaying Field Validation of Projects and Technical Assistance Agenda.**

The Team's ability to visit and engage stakeholders is still very much constrained. This has hampered the validation of technical assistance needs of the WSPs. From virtual consultations and some field meetings, WDs and LGUs have informed the Team of issues and problems, in particular, needs for project development or implementation, and operating efficiency improvements. However, the Team deems it important to do actual field investigations to pinpoint problem areas and most effective interventions; otherwise use of project resources may not be efficient. The Team has to do a catch-up schedule on validation and will augment the long-term staff with STTA WSS specialists in the coming months.

**Slow Utilization of Committed Capital Investments.** The WDs and LGUs' responses to the pandemic certainly refocused attention and consequently delayed the implementation of projects. Also, lower collection efficiency, especially of water districts, affected revenue streams: cash flow and profitability. As expected, when cash flow is short, operating costs will be prioritized over capital investments. Considering that obligated funds under the 2019 and 2020 budget can still be utilized, the Team is preparing a catch-up plan for the facilitation of project implementation.

### **Objective 2:**

**Limited Funding for Watershed Protection Activities.** Existing LGU funding for watershed protection, conservation and rehabilitation is very limited. SW will facilitate the preparation of LGU watershed conservation plans which would highlight critical watershed resources and the associated risks if these resources are not managed properly. Understanding the risks and value of these resources would hopefully trigger LGU investment in watershed management.

**Travel Constraints Delaying Engagement of Watershed Management Councils.** As in Objective 1, travel constraints and health / quarantine protocols among different LGUs hindered the ability of the Team to work with Watershed Management Councils. Meetings with the BMRB Management Council and the interim TWG of Siguel Watershed had to be postponed. The baseline assessment validated the need to either revive inactive Councils or update / improve watershed management plans and programs. The inter-agency, multi-stakeholder composition of the Council makes the consultations more complex and protracted considering multi-variate issues.

### **Objective 3:**

**Limited Support to Expand and Improve WSS Services.** Despite the sector's importance to economic growth and productivity, well-being and poverty reduction, WSS remains a low priority in the government's infrastructure investment program. The sector's share in total budget allocation both at national and LGU levels stays on the average below 1% from 2019-2020 and proposed budget for 2021. National budget dedicated for the *Salintubig* Program was removed under the Local Government Support Fund (LGSF) and incorporated under other pools of funds - Financial Assistance to LGUs (FALGU) and the Barangay Development Fund (BDP) managed by the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC) for LGUs' various projects and activities. Without a

dedicated budget under the LGSF, WSS projects will have to compete for allocation among the many projects proposed for funding under the FALGU and BDP.

The SW team continued to explore other potential sources of financing such as the GFIs, ODA programs, on-going programs such as National Sewerage and Septage Management Program (NSSMP), People's Survival Fund (PSF) and microfinance institutions (MFIs). The team also facilitated possible co-financing arrangement between LWUA and DBP to help augment the meager budget allocation for WSS projects and WDs.

**Delayed Implementation of the URAF and Other Reform Initiatives.** Budget support to key implementing agencies to operationalize the URAF has been significantly affected by government budget realignments to address the pandemic and fund new priorities for economic recovery. With the implementation of the Mandanas ruling, national government is inclined to reduce budget support to LGUs allocated through the URAF key implementing agencies. DOH, for instance, wants their role relegated to policy, setting of sanitation standards and TA and not as grant provider. DILG may assume a bigger role under the URAF for the implementation of LGU sanitation-related activities.

However, funding may pose an issue since the LGSF, which is potentially the source of fund for URAF, may also be reduced with the full implementation of the Mandanas ruling by 2022. While LGU budgets will be increased, there is still no assurance for higher WSS budgets for WSS or WRM.

The discussion of the NEDA Board (NB) Resolution on the policy implementation instrument for URAF was postponed to the first quarter of 2021. The NEDA Infrastructure Committee has prioritized for discussion other matters including approvals of pending infrastructure projects delayed because of the pandemic. Deferred approval of the NB Resolution has also delayed the organization of the URAF Technical Working Group (TWG), which is expected to drive the implementation of PWSSMP key reform areas and URAF operationalization.

The SW team actively coordinated and engaged the key implementing agencies (NEDA, DILG, DOH and LWUA) to discuss and address these issues and support their TA and other capacity building requirements.

**Limited Budget Advocacy for 2021 Budget.** Due to the pandemic, advocacy activities for prioritization of WSS and WRM Program, Projects and Activities (PPAs) in national government agency and LGU plans and budgets were limited for the 2021 budget preparation which started in February for the LGUs and in June for NGAs this year. The SW team will need to intensify its advocacy efforts for increased WSS allocation for the 2022 budget preparation especially at the LGU level.

## 3. CROSS-CUTTING ACTIVITIES

### 3.1. GENDER EQUALITY AND WOMEN'S EMPOWERMENT (GEWE)

#### 3.1.1. Integration of Gender Assessment into the Baseline Study

To assist the MEL Team in the conduct of the baseline study, gender focal persons were identified for each SW Field Team to focus on the cross-cutting indicators (CC-3, CC-4 and CC-5) relevant to the Gender Action Plan (GAP). Data on these cross-cutting indicators will form part of the initial gender assessment built into the baseline study. The initial gender assessment is expected to generate a profile of women in decision-making positions among selected local partners and provide information on gender-related capacity-building programs in the project sites.

By end of January, the baseline assessment will produce data on the gender-related cross-cutting indicators (CC3, CC4 and CC5) plus a profile of selected partners. Interviews and FGDs will be undertaken starting February and completion of the gender assessment by April 2021.

### 3.1.2. Gender Action Plan Implementation

In coordination with the livelihood and community partnerships component of the Project, the gender consultant reviewed and updated the Livelihood Assessment and Scoping Toolkit (LAST). The update ensures that the toolkit incorporates key questions for capturing women's participation and leadership roles in its community profiling and resource mapping activities as well as adequately supports gender integration.

Further to the I Know Gender (IKG) 1-2-3 online training course of the UN Women Training Centre completed by SW Team as of September 2020, the gender consultant designed an internal gender refresher course aimed at promoting understanding of gender equity in WSS and WRM services. This follow up learning session is scheduled in January 2021.

## 3.2 COMMUNICATIONS AND OUTREACH

The project's communications and outreach activities for the quarter centered on provision of regular updates to USAID through the submission of required reports and Weekly Highlights and event management and support to SW project components.<sup>5</sup>

### 3.2.1. Providing Regular Information and Updates to USAID

The project's continuing technical assistance to partners and stakeholders were underscored during the period through submissions to USAID of Weekly Highlights. At the same time, SW activities were also featured in the Home Office's DAI Project Updates and Highlights. These include:

- Partners' Consultation and Joint Planning Workshop with key government stakeholders from the local and provincial government in Negros Occidental. Workshop participants identified the key challenges facing water security in the region like high rates of deforestation and local government units (LGUs) that are not following prescribed standards for clean drinking water.
- In Sarangani, Safe Water conducted trainings for the Alabel Municipal LGU on the use of digital data collection tools for the LGU's upcoming survey on assessing septage management (*November 10, 12 and 20*).
- Safe Water facilitated discussions among key WRM stakeholders in Palawan to discuss technical details and logistics of watershed planning. Participants discussed requirements to create an Integrated Watershed Management Plan (IWMP) for the main water sources of Puerto Princesa City. The group also identified illegal occupancy, the cutting of trees and charcoal making, forest degradation and boundary conflicts as major challenges to water security in Palawan's watersheds and communities (*November 20, 2020 PFFWR for the Irawan Watershed and December 4, 2020 for the Montible- Lapulapu River Watershed*)
- October 6 & 20, 2020: Strategic planning facilitated by the project with Mindanao-based stakeholders Mahintana Foundation Inc. (MFI) and Conrado and Ladislawa Alcantara Foundation Inc. (CLAFI) on October 27, 2020. Safe Water's partnership with MFI and CLAFI will support watershed protection and sustainable livelihood development activities in threatened watersheds of Sarangani Province.

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<sup>5</sup> A significant development during the quarter was a redefinition of the post and an accompanying turnover of personnel. The incumbent Communications and Outreach Specialist resigned effective end September 2020 and his replacement assumed the post in October.

Strategic activities included community enterprise strengthening for abaca, bamboo and other high value crop production and reforestation efforts through abaca intercropping.

- November 11, 2020: The Safe Water team based in General Santos City met with representatives from the Sarangani Provincial Government, Department of Environment and Natural Resources (DENR) and Mindanao Development Authority (MINDA) to discuss reactivation of the Buayan Malungon River Basin Management Council (BMRB MC). This critical first step identified next steps for local officials to finalize a Memorandum of Agreement for the BMRB MC drafted in 2014 that was never finalized. The BMRB is home to about 300,000 people and is the main water source for Sarangani province.

### **3.2.2. Organization and Event Management of the MoU Signing Event between USAID and Provincial Government Partners**

The most significant communication and outreach activity during the quarter was the organization of a livestreamed, real-time and multi-site Ceremonial Signing of Memorandums of Understanding between USAID and the Governors from the Provincial Governments of Palawan, Negros Occidental and Sarangani.

The activity took place on November 19, on the occasion of World Toilet Day / World Sanitation Day. USAID was represented by Acting Mission Director Patrick Wesner. Mr. Wesner stated that, *“Transforming the way water is managed, Safe Water will maximize the use of data and sound analytics to guide stakeholders in making informed decisions, identify lasting solutions, and prioritize investments”*.

The event was graced by NEDA and local stakeholders. SW’s private sector and civil society partners also took part in the event, namely: Philippine Business for Social Progress (PBSP), Water.Org, the Foundation for a Sustainable Society, Inc. (FSSI), Conrado and Ladislawa Alcantara Foundation, Inc. (CLAFI) and the Mahintana Foundation.

The signing ceremony was livestreamed through the [USAID Philippines Facebook](https://www.facebook.com/usaiddphilippines/videos/443915303674727) page (<https://www.facebook.com/usaiddphilippines/videos/443915303674727>). Based on Facebook metrics, the event was among USAID Philippines’ top social media posts, with more than 32,000 people reached and more than 1,200 engagements.

In terms of metrics and reach, the livestreamed MoU signing had the following results, based on statistics furnished by the USAID Philippines Development Outreach and Communication (DOC) Team:



## Peak Viewers During Live Broadcast

### Total Views

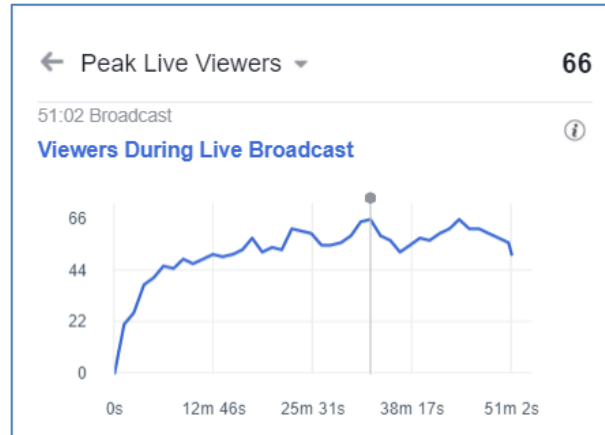
- 1 minute view – 820
- 10 second views - 3,694
- 3-second views - 8,282

### Peak Live Views

- Minutes Viewed - 7,600

### POST PERFORMANCE

- # of people reached - 33, 212
- # of people engaged - 1,277
- # reactions, comments and shares - 156, 96, 68



The event was also picked up by national and subnational media, specifically:

- Philippine Daily Inquirer - [US allots P869M for safe water projects](#)
- Manila Bulletin - [USAID signs 5-year 'Safe Water' deal with Palawan, Negros Occ., and Sarangani LGUs](#)
- Manila Standard - [USAID in P870M water project](#)
- BusinessWorld - [US provides assistance for water security project](#)
- BusinessMirror - [3 provinces' access to clean water seen via P870-million grant](#)
- Philippine News Agency - [USAID inks P870-M project for Negros Occidental, Palawan, Sarangani](#)
- Palawan News Online – [USAID to fund water project for Negros Occidental, Sarangani and Palawan](#)
- The Journal Online: [P870M USAID project to strengthen water security in Palawan, Negros Occidental, Sarangani](#)
- GMA Regional TV / One Western Visayas – [Safe Water project in Negros](#)
- PNV Media: [Negros inks pact with P900M USAID's Safe Water Project \](#)

## 3.3 MONITORING EVALUATION AND LEARNING (MEL)

SW has 14 intermediate / cross-cutting results and 12 outcomes over a five-year period that will serve as evidence of its success in promoting water security. During the quarter, the Team carried out various activities and established crucial milestones towards achieving project targets as discussed in Chapter 2. The summary of contribution to the Year 2 targets is shown in Table 4.

**TABLE 4: Year 2 1<sup>st</sup> Quarter Accomplishments Vis-À-Vis Targets**

Result Indicators by Objective	Indicative LOP Targets	Y2 Targets (Cumulative)	Year 2 1 <sup>st</sup> Quarter Accomplishments / Milestones Relevant to Indicator
<b>Objective 1: Increased access to resilient water supply and sanitation services</b>			

Result Indicators by Objective		Indicative LOP Targets	Y2 Targets (Cumulative)	Year 2 1 <sup>st</sup> Quarter Accomplishments / Milestones Relevant to Indicator
F-Indicator	Outcome 1.1: Number of people gaining access to basic or safely managed drinking water services	350,000	75,000	Building on the baseline data gathered in 3 <sup>rd</sup> to 4 <sup>th</sup> quarter of Year 1, the Team continued collaboration with the LGUs, WSPs and other institutions enabled the Team priority TA activities that are crucial to increasing and improving access to safe drinking water and sanitation services in various areas.  Key assistance identified included: hydraulic network analysis; preparation or updating of WD Business Plans; hydrologic studies for development of water source; capacity building for sound operations and management practices of WSPs; improvement of water treatment facilities; and implementation of septage management program.
F-Indicator	Outcome 1.2: Number of people receiving improved service quality from an existing basic or safely managed drinking water services	1.1 million	150,000	
F-Indicator	Outcome 1.3: Number of people gaining access to limited or basic or safely managed sanitation services	272,000	60,000	
F-Indicator	Outcome 1.4: Number of people receiving improved sanitation services quality from an existing "limited" or "basic" service	420,000	100,000	
Custom	IR 1.1: Number of WSPs with increased operational, technical and financial management capacity	TBD	TBD	The Team introduced the financial stress test and strategic business planning models.
Custom	IR 1.2: Number of coordination mechanisms institutionalized at the local, watershed and regional levels	15	4	The Team is reactivating the Watershed Management Councils (Bago, Irawan and BMRB). Preliminary meetings have been conducted.
F-Indicator	IR 1.3: Value of new funding mobilized to the water and	US \$100M	US \$35M	The Team identified further opportunities for mobilization of funds and mapped the 2019 –

Result Indicators by Objective		Indicative LOP Targets	Y2 Targets (Cumulative)	Year 2 1 <sup>st</sup> Quarter Accomplishments / Milestones Relevant to Indicator
	sanitation sectors (In US \$)			2020 PPAs of the NG and LGU budgets. It facilitated co-financing arrangements and MFI lending to households for water and sanitation services.
<b>Objective 2: Improved sustainable management of water resources</b>				
F-Indicator	Outcome 2.1: Amount of greenhouse gas (GHG) emissions reduced or avoided (Metric Tons)	1 million MT	250,000	The Team oriented stakeholders (LGUs, DENR, WDs, others) on the formulation of watershed management plans to identify strategic approaches and resources needed to mitigate forest degradation.
F-Indicator	Outcome 2.2: Number of people benefiting from adoption and implementation of measures to improve water resources management	1,350,000	150,000	The Team linked watershed communities with private institutions to support livelihood and watershed conservation activities.
Custom	Outcome 2.3: Number of people receiving livelihood co-benefits	150,000	15,000	
Custom	Outcome 2.4: Changes in runoff-ratio in targeted catchments	TBD	TBD	The Team is completing the hydrology studies in the five priority watersheds.
Custom	Outcome 2.5: Changes in water quality as measured by water turbidity.	TBD	TBD	
Custom	Outcome 2.6: Changes in the volume of groundwater recharge/infiltration	TBD	TBD	
Custom	IR 2.1: Number of hectares under improved watershed management	330,000	10,000	Same activities / milestones as in Outcomes 2.1 to 2.3.

Result Indicators by Objective		Indicative LOP Targets	Y2 Targets (Cumulative)	Year 2 1 <sup>st</sup> Quarter Accomplishments / Milestones Relevant to Indicator
Custom	IR 2.2: Number of LGU WSPs, and watershed stakeholders with improved capacity to plan, manage and monitor water and forest resources sustainably, using data and innovative technologies	200	TBD	
F-Indicator	IR 2.3: Amount of investment mobilized for sustainable landscapes (In US \$)	US \$20M	TBD	Same activities / milestones for Outcomes 2.2 to 2.3.
Custom	IR 2.4: Number of people who apply improved conservation law enforcement practices as a result of USG assistance	200	TBD	
<b>Objective 3: Strengthened Water Sector Governance</b>				
Custom	Outcome 3.1: Number of policies or plans developed, enhanced or implemented to promote water security	50	10	Same activities / milestones for outcome 2.1.
F-Indicator	Outcome 3.2: Number of water and sanitation sector institutions strengthened to manage water resources or improve water supply and sanitation services	20	8	The OCAT is being finalized to assess and develop capability strengthening program for WMCs

Result Indicators by Objective		Indicative LOP Targets	Y2 Targets (Cumulative)	Year 2 1 <sup>st</sup> Quarter Accomplishments / Milestones Relevant to Indicator
Custom	IR 3.1: Number of major reform initiatives supported	18	TBD	The Team led by the Resource Mobilization Specialist prepared the Policy Note on the economic cost of inadequate WSS; the Terms of Reference of the inter-agency technical working group that will lead the implementation of the PWSSMP and URAF; and is drafting the URAF implementing guidelines.
Custom	IR 3.2: Number of mechanisms developed and/or enhanced for exchanging knowledge on water security	15	4	Orientation materials on WSS Financing and OBA-Blended Finance for LGUs were prepared as well as a draft Policy Note on Economic Cost of Inadequate Access to WSS
<b>Cross-cutting</b>				
Custom	CCI: Number of tools, technologies, or measures implemented (WRM and WSS)	30	10	Four (4) tools/ models were developed on: (1) financial stress test; (2) strategic business planning; (3) livelihood assessment; and, (4) WSP assessment tool.  Within the quarter, the Team also developed the Livelihood Development Strategy.
Custom	CC2: Number of partnerships developed and/or institutionalized (WRM and WSS)	18	6	Six (6) partnership agreements were signed with: PBSP, Water.org, CLAFI, Mahintana Foundation, FSSI and Kasilak Development Foundation.  CLAFI and Kasilak MOU was signed during the quarter. Four more partnership agreements are being processed by the Team.
Custom	CC3: Percentage change of women in decision-making positions in WSPs	50%	TBD	Gender focal persons from SW site teams were mobilized to gather data relevant to the GAP. This will help establish the

Result Indicators by Objective		Indicative LOP Targets	Y2 Targets (Cumulative)	Year 2 1 <sup>st</sup> Quarter Accomplishments / Milestones Relevant to Indicator
	or sector institutions			profile of women in decision-making positions among selected WSS institutions, particularly WDs, and provide information on gender-related capacity-building programs that are existing or have to be provided in the project sites.
Custom	CC4: Number of persons trained with USG assistance for advancing gender equality or female empowerment through their roles in public or private sector institutions or organizations	TBD	TBD	The Gender Consultant designed an internal gender refresher course aimed at promoting understanding of gender equity in WSS and WRM services.
Custom	CC5: Proportion of female participants in USG assisted programs designed to increase access to productive economic resources (assets, credit, income, employment).	40%	TBD	

### 3.4 CONCEPTUALIZATION OF THE WATER CHALLENGE

Safe Water, led by the Private Sector Engagement Adviser, conceptualized the Water Challenge as a competition to identify solutions to water and sanitation challenges. The concept was originally pitched to PLDT SMART who expressed interest in the concept. With the deferment of the partnership with PLDT SMART, Safe Water approached the Philippine Disaster Resilience Foundation (PDRF) as a major partner for this idea. To date, PDRF with representatives from Maynilad and Manila Water and Safe Water have made broad stroke plans on the competition as follows:

- The competition will be launched in March during World Water Day (WWD) and will echo the WWD 2021 theme of “Valuing Water”, a year-long education and awareness campaign to value water
- Objectives: 1) identify scalable solutions that will benefit both WSPs and water users to manage water supply and demand, respectively; 2) incentivize research institutions, individual innovators,

social entrepreneurs to address water and sanitation challenges; and 3) serve as an advocacy platform to increase awareness and spur action to value water

- Themes/Categories: 1) Efficient Water Management + Resource Recovery/Wastewater Recycling; 2) Water and Natural Disasters + Resilience; and 3) WASH + Women as special category

## 4. PROJECT OPERATIONS AND ADMINISTRATION

This section provides highlights and summary of the financial performance and human resources and operational activities resulting from various key actions by the management team.

### 4.1 MANAGEMENT AND OPERATIONS

The Chief of Party and Deputy Chief of Party continued to lead, coordinate and manage the day-to-day operations and implementation activities of the Safe Water Project. DAI Headquarters continues to provide backstop administrative, finance and technical support and guidance on implementation concerns.

The project hired two (2) additional professionals during the quarter, bringing the total onboard staff to forty (40). These include the Procurement and Logistics Manager and Finance Administrator for Palawan site office.

The project had one resignation for the period – the M&E and GIS Associate for Bacolod. A replacement has been identified and will be on-boarded in January 2021.

The project also hired five STTA staff: IT Specialist; Payment for Ecosystem Services (PES) and Financial Specialist; Resource Economist; Gender Advisor; and Finance Associate.

A summary of Safe Water staff by type (administrative or technical) and location is presented in Table 5.

**TABLE 5: Summary of Technical and Support Staff by Location as of December 31, 2020**

Categories	Total	Staff Type		Location			
		Technical	Support	Manila	Palawan	Negros Occidental	Sarangani
No. of staff on board	40	27	13	17	8	7	8
No. of staff resigned within the quarter	1	1	-	0	-	1	-
No. of staff for recruitment	5	1	4	1	1	2	1
Total Long-Term Technical Assistance Staff	45	28	17	18	9	9	9
No. of STTA staff	5	5	-	5	-	-	-

The Team continued to engage the following Home Office staff to provide support for effective and efficient project implementation, that allowed the project to achieve decent accomplishments during the period despite the challenges and limitations brought about by the COVID 19 pandemic.

- ██████████ – Home Office Project Director, provided overall technical oversight in the project implementation
- ██████████ – Principal Global Practice Specialist, provided support in review and finalization of project reports, and initial review of the baseline interim report.
- ██████████ - Home Office Project Manager for Safe Water, provided technical management oversight and support. Respond to USAID requests for contractual information, support recruitment and on-boarding of key staff, lead monthly and quarterly reviews with the project leadership team.
- ██████████ – Project Associate, supported recruitment, procurement, development of field operations manual, ensure accurate invoicing and financial reporting.
- ██████████ – Home Office Associate, provided support in the recruitment and on-boarding of project staff including preparation of TORs and relevant documents for USAID approval
- ██████████ - provided guidance in the development of contracts for office space, procurement documents, and contracts of implementing partners. Provide guidance in ensuring compliance to USAID contractual requirements
- ██████████ – trained all staff on Technical and Administrative Management Information System (TAMIS). TAMIS serves as a workflow and reporting tool that integrates activity management, project administration, impact and performance monitoring, and streamlines subcontract management along with other tasks.

## 4.2 STAFF DEVELOPMENT

Internal trainings were conducted to build the capacity of all SW staff. The objectives are: 1) to orient the technical staff on the frameworks, tools, models and manuals that will be used in stakeholder trainings and; 2) to give the team members a better understanding of how these will contribute to the achievement of project objectives.

**TABLE 6: Safe Water Internal Training Activities**

<b>Objective I: Increased Access to Resilient Water Supply and Sanitation Services</b>		
<b>Date</b>	<b>Training Topic</b>	<b>Coverage</b>
October 5	Establishment of CMS for LGUs Conducted by: WSS Specialist	<ul style="list-style-type: none"> <li>• Provide an overview of the requirements for the establishment of a Central Management System (CMS) for LGU-run water supply systems to improve service performance</li> </ul>
October 19	Business Planning Tool Conducted by: WSS Specialist and STTA Consultant	<ul style="list-style-type: none"> <li>• Discuss steps involved in the business planning process for WDs / WSPs</li> <li>• Familiarization with the Business Planning tool (worksheets)</li> </ul>
November 13	Financing Strategies for WSS Conducted by: Resource Mobilization Specialist	<ul style="list-style-type: none"> <li>• Discuss financing sources available for WSS;</li> <li>• Introduce the Unified Resource Allocation Framework (URAF);</li> <li>• Identify fund sources and available financing facilities for WSS investments</li> </ul>
November 24	WSP Assessment Tool conducted by: WSS Specialist	<ul style="list-style-type: none"> <li>• Familiarization with the WSP Assessment Tool – the data requirements and diagnostics (which will also be used for baseline data-gathering)</li> </ul>



<b>Objective 2: Improved Sustainable Management of Water Resources</b>		
October 16	Reducing Carbon Emissions from Deforestation Conducted by: WRM Specialist	<ul style="list-style-type: none"> <li>• Review of basic concepts related to GHG emissions;</li> <li>• Understand how the Agriculture Forestry and Other Land Use (AFOLU) carbon calculator estimates carbon dioxide emissions reduction;</li> <li>• Identify activities / components of effective forest protection projects and determine priority activities to achieve GHG targets</li> </ul>
October 29	Watershed Management Planning conducted by: WRM Specialist	<ul style="list-style-type: none"> <li>• Review concepts and principles in watershed management planning;</li> </ul>
December 4	Watershed Management Planning for Negros Team	<ul style="list-style-type: none"> <li>• Discuss procedures in the formulation of an integrated watershed management plan</li> </ul>
November 23	LGU Watershed Conservation Planning conducted by: Bien Dolom	<ul style="list-style-type: none"> <li>• Discuss steps/procedures and identify data requirements for the formulation of LGU watershed conservation plans</li> </ul>
December 2	PES Orientation Conducted by: Stella Salas and Dieldre Harder	<ul style="list-style-type: none"> <li>• Provide a better understanding and appreciation of the basics of PES;</li> <li>• Familiarization with different PES schemes;</li> <li>• Discuss steps in establishing PES</li> </ul>
<b>Objective 3: Improved Water Sector Governance</b>		
November 13	Financing Strategies Conducted by: Resource Mobilization Specialist	<ul style="list-style-type: none"> <li>• Discuss financing sources available for WSS;</li> <li>• Introduce the Unified Resource Allocation Framework (URAF);</li> <li>• Identify fund sources and available financing facilities for WSS investments</li> </ul>

Other trainings related to staff development, project administration and compliance include:

<b>MEL</b>		
November 25	MEL Results Tracking conducted by: Jourvin Barrera	<ul style="list-style-type: none"> <li>• Discuss reporting mechanism to track progress and results in relation to the work plan</li> </ul>
December 2	MEL Results Tracking for Negros Team	
<b>Others</b>		
October 15	DIS Training/Live Demo for Implementing Partner (IP) Users Conducted by: USAID-Philippines	<ul style="list-style-type: none"> <li>• Orientation on the Development Information Solutions (DIS), USAID's portfolio management system which includes reporting of indicators by IPs</li> </ul>
November 11	IT Security Awareness Conducted by: IT Specialist	<ul style="list-style-type: none"> <li>• Mandatory DAI training for all project staff to recognize threats to DAI information and information systems and to understand best practices and policies when working remotely</li> </ul>
November 11	Familiarization on Nearpod, a virtual training app Conducted by: Charlotte Ingalls	<ul style="list-style-type: none"> <li>• Familiarization on the use of Nearpod features to allow SW trainers to effectively deliver stakeholder trainings</li> </ul>
On-going	Refresher on Procurement Guidelines	<ul style="list-style-type: none"> <li>• To keep an on-going learning atmosphere among the procurement team, each procurement officer is assigned a specific topic in the Field Operations</li> </ul>

	Conducted by: Procurement Specialist	Manual – Chapter 9 – Procurement and Inventory Management and to discuss the procurement team key highlights of the procedure or work instructions.
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In support of various activities, completed the major procurements during the quarter in review:

**Table 7: Breakdown of Major Procurements**

DESCRIPTION	TOTAL (US\$)	DATE OF PURCHASE ORDER
Media Package - USAID Philippines Safe Water Project Introduction/ Launch		September 29, 2020
USAID Philippines Safe Water Project Introduction / Launch		October 08, 2020

From mid-November to December 2020 procurement in Manila started competition on the blanket purchase agreement (BPA) for a travel agency for the issuance of airline tickets and other travel related requirements of the project. Appointment of travel agency BPA is expected to be completed by the first week of January 2021.

Due to the COVID-19 pandemic, new health guidelines are being implemented in SW Project Sites. The LGUs in Bacolod City, General Santos and Puerto Princesa are requiring real-time polymerase chain reaction (RT-PCR) test for all incoming passengers. Procurement has begun market research on health clinics/hospitals/health care providers on the provision of on-site RT-PCR testing for SW personnel through a BPA. Target appointment is on the 3<sup>rd</sup> week of January 2021.

BPAs for training venue, accommodation, and meal packages, and transportation started its competition in mid-November 2020 in Bacolod, General Santos and Puerto Princesa and is expected to be awarded on the 3<sup>rd</sup> week of January 2021.

Asset Inventory list has been completed including proper code tagging, USAID marking and uploading into TAMIS system. Updated list will include initial non-expendable properties acquired from the Protect Wildlife (PW) Project to be to the Home Office in January for finalization and submission to USAID.

## 5. ACTIVITIES FOR THE NEXT QUARTER

Based on progress in the 1<sup>st</sup> Quarter, the following activities shall be continued / carried out in the next Quarter:

### OBJECTIVE I: INCREASED ACCESS TO RESILIENT WATER SUPPLY AND SANITATION SERVICES

1. Continue review of WSP reports and documents gathered at the field sites and assessment of condition of WSPs for Years 1 and 2 sites
2. Continue identification of technical assistance for WSPs including site validation if possible and start fielding of experts and resources needed for proposed TA agenda
3. Build on the ring-fencing toolkit and training materials developed by PWRF and conduct ring-fencing training workshops for WSPs

4. Continue guiding WSPs in preparing their business plans including the support to SURGE Project in updating the business plans of GSCWD and PPCWD
5. Assist SURGE in the implementation of Water Safety Plans
6. Assist GSCWD in finalizing the loan with DBP for its septage management program
7. Introduce concept of CMS to LGUs; Consult and seek mandate for implementation
8. Conduct Forum on “State of the Barangay Water Services”
9. Continue capacity building of PGP-Water Infra Office (started with Business Planning)
10. Assist LGUs of Taytay, Dumaran and Coron in Palawan and Candoni and Isabela in Negros Occidental in accessing grant funding from the *Salintubig* program and their capacity building needs such as assistance on basic water system design standards, ring-fencing, business planning and water safety planning
11. Prepare manual for contract management for interested WSPs under Joint Venture arrangement including BACIWA and assist in implementation
12. Finalize the Provincial Integrated Water Security Framework
13. Facilitate, coach and mentor the provinces in the formulation of a Provincial Water Security Plan
14. Conduct capacity building training, coach and mentor WSPs in the drafting of Water Safety Plan
15. Conduct capacity building training, coach and mentor WSPs in the drafting of Emergency Response Plan
16. Gather additional well data in the Cities of Puerto Princesa and General Santos to supplement results of the Hydrologic Study
17. Assist PPCWD with the Drafting of the Terms of Reference (TOR) for feasibility studies on the viability of WSS infrastructure projects in its water source development areas

## **OBJECTIVE 2: IMPROVED SUSTAINABLE MANAGEMENT OF WATER RESOURCES**

1. Conduct training on WMP preparation in Malogo watershed
2. Facilitate formulation of watershed management plans and LGU watershed conservation plans
3. Complete the hydrologic study for Malogo and Siguel watersheds
4. Conduct field validation of the hydrologic study results for the five watersheds
5. Presentation of the hydrologic study and climate risk assessment report to stakeholders
6. Training of stakeholders/community organizations on water flow and quality monitoring
7. Training of stakeholders on climate risk assessment
8. Facilitate joint scoping and planning with Kasilak Foundation
9. Begin work planning with MUAD-Negros for the Coca-Cola funded project
10. Implement priority activities as agreed in the joint work plan developed in Q1 with partners such as Mahintana, CLAFI and FSSI
11. Facilitate organization of TWG and Watershed Management Council in Malogo and Siguel watershed

12. Facilitate organizational capacity assessment of WMCs
13. PES orientation among stakeholders of target watersheds
14. Conduct workshop on cost valuation of EGS and cost and revenue analysis
15. Continue on its outreach to potential partners to solidify agreements with partnerships in the pipeline
16. Undertake documentation of WDM best practices in the private sector<sup>6</sup>
17. Document the pilot training of Modules 1 and 2 and use results of the training process documentation and approved module content by the Maynilad Water Academy to develop a WDM Trainor's Manual
18. Re-engage the Green Building Council and other relevant organizations in developing the WDM roadmap.<sup>7</sup> Safe Water will determine the most practical approach to determine buy-in for WDM among the private and public sectors, guided by its WDM Framework.
19. Initiate the organization of local versions of the Water Alliance. Safe Water will study viable options to introduce the alliance in each project site. Below are indicative options, which can be combined in creating the local water alliance:

Role	Example of Agenda/Activities
1. As platform for knowledge exchange	Enhance understanding of water related roles, rights, responsibilities and issues among communities, decision makers, government, key workers, and the public, in particular women. Organize forums and webinars on WSS and innovations.
2. As advocacy mechanism	Creation of new, and sustaining existing spaces for dialogues, oversight, and decision making between citizens, public agencies and local authorities.  Spearheading communication among stakeholders to pursue rights and responsibilities; collect data, articulate position on specific issues, make demands, advise and advocate. E.g. Participation in policy discussion/formulation pertaining to WSS.
3. As technical resource facilitator	Research / generation of empirical data and evidence on the status of water, quality of service delivery and governance in the sector. Training on WDM provided by the Philippine Water Alliance through its technical partners.
4. As watchdog / consumer interest group	Advancing public awareness of water resource issues. Voice citizens' sentiments to drive improved service delivery from WSPs. Dialogue with WSPs and policymakers.

<sup>6</sup> PBSP is negotiating with San Miguel Corporation (SMC) on behalf of Safe Water to become one of the cases to be featured as best practice. The STTA will protocols developed the case documentation protocol with Safe Water and PBSP to be presented to SMC.

<sup>7</sup> Safe Water has inquired from the Green Building Council on their initiatives pertaining to WDM under the Green Building Code. Safe Water found that GBC has so far focused more on energy efficient buildings and water efficiency is linked to this focus.

The Safe Water Team will socialize the local water alliance concept with LGU and private sector partners. Safe Water will identify the most appropriate entry points in each project site to organize the local water alliance.

### **OBJECTIVE 3: STRENGTHENED WATER SECTOR GOVERNANCE**

1. Monitor approval of key implementing agencies' and LGU budgets for 2021; update mapping of 2019-2021 PPAs and budgets and identify where SW can assist and help mobilize (obligate, disburse or leverage) allocated budgets through provision of TA and capacity building
2. Confirm LWUA's approved budget for 2021; prepare project pipeline for LWUA-DBP co-financing arrangement; and, facilitate LWUA-DBP discussions on the MOA and pipeline projects for co-financing
3. Facilitate meeting between Water.org and DBP to facilitate MFI access to the bank's lending window to expand the former's WASH portfolio
4. Follow up NEDA action on the draft URAF TWG TOR; provide assistance in the mobilization of the TWG
5. Provide technical secretariat support to NEDA for the Development Partners' Meeting on January; confirm agenda with NEDA, send invites to DPs and document meeting discussion
6. Monitor guidelines on the implementation of the Mandanas ruling
7. Prepare plan and materials for budget advocacy for LGUs for the 2022 budget preparation
8. Follow up support required by NEDA on the comments on the NWMC and revision of the NB Resolution on the URAF
9. Provide assistance to NEDA for the launching of the PWSSMP; follow up finalization of the PWSSMP document and schedule and design of launch with NEDA
10. Prepare/schedule Regional Watsan Hubs' training on ring-fencing, business planning, tariff setting, CMS (tentatively in February 2021)

### **CROSS-CUTTING**

#### **1. Launch of the Philippine Water Challenge**

- Formalize partnership with PDRF and its member water utilities through an MOU
- Finalize competition mechanics and conduct detailed planning for organizing the competition in January and promotion beginning in mid-February
- Launch competition in March 2021 (World Water Day and International Women's Month)
- Run competition from March to June (with awarding in July 2021)

#### **2. Gender Equality and Women's Empowerment**

- Use the Water Challenge to be launched in March (which also commemorates International Women's Day) to highlight gender equality and women empowerment in the water sector
- Continuing capacity-building among staff as part of GAP Strategy 4 by conducting an internal refresher course in January. This course is designed as a deep dive into the gender transformative framework and gender issues in the water sector will.
- Commence work on Strategy 1 and 2 of the GAP. Groundwork to maximize the LGU Gender Focal Point System (GFPS) under Strategy 1 will begin with the search and identification of gender allies and champions within LGUs, community partners and the private sector. The profile from the baseline assessment will help in this effort. LGU and other local partners will also be engaged

in discussions on technical assistance for GFPS staff with the end in view of increasing women's representation in WSS and WRM. Organizing the sub-platform or sub-network for women leaders in WSS and WRM within local water alliances will also be pursued.

- Under Strategy 2 (increased professional and/or leadership opportunities for women in WSS and WRM institutions), the Gender Advisor will liaise with existing programs offering relevant leadership and mentoring for women and underserved sectors.
- Coordinate closely in implementing the livelihood assessment and scoping to expand women's access to employment and enterprise development opportunities in water and sanitation, watershed rehabilitation, and agriculture production (also under Strategy 2)

### 3. Communications and Outreach

- Design and implement a World Water Day 2021 campaign (global theme: "Valuing Water") in collaboration with and as support to the Components and Field Teams
- Strengthening internal Communications and Outreach systems and processes by crafting the following SW guides and playbooks: Safe Water Style Guide (based on USAID Style Guide and DAI style guide, if available), and the SW Event Management Playbook (leveraging the experience and lessons learned from the Livestreaming of the Ceremonial MoU Signing)
- Recurring tasks: publication of the WASH Newsletter and support for quarterly report preparation, submission of the Weekly Highlights to USAID Philippines and the DAI Home Office

### 4. Monitoring Evaluation and Learning

- Completion of the Baseline Assessment Report for Year 1 sites
- Gathering of baseline data covering Year 2 sites
- Conduct Pause and Reflect session with stakeholders in the three SW project sites;
- Begin development of the SW Project Web-based M&E System
- Roll-out of the monthly progress and quarterly results tracking system for all SW sites

### 5. Project Operations and Administration

- Continue to recruit operations and technical staff, and short term consultants, as needed by the project
- Conduct refresher orientation for all staff on operations policies and procedures, including training on various TAMIS modules, i.e. travel, procurement, and human resources
- Coordinate with home office for the physical conduct of Financial and Accounting System (FAS) training in preparation for the migration of project financial management system from vFER to FAS
- Update equipment inventory, including issuance of memorandum receipts, inventory tags, and USAID marking. This will include equipment acquired from the PW project
- Complete procurement process of project vehicle for the Manila office
- Move the Puerto Princesa site office from the present temporary location to the permanent office location previously used by PW project
- Complete the office fit-out and smooth transfer of the General Santos site office to a new location