

Chapter

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**FINANCIAL ARRANGEMENTS FOR  
MEDIUM-TERM DEVELOPMENT PLAN**

**11**

## 11. FINANCIAL ARRANGEMENTS

### 11.1 General

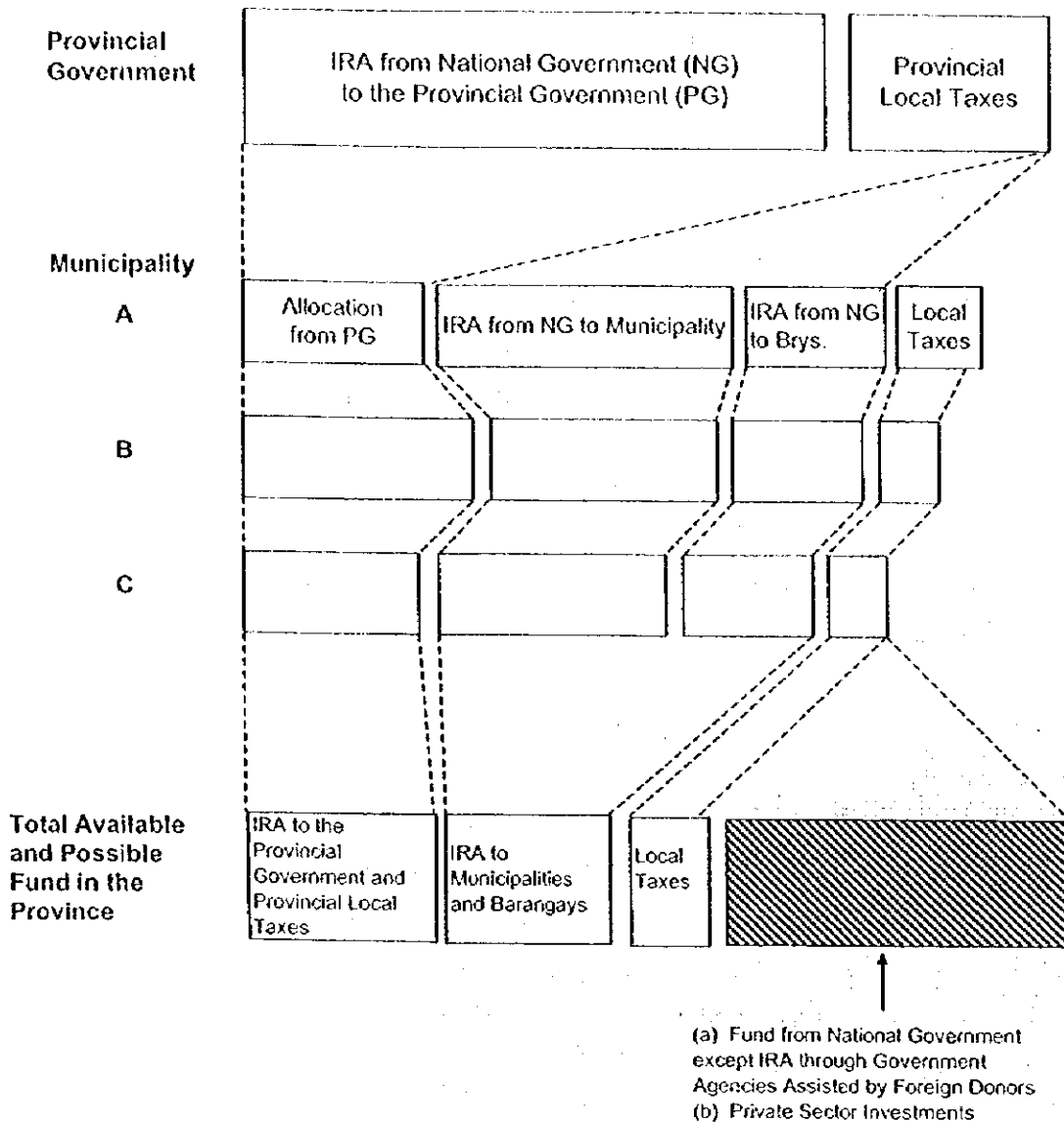
Financial arrangements to attain medium-term (Phase I) targets are sought taking into account potential funds. However, quantitative study is limited to the use of projected Internal Revenue Allotment (IRA). In this connection, this Chapter addresses to identify financial shortfall with reference to available IRA for this sector and to seek comprehensive logistics in terms of acquisition of various funds, augmentation of current practices in the Government assistance to this sector and effective investments and cost recovery.

Available funds (IRA) during the medium-term development period are projected with the use of computer-based programs that allow for the future application to include additional funds that are available. Figure 11.1.1 shows the sector budget allocation in the different administrative levels to come up with total funds available in the province. Figure 11.1.2 illustrates the manner of sector fund allocation to respective municipalities from the national and provincial governments with a detailed study flow availing IRA. Interfaces between provincial government and municipalities/barangays are also presented in the same figure.

Distribution of IRA to respective municipalities is contemplated in assumption of various factors based on the experiences as of 1998.

The Investment Coordination Committee (ICC) of NEDA adopted a policy "to support the financing of devolved activities with social and/or environmental-objectives" based on three considerations, namely: Equity, Externalities and Economies of Scale. The new cost-sharing arrangement was put into practice in 1998, which clearly limited the national government subsidy for Level I water supply to 5<sup>th</sup> and 6<sup>th</sup> class municipalities up to a maximum of 50% of the total project cost. For sanitation facilities, the national government subsidy for 3<sup>rd</sup> to 6<sup>th</sup> class municipalities shall be from 50% to 70% of the total project cost. In this connection, financial study for Level I water supply and sanitation improvement was additionally conducted for those municipalities meeting the above conditions.

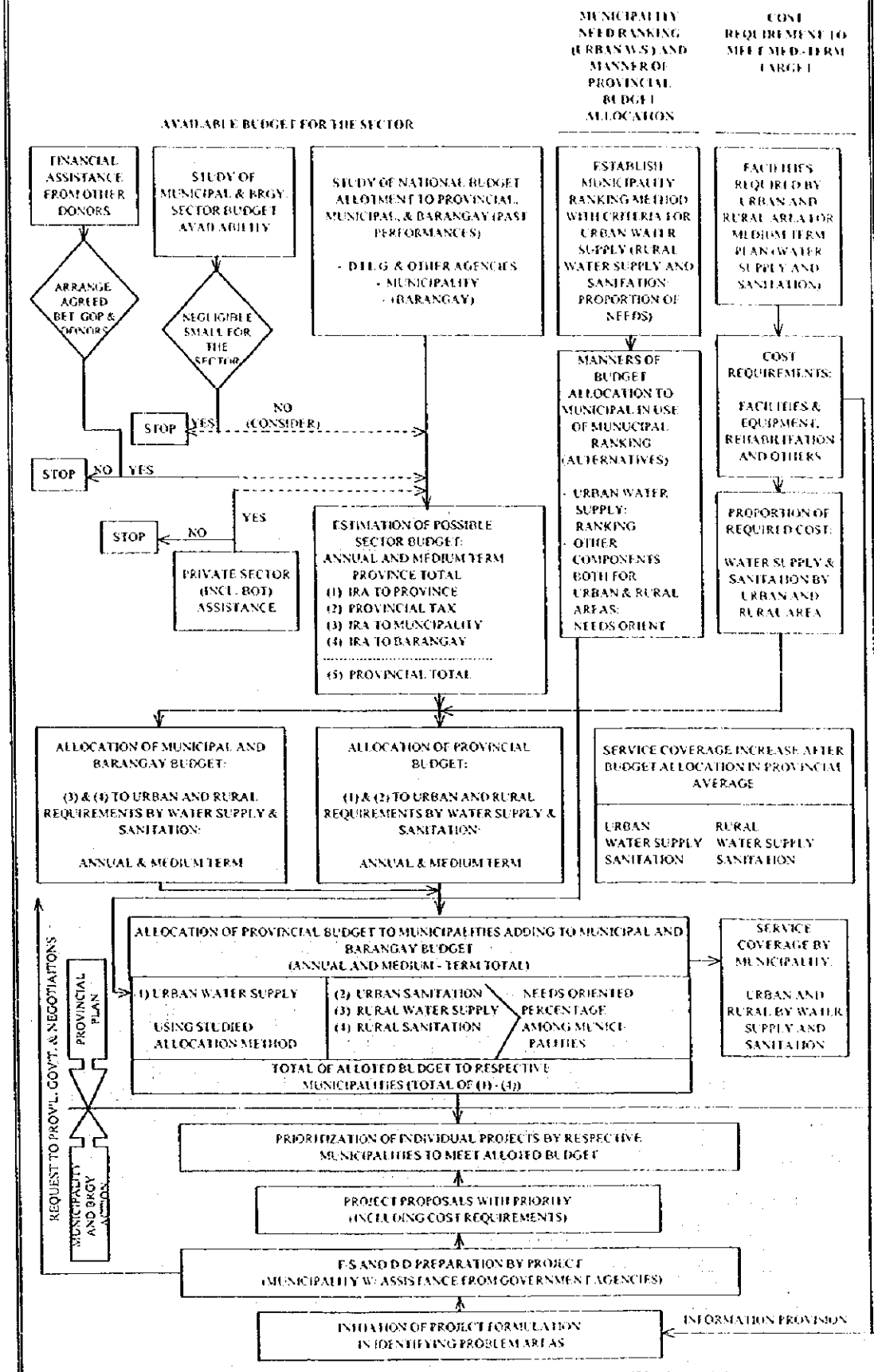
Figure 11.1.1 Sector Budget Allocation



Notes: (1) Budget from different sources in the figure above are those shared to water supply and sanitation sector from allotted amount for overall sectors.

(2) Shaded portion above is the potential fund source to be negotiated/arranged to meet target requirements.

**FIGURE 11.1.2**  
**GENERAL FLOW OF FINANCIAL ARRANGEMENTS FOR RELEVANT SECTOR DEVELOPMENT**



## 11.2 Projection of IRA

The projection of IRA to the relevant sector for Phase I period is made covering different administrative levels. Current manner of allocation by the national government is directed to three different governmental levels; province, municipality and barangay. Municipal fund available for this sector is calculated as a sum of municipal and provincial allotments. Figure 11.2.1 shows the calculation procedure with assumptions and Tables 11.2.1 and 11.2.2 present the calculation results. Calculation process is further described as follows:

### (1) Projection of annual IRA to all LGUs in the Philippines from 2000 to 2004

The IRA projection for the period 2000 to 2002 have been derived as equivalent to 40% of the total revenues of the actual National Internal Revenue Taxes of the 3<sup>rd</sup> Fiscal Year preceding the current year (e.g. 1997 to 1999). This 40% ratio is based on the Local Government Code in 1991. For the years 2003 to 2004, the projected National Internal Revenue Taxes by DOF served as the basis for projecting the IRA. Projected IRA registered an annual average growth rate of 11 percent for the period 2000 to 2004.

### (2) Distribution of national total IRA to each administrative unit

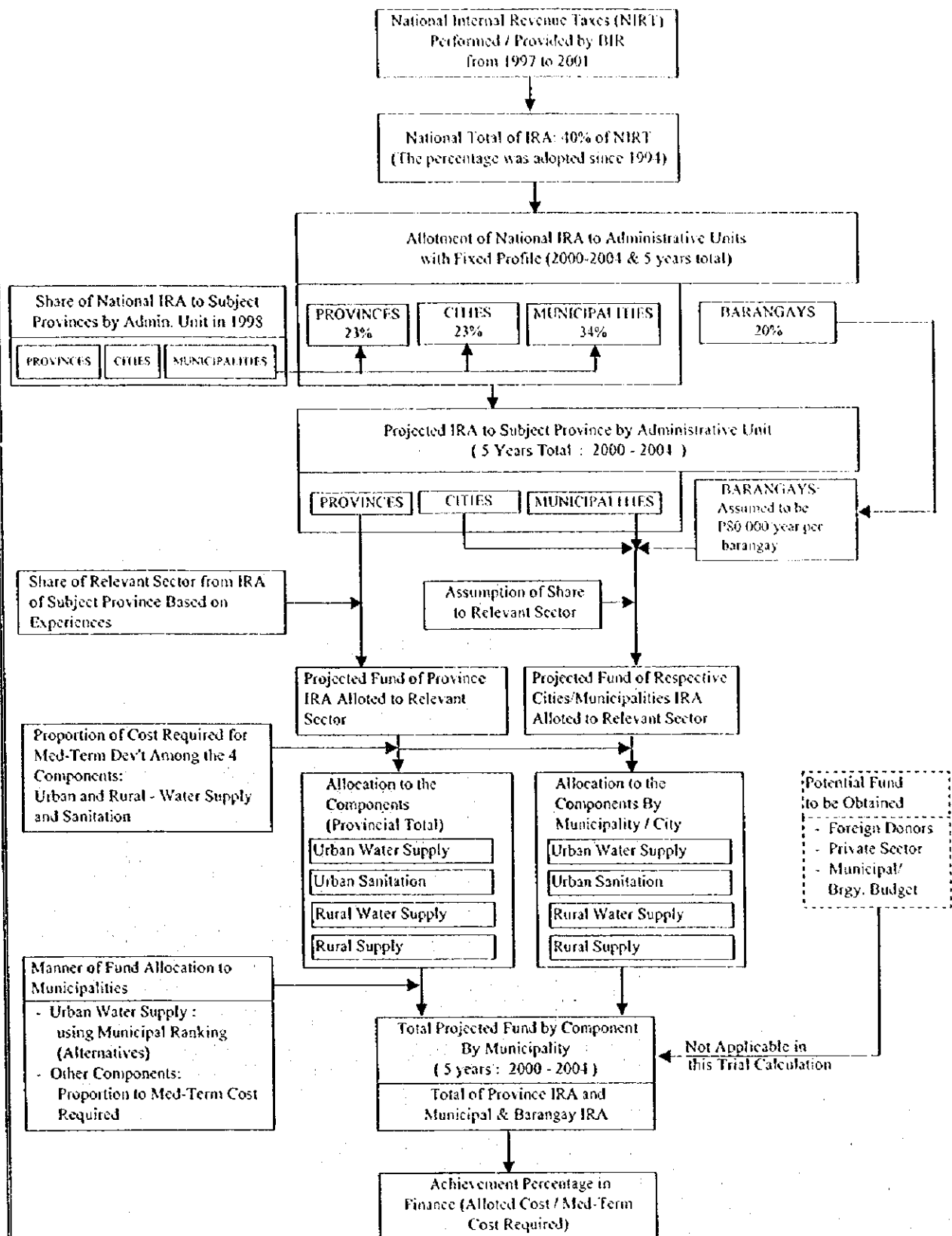
Based on the Local Government Code, IRA is distributed by administrative level as follows:

Provinces	23%
Cities	23%
Municipalities	34%
Barangays	20%

### (3) Distribution of national total IRA to the subject province by provincial, municipal and barangay level

With reference to allocation of national IRA by administrative level, provinces and municipalities are based on weighted three (3) factors: population, land area and number of administrative units. In this analysis, however, the distribution percentage experienced in 1999 is simply employed in projecting IRA for the period 2000-2004 (refer to Table 6.2.2, Main Report and Supporting Report). Allotments to barangays are added to the IRAs for municipalities (₱80,000 times the number of barangays).

**Figure 11.2.1 TRIAL ALLOCATION OF INTERNAL REVENUE ALLOTMENT (IRA)  
TO MUNICIPALITIES FOR RELEVANT SECTOR DEVELOPMENT**



NOTE : BIR - Bureau of Internal Revenue (DOF)  
 NIRT (1997-2001) is the basis of National Total of IRA (2000-2004)  
 POTENTIAL FUND : Needs of additional fund are considerable.  
 Thus reference information is shown.

Table 11.2.1 Projected Internal Revenue Allotment for Medium-Term Sector Development

Unit: P 1,000

	2000	2001	2002	2003	2004	Total
1. 40% of Actual-Projected National Internal Revenue Taxes of the 3rd Fiscal Year preceding the current year	104,049,760	115,801,280	127,449,920	142,317,600	157,972,536	647,591,096
2. Internal Revenue Allotment to all LGUs						
(a) province (23%)	23,931,445	26,634,294	29,313,482	32,733,048	36,333,683	148,945,952
(b) cities (23%)	23,931,445	26,634,294	29,313,482	32,733,048	36,333,683	148,945,952
(c) municipalities (34%)	35,376,918	39,372,435	43,332,973	48,387,984	53,710,662	220,180,973
(d) barangays (20%)	20,809,952	23,160,256	25,489,984	28,463,520	31,594,507	129,518,219
(e) total IRA to all LGUs	104,049,760	115,801,280	127,449,920	142,317,600	157,972,536	647,591,096
3. Projected IRA to Subject Province by Administrative Unit						
(a) province	527,602	587,190	646,257	721,646	801,027	3,283,722
(b) municipalities/city including barangays	1,149,771	1,265,776	1,380,766	1,527,533	1,682,071	7,005,917
Abuyog	46,099	50,736	55,333	61,200	67,378	280,747
Alangalang	28,226	30,926	33,603	37,019	40,615	170,389
Albuera	26,868	29,758	32,622	36,278	40,128	165,654
Babatngon	18,275	20,113	21,935	24,261	26,709	111,293
Barugo	20,560	22,548	24,518	27,033	29,681	124,338
Bato	20,837	22,901	24,947	27,559	30,308	126,552
Baybay	55,727	61,189	66,604	73,515	80,792	337,827
Barauco	36,896	40,367	43,808	48,209	52,824	222,094
Calubian	23,422	25,589	27,736	30,477	33,364	140,589
Capococan	21,580	23,828	26,056	28,899	31,593	132,256
Cangara	28,072	30,800	33,504	36,955	40,589	169,920
Dagami	25,159	27,413	29,648	32,500	35,503	150,223
Dulag	24,928	27,337	29,724	32,772	35,981	150,741
Hilongos	33,286	36,584	39,854	44,027	48,422	202,174
Hindang	14,803	16,294	17,773	19,659	21,646	90,175
Inopacan	16,740	18,450	20,145	22,308	24,586	102,228
Isabel	22,232	24,526	26,800	29,703	32,759	136,021
Jaro	26,751	29,357	31,939	35,236	38,707	161,990
Javier (Bugho)	19,655	21,622	23,571	26,060	28,680	119,587
Julita	13,591	14,891	16,180	17,824	19,556	82,042
Kananga	25,104	27,732	30,336	33,660	37,161	153,993
La Paz	16,395	17,930	19,452	21,395	23,440	98,612
Leyte	24,957	27,504	30,029	33,253	36,646	152,389
Mae Arthur	15,874	17,386	18,886	20,800	22,815	95,761
Mahaplag	19,511	21,461	23,395	25,863	28,461	118,690
Matag-ob	16,488	18,160	19,818	21,934	24,162	100,562
Matalom	21,930	24,136	26,322	29,113	32,051	133,551
Mayorga	14,864	16,398	17,919	19,860	21,904	90,944
Merida	18,438	20,322	22,189	24,572	27,081	112,601
Palo	29,807	32,876	35,917	39,799	43,887	182,286
Palompon	30,457	33,479	36,444	40,229	44,214	184,852
Pastana	15,672	17,180	18,674	20,582	22,591	94,699
San Isidro	22,118	24,445	26,751	29,694	32,793	135,800
San Miguel	16,645	18,302	19,974	22,108	24,355	101,356
Santa Fe	14,060	15,467	16,862	18,643	20,517	85,550
Tabango	20,610	22,820	25,011	27,807	30,752	127,000
Tabontabon	10,653	11,711	12,761	14,100	15,510	64,735
Tacloban City (Capital)	218,452	241,877	265,097	294,734	325,941	1,346,100
Tanauan	27,360	29,944	32,506	35,775	39,217	164,802
Tolosa	12,859	14,175	15,481	17,147	18,901	78,562
Tunga	8,995	9,939	10,874	12,068	13,325	55,201
Villaba	24,817	27,304	29,768	32,914	36,227	151,031
(c) Provincial Total	1,677,373	1,852,966	2,027,023	2,249,179	2,483,098	10,289,638

Table 11.2.1 Projected Internal Revenue Allotment for Medium-Term Sector Development (Cont'd)

	(Unit: P 1,000)					
	2000	2001	2002	2003	2004	Total
4 Project fund of IRA to Relevant Sector by Administrative Unit						
(a) province	21,104	23,488	25,850	28,866	32,041	131,349
(b) municipalities/city including barangays	43,157	47,522	51,848	57,370	63,184	263,082
Abuyog	1,841	2,029	2,213	2,448	2,695	11,230
Alangalang	1,129	1,237	1,344	1,481	1,625	6,816
Albuera	1,075	1,190	1,305	1,451	1,605	6,626
Babangon	731	805	877	970	1,065	4,452
Barugo	822	902	981	1,081	1,187	4,974
Boto	833	916	998	1,102	1,212	5,062
Baybay	1,888	2,073	2,257	2,491	2,737	11,446
Burauen	1,476	1,615	1,752	1,928	2,143	8,884
Calubian	937	1,024	1,109	1,219	1,335	5,624
Capococan	863	953	1,042	1,156	1,276	5,290
Carigara	1,123	1,232	1,340	1,478	1,624	6,797
Dagami	49	53	58	63	69	292
Dulag	997	1,093	1,189	1,311	1,439	6,030
Hilongos	1,331	1,463	1,594	1,761	1,937	8,087
Hindang	334	368	401	444	489	2,037
Inopacan	670	738	806	892	983	4,089
Isabel	889	981	1,072	1,188	1,310	5,441
Jaro	1,076	1,174	1,278	1,409	1,548	6,480
Javier (Bugho)	610	671	732	809	890	3,712
Julita	544	596	647	713	782	3,282
Kananga	1,004	1,109	1,213	1,346	1,486	6,160
La Paz	656	717	778	856	938	3,941
Leyte	998	1,100	1,204	1,330	1,466	6,096
MacArthur	635	695	755	832	913	3,830
Mahaplag	780	858	936	1,035	1,138	4,748
Matag-ob	660	726	793	877	966	4,022
Matafom	877	965	1,053	1,165	1,282	5,342
Mayorga	595	656	717	794	876	3,638
Merida	531	585	638	707	779	3,240
Palo	800	882	964	1,068	1,177	4,890
Palompon	1,219	1,339	1,458	1,609	1,769	7,394
Pastrana	627	687	747	823	904	3,788
San Isidro	885	978	1,070	1,188	1,312	5,432
San Miguel	665	732	799	881	974	4,054
Santa Fe	562	619	674	746	821	3,422
Tabango	824	913	1,000	1,112	1,230	5,080
Tabontabon	426	468	510	564	620	2,589
Tacloban City (Capitol)	8,738	9,675	10,604	11,789	13,038	53,844
Tanauan	1,094	1,198	1,309	1,431	1,569	6,592
Tolosa	13	14	16	17	19	79
Tunga	360	398	435	483	532	2,208
Villaba	993	1,092	1,191	1,317	1,449	6,041
(c) Provincial Total	64,262	71,010	77,699	86,236	95,225	394,431



Table 11.2.2 Projected Allotment of IRA to the Relevant Sector by Component, (2000-2004)

Unit: P 1,000

Allocation of IRA to Provincial Units	Urban Water Supply	Rural Water Supply	Urban Sanitation	Rural Sanitation	Total
1. Province	64,240	41,806	6,760	18,543	131,349
2. Municipalities					
Abuyog	4,681	4,052	628	1,868	11,230
Alangalang	6,503			312	6,816
Albuera	2,463	2,408	344	1,411	6,626
Babatngon	2,144	1,169	394	745	4,452
Banugo	1,505	2,332	243	894	4,974
Bato	1,707	2,085	257	1,013	5,062
Baybay			3,030	8,416	11,446
Burauen	4,575	4,309			8,884
Calubian	123	4,536	3	962	5,624
Capoocan	2,972		382	1,936	5,290
Carigara	5,265		299	1,232	6,797
Dagami			48	244	292
Dulag	4,165	1,479	257	128	6,030
Hilongos	2,216	4,658	181	1,033	8,087
Hindang			354	1,683	2,037
Inopacan	908	2,392		789	4,089
Isabel	3,556		728	1,156	5,441
Jaro	1,934	3,063	297	1,185	6,480
Javier (Bugho)	2,838			874	3,712
Julita	1,252	1,506	167	357	3,282
Kananga			2,008	4,151	6,160
La Paz	1,439	1,578	206	722	3,944
Leyte	977	3,160	217	1,742	6,096
MacArthur	1,064	2,037	85	644	3,830
Mahaplag	904	2,801	167	877	4,748
Matag-ob	2,398		421	1,203	4,022
Matalom		3,748	159	1,435	5,342
Mayorga	2,281		33	1,323	3,638
Merida	3,236		4		3,240
Palo			2,870	2,020	4,890
Palompon	2,729	3,517	235	913	7,394
Pastrana	1,040	1,946	115	687	3,788
San Isidro	1,207	3,247	138	839	5,432
San Miguel	1,329	1,632	262	831	4,054
Santa Fe	1,040	1,483	15	883	3,422
Tabango	1,830	3,057		193	5,080
Tabontabon	1,121	1,127		341	2,589
Tacloban City (Capital)	48,238	1,576	3,477	553	53,844
Tanauan	3,464	3,117		10	6,592
Tolosa				79	79
Tunga	1,751	433	17	7	2,208
Villaba	2,707		48	3,286	6,041
3. Total	191,806	110,253	24,853	67,519	394,431

(4) Projection of available IRA to the relevant sector by administrative unit of the province

According to the Provincial Annual Report in 1998, about 0.03% of provincial IRA on the average was availed for the water supply and sanitation sector. However, referring to the experience in other provinces, provincial allocation to the relevant sector is assumed to be about 4%. This means that approximately 20% of "20% Development Fund" from national IRA are counted on sector projects. The same percentage is applied for the allocation of municipal IRA to the sector.

(5) Available IRA of municipalities by sub-sector

Available municipal fund for the four components (urban and rural water supply, and urban and rural sanitation) is estimated as a sum of respective components in combination of those allocated from the province and distributed in each municipality. Distribution of sector total fund to sub-components both in the provincial and municipal levels is arranged in proportion to the direct construction cost required for Phase I development.

With regards to the distribution of provincial IRA for urban water supply to respective municipalities, weighing method with ranking is employed, which will be discussed in detail in Section 11.4. For the other components, provincial IRA is distributed to municipalities in proportion to their required costs in Phase I (refer to Table 11.2.2).

The projected provincial IRA to the sector during the period of 2000-2004 is estimated at P394.43 million, which is equivalent to 3.83% of combined provincial and municipal IRA. This percentage is computed based on the result of adjustment in use of IRA for those municipalities, required cost of which is lower than the allotted IRA. With regard to the allocation to sub-sectors, urban water supply has the largest allotment of 48.6% (P191.81 million out of the total P394.43 million) followed by rural water supply (28.0% or P110.25 million). Rural sanitation is allotted P67.52 million (17.1%) and is larger than that for urban sanitation ( P24.85 million). The proportion of IRA allotment for the sub-sectors differs by municipality and depends on their priority sub-sectors.

In the allocation of municipal IRA, Tacloban City (capital) has the largest allotment with P53.84 million (20.5%) followed by the municipality of Baybay with P11.45 million (4.4%).

### 11.3 Additional Funding Requirements

Annual cost required for the whole province during the medium-term development is summarized in Table 11.3.1 referring to the study results in Chapter 10. The total cost required covers physical contingency; 10% of the direct cost and price contingency; 7% per year covering the direct cost and physical contingency, and value added tax. Details of implementation arrangements for annual investment are shown in Table 11.3.1, Supporting Report. The required cost excluding price contingency was also shown in the Table to compare with available IRA on a current price level.

Table 11.3.2 presents additional funding requirements of the province on the current price level (or shortfall in funding), which are figured out comparing with available fund for the relevant sector (IRA) in the province over the Phase I requirements. Other funds such as those provided by foreign assistance and local tax portions are kept blank to supplement upon confirmation of additional funds available. Out of P761.97 million required on 1998 price level for Phase I (2000-2004), IRA can fund only P394.43 million or 52.0% of the requirements. Hence, there is a big shortfall of P536.27 million in funding in consideration of contingencies, price escalation and value added tax.

Municipal achievement percentages in finance (1998 price level) are shown in Table 11.3.3 in provision of available fund originated by IRA against Phase I financial requirements. The percentages of Alangalang, Baybay, Dagami, Hindang, Javier(Bugho), Kananga, Mayorga, Merida, Palo, Tolosa and Villaba (100%) are the highest among municipalities. Majority is in the range between 40% and 60% to the respective requirements, while the provincial average is 52% (42% in consideration of contingencies and VAT).

Table 11.3.1 Financing Requirement by Sector Component for the Province

Unit: 1,000 pesos

Sector Components	2000	2001	2002	2003	2004	Total 2000-2004	Total 2005-2010
<b>Direct Cost</b>							
<i>1. Direct Construction Cost</i>							
<i>Urban Water Supply</i>							
Level III System	0	51,698	77,547	77,547	51,698	258,188	1,039,564
<i>Rural Water Supply</i>							
Level II System	21,023	21,023	0	0	0	42,046	0
Level I Facilities	0	25,234	37,852	37,852	25,234	126,172	1,238,806
<i>Urban Sanitation</i>							
Household toilet	0	782	1,174	1,174	782	3,912	3,374
Public school toilet	0	4,437	6,655	6,655	4,437	22,183	33,858
Public toilet	0	221	332	332	221	1,105	0
Disinfection of Level I Deep & Shallow	48	88	88	88	88	402	0
<i>Rural Sanitation</i>							
Household toilet	0	1,613	2,420	2,420	1,613	8,067	20,182
Public school toilet	0	13,310	19,964	19,964	13,310	66,548	275,997
Disinfection of Level I Deep & Shallow	80	147	147	147	147	669	571
<i>Urban Sewerage</i>	N/A	N/A	N/A	N/A	N/A	N/A	1,675,146
Sub-total	21,152	118,554	146,178	146,178	97,531	529,592	4,287,498
<i>2. Procurement of Vehicle/Equipment/Maintenance tools</i>							
Well drilling rig and service truck with crane	0	0	0	0	0	0	26,782
Support vehicle	0	590	0	0	0	590	0
Well rehabilitation equipment	0	280	0	0	0	280	0
Maintenance tools	0	84	126	126	84	420	0
Water quality testing kit	0	3	5	5	3	15	0
Sub-total	0	957	131	131	87	1,305	26,782
<i>3. Water Quality Laboratory</i>	1,434	0	0	0	0	1,434	0
<i>4. Sector Management Cost</i>							
<i>Engineering Studies</i>							
Feasibility study and detail design	29,179	17,310	0	0	0	46,489	233,295
Construction supervision	841	4,637	5,694	5,694	3,796	20,861	103,687
<i>Institutional Development</i>	12,625	11,850	6,735	4,143	3,368	38,721	233,295
Sub-total	42,645	33,797	12,429	9,837	7,164	106,071	570,277
<b>Total Direct Cost</b>	<b>65,231</b>	<b>153,307</b>	<b>158,738</b>	<b>156,146</b>	<b>104,781</b>	<b>638,402</b>	<b>4,884,557</b>
<b>Contingencies</b>							
<i>1. Physical Contingency</i>	6,523	15,331	15,874	15,615	10,478	63,820	488,456
<i>2. Price Contingency</i>	5,023	24,436	39,295	53,382	46,398	168,534	N/A
<i>3. Value-Added Tax (VAT)</i>	5,261	14,146	15,200	15,200	10,144	59,948	N/A
<b>Total Investment Cost</b>	<b>82,037</b>	<b>207,219</b>	<b>229,107</b>	<b>240,343</b>	<b>171,798</b>	<b>930,704</b>	<b>5,373,012</b>
<b>Total Investment Cost (excluding Price Contingency)</b>	<b>77,014</b>	<b>182,784</b>	<b>189,812</b>	<b>186,960</b>	<b>125,401</b>	<b>761,974</b>	<b>5,373,012</b>

Note: Institutional development includes:  
 1. Capacity enhancement programs,  
 2. Community management program,  
 3. Health and hygiene education's,  
 4. Water quality surveillance, and  
 5. Administrative support

**Table 11.3.2 Additional Fund Requirement for the Medium-Term Plan**

Unit: 1,000 pesos

Item	2000	2001	2002	2003	2004	Total 2000-2004
Financing Requirement	77,014	182,784	189,812	186,960	125,401	761,971
Expected available fund						
National						
Local (IRA)	64,262	71,010	77,699	86,236	95,225	394,431
Others						
Total	64,262	71,010	77,699	86,236	95,225	394,431
Shortfall in funding (Additional Fund Requirements)	12,753	111,774	112,113	100,725	30,175	367,540
	17,776	136,210	151,408	154,107	76,573	536,273

Notes: Shortfall in funding : Figures on top represent current year level cost.  
 Figures below represent overall cost including contingencies, escalation  
 and value added tax.  
 Totals may not add up due to rounding.

#### 11.4 Medium-Term Implementation Arrangements

The financial requirements to meet Phase I target coverage are substantial. However, projected funding available (IRA) in application of past trend revealed that considerable amount of additional fund must be arranged. Under this situation, reference scenarios are discussed with the assumption of different levels of funding availability with reference to service coverage. Alternative countermeasures are also discussed in view of (1) acquisition of external funds, (2) augmentation of sector finance under current arrangements (IRA and others), (3) introduction of private sector participation to mitigate public investment needs, and (4) effective and economical investments.

##### 11.4.1 Reference Scenarios in Different Funding Levels

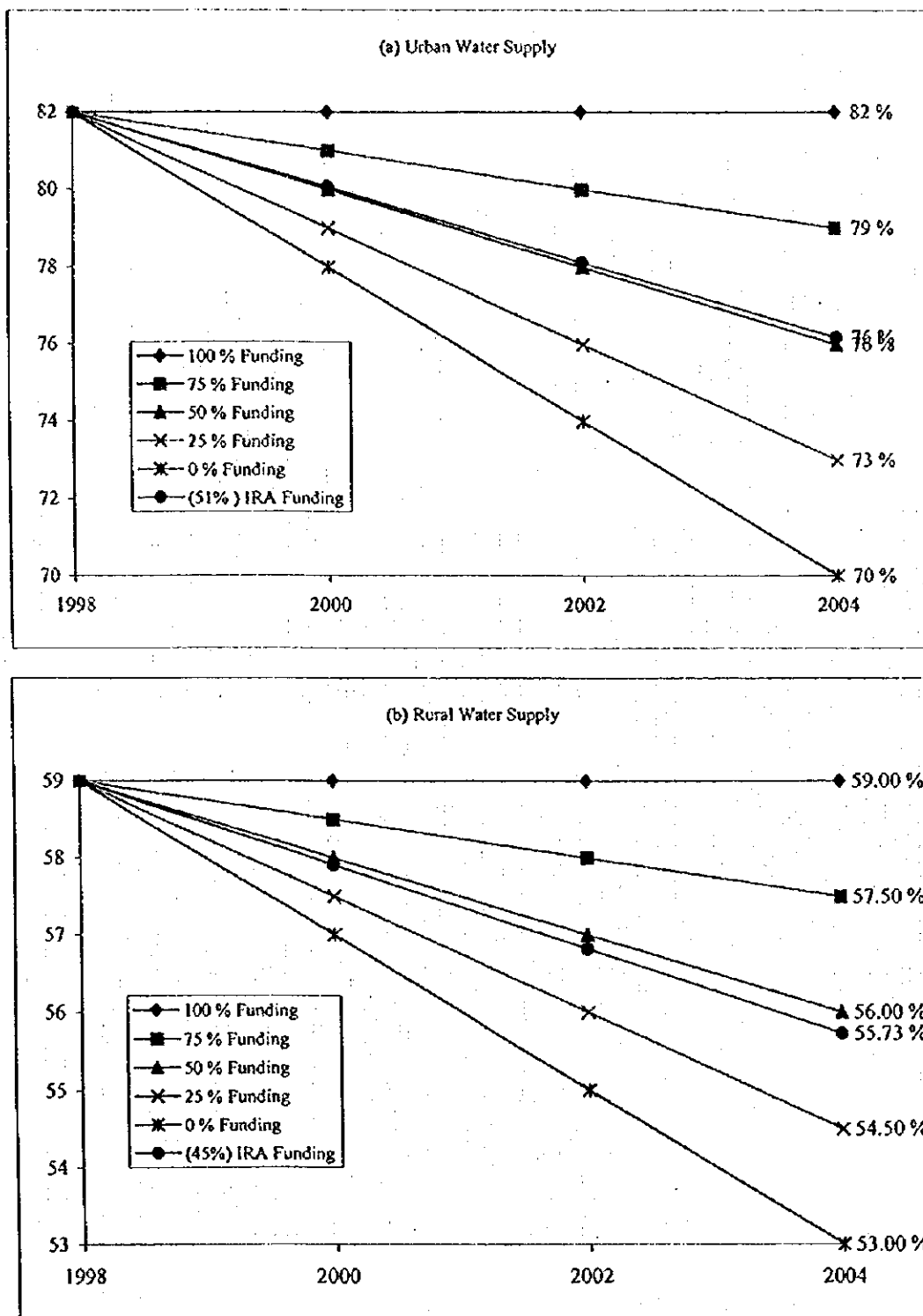
Achievement levels of service coverage in the target year are examined in assumption of five funding levels. It is regarded that the service coverage is increased in proportion to the investment during Phase I period. The relationships between funding levels and corresponding percentages of service coverage are illustrated in Figure 11.4.1 and Figure 11.4.2 for water supply and sanitation sectors, respectively.

Table 11.3.3 Internal Revenue Allotment for Water Supply and Sanitation Sector by Municipality (Medium-term Development, 2000-2004)

Unit: P 1,000

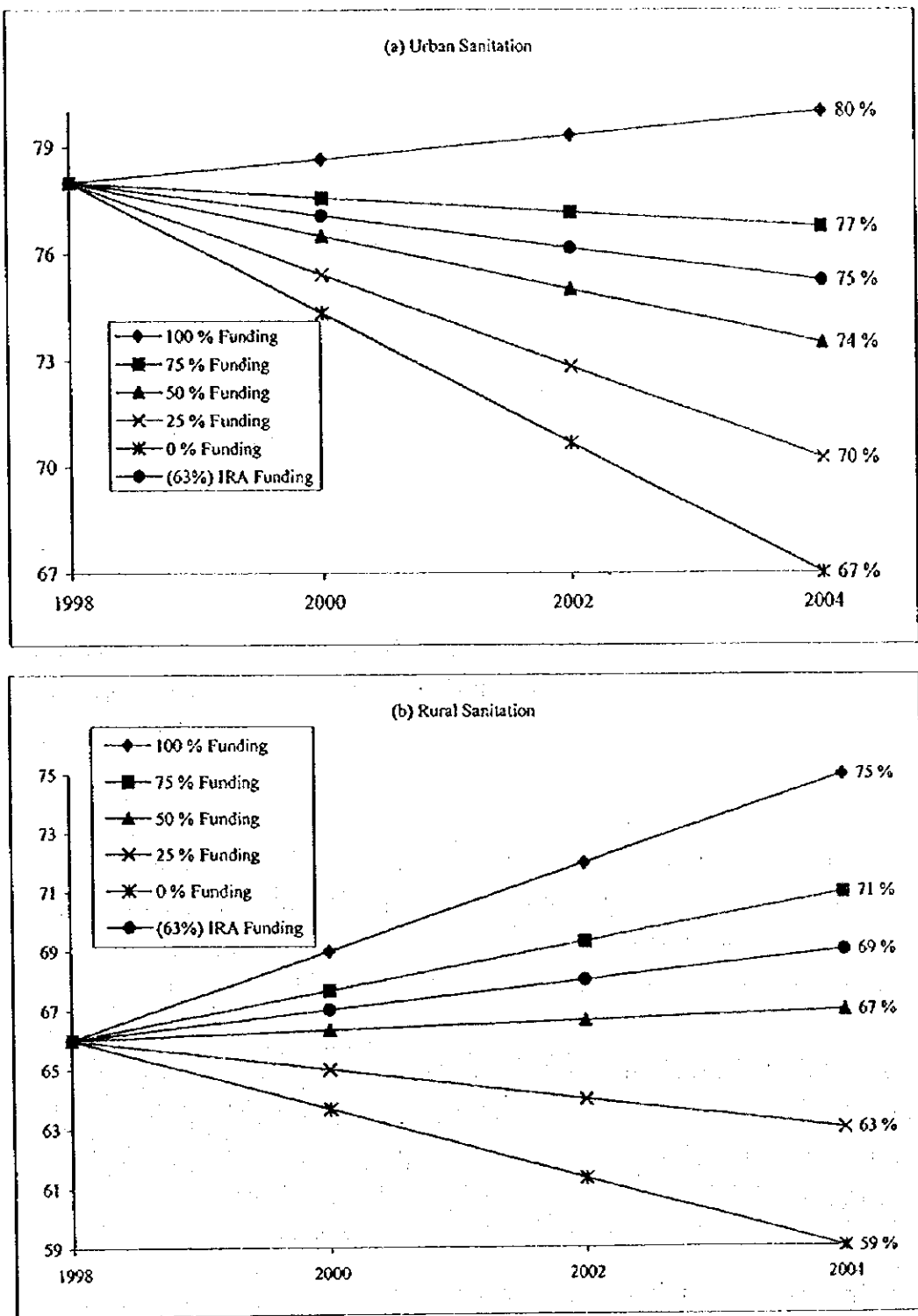
Name of Municipality/City	IRA Allocation to Municipalities						Phase I Investment Cost Requirement (b)	Achievement Percentage (%) in Finance (a)/(b)							
	Urban Water Supply			Rural Water Supply											
	Allocated from Provincial Government	Allocated Municipality Fund	Total	Allocated from Provincial Government	Allocated Municipality Fund	Total									
Abuyog	1,802	4,651	6,453	1,871	4,032	5,923	344	928	972	1,868	2,847	16,225	30,083	54	
Alangalang	5,723	6,503	12,226		2,408	3,625	227	344	572	830	1,411	2,241	12,756	12,813	100
Albera	1,802	2,463	4,265	1,217	2,408	3,625	227	344	572	830	1,411	2,241	10,702	19,433	55
Bababgon	1,802	2,144	3,943	683	1,169	1,857	285	394	680	850	1,300	7,782	15,205	51	
Barugo	1,802	1,505	3,307	1,672	2,332	4,003	227	243	470	757	894	1,651	9,431	20,684	46
Bato	1,802	1,707	3,509	1,412	2,035	3,497	257	257	484	803	1,013	1,816	9,306	19,897	47
Baybay							0	3,030	3,030			8,416	11,446	11,446	100
Burauen	1,802	4,575	6,377	2,429	4,309	6,737				897	962	1,859	10,711	26,469	40
Calitran	454	123	577	3,681	4,536	8,217	56	3	59	705	1,936	2,641	7,966	9,325	85
Cayocayan	1,802	2,972	4,774				169	382	551	705	1,936	2,641	7,966	9,325	85
Catara	1,802	5,265	7,067				170	299	469	596	1,232	1,823	9,364	15,349	61
Dagami								48	48	0	244	244	292	292	100
Dulang	1,802	4,165	5,967	1,337	1,479	2,815	285	257	542	232	128	361	9,686	31,612	31
Hilongos	1,802	2,216	4,017	2,985	4,638	7,642	169	181	351	778	1,033	1,811	13,821	30,063	46
Hindang							0	354	354			1,683	2,037	2,037	100
Inopacan	1,393	908	2,301	1,136	2,392	3,528				491	789	1,279	2,508	11,262	65
Isabel	1,802	3,556	5,358	1,793	3,063	4,857	531	728	1,260	875	1,156	2,032	8,649	20,718	42
Jaro	1,802	1,934	3,735				227	297	525	810	1,185	1,995	11,112	22,902	51
Javier (Bayabao)										0	374	374	3,712	3,712	100
Julita	1,802	1,252	3,054	1,049	1,506	2,555	169	167	336	365	357	722	6,667	13,260	50
Kananga							64	2,008	2,072	132	4,151	4,283	6,355	6,355	100
La Paz	1,802	1,419	3,241	838	1,578	2,466	169	206	376	523	722	1,244	7,326	12,883	57
Leyte	2,777	977	3,754	2,992	3,160	5,252	197	217	414	1,143	1,742	2,884	12,304	23,413	53
MacArthur	1,802	1,064	2,866	1,359	2,037	3,426	111	85	197	555	644	1,199	7,688	15,149	51
Malaybalag	3,003	904	3,907	2,087	2,801	4,888	178	167	344	770	1,046	1,670	10,785	20,525	53
Matayob	1,654	2,398	4,052				176	421	598	467	1,203	1,670	6,319	6,797	93
Manalan							111	159	271	639	1,435	2,074	7,458	11,278	66
Mayorga	105	2,281	2,386				2	33	35	60	1,323	1,383	3,804	3,804	100
Menda							0	4	4			3,240	3,240	3,240	100
Menda							0	2,870	2,870	0	2,020	2,020	4,890	4,890	100
Palo								215	463	792	913	1,705	12,813	31,749	40
Palompon	1,802	2,729	4,531	2,603	3,517	6,120	227	215	463	463	637	1,152	7,366	11,133	66
Pasinaon	2,017	1,040	3,057	986	1,946	2,932	111	115	226	463	637	1,152	7,366	11,133	66
San Isidro	4,690	1,207	5,897	2,735	3,247	5,982	170	138	308	823	1,063	1,663	13,850	26,539	52
San Miguel	1,802	1,329	3,130	722	1,632	2,354	169	202	432	484	644	1,199	7,688	15,149	51
Santa Fe	1,333	1,040	2,393	588	1,483	2,071	59	15	75	467	533	1,050	5,899	7,872	75
Tabango	3,288	1,830	5,118	1,674	3,057	4,732				209	193	402	10,032	14,269	71
Talibao	1,137	1,121	2,258	400	1,127	1,528				237	341	578	4,414	5,330	83
Tubotanbon	1,802	48,233	50,040	817	1,576	2,393	1,356	3,477	5,333	403	553	657	58,722	161,953	36
Tubotan City (Capital)										32	10	42	10,618	26,391	39
Tunahan	1,802	3,464	5,266	2,192	3,112	5,310				32	79	79	79	79	100
Tolesá										10	7	17	4,282	5,913	72
Tunga	1,802	1,751	3,553	200	433	633	0	17	79	10	7	17	4,282	5,913	72
Villaba	1,064	2,707	3,071				7	48	55	440	3,246	3,726	6,852	6,852	100
Total	64,240	127,366	191,906	41,906	68,447	110,253	6,760	18,093	24,853	18,543	48,978	67,510	194,431	761,970	52

**Figure 11.4.1 Relation Between Funding Levels and Percent of Coverage for Water Supply Sector**



Note: Percentages of the coverage between 1998 and 2004 are simply prorated as the reference

Figure 11.4.2 Relation Between Funding Levels and Percent of Coverage for Sanitation Sector



Note: Percentages of the coverage between 1998 and 2004 are simply prorated as the reference



Three reference scenarios are discussed with respect to different levels of funding. These scenarios will be referred to in combination with alternative countermeasures discussed in Section 11.4.2. Using computer-based programs, these scenarios may be modified by policy makers according to updated information and policy on the available fund and sector targets.

**(1) The First Reference Scenario**

No funding constraints are considered in this scenario to realize Phase I development as planned. This scenario is too optimistic based on the past experience of the province.

**(2) The Second Reference Scenario**

An intermediate scenario with 50-75 % funding ranges are considered. Urban and rural water supply coverage in the year 2004 is attained between 76-79% and between 56-58%, respectively. For urban and rural sanitation (household toilets), coverage will reach 74-77% and 67-71%, respectively based on the assumption that required private investments are followed.

**(3) The Third Reference Scenario**

In the scenario of 25% funding against the total requirements of Phase I, urban and rural water supply coverage in the year 2004 will be attained at 73% and 55%, respectively, while urban and rural sanitation coverage will be at 70% and 63%. All sub-sectors will not be able to keep current service levels.

The allocated IRA funding of urban and rural water supply in the year 2004 will be 51% and 45% which will cover 76% and 56% of the population. In order to attain the Phase I development target of 82% and 59% service coverage, it needs an additional IRA funding of 49% and 55%, respectively.

For urban and rural sanitation, 100% funding shall have coverage percentage of 80% and 75%, respectively. However, at IRA funding of 62% each, service coverage will only be at 75% and 69%. Thus, to meet the Phase I development targets of 80% and 75% of the population, an additional IRA funding is required with 37%.

#### **11.4.2 Alternative Countermeasures**

This sub-section presents the means of financing the shortfall for the investment program.

(1) Acquisition of external funds

Foreign assistance has played a significant role in the development of the relevant sector in the past. Negotiations with the central government agencies (DILG, LWUA, etc.) are requisites to access the foreign funds. Development of new local financial mechanism is also needed for LGUs under current policy shifts to increase the opportunities of LGUs undertaking foreign-assisted projects.

As a matter of fact, Local Government Empowerment Fund (LGEF) was established in 1996 to provide a mechanism for channeling external grants and loans to 19 priority provinces under the Social Reform Agenda and/or those classified as 5th or 6th class LGUs (details are referred to Chapter 11.4.2, Supporting Report).

The foreign loan may be availed of at the maximum financing limit of 75% of the overall project cost. This can be secured by GOP and channeled through the MDF.

(2) Augmentation of sector finance under current arrangements

Increase of the IRA to the Relevant Sector

Increase of IRA from the national government to LGUs is at first needed along with current procedure. LGUs shall also arrange the funds with a priority to the relevant sector.

Local Taxes

More allocation of local taxes to the relevant sector shall be arranged although the share of local taxes in the provincial total budget is small.

Utilization of Other Local Funds

Utilization of other funds, Countryside Development Fund (CDF) in particular, shall be sought for development of the relevant sector.

(3) Introduction of private sector

Privatization of Level III Waterworks System

Privatization of Level III systems helps expedite sector development and sustainability of the system as suggested by NEDA Board Resolution No. 4 (series 1994).

LGU Guarantee Organization

LGU Guarantee Organization as a public-private corporation managed by private sector in the national level shall be studied to encourage private financing for the development of environmental infrastructure, which is introduced in other developing countries. The

organization will guarantee local private loans to LGUs in provision of a longer term financing.

(4) Effective and economical investment

Investment Need Ranking of Municipalities

Investment need ranking of the municipalities is discussed as a guide for implementation of PW4SP and a measure for effective and economical public investment. Referring to this ranking, the provincial government will arrange its financial resources more effectively.

The ranking for urban water supply is specifically studied considering three factors, while a sole factor of additional requirements is assumed to coincide with the priority of other sub-sectors. Synthetic evaluation of concerned sub-sectors is finally presented in the context of comprehensive improvement of this sector. The result for urban water supply is employed for allocation of provincial IRA to the municipalities in the concerned sub-sector. The synthetic ranking may be availed for the huge investment in use of the funds to be provided by other donors in the future.

For the urban water supply component, the ranking criteria comprise three essential evaluation factors, namely: (a) percentage of underserved and unserved population in the base year; (b) percentage of underserved and unserved population in Phase I; and (c) percentage of population unserved by Level III Systems in the base year. First, these factors are scored by the range of underserved and unserved percentage and totaled by municipality with the application of weighing method. Adopted weight to the factors (a), (b) and (c) are 50%, 35% and 15%, respectively. Table 11.4.1 shows ranking procedures, overall weighted score and investment need ranking of the municipalities. There are two (2) municipalities identified as top two (2) priority municipalities namely Inopacan and San Isidro.

With reference to the provincial fund allocation, it is assumed that 60% of the fund for urban water supply from provincial government is distributed equally to the top fifth ranking municipalities, while the remaining 40% are equally distributed to the rest of the municipalities. The result of distribution is shown in Table 11.4.2. The available funds for about half of the municipalities are adequate to meet the Phase I requirements for urban water supply.

Table 11.4.1 Municipal Investment Need Ranking for Urban Water Supply

Name of Municipality	Evaluation Factor			Scoring by the Factor			Overall Weighted Score	Investment Need Ranking
	% of Underserved and Unserved Population in Base Year	% of Underserved and Unserved Population in Phase I	% of Population Unserved by Level III Systems in Base Year	Underserved and Unserved Population in Base Year	Underserved and Unserved Population in Phase I	Population Unserved by Level III Systems in Base Year		
Abuyog	23	26	66	0.60	0.40	0.80	0.56	27
Alangalang	49	58	100	1.00	0.80	1.00	0.93	1
Albuera	36	30	100	0.80	0.60	1.00	0.76	13
Babamgon	7	20	21	0.20	0.40	1.00	0.39	35
Barugo	24	32	56	0.60	0.60	0.60	0.60	25
Bato	29	33	90	0.60	0.60	1.00	0.66	20
Baybay	9	11	34	0.20	0.20	0.40	0.23	33
Burauen	13	23	21	0.40	0.40	0.40	0.40	31
Cabadian	43	54	43	1.00	0.80	0.60	0.87	9
Capococan	17	27	83	0.40	0.40	1.00	0.49	29
Carigara	20	23	87	0.40	0.40	1.00	0.49	29
Dagami	3	9	97	0.20	0.20	1.00	0.32	36
Dalag	40	43	99	0.80	0.60	1.00	0.76	13
Dakongos	33	35	53	0.80	0.60	1.00	0.76	13
Dinding	5	6	39	0.20	0.20	0.40	0.23	33
Inopacan	58	63	100	1.00	1.00	1.00	1.00	1
Isabel	15	22	81	0.40	0.40	1.00	0.49	29
Jaro	40	42	52	0.80	0.60	0.60	0.70	19
Javier (Bagbo)	23	39	69	0.60	0.60	0.80	0.63	23
Julita	39	50	100	0.80	0.80	1.00	0.83	11
Kananga		10		0.20	0.20	0.20	0.20	40
La Paz	26	37	100	0.60	0.60	1.00	0.66	20
Leyte	49	52	80	1.00	0.80	1.00	0.93	3
Macarthur	36	52	100	0.80	0.80	1.00	0.83	11
Mahoplag	42	46	100	1.00	0.80	1.00	0.93	3
Matag-ob	25	34	90	0.60	0.60	1.00	0.66	20
Matabon	1	1	20	0.20	0.20	0.20	0.20	40
Mayorga	23	29	100	0.60	0.40	1.00	0.59	26
Merida	15	21	29	0.40	0.40	0.40	0.40	33
Palo	2	15	23	0.20	1.00	0.40	0.51	33
Palocopon	34	41	74	0.80	0.60	0.80	0.73	18
Pastrana	41	50	97	1.00	0.80	1.00	0.93	3
San Isidro	77	80	100	1.00	1.00	1.00	1.00	1
San Miguel	31	36	100	0.80	0.60	1.00	0.76	13
Santa Fe	47	54	100	1.00	0.80	1.00	0.93	3
Tabugo	50	53	100	1.00	0.80	1.00	0.93	3
Tabantabon	41	45	92	1.00	0.60	1.00	0.86	10
Tacloban City (Capital)	5	25	5	0.20	0.10	0.20	0.27	37
Tanauan	40	45	90	0.80	0.60	1.00	0.76	13
Tolosa	2	7	3	0.20	0.20	0.20	0.20	40
Tunga	30	44	61	0.60	0.60	0.80	0.63	23
Villaba	20	26	50	0.40	0.40	0.60	0.43	32
Provincial Total	13	30	45					

Note: 1. Scoring to Underserved and Unserved Percentage.

2. Weight Allocation to Score.

Score	Range of Underserved and Unserved Percentage			50	35	15	Allocated Weight
	41 < %	61 < %	81 < %				
0.8	31 < % < 40	46 < % < 60	61 < % < 80				
0.6	21 < % < 30	31 < % < 45	41 < % < 60				
0.4	11 < % < 20	16 < % < 30	21 < % < 40				
0.2	% < 10	% < 15	% < 20				

Table 11.4.2 Distribution of Provincial IRA to Municipalities for Urban Water Supply

Unit: 1,000 pesos

Ranking	Name of Municipality	Fund Distribution		IRA to Municipalities from National Government (2)	Available Fund Distributed to Municipalities (1) + (2)	Phase I Requirements	Accomplishment Percentage (%)
		Fund Distribution from Provincial Government (1)	Distribution Percentage (%)				
27	Abuyog	1,802	2.80	4,681	6,483	12,541	51.70
3	Alangalang	5,723	8.91	6,503	12,226	12,226	100
13	Albuera	1,802	2.80	2,463	4,265	7,223	59.04
35	Babatngon	1,802	2.80	2,144	3,945	7,322	53.88
25	Barugo	1,802	2.80	1,505	3,307	6,260	52.83
20	Bato	1,802	2.80	1,707	3,509	6,711	52.29
38	Daybay						
33	Burauen	1,802	2.80	4,575	6,377	14,962	42.62
9	Calubian	454	0.71	123	577	577	100
29	Capoocan	1,802	2.80	2,972	4,774	5,239	91.12
29	Carigara	1,802	2.80	5,265	7,067	11,890	59.44
36	Dagami						
13	Dulag	1,802	2.80	4,165	5,967	21,839	27.32
13	Ilifongos	1,802	2.80	2,216	4,017	8,237	48.77
38	Iindang						
1	Iloopacan	1,593	2.48	908	2,501	2,501	100
29	Isabel	1,802	2.80	3,556	5,358	13,542	39.57
19	Jaro	1,802	2.80	1,934	3,735	6,566	56.89
23	Javier (Bugho)			2,838	2,838	2,838	100
11	Julita	1,802	2.80	1,252	3,054	5,060	60.36
40	Kananga						
20	La Paz	1,802	2.80	1,439	3,241	4,700	68.95
3	Leyte	2,777	4.32	977	3,754	3,754	100
11	Macarthur	1,802	2.80	1,064	2,866	4,210	68.08
3	Mahaplag	3,003	4.68	904	3,907	3,907	100
20	Matag-ob	1,654	2.57	2,398	4,052	4,052	100
40	Matalom						
26	Mayorga	105	0.16	2,281	2,386	2,386	100
33	Merida			3,236	3,236	3,236	100
28	Palo						
18	Palompon	1,802	2.80	2,729	4,531	11,719	38.66
3	Pastrana	2,017	3.14	1,040	3,057	3,057	100
1	San Isidro	4,690	7.30	1,207	5,897	5,897	100
13	San Miguel	1,802	2.80	1,329	3,130	3,410	91.80
3	Santa Fe	1,353	2.11	1,040	2,393	2,393	100
3	Tabango	3,288	5.12	1,830	5,118	5,118	100
10	Tabontabon	1,187	1.85	1,121	2,308	2,308	100
37	Tactoban City	1,802	2.80	48,238	50,040	145,091	34.49
13	Tausan	1,802	2.80	3,464	5,266	14,132	37.26
40	Tolosa						
23	Tunga	1,802	2.80	1,751	3,553	4,689	75.76
32	Villaba	364	0.57	2,707	3,071	3,071	100
<b>Total</b>		<b>64,240</b>	<b>100</b>	<b>127,566</b>	<b>191,806</b>	<b>372,664</b>	<b>51.47</b>

To come up with the synthetic ranking of the municipalities, scoring method is also employed for other sub-sectors. The score is derived from the range of underserved and unserved percentage in the base year. Synthetic investment need ranking of municipalities covering four sub-sectors is shown in Table 11.4.3 (refer to ranking procedures in Table 11.4.1, Supporting Report). The top ranking municipalities are Mahaplag and Tabango.

which indicate that they are given priority for investments in all sub-sectors. The municipality of Hindang is the least priority in terms of investment ranking.

**Table 11.4.3 Municipal Investment Need Ranking**

Name of Municipality	Weighted Score by Sub-sector					Synthetic Municipal Investment Need Ranking
	Urban Water Supply	Rural Water Supply	Urban Sanitation	Rural Sanitation	Total Weighted Score	
Abuyog	0.14	0.20	0.10	0.10	0.54	16
Alangalang	0.23	0.05	0.05	0.15	0.48	24
Albuera	0.19	0.15	0.15	0.25	0.74	5
Babatngon	0.10	0.10	0.20	0.10	0.50	23
Barugo	0.15	0.20	0.10	0.20	0.65	10
Bato	0.17	0.20	0.05	0.15	0.57	13
Baybay	0.06	0.05	0.15	0.05	0.31	41
Burauen	0.10	0.20	0.10	0.05	0.45	30
Cahubian	0.22	0.10	0.25	0.15	0.72	7
Capoocan	0.12	0.05	0.05	0.20	0.42	36
Carigara	0.12	0.05	0.15	0.15	0.47	28
Dagami	0.08	0.10	0.15	0.15	0.48	24
Dulag	0.19	0.15	0.05	0.05	0.44	34
Hilongos	0.19	0.10	0.05	0.05	0.39	37
Hindang	0.06	0.05	0.10	0.05	0.26	42
Inopacan	0.25	0.20	0.10	0.10	0.65	9
Isabel	0.12	0.05	0.10	0.05	0.32	40
Jaro	0.18	0.25	0.25	0.15	0.83	3
Javier (Bugho)	0.16	0.05	0.10	0.25	0.56	14
Julita	0.21	0.15	0.05	0.10	0.51	21
Kananga	0.05	0.10	0.10	0.10	0.35	38
La Paz	0.17	0.15	0.10	0.05	0.47	27
Leyte	0.23	0.15	0.05	0.05	0.48	24
Macarthur	0.21	0.15	0.15	0.05	0.56	14
Mahaplag	0.23	0.25	0.20	0.25	0.93	1
Matag-ob	0.17	0.10	0.20	0.05	0.52	20
Matalom	0.05	0.20	0.15	0.05	0.45	30
Mayorga	0.15	0.05	0.20	0.05	0.45	30
Merida	0.10	0.05	0.25	0.05	0.45	30
Palo	0.13	0.05	0.2	0.05	0.43	35
Palompon	0.18	0.25	0.05	0.25	0.73	6
Pastrana	0.23	0.20	0.05	0.05	0.53	19
San Isidro	0.25	0.25	0.2	0.1	0.8	4
San Miguel	0.19	0.15	0.1	0.1	0.54	17
Santa Fe	0.23	0.1	0.25	0.05	0.63	11
Tabango	0.23	0.2	0.2	0.2	0.83	2
Tabontabon	0.22	0.25	0.15	0.1	0.72	8
Tacloban City (Capital)	0.07	0.1	0.15	0.25	0.57	12
Tanauan	0.19	0.15	0.1	0.1	0.54	17
Tolosa	0.05	0.05	0.15	0.1	0.35	38
Tunga	0.16	0.15	0.1	0.05	0.46	29
Villaba	0.11	0.05	0.25	0.1	0.51	21

## 11.5 National Government Assisted Level I Water Supply and Sanitation Project

Of the overall project requirements for the medium-term development, those for Level I water supply and sanitation improvement with possible assistance from the GOP were studied in application of new cost-sharing arrangement. In 1997, the six provinces in the Luzon area (after completion of PW4SP) jointly submitted the project proposal, as a package of 23rd OECF assisted loan, to the NEDA through the DILG for the limited sub-sectors under the above conditions. The loan agreement between the two parties was made on September 1999.

In the same context as proposed by the six provinces, project components with scope of work and financial viability were studied. The project is a part of medium-term development plan for Level I water supply and sanitation for limited classes of the municipality. The DILG is assumed to be Executing Agency and the province Implementing Agency in the meantime. The project may be merged together with those of the 4th batch provinces in preparation of the PW4SP. The implementation of a packaged project may be realized in the near future.

### 11.5.1 Project Components

#### (1) Water Supply and Sanitation Component

There are twelve (12) eligible municipalities in terms of 5<sup>th</sup> and 6<sup>th</sup> municipalities for GOP-assisted Level I rural water supply in the province. The Level I facilities for the municipalities consist of 87 deep wells, 25 shallow wells and 14 spring development.

While, there are twenty-six (26) municipalities to meet the condition for GOP-assisted projects (limited to 3<sup>rd</sup> to 6<sup>th</sup> municipalities) in sanitation sub-sector. The sanitation component comprises 289 school toilets to the rural communities. Distribution of toilet bowl (pour flush only) is one of the component of sanitation sub-sector in medium-term development plan, however, it shall be excluded from GOP-assisted projects due to the current practice of NEDA. With the integration of sanitation in the water supply projects, equal emphasis shall be given to sanitation component to ensure a greater health impact in the rural communities. School toilet will be constructed for public school in the rural areas (50%: toilet facility/classroom and 50%: standard toilet building). Health consciousness among the rural people will also be bolstered with the provision of health education training and IEC materials.

(2) Equipment/Commodity Assistance

Due to budgetary constraint and cost-sharing arrangement required (heavy burden to the LGUs), the provision of drilling machine and its service truck is excluded in the medium-term plan (to be considered for long-term plan). While each one unit of service vehicle and well rehabilitation equipment is considered. In addition, maintenance tool and water quality testing kits are to be procured and one unit will be provided to each municipality to maintain the facilities.

(3) Consultancy Services

Considering the magnitude and complexity of the project, consulting services and technical assistance may be availed to strengthen the executing and implementing agencies' capabilities in undertaking the project. The services will cover technical and institutional/community development aspects of the project.

During the detailed design stage, the services will cover hydrogeological survey, finalization of well/spring construction sites based on site selection criteria to be developed, and preparation of bidding documents. Guidelines and training program for strengthening the capability of implementing agencies and NGOs will be prepared and carried out. The construction stage will include assistance to LGUs in the supervision of construction works, community organizing and training works.

(4) Institutional Development

The project entails community development with people's active participation to assure the responsibility for O&M of the facilities and strengthening of existing institution/organization and/or formation of new ones. Thus, various activities will be undertaken from national to beneficiary levels. A sufficient cost for the purpose will be taken into account.

### 11.5.2 Project Requirements

The province will manifest its willingness to participate in the project entailing timely arrangements to meet NEDA requirements. These requirements are (1) RDC Endorsement, (2) ECC clearance and (3) Letter of Commitment. Water right permit from the National Water Resources Board will be fulfilled after site selection and preparatory works have been undertaken. In addition, Memorandum of Agreement (MOA) on the cost-sharing and other arrangements required for the project will be exchanged between the province and concerned municipalities.



### 11.5.3 Funding Requirements

#### (1) New Cost Sharing Policy

The project finance was studied in accordance with the 50%-50% cost sharing arrangement (50% is an average municipality's share among concerned municipalities) between the GOP and the LGUs. Financial sharing among the province, municipality and barangay shall then be clarified based on the estimated cost requirements through MOA.

The new policy of the national government grants for devolved activities stated that "this scheme shall be applied to all new ODA-assisted projects that are currently being packaged in support of LGUs". With regard to this, 50% national government share will be applied for Level I water supply and even 70% of NG share for 5<sup>th</sup> and 6<sup>th</sup> classes of municipalities for sanitation component (refer to Table 11.5.1).

**Table 11.5.1 New Cost-Sharing Arrangement between NG and LGUs**

Sector/Activity	LGU Income	Devised NG	Remarks
Water Supply: Level I only	1 <sup>st</sup> to 4 <sup>th</sup>	0	No GOP grants for Level II & III water
	5 <sup>th</sup> to 6 <sup>th</sup>	50	
Sanitary Support Faci. for Public Markets and Slaughterhouses	1 <sup>st</sup> to 2 <sup>nd</sup>	0	
	3 <sup>rd</sup> and 4 <sup>th</sup>	50	
	5 <sup>th</sup> and 6 <sup>th</sup>	70	

#### (2) Financial Viability

##### 1) Conditions and Assumptions for Financial Study

- The cost-sharing between the GOP and LGUs is 50% : 50% of the overall project cost. While, it is assumed that the 50% share of LGU is further allocated to the LGUs and beneficiaries with 47% and 3% to the overall cost, respectively.
- The financial sources of the national government are the loan from foreign donor and GOP counterpart budget, and LGUs from the budget of the province and municipalities. The cost-sharing part by beneficiaries is equity contribution including land, material purchase cost, right of way, labor, etc.
- The O&M cost is managed by the beneficiaries.

##### 2) Project Cost

The cost estimate was made based on 1998 price level in Chapter 10. Then, physical and price contingencies as well as value-added tax were added. The project cost for the concerned municipalities in line with above conditions/assumptions is shown in Table 11.5.2. Overall aggregate cost for the implementation period of 2000 - 2004

Table 11.5.2 GOP-Assisted Level I Water Supply and Sanitation Project Cost

(Unit: Peso)

Category	Qty.	Unit Cost	Amount	GOP		LGU
				Foreign Loan	GOP/CP	
<b>A. Const. &amp; Civil Works</b>						
<b>Water Supply</b>						
1. Deep Well (40m)	35	370,235	12,958,225			
2. Deep Well (80m)	45	546,285	24,582,825			
3. Deep Well (120m)	7	722,300	5,056,100			
4. Shallow Well	25	82,400	2,060,000			
5. Spring Development	14	747,000	10,458,000			
Sub-total a			55,115,150	22,774,829		32,340,321
<b>Sanitation</b>						
1. School Toilets	289	233,500	67,481,500			
2. Public Toilets	0	368,400	0			
Sub-total b			67,481,500	27,884,885		39,596,615
<b>Land acquisition</b>						
Land acquisition & Right of Way						
			700,000			700,000
Sub-total A			123,296,650	50,659,714		72,636,936
<b>B. Equip./Logistic Support</b>						
1. Support Vehicle	1	590,000	590,000	590,000		
2. Well Rehab. Eqt.	1	280,000	280,000	280,000		
3. Maintenance Tools	12	10,000	120,000	120,000		
4. Water Quality Test Kits	12	15,300	183,600	183,600		
Sub-total B			1,173,600	1,173,600		
<b>C. Consultancy Services</b>						
1. Hydrogeological Survey			1,148,000	1,148,000		
2. D/D and Const. Sv.			13,562,632	13,562,632		
Sub-total C			14,710,632	14,710,632		
<b>D. Institutional Devt.</b>						
1. Capacity Enhanc. Prog.	L.S.		3,200,000	2,650,000	550,000	
2. Commu. Manag. Prog.	117	10,770	1,260,090	423,390	836,700	
3. Health & Hygiene Educ.	117	1,800	210,600		210,600	
4. Water Quality Surveil.	117	700	81,900		81,900	
5. NGO Assistance	117	1,200	140,400		140,400	
6. Administrative Support	L.S.		1,200,000		1,200,000	
Sub-total D			6,092,990	3,073,390	3,019,600	
<b>E. Physical Contingency</b>						
			14,527,387	6,961,734	301,960	7,263,694
<b>Total (A+B+C+D+E)</b>			159,801,259	76,579,070	3,321,560	79,900,629
<b>GOP Total</b>					79,900,629	
<b>LGUs</b>						75,106,592
<b>Equity</b>						4,794,038
<b>LGUs + Equity</b>						79,900,629
<b>F. Others</b>						
1. Price Contingency			49,203,589	25,689,839	938,480	22,575,270
2. Value Added Tax (VAT)			6,654,395		6,654,395	
Sub-total F			55,857,983	25,689,839	7,592,874	22,575,270
<b>Grand Total</b>			215,659,242	102,268,909	10,914,434	102,475,899

Note: (1) Equity of users includes land cost, right of way, labor, etc., equivalent to 3% of direct cost (excluding item F).

(2) N.A.: Not applicable

(3) Assumption Conditions for Cost estimate

1) Direct cost: based on 1998 price level

2) Physical contingency: 10% of materials procured

3) Price contingency: Forex 3%; local 7%; compounded annually, base year 1998

4) Value added tax: 10% materials produced

arrived at about P215.7 million (P159.8 million in 1998 price level) referring to the implementation schedule of the project.

### 3) Financial Arrangement

The two alternatives for the financial arrangements are studied to prepare required cost to be shared among concerned parties: i) Utilization of IRA only and ii) Utilization of IRA and MDF.

#### Case I: Utilization of IRA fund only

Currently, there is no projection on drastic increase of LGUs' budget through the future. Under such a condition, the following are considered.

- Potential fund is the IRA annually allotted from the GOP to municipalities and from province to municipalities. Municipal tax is negligible small in the allocation to the sector. The total municipal budget available was projected by sub-sector in Section 11.3.
- Arrangements by the municipalities with MDF and banks are disregarded considering current financial capability of the municipalities.
- 5-year development program (from 2000 to 2004) is applied to increase project fund using available IRA

Applying the cost-sharing arrangement, the IRA available was estimated for the eligible municipalities in provision of national government grant fund based on the following conditions.

- a) The available fund of sub-sectors is a sum of municipal and provincial allotments of IRA.
- b) For water supply sub-sector, IRA to municipalities with income classification of 5<sup>th</sup> and 6<sup>th</sup> classes is counted. The IRA allotted to the province is divided into two groups; classes 1<sup>st</sup> to 4<sup>th</sup> and 5<sup>th</sup> & 6<sup>th</sup> in proportion to the construction cost required. The provincial IRA for the eligible municipalities is considered for this project.
- c) For sanitation sub-sector, IRA to the eligible municipalities is regarded as available fund. The manner of allocation of provincial IRA to the eligible municipalities is same as that in water supply sub-sector.

The total IRA of the province available for the eligible municipalities in the subject sector was estimated at P99,074,000 as a total of 5-year development program, consisting of water supply, P40,445,000 and sanitation, P58,629,000 (details are in-

cluded in Table 11.5.1, 11.5.2 and 11.5.3, Supporting Report). The estimated IRA available is shown below.

<u>Sub-sector</u>	<u>Provincial IRA</u>	<u>Municipal IRA</u>	<u>Total</u>
Rural Water Supply:	16,196,000	24,249,000	40,445
Rural Sanitation:	15,684,000	31,113,000	46,797
Urban Sanitation:	3,780,000	8,052,000	11,832
<b>Total:</b>	<b>35,660,000</b>	<b>63,414,000</b>	<b>99,074,000</b>

Table 11.5.3 shows the cost sharing for the project among the GOP, LGUs and beneficiaries (BWSAs).

**Table 11.5.3 Cost-Sharing for the Project (Case 1): 1998 price level**

<b>Financial Source</b>	<b>x 1,000 Peso</b>	<b>Percentage</b>		<b>Remarks</b>
GOP	3,321	2	50	GOP counterpart
	76,579	48		Foreign Loan
LGUs	75,107	47	50	IRA
	4,794	3		BWSA equity
<b>Total</b>	<b>159,801</b>	<b>100</b>		

The GOP shall shoulder 50% of the overall project cost, utilizing the foreign assisted loan of 48% or ₱76.6 million and 2% or ₱3.3 million of the government counterpart fund. The remaining 50% of the overall cost shall be shared between the LGUs by 47% or ₱75.1 million and BWSAs (beneficiaries) by 3% or ₱4.8million.

The cost comparison was made between the estimated project cost to be shared by the LGUs and available IRA of LGUs. When considering price contingency, the IRA to be used by LGUs will increase to ₱96.3 million from ₱75.1 million (1998 price level). Thus, the required cost is covered by the available IRA (₱99.1 million).

#### Case 2 Utilization of IRA and MDF

The utilization of the MDF is considered in case that the LGUs will fail to furnish IRA for the cost to be shared (even if estimated IRA available meets the required cost to be shared by the LGUs). The foreign loan may be availed of at the maximum financing limit of 75% of the overall project cost.

Thus, the GOP shall possibly support the LGUs through the MDF in case that manageable IRA will not be able to fill up the cost requirement of the project. Table 11.5.4 shows cost sharing scheme for the project between the GOP and the LGUs.

Table 11.5.4 Cost Sharing for the Project (Case 2): 1998 price level

Financial Source	x 1,000 Peso	Percentage			Remarks
GOP	3,321	2	2	50	GOP counterpart
	76,579	48	75		Foreign Loan
	(43,272)	(27)			Foreign Loan for MDF
LGUs	31,835	20	47	50	IRA
	43,272	27			MDF through Foreign Loan
	4,794	3			BWSA Equity
<b>Total</b>	<b>159,801</b>	<b>100</b>			

GOP shall finance up to ₱119.9 million or 75% of the total project cost in the portion of loan. Out of GOP finance through the loan, ₱76.6 million or 48% of the total project cost shall be granted to the LGUs, aside from 2% GOP counterpart fund.

The remaining ₱43.3 million or 27% of the total project cost shall be utilized for financing the LGUs to secure their budgetary capacity through MDF.

Under this case, the IRA to be used by the LGU will increase to ₱36.9 million from ₱31.8 million (1998 price level), considering price contingency, which is 37% of available IRA estimated in the previous study (₱99.1 million).

#### 4) Project Implementation Schedule

The proposed implementation of the project is scheduled for five years after hiring the consultants. Figure 11.5.1 presents the proposed schedule.

Figure 11.5.1 Proposed Project Implementation Schedule

Activities	2000				2001				2002				2003				2004				
	1st	2nd	3rd	4th	1*	2nd	3rd	4th	1st	2nd	3rd	4*	1st	2nd	3rd	4th	1st	2nd	3rd	4th	
Project Implementation																					
1. Detailed Design	█																				
2. Community Development/ BWSA Formation	█				█				█				█								
3. PQ, Bidding and Contractor Selection				█	█																
4. Procurement and Delivery of Materials and Equipment								█	█												
5. Construction of Water Supply and Sanitation Facilities (Construction supervisory services)									█				█								
Project Monitoring									█				█								

## 11.6 Cost Recovery

Cost recovery and cost sharing are essential to attain the planned targets. The PW4SP advocates the imposition of tariffs for the recovery of capital and operating cost based on the principle that adequate water, sewerage and sanitation facilities should be paid for.

### (1) Level I water supply systems

For Level I systems, cost sharing between the LGUs and beneficiaries is required for the capital costs, even the portion of the beneficiaries is limited according to the current national policy. Currently, the percentage shared by the beneficiaries seems to be 3 to 5% of total requirements based on the experience.

Beneficiaries are also responsible for all recurrent costs. Monthly recurrent cost is estimated at about 8 Pesos per household in the base year price level (refer to recurrent cost in Chapter 10). The figure will be increased up to about 12 Pesos per household in the year 2004, assuming an annual inflation rate of 7%. This monthly fee seems to be affordable to the users considering the current income level (refer to affordability in Chapter 6), but willingness to pay shall be promoted.

Depending on the users' income level, water charges shall be determined and agreed upon among the water users. The estimated water charge for O&M cost is P8 per household per month, which is less than 1% of the median monthly household income of P3,926 in 1998. However, the users will have to pay water charge of up to 2% of their monthly income or P79 /household/month to manage not only for repair of hand-pump, but also rehabilitation and reconstruction of deep well, assuming that well life is 20 years.

### (2) Level II water supply systems

Full cost recovery is required for all capital costs for Level II systems. The number of households to be covered is 7,089 to meet the target (refer to Table 8.5.1; population to be served of 35,234 people and household size of 4.97 persons). The average capital cost to be paid is estimated at P11,431 per household (refer to Chapter 10 Main Report and Supporting Report). Applying the capital recovery factor to the capital costs with conditions of 7% interest rate and 20 years repayment period, monthly payment amounts to P90 per household.

The annual recurrent cost per household is estimated to be P180 (P15/household/month) in the base year (refer to Chapter 10). It will reach to P22.50 in the year 2004 at an annual inflation rate of 7%. Thus, the total amount of repayment and recurrent cost in the year 2004 is P112, which is 2% of the family income as shown below.

(a) Estimated water rate (flat rate; Pesos)	:	112
(b) Percentage of (a) to monthly median household income in 2004 <sup>1)</sup>	:	1.9%

Notes:

- 1) Provincial average monthly median income in 2004 (P5,892 per household) is derived from 1994 Family Income and Expenditure Survey considering annual inflation rate of 7%. The monthly median income in 1998 is P3,926.

### (3) Level III water supply systems

A full recovery of capital and operation & maintenance cost is required for Level III systems. To test the affordability, a comparative study was made between estimated water rate (based on standard monthly consumption; 15m<sup>3</sup> per household) and projected income in year 2004. Total capital cost of Level III water supply system is P258.5 million for 11,953 households to be served. Assuming an annual inflation rate of 7% and 20 years repayment period, the annual capital cost to be paid is P2,041 per household. The monthly capital cost to be paid by each household is P170.

The monthly recurrent cost per household is estimated to be P34 (P406/ year; refer to recurrent cost in Chapter 10 where operating cost is P43.768 million in base year for 324,848 households). Using an annual inflation rate of 7%, this recurrent cost is projected to be P51 per household in the year 2004.

The combined amount of capital repayment and recurrent cost in the year 2004 is P221/ household/month. The cost shall be recovered as a monthly water charge to be paid by users. The percentage of the water rate against income with more or less 5% is commonly affordable. In this regard, monthly water rate (3.5% of the household income) seems to be affordable.

(a) Estimated water rate for 15 m <sup>3</sup> (Pesos) <sup>1)</sup>	:	221
(b) Estimated minimum water rate (1-10 m <sup>3</sup> ) (Pesos) <sup>2)</sup>	:	190
(c) Percentage of (a) to monthly median household income in 2004	:	3.7%

Notes:

- 1) Water rate for the III with monthly consumption rate of 10m<sup>3</sup> is estimated under the same assumption of a).
- 2) Monthly median household income is P5,892 in the year of 2004.

(4) Sanitation

The provision of sanitary toilet facilities for public markets and schools is under LGUs in coordination with parent-teacher association. However, recurrent cost for the public markets shall be collected from the users including stakeholders of the market.

Household toilet shall be managed by individual household. However, the facility is costly with reference to the current income level, especially in the rural area (flush-type toilet; ₱23,000 and pour-flush toilet; ₱14,800). Governmental support is also limited to the provision of toilet bowl for pour-flush toilets as an incentive to increase the distribution of water-sealed toilets. Thus, cost recovery in application of loan shall be considered.

Applying the capital recovery factor to the construction cost with assumptions of 7% interest rate and 5 years repayment period, monthly repayment amounts to ₱467 for a flush type and ₱301 for a pour-flush type, respectively (details of unit cost are referred to in Chapter 10, Supporting Report). The percentages of repayment to household income in the year 2004 are calculated in the same manner as the study for Level III water systems and are shown below.

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(a) Repayment for Flush Type (Pesos)	:	468
(b) Repayment for Pour Flush Type (Pesos)	:	301
(c) Percentage of (a) to monthly median household income in 2004 <sup>1)</sup>	:	7.9%

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Note:

1) Monthly median household income is ₱5,892 in the year 2004

To expedite the sanitation sector improvement, introduction of specific loans that are revolving in character with low interest rates and longer repayment period may be an effective solution. For urban sanitation, the linkage with existing housing loan shall be established to cover construction of sanitary toilets.



Chapter

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**MONITORING FOR  
MEDIUM-TERM DEVELOPMENT PLAN**

**12**

## **12. MONITORING FOR MEDIUM-TERM DEVELOPMENT PLAN**

### **12.1 General**

Many of the systems constructed earlier have operated in a limited way because of insufficient monitoring and post-construction technical support, aside from the problems in promotion of self-reliance and local community management. This Chapter seeks to recommend a focused, practical, viable, creative approach to strengthen sector and project monitoring. The development of a coordinated monitoring system is one of the key components of an effective management system.

### **12.2 Sector Monitoring**

Sector monitoring refers to the overall water and sanitation situation in the province. One may readily use a demand-supply model for sector monitoring. Demand would be indicated by such indicators as gaps in coverage, health conditions, and standards for water consumption. Supply would be indicated by the water resources situation, actual coverage of existing facilities, output volume, types and condition of facilities, by the available funding, and by water/sanitation associations organized to undertake sector activities.

- (1) The monitoring system must support a well-defined and accepted sector development process-model. There are four general aspects of sector monitoring which will be addressed:
  - 1) Establishing the database: This involves identifying the types, level, and form of the information to be extracted regarding the performance of the sector's service development, service delivery, and service maintenance systems.
  - 2) Data collection and transmittal system: This defines the methods and assigns responsibilities for the recording and relaying of the data from source to the concerned recipients, from raw data to consolidations and reports at the various levels of the hierarchy of sector management.
  - 3) Data analysis: This prescribes how and by whom the data will be processed, and the purpose of the outputs of the various analysis and reports. The purpose or uses of the data will determine when or how frequently a report will be generated, as well as the parties who should receive the report.

- 4) Response system: This defines the responsibility, authority and discretion of the recipients of the data flow to take actions, make decisions, alter plans, or take such measures as are appropriate given the performances indicated by the data. This system feeds into and is essential to the management and regulatory structures of the sector.
- (2) Sector performance deficiencies demand that serious thought be given to innovations to reduce costs in achieving the provincial sector plan. With the monitoring system, the sector should be able to take an objective view of the way to meet current strategies. For example, does community management of systems really work? Do low-cost technologies make sense? Under what conditions and how? How can the target be achieved for low-income communities? A sector monitoring system should be flexible to support planning and research studies on such specific policy and operational issues.
  - (3) In putting together a relevant sector monitoring system, the following should be seriously looked into:
    - 1) It should reinforce the linkage between water, sanitation and health. This implies that coverage should be measured for availability of both water and sanitation for a household. Thus, a household can be categorized as having both water and sanitation, water only, sanitation only or none of either. At later stages, health practices can be included in the monitoring.
    - 2) It should be reliable and involve the beneficiaries. This mechanism could provide the data quality control, which is missing in existing systems. Distortion of information may occur when implementors are the monitors. The barangay will be the basic data capture level.
    - 3) Monitoring will succeed only with interagency support, particularly in the initial stages. It should be accepted by all sector agencies. A unified set of figures and indicators will greatly help in planning.
    - 4) It should be practical and implementable. It should start with the current monitoring capacity situation and move up with a clear vision of what the monitoring system should be. This implies phasing and gradual expansion and strengthening of the system and training of staff.

- 5) The system should be followed through with effective feedback. It should develop creative ways of providing feedback to the field. The current way in which data is processed is by consolidation. The field sources' only feedback is, for example, national coverage figures. In the course of consolidation, opportunities for specific feedback useful to project implementors on performance are lost.

It would be useful to have a series of workshops among the different levels of the sector's management structure, to achieve the following:

- 1) Training on project monitoring and data use in the water sector.
  - 2) Development of initial database (identification of the type of data and reports that the participant-managers need in their respective areas of concern.)  
After the database is established, a team will draft the Management Information System (MIS), which will be an input to the next series for workshops.
  - 3) Review of MIS draft, revisions, and commitments to test.
  - 4) Sharing / reviewing of experiences with MIS draft system. Recommendation on adjustments to MIS for 2nd field testing period.
  - 5) Sharing / review of experiences.  
Final recommendations to be incorporated into Final Draft of MIS system by the MIS Team.
  - 6) Review of Final Draft System to be presented by MIS Team of adoption.
- (4) Regarding sector development indicators, some important indicators will be more difficult to collect than the others because the sector is not ready to gather them. The LGUs will group indicators into phases based on availability of data and/or ease with which such information can be collected with improved systems. A review of the objectives set for the sector almost exclusively shows a focus on coverage. It is important to get sector objectives stated beyond coverage terms in order to encourage use of additional indicators. Based on past experience, requiring too much information leads to start-up difficulties. A three-phase build-up meeting sector requirements is outlined in the following sections:
- 1) Phase I Indicators
    - Access to both adequate water and sanitation
    - Water and sanitation associations duly organized to undertake sector activities
    - Water and sanitation facilities in schools
    - Capital development costs

- Sources of capital development funds
- Incidence of diarrhea
- Water availability and water quality maps
- Unit cost (per capita or per facility)

2) Phase 2 Indicators

- Household hygiene habits and practices
- Water stored in house covered? food covered? grounds free of faeces, garbage, wastewater cesspools? animals in the house? mother's and children's hands clean?
- Existence of barangay spot maps and facilities ledger cards
- Existence of O&M arrangements
- Current costs to households and willingness to pay for improved service

3) Phase 3 Indicators

- O&M Costs
- Financial efficiency and stability indicators
- Institutional development indicators
- Low-income groups benefiting from improvements

(5) NEDA has issued a Board Resolution in 1995 providing a practical definition of terms for planning and monitoring. The definitions were arrived at after exhaustive discussions and consensus with the implementing agencies.

(6) Recommended institutional responsibilities for sector monitoring: Monitoring is best left to parties not directly involved in delivery of the services. The best monitors are the community members themselves since accurate monitoring reports is in their best interest. At the data capture level, the PHO structure, with its midwives and BIHW volunteers, is in the best position to take the lead in data gathering.

1) Provincial Level: The PPDOs, through its Research and Evaluation Division, will play the lead role in organizing the field data collection effort in coordination with the field offices of national agencies, NGOs and the water districts. The Monitoring Specialist, with the PST/PWSU, will assist the PPDO.

2) Municipal Level: The Municipal Development Coordinator has the mandate of monitoring all development activities in the municipality. The municipal sector

liaison will therefore coordinate the preparation of the reports with the MPDO, supported by PHO and NGOs, as needed.

- 3) **Barangay Level:** There are several institutional options for leading the monitoring at the barangay level, such as the barangay health stations, the barangay council, etc. The municipal liaison will take the lead in establishing the barangay monitoring responsibilities.
  
- (7) **Computerization of the system** can come at later stages. This should be gradually phased in as the sector agencies strengthen their monitoring mode. This will also discourage a ground swell of requests for computer hardware. Computer facilities are available at the provincial level.
  
- (8) A new sector database program was designed and is currently under review. A Sector Database Center was established within the DILG-PMO. The system was successfully piloted in three provinces and replication in other priority provinces will begin shortly. (Note: This database does not go down to the project level. It was primarily set up to determine supply/demand and financial capabilities of LGUs to absorb costs.)

### 12.3 Project Monitoring

Sector monitoring refers to the overall water and sanitation situation in the province, on the other hand, project monitoring looks at progress of specific activities or projects. Indicators would thus include; disbursements, percent completion, cost overruns/underruns, etc.

- (1) At the provincial level, project monitoring shall include projects classified under any of the following:
  - foreign and nationally-funded projects which are implemented or located in two or several municipalities in the province or implemented or located in the province;
  - other projects implemented and managed at the provincial level with funding generated from provincial sources.
  
- (2) **Project Monitoring Committees (PMCs)** at the provincial and municipal levels are to be tasked with the monitoring of local government projects funded from national and local government funds, and composed of representatives from different organizations, from NGOs, the administration, the ruling party and the opposition. From these representatives, the Provincial Governor selects the chairman and the others as members.

The PPDO can be delegated to serve as the secretariat and the PMC manages with the assistance of the non-government organizations in the monitoring and validation of project implementation.

- (3) The specific roles and responsibilities of the various units in the implementation of the monitoring system are as follows:

The Project Monitoring Committee:

- Provides the list and schedule of all projects to be monitored to the NGOs involved in monitoring;
- Collects and processes reports of implementors; NGOs monitor the status of project implementation for the information of the development council and next higher level project monitoring committee;
- Pinpoints problems and verifies information to be submitted for analysis and action of the development council;
- Provides feedback on the remedial actions of the development council and follows-up their implementation;
- Prepares and disseminates periodic project monitoring report on the status of project implementation; and
- Elevates to higher level bodies problems/issues which are not resolved at their level.

The PMC Secretariat:

- Prepares the monitoring program to be undertaken by the PMC during any given fiscal year, which will include, among others, the lists of projects and schedule of implementation based on submission of implementing agencies;
- Provides chief executives with information on the projects to be monitored by the local PMC's;
- Facilitates inter-agency, inter-governmental and field headquarters coordination whenever necessary.

The Project Implementors:

- Submit periodic reports to the monitoring committee on the status of project implementation base on suggested reporting forms;
- Provide authorized monitors assistance in getting access to more detailed information on project implementation (e.g. detailed work program);
- Submit to next higher level office of line agency reports on status of implementation;

- Implement/institute remedial measures on problems/issues identified as suggested by the development council.

(4) The following is the process flow of project monitoring.

- 1) The PMC secretariat provides the NGOs with the monitoring plan, containing information on projects to be implemented at the provincial level;
  - 2) PMC prepares its monitoring program for the calendar year;
  - 3) Project implementors undertake projects, prepare and submit status reports on project implementation to the PMC;
  - 4) NGOs submit project exception reports to the PMC, with copy furnished the project implementors;
  - 5) PMC assesses reports of implementors and NGOs and conducts project visits of projects identified in the monitoring work program;
  - 6) PMC processes reports of various implementors and provides the provincial development council with a consolidated report on status of project implementation in the province;
  - 7) PMC evaluates problems, recommends solutions during its regular or special meetings, and refers same to the Provincial Development Council for appropriate action;
  - 8) PDC assesses reports and takes proper action (problem solving, referral to appropriate agencies/council);
  - 9) Implementors take remedial action on problems/issues encountered in project implementation. (If after a reasonable period of time, no remedial measures/ appropriate action have been taken on the problems referred to the concerned agency/local development council, the PMC forward the issue to that RDC.);
  - 10) PMC provides feedback to concerned implementors, LGUs, NGOs, and other concerned agencies and follow-up implementation of remedial measures; and
  - 11) PMC forwards consolidated status report on project implementation in the province to the Regional Project Monitoring Committee (RPMC).
- (5) The PMC determines the schedules for the submission of reports. Reports are submitted to the PMC who will forward the consolidated reports to the Provincial Development Council (PDC). Submission of the consolidated report from the provincial PMC to the regional PMC is usually undertaken on a quarterly basis. The PMC furnishes the Provincial Governor with a copy of the reports for his reference and action.



#### 12.4 Evaluation of Plan Implementation and Updating the PW4SP

- (1) This PW4SP should be updated at least every five years. This will be the responsibility of the PWSU in close coordination with the PPDO. Based on the sector monitoring reports, the PWSC will review the progress of the sector compared with objectives and the efficiency with which these objectives were achieved. This will be followed by a reformulation of objectives, strategies, new policies and policy revisions and an updated sector investment program.
- (2) To initiate the implementation of this sector monitoring system, the Phase I indicators (See 12.2) shall be used. Formats have been drafted for this purpose (See Table 12.4.1, Supporting Report). Specifically, the information to be collected are as follows:
  - 1) Access to both adequate water and sanitation as a measure of demand: This indicator can be taken from the Field Health Service Information System (FHSIS) Annual Environmental Sanitation Survey reports, which are prepared by the PHO midwives. These annual surveys are summarized by municipality by the sanitary inspectors. NSO population projections will be utilized.
  - 2) Water and sanitation associations (RWSAs/ BWSAs/ other community-based associations) organized: This indicator can be collected from the Cooperative Development Authority (Municipal or Provincial Chapters) in as much as all water cooperatives and/or associations are required to register with the CDA.
  - 3) Water and sanitation facilities in schools: This indicator can be collected from the various school district offices; consolidated at the division (provincial level). Although a system is in place for regular inventory of facilities by DECS, actual inventories are seldom implemented and the LGUs may have to institute a supporting data gathering activity.
  - 4) Capital development costs: The LGUs may have to gather information from the local DEO of DPWH, the various municipalities and the water districts.
  - 5) Sources of capital development funds: Data sources are the same as those of item 4).
  - 6) Incidence of diarrhea: This information can be taken from Form M-2 of the FHSIS. (Collection and processing of the data form is similar to that of item 1).

- 7) Water availability and water quality maps: These maps should be continually updated based on field reports on water quality and quantity as they are received from operations reports studies. Areas where, for example, salinity is increasing should be indicated. Areas suitable for shallow wells, for deep wells and for possible spring sources can be indicated.
  - 8) At the conclusion of every project, the monitoring specialist prepares a report on actual unit costs incurred. This would include, for example, the cost of drilling for shallow or deep wells per meter depth; the cost of pipeline per linear meter, etc.
- (3) Municipal level consolidation: For every reporting period, the municipal sector liaison gathers all the barangay level data including those reports of the municipal health officer (and sanitary inspectors), the DECS division offices. A municipal sector report will be thus prepared. Further refinements of this report may be needed in view of future development initiated at the national level.

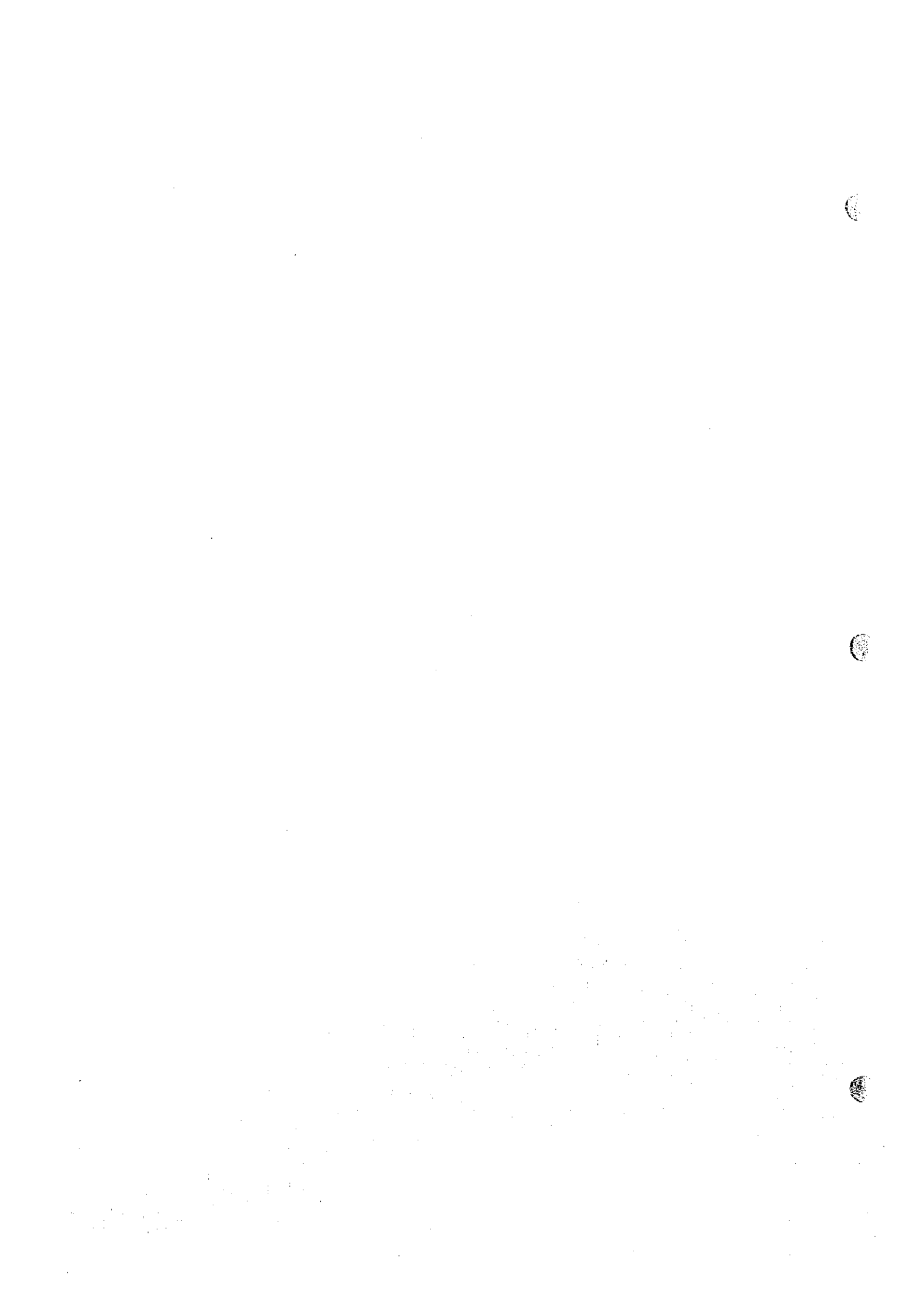
The municipal sector report is reviewed by the Mayor and then submitted to the Governor for further consolidation. Salient sections of this report would be furnished to DILG, which is tasked with coordinating a national sector performance report for NEDA and for the President.

- (4) Feedback: Based on these reports, the PST/PWSU will draft a consolidated report on the performance of the sector during the period including the opportunities and constraints met and a set of recommendations for policy revision. Municipalities which have made outstanding progress and associations, which have introduced creative innovations in their operations would be cited.

Annual reviews shall be organized to analyze not only the attainment on the physical project targets, but more significantly, whether the vision is being attained. These reviews could also provide the opportunity to sharpen or revise the vision and the mission statement and distill lessons learned from the implementation experiences.









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