

5. EXISTING SECTOR ARRANGEMENT AND INSTITUTIONAL CAPACITY

5.5 Sector Agencies at the Local Level

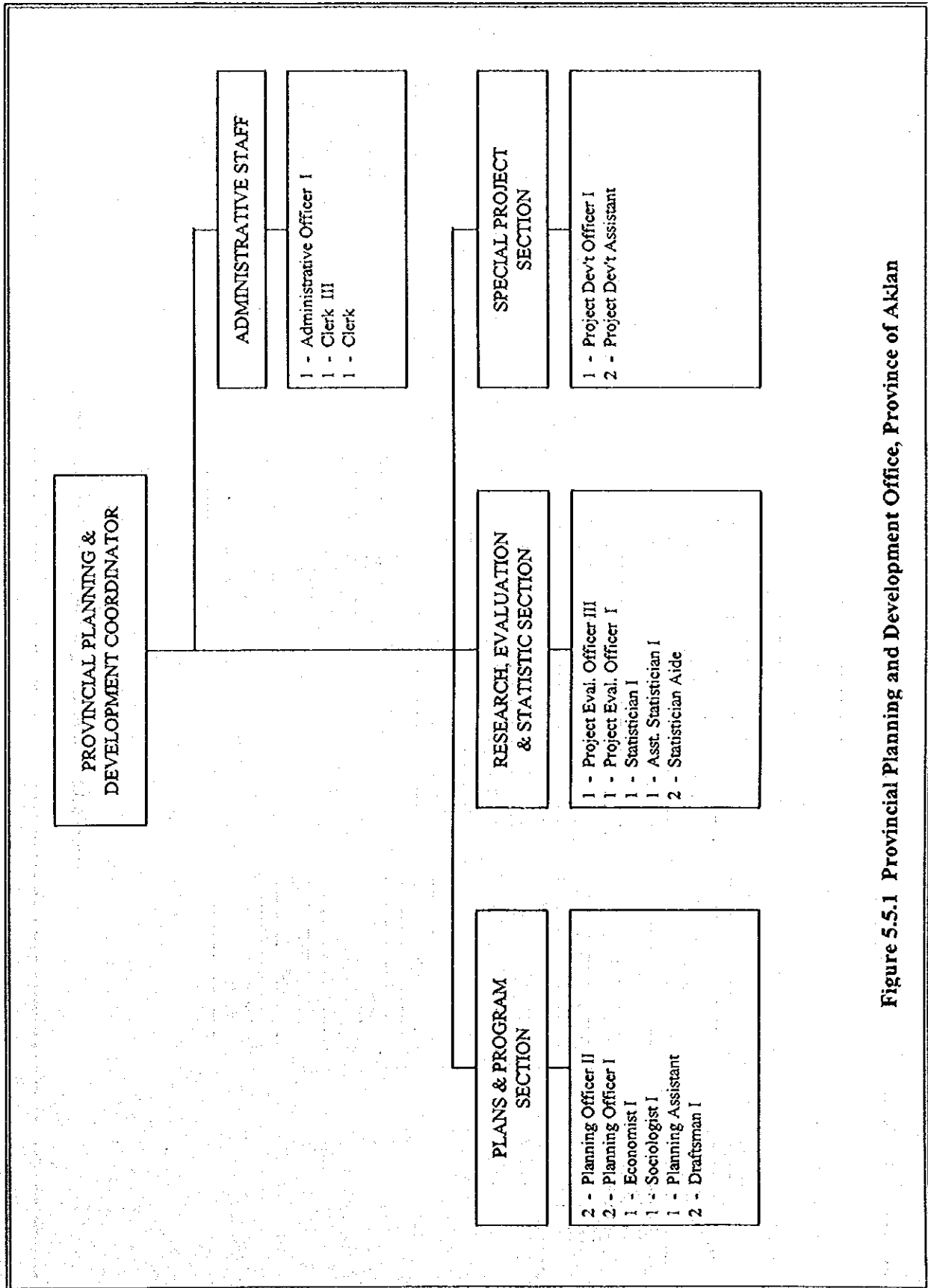


Figure 5.5.1 Provincial Planning and Development Office, Province of Aklan

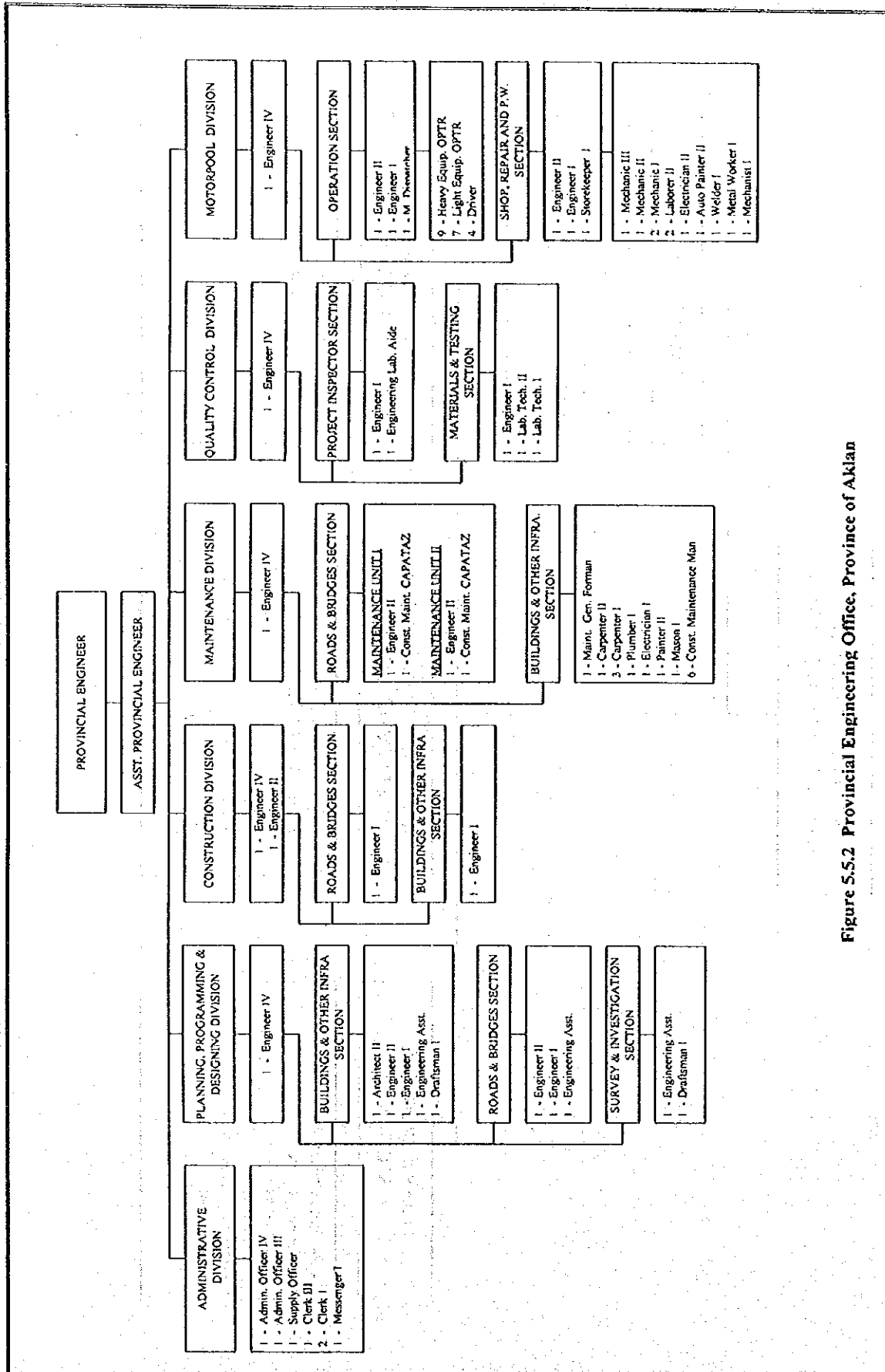


Figure S.5.2 Provincial Engineering Office, Province of Aklan

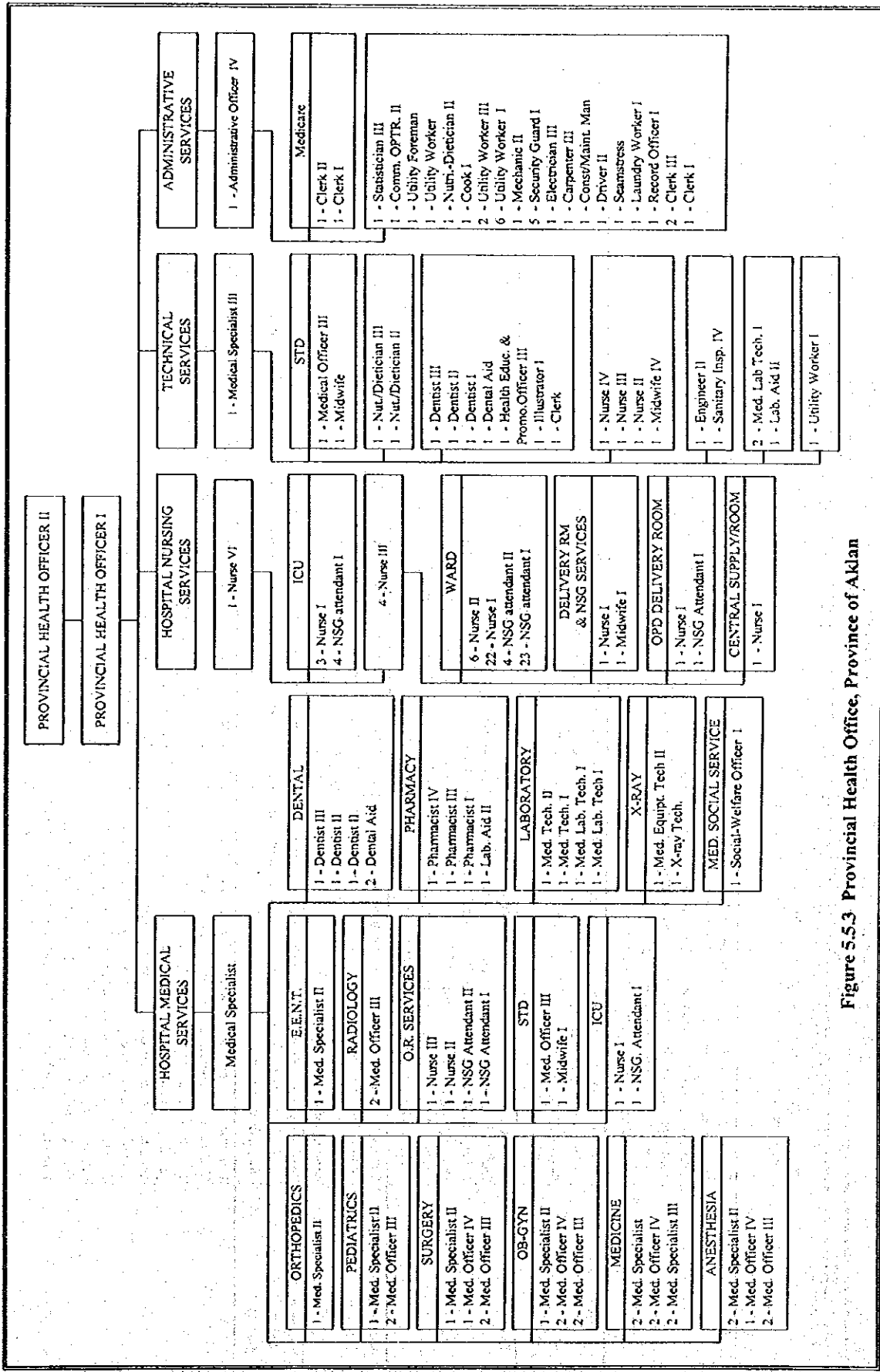


Figure 5.5.3 Provincial Health Office, Province of Aklan

5.6 External Support Agencies in the Sector

Table 5.6.1 Priority Areas/Terms and Conditions, Programs and Projects by Donor

Donor	Priority Areas/Terms and Conditions	Programs and Projects in the Sector/Executing Agency
JBC (OECD)	Providing project loans for capital infrastructure (urban/rural), agricultural development, export promotion. Can finance 75% of total project cost of total foreign exchange component, whichever is higher. Interest Rate: 2 to 3%; 30-year amortization with 10-year grace period.	Water Supply and Sanitation Project-23rd Yen Package/DILG; Co-financing AWSOP, with World Bank and ADB/MWSS.
ADB	Providing both capital and technical assistance; Project loans: agriculture, agri-industry, energy, social infra, transport and communications; Program Loans (e.g. Supply Sector Project/LWUA; Technical Assistance for Water Supply and forestry, livestock, environment). Can finance 60% of total project cost or 100% of foreign Sanitation Sector Study/NEDA; Co-financing AWSOP with World Bank and exchange cost whichever is higher. Special cases can finance up to 80% of total project cost. Terms: Interest rate- pool-based variable; commitment charge of 0.75% per annum; 25 years amortization period including 5-year grace period.	Rural Water Supply and Sanitation Sector Project/DPWH; Small Towns Water Supply Sector Project/LWUA; Technical Assistance for Water Supply and Sanitation Sector Study/NEDA; Co-financing AWSOP with World Bank and OECF/MWSS.
AUSAID	Providing grant aid for education, training, development planning, resource management, environmental management, health/population, infrastructure (e.g. water supply, coal energy development), social infrastructure, community development and agriculture; providing also supplies of commodities (drilling, etc.).	Water supply program in Central Visayas/RDCs and LGUs; Feasibility Study for Northern Mindanao Water and Sanitation Project.
DANIDA	Providing capital and technical assistance for water supply and sanitation services and facilities, telecom ancillary equipment, small-scale power projects, environmental project, fishery and cold storage and post-harvest facilities; Can finance up to 100% of foreign exchange goods and services of Danish origin, 10% local cost on a case-to-case basis. Technical assistance can be negotiated for conduct of feasibility studies if implementation of the project will require Danish financing in the future.	Water supply projects for 10 towns/LWUA; Feasibility Study for control of pollution in the Pasig River-Metro Manila; Water Supply and Sanitation Data Bank.
Government of France	Grants for feasibility studies and detailed design for projects in priority areas, e.g. power generation, telecommunication, research involving high technology, water supply, air navigational equipment, etc. Can finance 100% of foreign exchange costs of goods and services of French origin.	Feasibility Study for water supply project in Rizal province.
German Agency for Technical Cooperation (GTZ)	Providing grants for technical assistance. Promotion of small and medium-scale industries; rural development, technical training, health/family planning, and environmental protection (forest management).	Water Supply for 20 Towns/LWUA; a national water supply and sanitation ongoing program; special TA programs for cost recovery, monitoring and evaluation.
JICA	Providing a combination of capital assistance thru grant-aid and technical assistance thru Technical Cooperation for development survey and project type assistance which is a combination of experts, equipment and training. Technical assistance for conduct of feasibility studies/master plans, provision of training, limited provision of equipment. Capital assistance for provision of equipment/materials for construction of hospitals, schools, research, social welfare centers. Priority areas include basic infrastructure, e.g., construction of facilities and supply of equipment; project development for sectors dealing with basic services (agriculture, health public welfare, environment) and human resource development (education, research, training). Can finance 100% of foreign exchange costs of civil works, equipment, training (in Japan) and of all goods and services of Japanese origin.	Groundwater study in Manila; Feasibility Study for Balara Water Treatment Plant Feasibility Study. Environmental Sanitation Project (DPWH/DOH) for rural water systems development and school toilet facilities construction. With DPWH, rural water supply systems at Pinatubo evacuation centers. PWASPs for 9 (previously done, in Luzon) and 21 provinces in Mindanao/Bisayas.

Table 5.6.1 Priority Areas/Terms and Conditions, Programs and Projects by Donor

Donor	Priority Areas/Terms and Conditions	Programs and Projects in the Sector/Executing Agency
UNDP	<p>Providing technical assistance for capacity building, human resource training, technology transfer, policy research, planning, technology development and pre-investment studies. Technical assistance are formulated within country program (CP) frameworks: 6th CP (1997-2001) -poverty and sustainable livelihood, protection and regeneration of the environment and sound governance, gender equality.</p>	<p>WATSAN Program for LGUs and selected BWSAs/DILG, Institution Building for Decentralized Implementation of Community-Managed Water Supply and Sanitation Project or IBWSSP known as UNDP PHJ/93/010 Project under the Fifth Country Program (1994-1997).</p>
UNICEF	<p>Providing grant aids for technical assistance. Priority area: social services, particularly for children.</p>	<p>Community-based water supply program in Palawan Province; Water supply and sanitation Study for Southern Mindanao.</p>
USAID	<p>Providing grant aid within its strategic objectives. Six strategic objectives and one special objectives are: Accelerate the economic transformation of Mindanao; Improve national systems for trade and investment; Reduce population growth and improve maternal and child health; Enhance management of renewable national resources; reduce emissions of greenhouse gas; broaden participation in public formulation/implementation (selected areas); prevent rapid increase of HIV/AIDS.</p>	<p>Barangay Water Program (BWP) for communities with populations of less than 10,000; TA for private sector participation in the sector.</p>
World Bank	<p>Providing capital assistance in the form of under IBRD and IDA. IBRD (Project/Program) Loans: interest rate = less than 7%; 20 years amortization with 5 years grace period; IDA Loans: interest free with 30 to 40-year amortization period. Providing also technical assistance in the form of ESW, IDP, Poverty and Human Resource Development Project Preparation and Policy Notes. Can finance 100% of foreign exchange costs of the project. Priority areas: power and energy, roads and railways, telecommunications, ports, water supply and sanitation, agriculture and social services.</p>	<p>AWSOP co-financed with ADB and OECF/MWSS, TA for a Water Supply Sector Program Study/DILG; TA on private sector participation in the water supply and sanitation sector; Water Districts Development Project. Local Government Units - Urban Water Supply and Sanitation Project (LGU-UWSSP) covering about 250 secondary towns and cities.</p>

Table 5.7.1 Matrix of Current Practices and Issues from Rapid Assessment of Subject Provinces and Local Offices of Central Government Agencies

Areas	Institutional	Technical	Financial	Community Development
Provincial Government Offices of Aklan, Antique, Capiz, Iloilo, and Negros Occidental	<ul style="list-style-type: none"> <li>• Sector implementation is project-based arrangement by setting up a multi-agency team/task force. There is no overall mechanism and responsibility delineation among members wherein interrelationships/ linkages are clearly shown.</li> <li>• Management is a process requiring input at every level. At the barangay level, facilities are supposed to be managed by the community. Management at higher levels is also necessary to effectively and efficiently implement a plan and requires administration abilities, and technical, negotiation, finance and economic skills. In all levels, management and skills are underdeveloped.</li> <li>• Capacity and/or experiences of the provincial office/s WATSAN concerned are sometimes inadequate for their allotted responsibilities. Strengthening its capability in WATSAN sector is important as the municipal government requires support from the provincial government.</li> <li>• Technical training for O&amp;M of Level I to beneficiaries has not been provided since 1980. Likewise, as for Level II system, technical training to the municipalities has not yet been provided. The trainer's training for provincial staff shall be firstly provided.</li> </ul>	<ul style="list-style-type: none"> <li>• Project identification is usually upon the request of the barangay/municipal officials and approval is done by the Sanguniang Panlalawigan (SP).</li> <li>• Most of constructions are by administration with procurement of materials done by the LGUs.</li> <li>• Majority of the wells constructed by DPWH is abandoned/non-operational due to user's attitude which suggest the need of community organization.</li> <li>• O&amp;M is participated by barangay officials with LGUs providing technical and material supply assistance upon request.</li> <li>• Dry-type sanitary toilet shall be considered in areas where water is not available.</li> <li>• Water quality problems, such as coliform contamination, salt water intrusion, high iron and manganese content, etc. are often encountered especially in shallow wells resulting to abandonment of these wells.</li> <li>• There is a shortage of equipment and supplies at all levels of administration. Technologies are sometimes inappropriate to local conditions (e.g., no readily available spares for pumps).</li> <li>• More extensive data on groundwater resource is required to determine potential yields and chemical quality. Very limited drilling expertise/equipment.</li> <li>• Proper O&amp;M is unlikely without significant training and equipment support at the barangay/ association</li> </ul>	<ul style="list-style-type: none"> <li>• Income of the province comes from local taxes, IRA, national wealth share (3 provinces), and revenues from economic enterprises.</li> <li>• Budgeting is guided by DILG circulars and approval is by the SP</li> <li>• Budgetary allocation to the sector comes from 20% development fund capital expenditures for projects. However, the allocation by sector is lumped under general headings, so that allocation for WATSAN projects cannot be readily identified in the listing.</li> <li>• Counterpart fund of LGUs for sector projects is usually for material purchase and the community is providing their labor. Sometimes, the provincial government allocates funds for WATSAN projects and the municipal government put up its counterpart fund provided by the province.</li> <li>• Cost recovery mechanisms by LGUs and the users are not in place. BWSAs and RWSAs charge water fees for O&amp;M purposes only and do not consider capital costs. Rates are usually based on agreement among association members.</li> <li>• Logistics and incentives for water associations are coursed through the barangays but are limited and most often subject to availability of funds.</li> <li>• Most of the provinces have accessed development banks to finance infrastructure projects and purchase of equipment. Foreign assistance, e.g., CIDA, UNICEF, is availed through the Regional Development Council</li> </ul>	<ul style="list-style-type: none"> <li>• Limited involvement of local communities/end-users particularly in the planning and maintenance of facilities.</li> <li>• Active involvement of religious NGOs as community organizers.</li> <li>• No established arrangement on gender-responsiveness.</li> <li>• There is little investigation of socio-cultural issues related to WATSAN; there is not enough commonsense understanding of the community it is working with. Little attention is given to or understanding of ethnic groups which is a serious constraint on sustainability.</li> <li>• BWSAs formed by the DPWH-DEO are mostly not functioning now. A case of one BWSA which was formed thrice, the first by the DEO, then the last two times by themselves is finally working and earning income from water fee collection. The failure for the first two times was due to low collection efficiency and money mismanagement.</li> <li>• No formal system for community participation in site selection and project request; participation at the grassroots level is only considered if willingness from the beneficiaries is required for project request from the provincial government. Process is for barangay government to submit request to MDC/PDC, but no regular process for barangay to formulate projects from consultation and community participation.</li> <li>• DILG's experimented with social</li> </ul>

Table 5.7.1 Matrix of Current Practices and Issues from Rapid Assessment of Subject Provinces and Local Offices of Central Government Agencies (cont'd)

Areas	Institutional	Technical	Financial	Community Development
	<ul style="list-style-type: none"> <li>Monitoring activities are quite limited to specific projects in terms of physical performance. Project funded solely by municipalities and/or barangay are not reported to the province, thus the province is not able to illustrate the complete sector condition. No sector monitoring has been conducted. It is necessary to conduct periodically the sector monitoring for developing the sector properly.</li> <li>PHO undertakes water quality surveillance thru RHU, however, the capacity of provincial laboratories are very limited in terms of equipment and number of staff.</li> <li>There are few BWSA undertaking Level I O&amp;M, and beneficiaries still rely on LGUs even for a simple replacement of parts. In case of major repair work, BC collects money for repair of beneficiaries, LGUs shall lead them to recognize the need of formation of association and participation for sound O&amp;M of the facilities.</li> </ul>	<p>level</p> <ul style="list-style-type: none"> <li>Toilets in schools are not used because there is no water. FWASP design has to be redesign.</li> </ul>	<ul style="list-style-type: none"> <li>IRA is not sufficient. 20% development fund is used for other sectors as well.</li> <li>LGU managed waterworks can directly source funds from the Land Bank for initial capitalization and operation. They can request funds from the Province, particularly the barangay-based waterworks.</li> </ul>	<ul style="list-style-type: none"> <li>preparation by requiring beneficiaries to put up its equity contribution through certain amount of money or labor. Until now, the system is still functioning.</li> <li>In some BWSAs, the practice is to ban those who get water but are not paying.</li> <li>Participation of NGOs in the planning process is through their membership in the MDC/ PDC.</li> </ul>
2. NEDA Regional Offices	<ul style="list-style-type: none"> <li>Communication between central and regional offices is deficient. Not all information on the on-going projects is reported to central office. Some multi/bilateral assistance are directly extended to the regional offices under certain amount, such as funds from UNICEF, Japanese government grass-root assistance. Only foreign assisted and national projects are reported regularly (quarterly reporting) by the regional office to NEDA central office.</li> <li>Project monitoring and evaluation system in regional level is a requisite including information on infrastructure status and investment.</li> </ul>			
3. DILG Regional Offices	<ul style="list-style-type: none"> <li>The DILG has field offices down to municipal level.</li> <li>Increasing responsibilities of the DILG as a result of devolution and decentralization of authority to the LGUs, would require greater logistic support, i.e., administrative support, not only technical support.</li> </ul>			
4. DPWH - DEO			<ul style="list-style-type: none"> <li>The DEO has no more budget for WATSAN activities because this has been devolved to the LGUs. However, the people still approach the office and request for financial help for its O&amp;M.</li> </ul>	

## 5.7.2 Institutional Aspect

**Table 5.7.2 Offices/Agencies involved in WATSAN project**

Offices/Agencies	Nature of Involvement
Provincial Planning & Development Office	<ul style="list-style-type: none"> <li>• Incorporates WATSAN proposed projects in the provincial plan</li> </ul>
Provincial Engineering Office	<ul style="list-style-type: none"> <li>• Assists in the construction, operation and maintenance of the WATSAN facilities</li> </ul>
Provincial Health Office	<ul style="list-style-type: none"> <li>• Conducts water quality examination (thru MHIO)</li> <li>• Provide toilet facilities</li> </ul>
Barangay/Municipal governments (thru MPDO)	<ul style="list-style-type: none"> <li>• Identifies projects</li> <li>• Provides counterpart support</li> </ul>
Water Districts	<ul style="list-style-type: none"> <li>• Provides water supply coverage in urban areas</li> </ul>
Provincial General Services Office	<ul style="list-style-type: none"> <li>• Responsible in procurement of materials</li> </ul>
Provincial Accounting, Budget, Treasury Offices	<ul style="list-style-type: none"> <li>• Undertakes administrative works in budgeting and funds releasing</li> </ul>
Sangguniang Panlalawigan	<ul style="list-style-type: none"> <li>• Approves projects implementation and appropriates funds (Provincial level)</li> </ul>
Provincial Development Council	<ul style="list-style-type: none"> <li>• Initiates a comprehensive multi-sectoral plan of the province</li> </ul>
NGOs	<ul style="list-style-type: none"> <li>• Provides consultancy services especially in CO/CD works</li> </ul>
DILG, Provincial Director's Office	<ul style="list-style-type: none"> <li>• Conducts/assists training especially on topics related to human resource development</li> </ul>
DPWH, District Engineering Offices	<ul style="list-style-type: none"> <li>• Provides technical assistance</li> </ul>



## **Sector Issues and Problems**

The implementation of the water supply and sanitation undertaken by the different agencies encounters issues and problems which primarily concerns with existing policy, existing institutional arrangement and management, access to financing institutions and capability building issues that needs to be addressed if LGUs are now given the full responsibility in project implementation.

### **(1) Issues on Policy**

#### **1) Weak enforcement of laws, policies and regulations**

The apparent weakness in the enforcement of water resources laws, rules and regulation could be seen in the prevalence of illegal tapping of urban and irrigation water by parties who do not possess permits, the unregulated exploitation of ground water resources through drilling without permits secured at NWRB or any deputized agencies for that matter, in inefficient use of limited resources available, pollution of water bodies and degradation of the environment.

#### **2) ICC – Financing policy to devolved services**

One of the constraints in the implementation of this policy is obviously seen in the varied level of capability and readiness of the LGUs to provide and manage reliable water supply and sanitation services and the lack of political will to pursue development initiatives without depending too much on grants assistance from the national government.

#### **3) Economic regulation and market**

While it has been established that there are significant advantages to adopting economic and market-based instrument, the actual policy shift has been slow. Most apparent is the lack of technical capabilities and data required to enable to design and implement these policy reforms. Political difficulties encountered under the current institutional and regulatory framework and the viewing of water as free and public good to one which has a price should be fully understood.

### **(2) Issues on Institutional and Management Framework**

#### **1) Lack of integrated management and non-systematic approach to water resources**

For the water resources sector, the existing institutional and regulatory framework is the result of incremental developments for the past years, each in response to particular changes. This had led the absence of an integrated water resources management system that adopts a holistic approach in the organization of the system.

Though NWRB is seen to be the over all coordinating and regulatory body for this sector, yet it lacks technical capabilities and still needs institutional strengthening to fulfill its functions.

2) Too many agencies involved in the sector

These are more than twenty government agencies involved in different aspects of the water sector resulting inevitably in a fragmented approach to water management. With this number of agencies involved, it resulted to overlapping of work, varied types of data needed depending on the agency that implements which creates confusion at the LGU level.

3) Inter-agency coordination

For tri-agency program such as DPWH, DILG and DOH implementing water supply projects, weak coordination had been demonstrated. There was difficulty in synchronizing activities which deals on physical construction of facilities (DPWH) as to activities that entails training of provincial and municipal water and sanitation task forces and formation of BWSAs where target facilities will be constructed (DILG) and the installation of latrines and promotion of health and education programs (DOH).

4) Absence of an over all planing framework to guide investment activities.

As a result of too many agencies involved in the sector and the fragmentation of water resources management, there are no cross-sectoral water resource plans to integrate effectively the various water and land use activities. Water quality and quantity management, and proper utilization of surface and groundwater.

5) Lack of data management

The main problem concerning to data management are the inadequacy of the network coverage, outdated monitoring equipment, scattered data collection responsibilities, lack of continuous data records and lack of an integrated water resources data base. Most data collection efforts are project related and are usually discontinued once the project is terminated.

6) Accountability and responsiveness of stakeholders

A lot has been said about improving the delivery of water supply and sanitation services by LGUs in the light of the devolution policy of the government. However, little attention has been given on the extent of which these LGUs carried out their devolved functions and responsibilities to their constituents. While it's true that some problems were attributed to varying levels of preparedness and capacity to implement projects at their level, it can also be due to lack of political-will and commitment of the LGUs to perform their tasks and accountabilities.

7) Absence of over-all coordination body

Due to fragmental planning and implementation of sector projects, a number of agencies and offices had overlapping activities and functions. For the development of the sector to progress, there must be a body/agency/office that will serve as a focal point, responsible for all related initiatives.

8) Lack of available staff at the LGU level

In the light of devolved policy as enacted in the LGC and NEDA Board No.4 where LGUs could now implement all levels of water supply services, a need to develop their capability and interpersonal skills to ensure sustainability of projects. But it has been observed that the provincial and municipal planning staff who are supposed to be responsible for managing, coordinating, implementing training programs at the local levels and monitoring the performance of BWSAs/RWSAs are unable to devote full time due to lack of staff and too many job assignments with other projects.

9) Large demand for training

Various training programs have been developed and designed to suit the needs for training with different levels of approaches for foreign and locally funded projects. However, due to lack of funds to support the training programs, training opportunities were not fully delivered to the recipient LGUs. And, there is another issue on training that due to large number of barangays to be covered nationwide, some of these were not able to access training provided by the different agencies like DILG. This could also be attributed to the geographic location, accessibility to these areas and lack of initiative of the LGUs to request training which could then be prioritized based on immediate need.

### **(3) Issues on Financial Aspects**

#### **1) Access of the LGUs to other financing institutions**

Most of the LGUs depend on their IRA to fund waters supply projects which often times limit them to implement only for level I facilities. Although the LGUs initiated to take risk in borrowing from banks to financed Level II or III systems, they are constraints to pursue the loan due to high interest rates imposed by the financing institutions, requirements needs the hold-out of their IRA, and some LGUs lack information where to access funding.

#### **2) Cost sharing arrangement**

With the limited available funds to be used in implementing water supply and sanitation projects, cost sharing mechanism have been encourage to LGUs to feel sense of ownership of the system. However, the lack of political-will and lack of commitment of the leaders hinders the success of its implementation.

#### **3) Varied level of preparedness of the LGUs**

In the light of NEDA-ICC financing policy where no subsidy from the national government will be provided for Level II and III systems and 0 (zero) to 50 percent will be subsidized by national government but limited only to Level I for 5<sup>th</sup> and 6<sup>th</sup> class municipalities, it has been observed that most of the LGUs are dependent on grants/assistance provided by the national government or other funding institutions.

## **5.8 Community Development**

### **5.8.1 General**

#### **(1) RESULTS OF THE BARANGAY KEY INFORMANT SURVEY FOR AKLAN**

##### **I. BARANGAY**

###### **A. General**

The barangay is the smallest political unit in the Philippines. It is headed by a barangay captain who is elected for a three-year term. Together with the barangay council, the barangay captain is responsible for running the affairs of the barangay. Water supply and sanitation sector projects are important to the barangay. Benefits are directly related to health and productivity, as well to improved economic activities in the community.

The key informant survey was conducted in three barangays representing three municipalities in Aklan. The key informants were either an official of the barangay council, an official of the BWSA, or a recognized community leader. The purpose of the survey was to find out the degree and type of government assistance on the sector that cascades from the national government down to the barangay level. The barangays surveyed were: Calimbahan (Makato), Tina (Makato) and Cabugao (Altavas).

## **B. Community Organization**

### **1. Manner of Participation in Sector Development**

The need for water supply and sanitation facilities is discussed within and prioritized by the Barangay Development Council (BDC). If the barangay is not able to finance the WATSAN project from its own funds, the BDC then endorses the project to the municipality. Again, the prioritization and funding of the endorsed project is discussed in the Municipal Development Council (MDC). If the municipality can finance said project, then it does so, usually by providing technical and material support. The barangay is asked to contribute its share, which is usually in the form of free labor. If, however, the municipality cannot fund the barangay's request, the project is once again endorsed, but this time to the province. The project is then discussed/prioritized and provided funding by the Provincial Development Council. If implemented by the province, a counterpart is asked of the barangay and sector participation is in the form of free labor and/or donations in cash or in kind.

### **2. Existing Community Organization Serving /Acting as the Water Association**

The BWSA is still the WATSAN organization that provides water service in the barangays surveyed, although the barangay councils have demonstrated active participation in the provision of safe, potable water to their constituents.

### **3. Role of the Barangay Council in O&M Assistance in the Form of Funds/ Manpower/Materials**

The barangay councils provide direct assistance in the operation and maintenance of the water systems. They coordinate with the local government units (PHO/MHO) in extending technical and financial assistance to the BWSA.

The barangay councils are also willing to pay for the training of community members/volunteers on the operation and maintenance of WATSAN facilities.

## **II. COMMUNITY PARTICIPATION**

### **A. General**

The beneficiaries' participation is recognized as one of the determining factors in the success of the WATSAN sector plans on the community level. Participation by the barangay people is measured by their willingness to organize themselves into a water association and contribute their share towards its operationalization. This may come in the form of free labor, donations in kind or in cash, or their active involvement in the management, operation and maintenance of the WATSAN facilities.

### **B. Socio-Economic Conditions**

#### **1. Average Monthly Income in the Rural Area**

The average monthly income of the households in the barangays surveyed ranges from P1,000 to P 5,000. The list of economic activities shows the following: livestock raising (poultry and piggery), copra trading, cottage industry, vegetable gardening, and operating a sari-sari-store for which the people earn an average of P 1,500 per month. The list shows that both genders are equally involved in these economic activities.

#### **2. Waterborne/Water Related Diseases**

Incidences of waterborne and water related diseases were reported in all the barangays surveyed. Most prevalent diseases are intestinal disorder and diarrhea. This is compounded by the lack of sufficient garbage disposal system in the areas.

### **C. Willingness to Participate**

#### **1. Initiating the Organization of a WATSAN Association**

Each of the three barangays surveyed has a committee on water and sanitation within the barangay council. The key informants indicated that all the barangay councils are willing to participate in sector projects and in the operation and maintenance of WATSAN facilities. All of the respondents also indicated that the barangay council is willing to pay for and/or facilitate the training for the user-beneficiary volunteers on O&M. In the area of health and sanitation education, almost all interviewees believed that the barangay council has the capability to implement information dissemination activities.

**D. Status of BWSAs/NGOs/CBOs/POs**

**1. Number of Barangay with Functional BWSAs**

Two of the three barangays surveyed have BWSA organized in their communities, but there's no data as to the existence of functional officers and members.

**2. Status of NGOs/CBOs/POs**

Majority of the respondents reported having NGOs/CBOs that do work in their communities. The areas of concern are in community development, livelihood, water and sanitation, and credit cooperative.

**E. O&M Practices by Beneficiaries**

**1. Facility Conditions**

Groundwater is widely used as source of water in the barangays surveyed although some also utilized surface water. Water facilities found in the barangays were mostly shallow and deep wells and which were mostly constructed in as early as in 1981. Almost all of the systems/facilities are still functional although they occasionally have problems. All of the respondents indicated that the water is fit for drinking.

**2. Common Difficulties and O&M Problems Encountered**

Common problems cited by the respondents range from defective pumps to lack of funds for the maintenance work. This can be attributed to the fact that beneficiaries pay only a minimal amount for the maintenance of the water systems.

**F. Water Charges Adopted and Collection Efficiency**

**1. Sufficiency of Collected Charges for O&M**

Majority of the respondents reported that the beneficiaries pay for the operation and maintenance of their water supply facilities. The respondents indicated that the residents pay a small amount, which is below P10.00. Half of the respondents believed that the fee being collected is already sufficient for the O&M of the WATSAN facilities. The respondents further affirmed that the people are willing to pay for their water supply.

**2. Current Practices with Affordability by Users and Manner of Fee Collection**

The association collector was responsible for collecting the fees, according to majority of the respondents.

**G. Requests by the Beneficiaries on O&M of the Facilities from LGUs and other Sources**

**1. Government Subsidies Requested by End Users**

All barangays were recipients of technical, financial and institutional assistance from the provincial and municipal governments. They received training assistance from the Provincial DILG. The province, likewise distributed jetmatic pumps to the barangays. Most of the technical assistance came from the municipality.

**III. GENDER**

**A. General**

The survey results do not point to a severe lack of gender responsiveness to sector projects, but awareness of the key informants must be enhanced as to why both genders' participation is important in the WATSAN sector plans and implementation.

**B. Gender in the Composition of the Barangay Council**

In the three barangays surveyed, the total number of barangay council members is 21. Of this number, 17 were males and 4 females. Two of the barangay captains are male.

**C. Gender in the Composition of the BWSA**

Two of the barangays have BWSA but both are not fully operational because there was no facility to operate. These BWSAs have set of officers but they are inactive. Females outnumber male members of BWSA.

**D. Gender in Participation in the O&M of the Water Facilities**

Most of the key informants indicated that women do not participate in the O&M of the water facilities. For those who indicated women's participation, they said that the women handle mostly the collection and the association's financial matter.

**E. Gender in Knowledge or Awareness of Sector Related Information**

There is no gender bias when it came to awareness of sector related information. Both women and men are knowledgeable on these information as seen from the answers to the



questions, particularly on the assistance extended by LGUs, facility conditions, and O&M practices.

**(2) RESULT OF GROUP INTERVIEWS (AKLAN)**

**1.1 General**

Group interviews were conducted in two selected barangays representing two municipalities in the province of Aklan. The objectives of the group survey/interviews were to identify potential service population and service level desired by the community, to assess the degree of involvement of both men and women in planning, managing, operating and maintaining WATSAN projects, and the willingness and capacity to pay of potential users.

The Project Team conducted the interviews on two sets of interviewees: an all female group and an all male group each consisting of a minimum of 10 and a maximum of 21 participants. None of the respondents belonged to the same household. Answers to interview questionnaires were made by raising of hands. The group interviews were conducted in the following barangays: Dumga (Makato) and Lumaynay (Altavas).

**1.2 Demographic Profile**

**(1) Population**

The aggregate population in the two barangays was 3,096 broken down as follows: Dumga (Makato), 1,098 and Lumaynay (Altavas), 1,198.

**(2) Households**

As indicated by the respondents, there were 538 households in the two barangays, that is, in Dumga (Makato), 340 and in Lumaynay (Altavas), 198.

The figure represents an average of six members per household.

**TABLE 1: TOTAL POPULATION OF BARANGAYS AND NUMBER OF HOUSEHOLDS**

BARANGAY (MUNICIPALITY)	M	F	T	NO. OF HH
1. Dumga (Makato)			1,098	340
2. Lumaynay (Altavas)			1,198	198
<b>TOTAL</b>			<b>3,096</b>	<b>538</b>

### (3) Composition of Barangay Councils

There were 14 barangay council members in the two barangays. Of the barangay council members, 11 (79 %) were male and 3 (21%) were female. The barangay captains in Dumga and Lumaynay are male and female, respectively.

## 1.3 Respondents' Profile

### (1) Number and Gender of Respondents

There were 41 respondents in the group interviews. Of these, 20 (49%) were female and 21 (51%) were male. Table 2 presents the number of respondents by gender for each barangay:

**TABLE 2: NUMBER OF RESPONDENTS**

BARANGAY (MUNICIPALITY)	M	F	T	%
1. Dumga (Makato)	11	10	21	51
2. Lumaynay (Altavas)	10	10	20	49
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

### (2) Age Bracket

A total of 18 (9 males, 9 females) were under the 46 to 60 age bracket; 17 respondents (9 males, 8 females) belonged to 26 to 45 age bracket; and six (3 males, 3 females) constituted the 61 and above.

**TABLE 3: AGES OF THE RESPONDENTS**

AGE BRACKET	M	F	T	%
25 and Below	-	-	-	-
26-45	9	8	17	41
46-60	9	9	18	44
61 and above	3	3	6	15
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

### (3) Level of Education

Most of the respondents (8 males, 7 females) completed high school while 14 others (8 males, 6 females) graduated from the elementary level. Meanwhile, seven respondents (2 males, 5 females) were able to complete their college education and two pursued vocational course. Three male respondents were able to reach the elementary level only.

**TABLE 4: RESPONDENTS' LEVEL OF EDUCATION**

EDUCATION LEVEL	M	F	T	%
1. Elementary Level	3	-	3	7
2. Elementary Graduate	8	6	14	34
3. High School Level	-	-	-	-
4. High School Graduate	8	7	15	37
5. College Level	-	-	-	-
6. College Graduate	2	5	7	17
7. Vocational	-	2	2	5
8. Post Graduate	-	-	-	-
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(4) Occupation**

At the time of the interview, twenty-three respondents (12 males, 11 females) were engaged in either farming or fishing; nine were service workers; two were in business and another two respondents were professionals. Four respondents were also employed in other occupations not listed in the table.

**TABLE 5: OCCUPATION OF RESPONDENTS**

OCCUPATION	M	F	T	%
1. Farmer/Fisherfolk	12	11	23	56
2. Laborer	1	-	1	2
3. Service Worker	5	4	9	22
4. Businessman/woman	1	1	2	5
5. Professional	1	1	2	5
6. Office Worker	-	-	-	-
7. Tech. Equipment Operator	-	-	-	-
8. Others	1	3	4	10
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**1.4 Socio Economic Profile**

**(1) Level of Education of Household Members**

The respondents indicated that of their male household members, 15 were graduates of the elementary, four from the high school level and nine from college. As for their female household members, nine were elementary graduates, seven graduated from high school, while 12 completed college.

**TABLE 6: LEVEL OF EDUCATION OF HH MEMBERS**

EDUCATIONAL LEVEL	EDUCATED HOUSEHOLD MEMBERS			
	Male Respondents		Female Respondents	
	M	F	M	F
1. Elementary Level	-	-	-	-
2. Elementary Graduate	10	8	5	1
3. High School Level	-	-	-	-
4. High School Graduate	8	8	5	2
5. College Level	-	-	-	-
6. College Graduate	4	7	5	5
7. Vocational	-	-	-	-
8. Post Graduate	-	-	-	-

**(2) Employed Household Members**

According to the respondents, their household members within the age bracket of 26-45 years are the most productive where 22 two male household members were employed compared to 11 female household members. In the 46-60 age bracket, a total of 11 household members were employed, six males to 5 females.

**TABLE 7: EMPLOYED HH MEMBERS**

RESPONSE	EMPLOYED HOUSEHOLD MEMBERS			
	Male Members		Female Members	
	M	F	M	F
25 and Below	-	-	-	-
26-45	8	1	14	10
46-60	1	-	5	5
61 and above	1	-	-	-

**(3) Occupation of Household Heads and Other Members**

Of the household members employed, 21 (10 males, 11 females) were engaged in either farming or fishing. The rest was distributed to such occupations as laborer, 4; office worker, 8; professional, 8; service worker, 10; technician, 3 and factory worker, 1.

The majority of the household members who were gainfully employed earned a monthly income of P 5,000.00 and below.

**TABLE 8: OCCUPATION OF HH MEMBERS**

OCCUPATION	M		F	
	M	F	M	F
1. Farmer/Fisherfolk	5	1	5	10
2. Laborer	3	-	-	1
3. Service Worker	6	-	1	3
4. Businessman/woman	1	-	1	3
5. Professional	1	-	5	2
6. Office Worker	-	3	4	1
7. Technician	1	-	2	-
8. Others/Factory Worker	-	-	1	-

**TABLE 9: AVERAGE MONTHLY INCOME OF HH MEMBERS**

ITEM	M	F	T	%
Below P 5,000.00	16	15	31	75.61
P 5,000 to 14,999	4	4	8	19.51
P 15,000 to 24,999	1	1	2	4.88
Above P 25,000	-	-	-	-
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(4) Average Expenditures of Household**

Fifty-one percent of the respondents' household members incurred expenses of below P5,000.00 a month, while forty-nine percent respondents' household members reported that their family spent an average of P 5,000.00 to 14,999.00.

**TABLE 10: AVERAGE MONTHLY EXPENSES OF HH MEMBERS**

ITEM	M	F	T	%
Below P 5,000	7	14	21	51
P 5,000 to 14,999	14	6	20	49
P 15,000 to 24,999	-	-	-	-
Above P 25,000	-	-	-	-
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(5) Practices**

*Source of Drinking Water:* Nine male and nine female respondents indicated that their source of drinking water was from communal shallow well and communal faucets, respectively. There were 10 female respondents who reported that the source of water for

the household was from communal deep well; five from private shallow well; and six from piped water supply. Only two male respondents said that private deep well was their source of drinking water.

**TABLE 11: SOURCES OF DRINKING WATER**

SOURCES	RESPONDENT		T	%
	M	F		
1. Communal Shallow Well	9	-	9	22
2. Communal Deep Well	-	10	10	24
3. Communal Dug Well	-	-	-	-
4. Communal Faucet	-	9	9	22
5. Private Shallow Well	4	1	5	12
6. Private Deep Well	2	-	2	5
7. Piped Water Supply	6	-	6	15
8. Private Dug Well	-	-	-	-
9. Others	-	-	-	-
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

*Responsible for Fetching Water.* For the male respondents, the entire household was responsible for fetching water. According to 18 respondents, the husband was responsible for fetching water, while for 11 male respondents, the wife, male and female children equally assisted in the task.

The female respondents, on the other hand, pointed to the wife as the person responsible in the household to fetch water for family's use. The husband also assisted in this task, according to only five female respondents, while the male and female children helped according to 13 and 11 female respondents respectively.

**TABLE 12: RESPONSIBLE FOR FETCHING DRINKING WATER**

FAMILY MEMBER	USER RESPONDENT		T
	M	F	
1. Husband	18	5	
2. Wife	11	18	
3. Male Children	11	13	
4. Female Children	11	11	

*Frequency of Fetching Water.* Around 43.90% of the respondents (9 males, 9 females) indicated that they fetched drinking water once a day. Another 31.71%, or 10 males and 3 females, fetched water twice daily. Five female interviewees fetched water three times a day, while three fetched water from four to five times daily. One male respondent fetched water four times daily.

**TABLE 13: FREQUENCY OF FETCHING DRINKING WATER**

DURATION	RESPONDENTS		T	%
	M	F		
1. Once a Day	9	9	18	43.90
2. Twice a Day	10	3	13	31.71
3. 3x a Day	-	5	5	12.20
4. 4x a Day	-	1	1	2.44
5. More than 5x day	1	2	3	7.32
6. No Response	1	-	1	2.44
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

*Duration of Fetching Water.* Fourteen respondents (3 males, 11 females) reported that it takes about 10 minutes to fetch water from the source. Twelve male respondents countered, saying it takes them less than five minutes to fetch water. Ten male and female respondents said it takes them about 30 minutes; while two other male respondents claimed that it takes them about 20 minutes to fetch water. But for three female respondents, it takes longer than 30 minutes to fetch water from the source back to their house.

**TABLE 14: DURATION FOR FETCHING DRINKING WATER**

DURATION	RESPONDENTS		T	%
	M	F		
1. Less than 5 Minutes	12	-	12	29.27
2. About 10 Minutes	3	11	14	34.15
3. About 20 Minutes	2	-	2	4.88
4. About 30 Minutes	4	6	10	24.39
5. More Than 30 Minutes	-	3	3	7.32
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

*Problems with Source.* The majority of the respondents (4 males, 20 females) admitted that they have their share of problems with the current water source. However, the majority of the male respondents (17) have no problem.

**TABLE 15: PROBLEM WITH SOURCE OF WATER**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. No Problem	17	-	17	41
2. There are problems	4	20	24	59
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**1.5 Institutional****(1) Presence of BWSA**

A little more than half of the respondents (11 males, 10 females) indicated that there was a BWSA in their barangay. The remaining respondents (10 males, 10 females) were not aware of the existence of a BWSA.

**TABLE 16: KNOWLEDGE OF THE EXISTENCE OF BWSA**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Yes	11	10	21	41
2. No	10	10	20	59
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(2) Membership to BWSAs**

Only 10 out of 41 respondents admitted to being a member of the BWSA. All the 10 BWSA members are female. All the male respondents are non-BWSA members; while the rest of the 10 female respondents chose not to respond to the question.

Of the 10 active, female BWSA members, one is an officer, another a collection officer, while the other eight help facilitate training.

**TABLE 17: MEMBERSHIP TO THE BWSA**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Yes	-	10	10	24.39
2. No	21	-	21	51.22
3. No Response	-	10	10	24.39
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>



**TABLE 18: HOW ACTIVELY INVOLVED ARE YOU IN THE AFFAIRS OF THE BWSA**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. As BWSA Officer	-	1	1	2
2. As Collection Officer	-	1	1	2
3. Assists in the repair maintenance of facilities	-	-	-	-
4. Attends/ Facilitates Training	-	8	8	20
5. Not active	-	-	-	-
6. As BWSA Member	-	-	-	-
7. No response	21	10	31	76
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(3) Who maintains the facilities of the BWSA?**

Ten male and 10 female respondents said "someone in the barangay" maintains the facilities of the BWSA. The rest of the respondents did not respond to the question.

**TABLE 19: RESPONSIBLE FOR MAINTAINING BWSA FACILITIES**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Someone in the Barangay	10	10	20	49
2. Professional caretaker	-	-	-	-
3. Someone from the BWSA	-	-	-	-
4. No one	-	-	-	-
5. Don't know	-	-	-	-
6. No Response	11	10	21	51
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(4) Interested to be a member of BWSA**

All the respondents indicated their interest in becoming a member of BWSA once it is formed and/or activated in their respective barangays.

**TABLE 20: INTEREST OF RESPONDENTS TO JOIN BWSA**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Interested	21	20	41	100
2. Not Interested	-	-	-	-
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(5) How can respondents become actively involve in BWSA affairs?**

A total of 20 male and 10 female respondents was willing to contribute cash as a manifestation of their active involvement with the BWSA; while 18 male respondents and another 10 female respondents were willing to contribute labor. The females outdid their male counterparts in wanting to assist through the collection of fees; while 16 male respondents and 10 female respondents wanted to show involvement through doing repair and maintenance. Seven male respondents wanted to be BWSA officers of the BWSA while six others preferred just being a plain member.

**TABLE 21: HOW RESPONDENTS CAN BECOME ACTIVELY INVOLVED IN WATSAN PROJECTS**

RESPONSE	RESPONDENTS		T
	M	F	
1. Contribute Cash	21	20	
2. Contribute labor	10	10	
3. Be Officer	10	4	
4. Collection of Fees	10	-	
5. Do Repair/Maintenance	10	-	
6. Just Member	-	10	

**(6) Responsible for minor repairs of water facilities**

According to 18 male respondents and 10 female respondents, a male member of the family was the one responsible for doing minor repairs of water supply facilities; while one male and 3 female respondents said it was a professional caretaker, while others were uncertain.

**TABLE 22: RESPONSIBLE FOR MINOR REPAIRS**

SOURCE OF WATER	RESPONDENTS		T	%
	M	F		
1. Female Member	-	-	-	-
2. Male Member	18	10	28	68
3. Somebody in the Brgy.	-	-	-	-
4. Professional Caretaker	1	3	4	10
5. Owner of the Well	-	-	-	-
6. Uncertain	-	-	-	-
7. Others	-	-	-	-
8. No response	2	7	9	22
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>10</b>	<b>100</b>

**1.6 Training Activities****(1) Training Program attended in 1998**

Only twelve female respondents were able to attend the training programs in 1998; while 12 interviewees did not. The rest did not respond to this question.

**TABLE 23: TRAINING ATTENDED BY RESPONDENTS IN 1998**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Yes	-	12	12	29
2. No	21	-	21	51
3. No response	-	8	8	20
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(2) Kinds of Training Program**

Table 24 summarizes the training programs attended by the five respondents.

**TABLE 24: TRAINING COURSES ATTENDED BY RESPONDENTS IN 1998**

BARANGAY	MALE	FEMALE
1. Dumga (Makato)	N/A	Farmers Training BHW Training Health and Nutrition
2. Lumaynay (Altavas)	N/A	Barangay Administration Training Nutrition Training

**(3) On BWSA Training**

Only ten female respondents were aware of the training programs sponsored by and/or for the BWSA. The overwhelming majority of the respondents was not aware of these but all were willing to attend BWSA training programs.

**TABLE 25: AWARENESS ON THE FOLLOWING TRAINING FOR BWSA**

TRAINING PROGRAM	YES		NO	
	M	F	T	M
1. Caretaker's Training	-	10	-	-
2. Collection/Finance	-	-	-	-
3. Repair/O&M	-	-	-	-

**TABLE 26: WILLINGNESS TO ATTEND BWSA-RELATED TRAINING PROGRAMS**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Yes	21	20	41	100
2. No	-	-	-	-
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(4) Training on Health Education**

Twenty-one male respondents, has not attended health education training program. Only eleven female interviewees have participated in health training program. Nine did not respond. If given a chance, the respondents were interested in WATSAN related training programs such as: Caretaker's Training, Collection and Finance Training, Repair, Operation and Maintenance Training, BWSA Training, Water and Sanitation Training, Plumbing, and Health and Sanitation

**TABLE 27: PARTICIPATION IN HEALTH EDUCATION AND TRAINING**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Yes	-	11	11	27
2. No	21	-	21	51
3. No response	-	9	9	22
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**TABLE 28: TYPES OF TRAINING RESPONDENTS WISH TO ATTEND**

BARANGAY	MALE	FEMALE
1. Dumga (Makato)	Repair, Operation and Maintenance Training Health and Sanitation	BWSA Training
2. Lumaynay (Altavas)	Water and Sanitation Training Plumbing	Caretaker's Training Collection and Finance Training Repair, Operation and Maintenance Training

**(5) Desirable Training Period**

All the female respondents wanted the training period to be either three days or more than three days. The male respondents were distributed to: less than one day, 4; one day, 14; two days, 1; three days, 1; and more than three days, 1.

**TABLE 29: DESIRABLE TRAINING PERIOD**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Less Than 1 Day	4	-	4	10
2. One (1) Day	14	-	14	34
3. Two (2) Days	1	-	1	2
4. Three (3) Days	1	10	11	27
5. More Than Three Days	1	10	11	27
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**1.7 Community Development**

**(1) CBOs and contact person**

Twenty or 49% of the respondents were not aware of NGOs working in their communities.

**TABLE 30: ARE THERE NGOs WORKING IN THE BARANGAY**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Yes	11	10	21	51
2. No	10	10	20	49
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**TABLE 31: NGOS/CBOS IN THE BARANGAYS**

BARANGAY	AREAS OF CONCERN	CONTACT PERSON
1. Dumga (Makato)	<b>Male</b> Catholic Association RIC Women Association Dumga Multi-Purpose Cooperative  <b>Female</b> FCCCOB GMRMF RIC PAKISAMA	Mr. G. Tubao, Jr. Mrs. T. Mationg Mrs. O Taluyo Mr. D. Ravar  D. Taberra R. Tabulo T. Mationg R. Rabulo
2. Lumaynay (Altavas)	<b>Female</b> Catholic Association PTA	A. Abucay N. Hilario

**(2) Were the respondents consulted on their respective roles and responsibilities?**

All the female respondents indicated they were consulted only during the construction phase of the BWSA facilities and not on the other phases of project development. None of the male respondents were consulted.

**TABLE 32: RESPONDENTS CONSULTED IN PAST WATSAN PROJECTS**

BWSA ACTIVITIES	YES	
	M	F
1. Planning & Design	-	20
2. Construction Facilities	-	-
3. O&M of the System	-	-
4. Financing of the System	-	-

**(3) Were the respondents consulted when BWSA was formed?**

All female respondents were consulted when the BWSA was formed and one when the facilities were being built. None of the male respondents was consulted during formation or when the fees or level of service were being decided. Consultation was made only during the construction of facilities

**TABLE 33: WERE YOU CONSULTED WHEN:**

ACTIVITIES	YES		T	%
	M	F		
1. BWSA was formed in the Brgy.	-	10	10	24.39
2. Water fee was decided upon	-	-	-	-
3. Level or type of service was agreed upon	-	-	-	-
4. Facilities were constructed	-	10	10	24.39
5. No Response	21	-	21	51.22
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(4) How did the respondents participate in past construction projects?**

Only the female interviewees responded to this question. In the past, the female respondents' participation was demonstrated through the provision of labor (10), and provision of cash (1). 2 out of 21 male interviewees gave an answer through donation of a site.

**TABLE 34: PARTICIPATION IN PAST CONSTRUCTION PROJECTS**

TYPE OF PARTICIPATION	RESPONDENTS		T	%
	M	F		
1. Contributed Cash	-	10	10	24.39
2. Provided labor	-	10	10	24.39
3. Donated Site	2	-	2	4.88
4. Provided Materials	-	-	-	-
5. Others	-	-	-	-
6. No Contribution	-	-	-	-
7. No Response	19	-	19	46.34
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(5) Will the respondents participate in future projects?**

The majority of the respondents indicated that they would participate and/or contribute for certain activities. For the formation of BWSA, 20 male and 19 female respondents will participate. On the formulation of water rates, 19 male and 11 female interviewees will also participate. In the operation and maintenance of the facilities, 20 male and 8 females signified their intention to participate. Ironically, none of the female respondents wanted to participate in activities that they have been quite active in the past – in the selection of sites and levels of service and in the construction of facilities.

**TABLE 35: WILLINGNESS/TYPE OF PARTICIPATION IN FUTURE PROJECTS**

PROJECT ACTIVITIES	YES	
	M	F
1. Formation of BWSA	21	20
2. Formulation of water rates	21	20
3. Selection of sites and levels of services	21	20
4. Construction of facilities	21	-
5. Operation and maintenance	21	10

**1.8 Financial Aspects**

**(1) Are respondents presently paying for their water supply?**

Majority of the respondents, admitted to not paying for water. Only ten female respondents claimed that they are paid the water fees charged them.

**TABLE 36: NUMBER OF RESPONDENTS PRESENTLY PAYING WATER FEE**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Yes	-	10	10	24
2. No	21	10	31	76
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(2) If so, how much per household per month?**

For some respondents who paid spent P6.00 to P P10.00 a month for water. Two respondents spent only below P 5.00.



**TABLE 37: PRESENT WATER FEES PAID**

WATER FEES	RESPONDENTS		T	%
	M	F		
Below P 5.00	-	-	-	-
P 6.00 to P 10.00	-	10	10	24
P 11.00 to P 20.00	-	-	-	-
P 21.00 to P 30.00	-	-	-	-
P 31.00 to P 40.00	-	-	-	-
P 41.00 to P 50.00	-	-	-	-
Above P 50.00	-	-	-	-
No Response	21	10	31	76
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(3) Is the water fee enough for O&M?**

All of the respondents claimed that the water fee being collected was not enough for the operation and maintenance of the system.

**TABLE 38: ADEQUACY OF WATER FEE FOR O&M**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Yes	-	-	-	-
2. No	-	-	-	-
3. Uncertain	21	20	41	100
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

All the respondents were uncertain as to why fees being collected were not adequate.

**TABLE 39: IF NOT ADEQUATE, STATE THE REASON/S**

REASON/S	M	F	T	%
1. Water fee is low	N/A			
2. O&M cost is too high				
3. Not all water users pay their Water fee				
4. Others/Uncertain				
<b>TOTAL</b>				

**(4) Who shoulders the O&M of Facilities?**

One ten female respondents indicated that it was the private owner who shouldered the O&M costs. The rest did not respond.

**TABLE 40: RESPONSIBILITY FOR SHOULDERING THE O&M COSTS**

PERSON	RESPONDENTS		T	%
	M	F		
1. Barangay Council	-	-	-	-
2. WATSAN Association	-	-	-	-
3. Private Owner	-	10	10	24
4. Don't know	-	-	-	-
5. Others	-	-	-	-
6. No Response	21	10	31	76
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(5) Are the people willing to pay for O&M of future facilities?**

All of the respondents expressed willingness to pay for the operation and maintenance of future facilities.

**TABLE 41: RESPONDENTS' WILLINGNESS TO PAY FOR FUTURE FACILITIES**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Yes	21	20	41	100
2. No	-	-	-	-
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(6) How much are respondents willing to pay?**

Of those who are willing to pay, 20 claimed they can only pay below P5.00; 6 agreed to pay water fees from P6.00 to P10.00; and only four female agreed to pay fees from P 11.00 to P 20.00. The remaining eleven respondents did not response to this question.

**TABLE 42: AMOUNT RESPONDENTS ARE WILLING TO PAY**

RESPONSE	RESPONDENTS		T	%
	M	F		
Below P 5.00	10	10	20	48.78
P 6.00 to P 10.00	-	6	6	14.63
P 11.00 to P 20.00	-	4	4	9.76
P 21.00 to P 30.00	-	-	-	-
P 31.00 to P 40.00	-	-	-	-
P 41.00 to P 50.00	-	-	-	-
Above P 50.00	-	-	-	-
No Response	11	-	11	26.63
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(7) Are you willing to contribute for future projects?**

Thirty respondents indicated their willingness to contribute in cash or in kind for the construction of WATSAN facilities in their respective barangays.

**TABLE 43: WILLINGNESS TO CONTRIBUTE FOR FUTURE FACILITIES**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Yes	10	20	30	73
2. No	11	-	11	27
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**TABLE 44: IF NOT WILLING, STATE THE REASON/S**

REASON/S	M	F	T	%
1. Can not afford to pay	N/A			
2. Gov't must provide water for free				
3. Water service is not good.				
4. Others (Specify)				
5. No Response				
<b>TOTAL</b>				

**(8) If so, what kind?**

Should they be required to contribute, All female respondents preferred to provide free labor during the construction; Some will provide materials; and 12 were willing to donate a site for the facilities.

**TABLE 45: TYPES OF CONTRIBUTION**

RESPONSE	RESPONDENTS	
	M	F
1. Will free provide labor	10	20
2. Will donate site	10	2
3. Will provide materials	10	-
4. Others	-	-

**(9) Reason/s for not contributing**

While the majority indicated their willingness to contribute, eleven said they could not afford to give anything for the WATSAN project.

**TABLE 46: IF NOT WILLING TO CONTRIBUTE, STATE REASONS:**

REASONS	RESPONDENTS		T
	M	F	
1. Cannot afford to contribute	N/A		
2. No land/site to contribute			
3. Government should provide water for free			
4. No Response			

**1.9 Health and Sanitation**

**(1) Type of toilet**

Two types of toilets were widely used by the respondents: toilet which flushes to septic tank on the site, (30) and private pit/latrine (11).

**TABLE 47: TYPES OF TOILETS RESPONDENTS USE**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Toilet w/ flushes to septic tank on the site	10	20	30	73
2. Toilet w/ flushes/ drops straight to sea	-	-	-	-
3. Private pit latrine	11	-	11	27
4. Shared flush toilet w/ septic tank	-	-	-	-
5. Public toilet	-	-	-	-
6. Bush or other open outdoor site	-	-	-	-
7. Pour Flush Water	-	-	-	-
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**(2) Who got sick during the past year? What sickness?**

The female respondents had illnesses such as diarrhea (11), kidney trouble (3), typhoid fever (2) and skin disease (8). As shown in Table 49, female was mostly afflicted by various illnesses.

**TABLE 48: WATER ILLNESSES**

DISEASE	RESPONDENTS		T	%
	M	F		
1. Diarrhea	1	10		
2. Kidney trouble	-	3		
3. Gastro-enteritis	-	-		
4. Cholera	-	-		
5. Typhoid fever	-	2		
6. Malaria	-	-		
7. Skin Disease	-	8		
8. Schistosomiasis	-	-		
9. Others	-	-		
10. Uncertain	-	-		

**TABLE 49: HOUSEHOLD MEMBERS FREQUENTLY GOT SICK IN 1998**

RESPONSE	RESPONDENTS		T
	M	F	
1. Husband	-	2	
2. Wife	-	7	
3. Father	-	-	
4. Mother	-	4	
5. Male Children	-	5	
6. Female Children	-	2	
7. Grandmother	-	1	
8. Grandfather	-	-	
9. Others	-	-	

**(3) Health and hygiene practices**

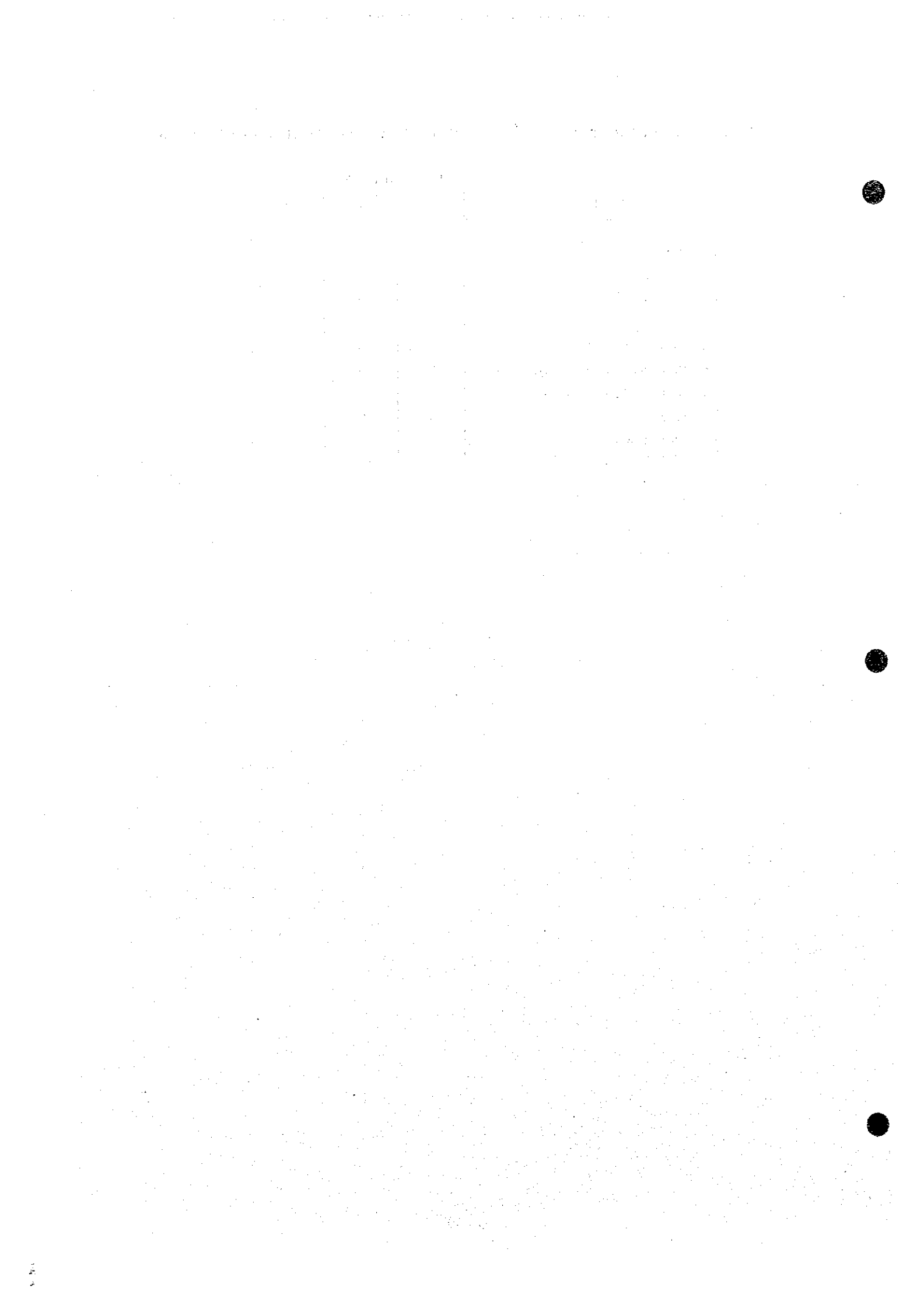
All of the respondents recognized the importance of good health and hygiene practices. The male respondents learned about health and hygiene from health and sanitation (10) and from health workers and inspectors (21). The female respondents, however, were educated on health and hygiene from television (10); NGOs (10); health and sanitation/clinic/hospital (20); health workers and inspectors (20) and from the school (10).

**TABLE 50: DO YOU RECEIVE/GET INFORMATION ABOUT HEALTH AND SANITATION**

RESPONSE	RESPONDENTS		T	%
	M	F		
1. Yes	21	20	41	100
2. No	-	-	-	-
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>41</b>	<b>100</b>

**TABLE 51: WHERE PEOPLE LEARNED HEALTH AND HYGINE EDUCATION**

RESPONSE	RESPONDENTS		T
	M	F	
1. Radio	-	-	
2. Newspapers	-	-	
3. Television	-	10	
4. NGOs	-	10	
5. Family and Friends	-	-	
6. Health Sanitation/Clinics/Hospitals	10	20	
7. Health workers/ inspectors	21	20	
8. School	-	10	
9. Others/HMO	-	-	





## 6. PAST FINANCIAL PERFORMANCE IN WATER SUPPLY AND SANITATION

### 6.2 Past Public Investment

#### 6.2.1 Sources of Local Fund

Table 6.2.1 Income and Expenditures of Municipalities, 1995 - 1999

Municipality/City	1995	1996	1997	1998	1999
<b>1. Altavas</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax	196,751.37	231,528.52	258,860.30	411,343.20	180,501.31
- Business Tax	108,091.97	95,306.23	134,503.34	187,047.11	143,341.21
- Others	564,082.74	584,103.97	693,890.41	104,295.86	321,307.75
IRA	8,712,962.00	9,415,822.00	11,866,452.42	12,816,568.00	4,123,462.33
Others	53,642.62	69,036.15	84,658.51	913,906.22	95,362.29
<b>Sub-total</b>	<b>9,635,530.70</b>	<b>10,395,798.87</b>	<b>13,038,364.98</b>	<b>14,433,160.39</b>	<b>4,863,974.89</b>
<b>Expenditures</b>					
Personal Services	6,532,114.72	7,200,308.26	8,942,714.36	10,531,981.72	4,117,385.48
MOOE	1,866,975.80	2,395,498.43	2,339,048.95	2,373,853.89	542,035.58
Others					
<b>Sub-total</b>	<b>8,399,090.52</b>	<b>9,595,806.69</b>	<b>11,281,763.31</b>	<b>12,905,835.61</b>	<b>4,659,421.06</b>
<b>Net Operating Income</b>	<b>1,236,440.18</b>	<b>799,992.18</b>	<b>1,756,601.67</b>	<b>1,527,324.78</b>	<b>204,553.83</b>
<b>Add: Borrowing</b>					
Surplus (Income from prior years)					
<b>Less: Capital Outlays</b>	<b>789,538.54</b>	<b>530,603.80</b>	<b>917,580.65</b>	<b>745,210.65</b>	<b>140,202.60</b>
<b>Net Income</b>	<b>446,901.64</b>	<b>269,388.38</b>	<b>839,021.02</b>	<b>782,114.13</b>	<b>64,351.23</b>
<b>2. Balete</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax	303,617.37	199,158.70	277,395.22	416,830.52	250,000.00
- Business Tax	12,694.50	43,309.41	73,542.70	96,945.98	100,000.00
- Others	31,580.90	33,054.00	46,566.00	58,012.11	60,000.00
IRA	8,840,269.00	9,542,724.00	11,652,030.64	12,660,924.00	15,778,750.00
Others	457,275.28	491,216.58	453,766.10	528,294.62	552,854.00
<b>Sub-total</b>	<b>9,645,437.05</b>	<b>10,309,462.69</b>	<b>12,503,300.66</b>	<b>13,761,007.23</b>	<b>16,741,604.00</b>
<b>Expenditures</b>					
Personal Services	6,312,525.90	7,106,184.67	8,439,495.22	9,507,406.24	10,542,238.00
MOOE	1,374,104.63	1,578,447.04	1,568,392.30	2,173,603.75	2,792,937.50
Others					
<b>Sub-total</b>	<b>7,686,630.53</b>	<b>8,684,631.71</b>	<b>10,007,887.52</b>	<b>11,681,009.99</b>	<b>13,335,175.50</b>
<b>Net Operating Income</b>	<b>1,958,806.52</b>	<b>1,624,830.98</b>	<b>2,495,413.14</b>	<b>2,079,997.24</b>	<b>3,406,428.50</b>
<b>Add: Borrowing</b>					
Surplus (Income from prior years)					
<b>Less: Capital Outlays</b>	<b>1,550,689.27</b>	<b>1,369,932.85</b>	<b>1,117,566.12</b>	<b>1,751,604.39</b>	<b>2,415,000.00</b>
<b>Net Income</b>	<b>408,117.25</b>	<b>254,898.13</b>	<b>1,377,847.02</b>	<b>328,392.85</b>	<b>991,428.50</b>
<b>3. Banga</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax	394,191.16	494,287.29	370,926.16	839,907.77	585,000.00
- Business Tax	101,473.90	158,248.79	172,580.55	112,386.42	180,000.00
- Others	165,838.63	182,146.07	193,241.98	208,993.50	273,500.00
IRA	10,181,866.00	11,013,902.00	14,060,839.67	15,147,907.00	18,775,198.00
Others	891,231.27	1,009,970.66	749,003.76	1,042,220.92	2,459,302.00
<b>Sub-total</b>	<b>11,734,600.96</b>	<b>12,858,554.81</b>	<b>15,546,592.12</b>	<b>17,351,415.61</b>	<b>22,273,000.00</b>
<b>Expenditures</b>					
Personal Services	8,470,114.84	8,940,485.33	10,724,871.41	12,263,156.73	12,749,905.22
MOOE	1,680,873.00	1,762,243.46	2,528,640.08	2,092,813.72	1,871,160.50
Others	959,570.01	458,580.58	251,466.04	1,428,627.39	4,325,643.20
<b>Sub-total</b>	<b>11,110,557.85</b>	<b>11,161,309.37</b>	<b>13,504,977.53</b>	<b>15,784,597.84</b>	<b>18,946,708.92</b>
<b>Net Operating Income</b>	<b>624,043.11</b>	<b>1,697,245.44</b>	<b>2,041,614.59</b>	<b>1,566,817.77</b>	<b>3,326,291.08</b>
<b>Add: Borrowing</b>					
Surplus (Income from prior years)	2,076,984.97	2,599,313.08	3,559,609.04	4,892,981.51	5,297,548.40
<b>Less: Capital Outlays</b>	<b>101,715.00</b>	<b>736,949.48</b>	<b>708,242.12</b>	<b>1,162,250.88</b>	
<b>Net Income</b>	<b>2,599,313.08</b>	<b>3,559,609.04</b>	<b>4,892,981.51</b>	<b>5,297,548.40</b>	<b>8,623,839.48</b>

Table 6.2.1 Income and Expenditures of Municipalities, 1995 - 1999 (cont'd)

Municipality/City	1995	1996	1997	1998	1999
<b>4. Batan</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax	263,165.48	306,197.79	282,790.94	481,603.25	
- Business Tax	181,445.32	142,496.55	132,402.09	579,288.96	
- Others	545,853.40	521,922.32	503,413.02	697,361.04	
IRA	9,161,852.00	9,927,946.00	12,677,232.37	13,708,702.00	
Others					
<b>Sub-total</b>	<b>10,152,316.20</b>	<b>10,898,562.66</b>	<b>13,595,838.42</b>	<b>15,466,955.25</b>	
<b>Expenditures</b>					
Personal Services	7,259,062.81	8,753,665.11	8,939,426.42	10,854,394.99	
MOOE	1,341,525.99	1,301,822.90	1,188,980.60	744,594.87	
Others	456,817.40	1,174,241.16	3,036,915.69	3,087,012.78	
<b>Sub-total</b>	<b>9,057,406.20</b>	<b>11,229,729.17</b>	<b>13,165,322.71</b>	<b>14,686,002.64</b>	
<b>Net Operating Income</b>	<b>1,094,910.00</b>	<b>(331,166.51)</b>	<b>430,515.71</b>	<b>780,952.61</b>	
<b>Add: Borrowing</b>					
Surplus (Income from prior years)	3,935,541.93	4,063,980.66	2,826,129.75	2,414,617.76	
<b>Less: Capital Outlays</b>	<b>3,507,844.61</b>	<b>3,513,463.81</b>	<b>2,822,349.16</b>	<b>3,004,156.90</b>	
<b>Net Income</b>	<b>1,522,607.32</b>	<b>219,350.34</b>	<b>434,296.30</b>	<b>191,413.47</b>	
<b>5. Buruanga</b>					
<b>Receipts</b>					(as of April)
Tax Revenue					
- Real Property Tax	82,347.30	112,003.09	121,635.97	223,302.46	115,895.54
- Business Tax	21,641.95	34,056.25	28,150.00	24,036.25	20,284.00
- Others	57,230.43	20,779.33	80,744.72	71,644.58	42,320.17
IRA	6,777,726.00	7,322,611.00	9,075,510.97	9,858,250.00	3,176,624.00
Others	175,645.61	288,250.31	287,203.41	271,839.72	116,171.02
<b>Sub-total</b>	<b>7,114,591.29</b>	<b>7,777,699.98</b>	<b>9,593,245.07</b>	<b>10,449,073.01</b>	<b>3,471,294.73</b>
<b>Expenditures</b>					
Personal Services	4,306,623.43	5,156,595.97	6,257,845.14	6,900,886.92	2,720,338.72
MOOE	1,800,556.40	1,731,014.63	2,017,565.33	2,383,482.59	447,872.64
Others	321,827.42	42,342.00	86,542.98	436,339.30	54,139.48
<b>Sub-total</b>	<b>6,429,007.25</b>	<b>6,929,952.60</b>	<b>8,361,953.45</b>	<b>9,720,708.81</b>	<b>3,222,350.84</b>
<b>Net Operating Income</b>	<b>685,584.04</b>	<b>847,747.38</b>	<b>1,231,291.62</b>	<b>728,364.20</b>	<b>248,943.89</b>
<b>Add: Borrowing</b>					
Surplus (Income from prior years)					
<b>Less: Capital Outlays</b>	<b>213,352.51</b>	<b>554,424.40</b>	<b>972,423.40</b>	<b>75,838.15</b>	
<b>Net Income</b>	<b>472,231.53</b>	<b>293,322.98</b>	<b>258,868.22</b>	<b>652,526.05</b>	<b>248,943.89</b>
<b>6. Ibaday</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax					
- Business Tax					
- Others					
IRA					
Others					
<b>Sub-total</b>					
<b>Expenditures</b>					
Personal Services					
MOOE					
Others					
<b>Sub-total</b>					
<b>Net Operating Income</b>					
<b>Add: Borrowing</b>					
Surplus (Income from prior years)					
<b>Less: Capital Outlays</b>					
<b>Net Income</b>					

Table 6.2.1 Income and Expenditures of Municipalities, 1995 - 1999 (cont'd)

Municipality/City	1995	1996	1997	1998	1999
<b>7. Kalibo (Capital)</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax	1,241,943.66	1,236,331.66	1,217,718.38	1,404,603.85	1,498,000.00
- Business Tax	4,296,757.60	5,665,528.51	6,433,759.46	7,618,533.01	10,600,000.00
- Others	6,703,919.72	1,282,205.21	1,543,685.72	1,660,524.56	2,577,100.00
IRA	14,529,800.00	15,754,228.00	20,723,010.96	22,205,848.00	24,450,730.00
Others	942,056.71	11,196,483.32	10,795,230.95	12,064,677.23	15,838,726.27
Sub-total	27,714,477.69	35,134,776.70	40,713,405.47	44,954,186.65	54,964,556.27
<b>Expenditures</b>					
Personal Services	22,968,374.56	25,638,694.63	31,404,852.54	35,330,959.65	36,953,475.67
MOOE	2,995,778.80	2,787,430.91	4,553,182.24	6,153,211.07	6,553,570.06
Others	5,469,638.94	4,801,771.92	5,394,538.20	2,246,482.34	9,800,875.47
Sub-total	31,433,792.30	33,227,897.46	41,352,572.98	43,730,653.06	53,307,921.20
<b>Net Operating Income</b>	<b>(3,719,314.61)</b>	<b>1,906,879.24</b>	<b>(639,167.51)</b>	<b>1,223,533.59</b>	<b>1,656,635.07</b>
<b>Add: Borrowing</b>	<b>2,000,000.00</b>	<b>1,400,000.00</b>	<b>2,000,000.00</b>	<b>3,000,000.00</b>	<b>3,900,000.00</b>
Surplus (Income from prior years)	(1,719,314.61)	3,306,879.24	1,360,832.49	4,223,533.59	8,556,635.07
<b>Less: Capital Outlays</b>	<b>98,711.50</b>	<b>419,615.00</b>	<b>2,046,155.36</b>	<b>1,128,705.78</b>	<b>4,392,078.80</b>
<b>Net Income</b>	<b>(3,537,340.72)</b>	<b>6,194,143.48</b>	<b>675,509.62</b>	<b>7,318,361.40</b>	<b>9,721,191.34</b>
<b>8. Lezo</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax	182,239.77	178,487.98	233,481.11	191,801.85	
- Business Tax	109,089.82	145,563.61	189,034.36	223,846.09	
- Others					
IRA	5,799,785.00	6,166,959.00	8,176,609.69	8,733,832.84	
Others	198,951.24	193,215.40	222,511.40	244,215.27	
Sub-total	6,290,065.83	6,684,225.99	8,821,636.56	9,393,696.05	
<b>Expenditures</b>					
Personal Services	4,845,392.84	5,073,923.90	6,530,288.64	6,658,724.65	
MOOE	772,562.40	865,630.97	968,104.03	1,465,254.00	
Others		1,000.00	163,250.74		
Sub-total	5,617,955.24	5,940,554.87	7,661,643.41	8,123,978.65	
<b>Net Operating Income</b>	<b>672,110.59</b>	<b>743,671.12</b>	<b>1,159,993.15</b>	<b>1,269,717.40</b>	
<b>Add: Borrowing</b>					
Surplus (Income from prior years)	936,960.81	13,911.18	9,149.70	269,217.10	
<b>Less: Capital Outlays</b>	<b>481,981.24</b>	<b>531,507.95</b>	<b>165,280.37</b>	<b>877,410.42</b>	
<b>Net Income</b>	<b>1,127,090.16</b>	<b>226,074.35</b>	<b>1,003,862.48</b>	<b>661,524.08</b>	
<b>9. Libacao</b>					
<b>Receipts</b>					(Budget)
Tax Revenue					
- Real Property Tax	163,670.41	343,567.20	134,995.83	287,256.62	400,000.00
- Business Tax	57,436.25	81,650.05	95,884.00	111,143.75	150,000.00
- Others	159,091.98	104,102.22	88,611.15	210,201.90	240,000.00
IRA	11,628,542.00	12,484,570.00	14,513,634.60	15,968,745.00	20,014,637.00
Others	353,972.00	396,097.20	669,285.92	607,397.67	1,010,000.00
Sub-total	12,362,712.64	13,409,986.67	15,502,411.50	17,184,744.94	21,814,637.00
<b>Expenditures</b>					
Personal Services	7,878,681.16	8,630,420.13	10,035,596.70	12,596,759.21	14,491,830.74
MOOE	1,379,290.84	1,462,291.33	1,678,507.08	1,373,852.65	2,012,147.01
Others	1,500,229.82	1,006,471.10	1,476,676.79	1,360,405.64	1,269,731.85
Sub-total	10,758,201.82	11,099,182.56	13,190,780.57	15,331,017.50	17,773,709.60
<b>Net Operating Income</b>	<b>1,604,510.82</b>	<b>2,310,804.11</b>	<b>2,311,630.93</b>	<b>1,853,727.44</b>	<b>4,040,927.40</b>
<b>Add: Borrowing</b>		<b>1,400,166.00</b>	<b>99,834.00</b>		
Surplus (Income from prior years)		3,710,970.21	2,411,464.93	1,853,727.41	
<b>Less: Capital Outlays</b>	<b>1,393,396.10</b>	<b>3,927,703.49</b>	<b>2,050,588.34</b>	<b>2,114,652.88</b>	<b>4,040,927.40</b>
<b>Net Income</b>	<b>211,114.72</b>	<b>3,494,236.83</b>	<b>2,772,341.52</b>	<b>1,592,801.97</b>	

Table 6.2.1 Income and Expenditures of Municipalities, 1995 - 1999 (cont'd)

Municipality/City	1995	1996	1997	1998	1999
<b>10. Madalag</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax	125,955.72	78,413.81	90,887.96	228,320.06	207,000.00
- Business Tax	31,633.89	29,651.12	28,493.00	34,815.70	20,000.00
- Others	23,545.38	31,987.42	34,403.40	37,168.00	40,100.00
IRA	9,493,815.00	10,182,337.00	13,615,572.68	14,926,176.00	18,658,377.00
Others	107,953.39	120,918.17	132,112.48	184,974.98	175,264.00
Sub-total	9,782,903.38	10,443,307.52	13,901,469.52	15,411,454.74	19,100,741.00
<b>Expenditures</b>					
Personal Services	6,019,477.45	6,375,299.89	8,633,718.87	10,364,783.31	12,141,827.00
MOOE	1,473,315.08	2,636,336.43	3,973,215.63	2,956,789.78	1,971,650.00
Others	1,570,713.91				4,711,712.00
Sub-total	9,063,506.44	9,011,636.32	12,606,934.50	13,321,573.09	18,825,189.00
<b>Net Operating Income</b>	719,396.94	1,431,671.20	1,294,535.02	2,089,881.65	275,552.00
<b>Add: Borrowing</b>					
Surplus (Income from prior years)					
<b>Less: Capital Outlays</b>		377,517.17	718,872.75	465,972.05	275,552.00
<b>Net Income</b>	719,396.94	1,054,154.03	575,662.27	1,623,909.60	
<b>11. Makato</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax		236,604.83	281,707.81	399,415.57	505,000.00
- Business Tax		523,602.77	596,435.90	607,401.00	781,000.00
- Others		325,788.59	585,529.12	311,934.97	540,500.00
IRA		9,266,028.00	11,973,688.00	12,536,376.00	15,937,200.00
Others			192,380.45	907,634.04	686,835.04
Sub-total		10,352,024.19	13,629,741.28	14,762,761.58	18,450,535.04
<b>Expenditures</b>					
Personal Services		6,788,399.70	9,111,521.12	10,571,770.52	11,705,003.00
MOOE		1,493,899.51	2,045,226.00	1,221,569.32	1,489,488.00
Others		1,138,961.68	2,161,239.85	2,503,795.40	5,168,367.90
Sub-total		9,421,260.89	13,317,986.97	14,297,135.24	18,362,858.90
<b>Net Operating Income</b>		930,763.30	311,754.31	465,626.34	87,676.14
<b>Add: Borrowing</b>					
Surplus (Income from prior years)					
<b>Less: Capital Outlays</b>			117,619.55	300,000.00	
<b>Net Income</b>		930,763.30	194,134.76	165,626.34	87,676.14
<b>12. Malay</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax	1,326,947.69	1,061,252.71	1,475,432.14	1,711,093.79	3,000,000.00
- Business Tax	1,846,388.65	2,357,922.17	4,181,475.27	3,606,202.21	5,500,000.00
- Others	276,386.55	516,342.27	611,520.48	463,939.59	961,000.00
IRA	7,077,975.00	7,650,907.00	10,097,820.80	10,929,620.00	13,893,979.00
Others	3,199,379.01	3,834,783.80	4,087,736.31	2,965,887.02	4,145,021.00
Sub-total	13,727,076.90	15,421,207.95	20,453,985.00	19,676,742.61	27,500,000.00
<b>Expenditures</b>					
Personal Services	7,370,512.77	9,149,854.98	12,968,563.42	14,531,032.84	15,509,133.00
MOOE	1,748,435.53	1,671,291.26	2,145,138.45	1,632,766.65	2,998,400.00
Others	2,803,041.58	3,896,345.38	4,474,625.33	3,393,364.51	7,798,265.00
Sub-total	11,921,989.88	14,717,491.62	19,588,327.20	19,557,164.00	26,305,798.00
<b>Net Operating Income</b>	1,805,087.02	703,716.33	865,657.80	119,578.61	1,194,202.00
<b>Add: Borrowing</b>					
Surplus (Income from prior years)					
<b>Less: Capital Outlays</b>	23,000.00	303,892.40	284,377.00	55,320.00	755,000.00
<b>Net Income</b>	1,782,087.02	399,823.93	581,280.80	64,258.61	439,202.00

Table 6.2.1 Income and Expenditures of Municipalities, 1995 - 1999 (cont'd)

Municipality/City	1995	1996	1997	1998	1999
<b>13. Malinao</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax	500,000.00	1,030,000.00	1,023,000.00	995,000.00	990,000.00
- Business Tax	20,000.00	30,000.00	30,000.00	35,000.00	35,000.00
- Others	52,000.00	52,500.00	52,600.00	66,800.00	21,150.00
IRA	9,938,027.00	10,794,798.00	13,695,429.00	15,077,586.00	18,122,230.00
Others	668,333.00	860,335.00	860,630.00	802,300.00	826,800.00
<b>Sub-total</b>	<b>11,178,360.00</b>	<b>12,767,633.00</b>	<b>15,661,659.00</b>	<b>16,976,686.00</b>	<b>19,995,180.00</b>
<b>Expenditures</b>					
Personal Services	7,226,323.21	8,364,016.24	9,353,266.05	10,972,485.30	12,985,825.28
MOOE	2,029,388.11	1,504,168.66	2,241,029.41	2,014,922.91	3,288,213.07
Others	1,505,656.75	1,387,181.45	1,606,191.45	2,253,476.80	1,471,000.00
<b>Sub-total</b>	<b>10,761,368.07</b>	<b>11,255,366.35</b>	<b>13,200,486.91</b>	<b>15,240,885.01</b>	<b>17,745,038.35</b>
<b>Net Operating Income</b>	<b>416,991.93</b>	<b>1,512,266.65</b>	<b>2,461,172.09</b>	<b>1,735,800.99</b>	<b>2,250,141.65</b>
<b>Add: Borrowing</b>					
Surplus (Income from prior years)	820,000.00	95,568.85		82,000.00	100,000.00
<b>Less: Capital Outlays</b>	<b>1,239,000.00</b>	<b>1,605,419.60</b>	<b>2,075,685.80</b>	<b>1,808,017.20</b>	<b>2,402,946.00</b>
<b>Net Income</b>	<b>(2,008.07)</b>	<b>2,415.90</b>	<b>385,486.29</b>	<b>9,783.79</b>	<b>(52,804.35)</b>
<b>14. Nabas</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax	161,788.56	140,581.84	180,205.19	254,160.80	292,500.00
- Business Tax	27,996.80	21,943.60	13,956.60	89,126.04	125,205.00
- Others					
IRA	8,509,713.00	9,203,924.00	11,536,838.64	12,505,066.00	15,591,116.00
Others	767,052.14	676,843.46	541,895.03	718,325.79	1,214,188.00
<b>Sub-total</b>	<b>9,466,550.50</b>	<b>10,043,292.90</b>	<b>12,272,895.46</b>	<b>13,566,678.63</b>	<b>17,223,009.00</b>
<b>Expenditures</b>					
Personal Services	7,294,777.00	8,098,016.00	9,143,749.00	12,346,868.44	12,663,107.20
MOOE	2,337,839.00	2,220,134.00	1,572,862.00	1,871,459.20	2,720,049.80
Others					
<b>Sub-total</b>	<b>9,632,616.00</b>	<b>10,318,150.00</b>	<b>10,716,611.00</b>	<b>14,218,327.64</b>	<b>15,383,157.00</b>
<b>Net Operating Income</b>	<b>(166,065.50)</b>	<b>(274,857.10)</b>	<b>1,556,284.46</b>	<b>(651,649.01)</b>	<b>1,839,852.00</b>
<b>Add: Borrowing</b>					
Surplus (Income from prior years)	505,664.00	926,338.00	412,872.00	1,007,626.00	
<b>Less: Capital Outlays</b>	<b>24,900.00</b>	<b>520,643.00</b>	<b>784,011.00</b>	<b>103,200.20</b>	<b>1,839,852.00</b>
<b>Net Income</b>	<b>314,698.50</b>	<b>130,837.90</b>	<b>1,185,145.46</b>	<b>252,776.79</b>	
<b>15. New Washington</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax	278,855.38	267,072.79	247,028.97	420,305.56	178,086.42
- Business Tax	174,833.40	243,487.95	274,975.93	283,294.09	253,360.50
- Others	896,156.10	1,196,882.37	1,570,805.18	1,581,614.49	506,813.96
IRA	9,804,707.00	10,634,472.00	14,057,914.58	15,148,981.00	3,636,018.00
Others	759,891.64	768,433.17	850,668.28	985,094.86	310,715.78
<b>Sub-total</b>	<b>11,914,443.52</b>	<b>13,110,348.28</b>	<b>17,001,392.94</b>	<b>18,419,290.00</b>	<b>4,884,994.66</b>
<b>Expenditures</b>					
Personal Services	8,743,917.45	9,967,377.84	12,541,228.17	14,498,728.07	3,665,162.21
MOOE	1,672,061.91	1,469,560.11	1,804,880.49	1,828,488.54	526,789.60
Others		100.00			
<b>Sub-total</b>	<b>10,415,979.36</b>	<b>11,437,037.95</b>	<b>14,346,108.66</b>	<b>16,327,216.61</b>	<b>4,191,951.81</b>
<b>Net Operating Income</b>	<b>1,498,464.16</b>	<b>1,673,310.33</b>	<b>2,655,284.28</b>	<b>2,092,073.39</b>	<b>693,042.85</b>
<b>Add: Borrowing</b>					
Surplus (Income from prior years)					
<b>Less: Capital Outlays</b>	<b>478,706.06</b>	<b>795,762.73</b>	<b>676,810.47</b>	<b>932,652.88</b>	<b>51,600.00</b>
<b>Net Income</b>	<b>1,019,758.10</b>	<b>877,547.60</b>	<b>1,978,473.81</b>	<b>1,159,420.51</b>	<b>641,442.85</b>

Table 6.2.1 Income and Expenditures of Municipalities, 1995 - 1999 (cont'd)

Municipality/City	1995	1996	1997	1998	1999
<b>16. Numancia</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax	359,065.98	343,696.45	499,042.46	559,807.50	
- Business Tax	823,822.40	865,526.31	813,178.79	876,666.48	
- Others	99,020.09	119,748.70	198,847.96	188,990.34	
IRA	7,611,822.54	8,247,276.00	10,518,639.89	11,345,038.78	
Others	783,643.42	425,248.89	556,539.01	627,290.58	
<b>Sub-total</b>	<b>9,677,374.43</b>	<b>10,001,496.35</b>	<b>12,586,248.11</b>	<b>13,597,793.68</b>	
<b>Expenditures</b>					
Personal Services	6,748,105.16	6,879,775.30	8,730,955.76	10,165,800.90	
MOOE	1,918,555.79	1,766,823.00	2,748,499.56	2,489,560.99	
Others					
<b>Sub-total</b>	<b>8,666,660.95</b>	<b>8,646,598.30</b>	<b>11,479,455.32</b>	<b>12,655,361.89</b>	
<b>Net Operating Income</b>	<b>1,010,713.48</b>	<b>1,354,898.05</b>	<b>1,106,792.79</b>	<b>942,431.79</b>	
<b>Add: Borrowing</b>					
Surplus (Income from prior years)					
<b>Less: Capital Outlays</b>	<b>117,571.18</b>	<b>426,763.34</b>	<b>267,000.00</b>	<b>49,950.00</b>	
<b>Net Income</b>	<b>893,142.30</b>	<b>928,134.71</b>	<b>839,792.79</b>	<b>892,481.79</b>	
<b>17. Tangalan</b>					
<b>Receipts</b>					
Tax Revenue					
- Real Property Tax	195,268.42	149,439.34	146,658.60	226,350.00	250,000.00
- Business Tax	95,793.29	148,286.41	133,301.09	135,950.00	150,000.00
- Others	49,075.93	61,387.51	71,082.83	89,930.00	100,000.00
IRA	7,253,071.00	7,831,476.00	10,086,471.84	10,797,532.00	13,420,290.00
Others	362,238.46	396,824.26	446,434.98	478,050.00	480,000.00
<b>Sub-total</b>	<b>7,955,447.10</b>	<b>8,587,413.52</b>	<b>10,883,949.34</b>	<b>11,727,812.00</b>	<b>14,400,290.00</b>
<b>Expenditures</b>					
Personal Services	5,987,491.81	6,157,594.40	7,464,945.38	8,384,500.00	10,071,640.00
MOOE	1,359,857.94	1,576,500.68	2,510,523.60	1,908,650.00	2,628,650.00
Others	676,144.27	455,080.21	308,535.35	920,200.00	1,645,000.00
<b>Sub-total</b>	<b>8,023,494.02</b>	<b>8,189,175.29</b>	<b>10,284,004.33</b>	<b>11,213,350.00</b>	<b>14,345,290.00</b>
<b>Net Operating Income</b>	<b>(68,046.92)</b>	<b>398,238.23</b>	<b>599,945.01</b>	<b>514,462.00</b>	<b>55,000.00</b>
<b>Add: Borrowing</b>					
Surplus (Income from prior years)	407,649.59				
<b>Less: Capital Outlays</b>					
<b>Net Income</b>	<b>339,602.67</b>	<b>398,238.23</b>	<b>599,945.01</b>	<b>514,462.00</b>	<b>55,000.00</b>

## 6.2.2 Availability of Funds

Table 6.2.2 Past Internal Revenue Allotment to Municipalities from Central Government

	1995	1996	1997	1998	1999
<b>1. IRA to all municipalities (National total)</b>	18,768,952,000	19,607,715,553	24,849,000,000	28,245,815,434	32,905,200,000
<b>2. IRA to municipalities in Aklan</b>					
<i>Total</i>	135,321,933	168,047,006	214,871,171	220,378,515	282,042,591
Altavas	8,712,962	9,415,822	11,809,921	12,142,015	15,512,365
Balete	8,840,269	9,542,723	11,654,174	11,994,560	15,302,797
Banga	10,181,866	11,013,900	14,057,897	14,350,649	18,321,092
Batan	9,161,852	9,927,944	12,686,713	12,987,191	16,609,446
Buruanga	6,777,726	7,322,611	9,065,233	9,339,395	11,901,776
Ibajay	0	12,733,077	16,298,932	16,803,734	21,566,370
Kalibo (Capital)	14,529,800	15,754,232	20,728,578	21,037,119	27,402,222
Lezo	5,799,785	6,166,963	8,163,811	8,275,170	10,473,734
Libacao	11,628,542	12,484,567	14,532,441	15,128,285	19,321,740
Madalag	9,493,815	10,182,336	13,589,114	14,140,588	17,961,874
Makato	0	9,266,030	12,273,339	12,536,373	15,937,199
Malay	7,077,975	7,650,906	10,100,878	10,354,376	13,500,768
Malinao	9,938,027	10,668,739	13,316,099	13,762,643	17,538,895
Nabas	8,509,713	9,203,925	11,524,449	11,846,905	15,144,680
New Washington	9,804,707	10,634,475	14,063,674	14,351,666	18,360,730
Numancia	7,611,823	8,247,277	10,913,796	11,098,610	14,163,084
Tangalan	7,253,071	7,831,479	10,092,122	10,229,236	13,023,819
<b>3. Share (%) in the total by municipality</b>					
<i>Total</i>	100.00	100.00	100.00	100.00	100.00
Altavas	6.44	5.60	5.50	5.51	5.50
Balete	6.53	5.68	5.42	5.44	5.43
Banga	7.52	6.55	6.54	6.51	6.50
Batan	6.77	5.91	5.90	5.89	5.89
Buruanga	5.01	4.36	4.22	4.24	4.22
Ibajay	0.00	7.58	7.59	7.62	7.65
Kalibo (Capital)	10.74	9.37	9.65	9.55	9.72
Lezo	4.29	3.67	3.80	3.75	3.71
Libacao	8.59	7.43	6.76	6.86	6.85
Madalag	7.02	6.06	6.32	6.42	6.37
Makato	0.00	5.51	5.71	5.69	5.65
Malay	5.23	4.55	4.70	4.70	4.79
Malinao	7.34	6.35	6.20	6.25	6.22
Nabas	6.29	5.48	5.36	5.38	5.37
New Washington	7.25	6.33	6.55	6.51	6.51
Numancia	5.62	4.91	5.08	5.04	5.02
Tangalan	5.36	4.66	4.70	4.64	4.62

Sources: (1) Department of Budget and Management and (2) Bureau of Local Government Finance.

6.4 LGU's Present Financing Sources and Management Participation in the Sector

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
<p>1. Municipal Development Finance (MDF)</p>	<p>Multilateral lending sources for LGU projects have principally come from three main sources, the World Bank (WB), the Asian Development Bank (ADB) and the Overseas Economic Cooperation Fund of Japan (OECF). The funds have been channeled through the MDF, a revolving fund created by a Presidential Decree in March 1984 to consolidate the fragmented and uncoordinated borrowing and grant system to the LGUs. The MDF is administered by the Bureau of Local Government Finance (BLGF) under the DOF. Before the creation of the MDF, the donor agencies required a central agency for monitoring the foreign loans and grants. With the establishment of the MDF, a separate monitoring agency was no longer needed, and thus, the MDF became the conduit for foreign loans and grants. The MDF also played the role of a monitoring unit and project accounting support for foreign funds directed to the LGUs.</p>	<p>The MDF operates under the direction of a Policy Governing Board chaired by the DOF with three other Government agencies as members, i.e. the Economic and Development Authority (NEDA), the Department of Interior and Local Government (DILG) and the Department of Budget and Management (DBM). The MDF consists of two major units, the Financial Unit, headed by the Executive Director of the BLGF and the Central Projects Office (CPO), the project implementation unit for each project located in participating agencies in the MDF also provides technical assistance to LGUs for project identification and feasibility studies and for other projects such as the Real Property Tax Administration Project, which assisted more than 800 LGUs in improving their real property tax collection.</p>	<p>The MDF was created as a revolving fund and made available to LGUs in undertaking their socio-economic development programs. It was active in providing loans to LGUs in the 1980s when the GFIs stopped lending to the LGUs on account of mounting uncollectible accounts. During this time, the MDF channeled some \$7.9 billion of long-term finance to LGUs. LGU projects that have been benefited from assistance from the MDF include:</p> <ul style="list-style-type: none"> <li>• public markets</li> <li>• heavy equipment and machinery</li> <li>• bus terminals</li> <li>• slaughterhouses</li> <li>• drainage and waterworks</li> <li>• roads</li> <li>• solid waste</li> <li>• telephone systems</li> <li>• health centers</li> </ul> <p>At present, nine loans have been provided by the World Bank, ADB, OECF and Eximbank of Korea through the MDF.</p> <p>Total loans extended under the nine projects for all regions amounts to \$290 million (P10.7 billion at current exchange rates). The greater access by higher income LGUs to the MDF credit facility can be attributed to the requirement of financial capacity and the ability of the LGU to repay the loans. Other criteria also favor the higher income LGUs, such as urban population minimum requirements, and annual population growth rates, annual income and equity requirements and commitment to establish a separate project office with full time staff. Considering that the higher income LGUs have access to</p>	<p><b>Terms of Credit.</b> The MDF is, at present, the only source of credit finance that is offering long-term financing with a maturity period of 15-25 years. The interest rate is currently set at 2 percent above the weighted average interest rate of 61-90 day domestic time deposits. No collateral is required since the IRA intercept mechanism guarantees the loan repayment. Aside from providing loans, the MDF can also provide a package of a loan and a grant, which effectively lowers the LGU's borrowing costs. The loan component carries the terms and conditions set by the lender through the MDF. Because of the liberal terms of the MDF, particularly the long-term principal repayment feature, the MDF has been extremely attractive to LGUs.</p> <p><b>Funding Limitation.</b> At the moment, MDF funding to the LGUs is experiencing constraints for several reasons:</p> <ul style="list-style-type: none"> <li>• the increased demand for MDF credits by other developing countries;</li> <li>• funding limitations of the multilateral institutions that support the MDF;</li> <li>• constraints imposed by the government budgetary process and</li> <li>• increasingly limited eligibility for MDF assistance to the Philippines due to the increased economic development of the country.</li> </ul> <p>First, the worldwide demand for MDF assistance and the increase in requirements by other less-developed countries in the world has constrained the availability of funds to meet the increased demand for MDF funds from the Philippines. The multilateral agencies, in the pursuit of poverty alleviation objectives, are shifting attention to poorer regions of the world such as Africa. Second, the multilateral institutions that support the MDF are experiencing funding limitations themselves and are encouraging LGUs to tap private sources of financing for development assistance worldwide. Third, the MDF's present lending capacity is constrained by the budgetary process of the Government. Each department of the national government observes a budgetary ceiling imposed by Congress and the Development Budget Coordinating Committee. In practice, the budget submission of the National Government departments, which include budgetary requests for MDF counterpart funds, are subject to the ceiling. Finally, as the Philippine economy progresses, its eligibility for increased MDF assistance is adversely affected, as one of the principal criteria for MDF assistance is the economic standing of the recipient country.</p>



Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
MDF (contd)			<p>other sources of funding, the Government, in implementing its new vision for LGU financing, is discussing with the multilateral financing agencies, re-focusing MDF assistance toward less creditworthy LGUs.</p>	<p>Assessment</p> <p>The MDF continues to be a major source of concessional credit finance for LGUs. Since its first loan (Municipal Development Project I of the World Bank), the MDF has been actively contributing to the economic development of LGUs by providing long-term financing for LGU projects. It is the long-term feature of MDF loans and the concessional rate that has attracted the LGUs. Lately, however, some LGUs have voiced concern regarding the long processing time of MDF loans. Therefore, steps need to be taken to streamline the approval process. At the same time, consistent with the new vision of the Government for LGU financing, the MDF is being re-oriented to be a more effective instrument in lending to lower class municipalities, which have limited access to private sources of capital. Reform of the MDF is being undertaken with World Bank assistance. Because of the favorable terms of MDF lending, the MDF is expected to continue to be attractive to LGUs for financing basic services.</p>
2-Local Water Utilities Administration (LWUA)	<p>In order to promote, develop and finance local water utilities, optimize public service water operations, and facilitate the improvement of local water services, the Local Water Utilities Administration (LWUA) was created in September 1972 under the Provincial Water Utilities Act. The LWUA is a specialized lending institution, which provides financing to water districts for water supply development, expansion and improvement. LWUA has evolved to be primarily a financing agency with the following functions:</p> <ul style="list-style-type: none"> <li>• provide loans to qualified local water utilities for their capital expenditure programs;</li> <li>• establish standards for local water utilities such as water quality, design and construction of new or additional facilities for water supply, treatment, transmission and distribution, and for wastewater collection, treatment and disposal.</li> </ul>			

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
LWUA (contd)	<ul style="list-style-type: none"> <li>furnish technical assistance and personnel training programs for local water utilities;</li> <li>effect systems integration, joint investments, water district annexation and de-annexation.</li> </ul> <p>LWUA has, over the years, on-lent funds from ODA sources at concessionary rates. LWUA has extended loans to rural waterworks and sanitation associations, which are non-stock, non-profit cooperative associations, and franchised to operate rural water supply systems in remote areas where access to a water district is difficult. Many water districts have benefited from low-interest, long-term loans of up to 25 years with ample grace periods. However, because of funding source constraints from its donor agencies, LWUA has not been able to accommodate funding requests from all the water districts. As a result, some water districts (Bulacan, Metro Cebu, Puerto Princesa and Batanes have turned to alternative sources of financing such as BOT schemes and joint ventures).</p>	<p>To qualify under the Program, the province, municipality or city shall:</p> <ol style="list-style-type: none"> <li>have beneficiary population of at least 10,000;</li> <li>perform important local, commercial, transportation, industrial, educational or similar activities;</li> <li>have gross annual average revenues of at least ₱3.0 million over the last three years;</li> <li>have balanced or surplus prospective income streams for the next three years (computation to be validated by the concerned RMT/Branch);</li> <li>have no adverse findings from banks and major suppliers both for the LGU and the current Chief Executive and Treasurer; and</li> </ol>	<p>1. Revenue-generating projects include, but not limited to public markets, slaughter-houses, transport terminals, municipal water systems, storage/refrigeration facilities, and hospital/health facilities which are self-liquidating;</p> <p>2. Projects under the PCCD-CEP are primarily designed for income generation by barangay residents who will be organized into 4 to 6 member groups which will be funded by the LGUs out of the loan proceeds from GFIs like DBM. Initially, the pilot operation will cover 40 pre-identified barangays located at the 20 priority provinces.</p>	<p><b>DBP Environmental Credit Facilities</b></p> <p>Environmental projects are actually eligible under all of DBP's credit facilities. Two of these facilities are dedicated to environmental credit funding. These are the Environmental Infrastructure Support Credit Program (or EISCP), and the Industrial Pollution Control Loan Project (or IPCLP). Both are policy-based lending programs to support investment projects of industrial enterprises in promoting the protection and enhancement of the quality of the environment.</p> <p><b>Environmental Infrastructure Support Credit Program</b></p> <p>EISCP is by far the most successful of all DBP's environmental credit facility. The project is actually just on its 1 and 1/2-year pilot stage with 5 Billion Yen (equivalent to about 1.4 Billion Pesos) funding from the OECF. Total loan approvals has reached ₱1.3 Billion, almost exhausting the total fund.</p>
3. DBP	<p>Provide loans to qualified LGUs for projects which will enhance and facilitate the delivery of basic services to their constituents and at the same time, capture sizeable deposits from LGUs.</p>			

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
3. DBP	6. have shown efficiency in the collection of real estate and other local taxes based on the steady growth rates over the last three (3) years		<p>For the expanded operation, 4,000 out of 42,000 barangays will be targeted annually.</p> <p>3. Non-revenue generating projects include but are not limited to construction of roads and bridges, and acquisition of heavy equipment which are not intended to generate revenues but to enhance efficiency in the provision of services to their constituents</p> <p>4. The project to be financed shall have passed the first and second screening following the Simplified Screening Criteria of World Bank (available with DBP);</p> <p>5. The project to be financed shall be included in the approval of local development plan and public investment program (Local Government Code Section 296);</p> <p>6. The project shall be duly endorsed by the local council as evidenced by the relevant enabling resolution</p>	<p>With the success of EISCP, DBP is working with Japan's OECF to continue to extend a second tranche of the credit facility on a larger scale.</p> <p><b>Industrial Pollution Control Loan Project</b></p> <p>IPCLP is a DM 10 million credit facility entrusted to DBP by the KfW of Germany. Although smaller in amount, the IPCLP also offers concessional rates to industries, particularly the small to medium scale industries, who are intending to invest in environmental projects.</p> <p>More or less, both EISCP and IPCLP carry the same features, terms and conditions</p> <p><b>Comparative Features of Environmental Infrastructure Support Credit Program and Industrial Pollution Control Loan Project</b></p> <p><i>Amount:</i> Yen 5,158 Billion (United Facility) DM 10 Million (United Facility)</p> <p><i>Loan Denomination:</i> Pesos</p> <p><i>Purpose:</i> To provide financial assistance to environmental investment projects for pollution abatement and promotion of industrial efficiency. To support investment projects of new and existing industrial firms for the reduction of pollution and reduction of utilization of natural resources</p> <p><i>Eligible Borrowers:</i> Filipino citizens or corporations organized under the laws of the Philippines at least 70% of whose capital is owned by citizens of the Philippines. Existing and new SMEs with pre-funding asset size of P60 million or less.</p> <p><i>Interest Rate to End-Users:</i> 11% fixed p.a.</p> <p><i>Tenor:</i> 3 to 15 years with a maximum grace period of 5 years. Up to 10 years with a maximum grace period of two (2) years.</p> <p><i>Loan Size:</i> 80% of total project cost Maximum of 70% of the total investment cost or P24 million whichever is lower.</p>

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
DBP (contd)				<p><i>Eligible Projects</i></p> <p>Four basic types of pollution control projects:</p> <ul style="list-style-type: none"> <li>• Pollution treatment</li> <li>• Pollution minimization / clean technology</li> <li>• Toxic and hazardous waste substance management</li> <li>• Solid waste management</li> </ul> <p>Investment in pollution reduction including improvement of occupational situation and/or the reduction of raw material inputs to cover waste minimization technology in industrial processes.</p> <p><b>THE CREDIT LOAN PROCESS</b></p> <p>All loan applications are accepted through the Lending Units at the Head Office and DBP Branches. The staff of these lending units have undergone training and are now familiar with the common environmental terms and practices. Lending Units advise applicants of the types of projects that are eligible for financing and conduct initial review of loan documents. All loan applications go through the usual credit evaluation at this stage.</p> <p>The Lending Units then request the Environmental Management Unit (EMU) for technical appraisal and evaluation of proposed projects. Sometimes, credit evaluation and technical appraisal are done simultaneously. EMU not only conducts paper review of the project but also site visits and inspection of the proposed project. The new thing here in this process, is that from mere evaluation of credit worthiness, EMU's endorsement and findings are now integrated into the CA submitted to proper authorities for credit approval. The project's impact and benefits are thus clearly presented. Along with the Account Officers, EMU also monitors progress of the project.</p> <p><b>a. Amount of Loan:</b></p> <p>a. <u>Window III Loans</u></p> <ol style="list-style-type: none"> <li>1. Revenue-Generating Projects - The minimum-maximum loan limits shall be ₱1 million and ₱50 million, respectively, subject to periodic review by WINCOM, and with a minimum equity participation of at least 15% of the total project cost.</li> <li>2. PCCD-CEP Projects - ₱1.5 million per Barangay Business Center</li> </ol>

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
DBP (cont'd)				<p>b. <u>Loans Secured by Deposits</u> - Total project cost but not to exceed 50% of the ADB deposits of the past six-month period reckoned from the preceding month which shall be maintained during the term of the loan and covered by a "Hold Out Agreement"</p> <p>b. <u>Terms of Payment:</u></p> <p>a. <u>Window III Loans</u></p> <p>1. <u>Revenue-Generating Projects</u> - The term of the loan shall be kept within project requirements and projected cashflows. Maximum term of the loan is 12 years inclusive of a maximum grace period of 2 years. The loan shall be payable monthly, quarterly or semi-annually depending on the cash generation of the project.</p> <p>2. <u>PCCD-CEP Projects</u> - Maximum of 5 years inclusive of up to one year grace period payable quarterly. The on-lending terms from Barangay Business Centers to their respective group members is maximum of 2 years inclusive of up to 6 months grace period payable monthly.</p> <p>b. <u>Loans Secured by Deposits</u> - Maximum of five (5) years payable monthly</p> <p>c. <u>Interest Rate:</u></p> <p>a. <u>Window III Loans</u> - Variable and reviewable every January 1 and July 1 based on prevailing 91-day T-Bill rate plus two (2%) provided that the rate is not higher than "AAAA".</p> <p><u>PCCDP-CEP</u> - The LGU shall be charged 12% p.a. to be passed on to the BBC without spread. The on-lending rate by BBC is 14% p.a.</p> <p>b. <u>Loans Secured by Deposits</u> - Based on the formula prescribed in ALMA Circular No. 01-95 covering the Revised Guidelines from Loans Secured by Deposits.</p> <p>d. <u>Drawdown:</u> Drawdown shall be on one time or in multiple basis. The loan proceeds shall be credited to a special project account to be opened by the LGU with DBP, withdrawals of which shall be subject to approved operating guidelines of the loan.</p>

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
DBP (contd)				<p><b>e. Collateral Requirements:</b></p> <p><u>For Window III Loans:</u></p> <p>Loans with maturities beyond 5 years shall be secured by:</p> <ol style="list-style-type: none"> <li>Registered first real estate mortgage and/or registered first chattel mortgage in favor of DBP, with loan values based on existing DBP policy, subject to final verification by DBP;</li> <li>Such other collateral or security arrangements as may be acceptable to DBP.</li> </ol> <p>Loans with maturities of up to 5 years shall be on best effort basis. In addition, the following shall be obtained:</p> <ol style="list-style-type: none"> <li>Assignment of specified portion/amount of the LGU's Internal Revenue Allotment (IRA) in favor of DBP in an amount at least equivalent to one (1) amortization payment which shall be maintained while the loan is outstanding. For PCCD-CEP Projects, this would be sufficient.</li> <li>Assignment of profits or income from the project to be financed until the loan is fully paid;</li> <li>Endorsement in favor of DBP of insurance policies on mortgaged properties. The insurance shall be placed, based on sound value, by DBP, through its appointed insurance broker.</li> </ol> <p><u>For Loans Secured by Deposits:</u></p> <p>Project assets and deposit agreement with a minimum balance of 200% of the outstanding balance of the loan and shall automatically be applied to the loan in the event of default.</p> <p><b>f. Other Conditions</b></p> <ol style="list-style-type: none"> <li>The LGU shall include appropriation for debt amortizations in its annual budget in accordance with the LGC until the loan shall have been fully paid.</li> <li>The LGU shall maintain Special Depository Account under the General Fund, where repayment of obligations to DBP shall take precedence after operating expenses of the project. Only when the debt amortizations have been satisfied will excess from part of the General Fund.</li> </ol>

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
DBP (cont'd)				<p>c. The LGU shall open a CASA account for the assigned IRA with the understanding that DBP shall automatically offset the amortization for the period against this deposit account. A minimum balance equivalent to one amortization payment shall be imposed</p> <p>d. The LGU shall execute a Deed of Undertaking making DBP its main depository bank</p> <p>e. The LGU shall maintain a debt service cover of at least 1.2 times. Debt service coverage is defined as yearly revenue from all sources less operating costs and maintenance expenditures, divided by yearly debt service to all creditors</p> <p>f. The LGU shall maintain constitute a Local Prequalification, Bids and Awards Committee (PBAC), which shall primarily be responsible for the conduct and prequalification of contractors, bidding, evaluation of bids and recommendation of awards concerning the Project, with at least one (1) DBP representative as an observer</p> <p>g. The LGU shall constitute a Local Technical Committee, which shall primarily be concerned with providing technical assistance to the local PBAC, with at least one (1) DBP representative</p> <p>h. The LGU shall commit to establish a project office with full-time staff and operating budget for project preparation/implementation.</p> <p>i. The LGU shall constitute and commission a competent consultancy firm to be tasked with validating and certifying the acceptability and compliance with the approved specifications of all acquired materials and supplies</p> <p>j. The LGU shall only engage the professional services of such parties and commission such works as are customary for industrial development operations and projects similar to the financed project, which services must be reasonably priced, considering the quality and competence of the parties rendering them and in case of works, the technical quality and competitive costs of the same, if approved in writing by the DBP</p> <p>k. The LGU shall submit resolution passed by the appropriate Sanggunian Board (Panlalawigan, Panlungsod or Pambayan) expressly authorizing the following</p>

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
DBP (contd)				<p>The loan being contracted by the local Chief Executive;</p> <ol style="list-style-type: none"> <li>The Authority of the Local Chief Executive (Governor or Mayor) to negotiate and enter into the contract of the loan applied for and to mortgage or assign or otherwise into a collateral agreement to secure the payment of the loan applied for;</li> <li>The continuing assignment of the LGU's applicable portion of its IRA, realty taxes and all other revenues to DBP until the loan is fully paid;</li> <li>The continuing assignment of profits or income from the project/economic undertaking to be financed until the loan is fully paid;</li> <li>Authorization to the DBM for it to remit the IRA for deposit to the account of the LGU with DBP duly acknowledged/received by DBM, Manila;</li> <li>The authority for the Mayor and/or Treasurer to open and maintain deposit account with DBP where its IRA and revenues shall be deposited during the term of the loan; and</li> <li>Authority for DBP to debit the LGU's deposit account to cover payments of its loan obligation with the Bank.</li> </ol>
4. Philippine National Bank (PNB)	<p><b>Purpose of the Loans:</b></p> <ol style="list-style-type: none"> <li>To finance the establishment, development, or expansion of income generating projects such as:             <ol style="list-style-type: none"> <li>Revenue-Generating/Cost Savings                 <ul style="list-style-type: none"> <li>Public Market</li> <li>Trading Center/Terminal</li> <li>Water System (Construction/Expansion)</li> <li>Asphalt Plant</li> <li>Heavy Equipment</li> <li>Telephone System</li> <li>Commercial System</li> <li>Slaughterhouse</li> <li>Grains Procurement/Trading</li> <li>Post-Harvest Facilities</li> </ul> </li> </ol> </li> </ol>	<p><b>Prospects for Commercial Bank Lending to LGUs.</b> Recently, commercial banks' attitude toward LGU financing has undergone a transformation. Some commercial banks now recognize that LGUs represent a potential market for credit lending because of the large financing requirements of LGUs associated with the devolution of basic services and infrastructure requirements. Other reasons for the attractiveness of LGUs as a growing market for commercial lending are:</p> <ul style="list-style-type: none"> <li>the increase in LGUs' share of the national wealth;</li> <li>presence of a legal framework for LGU financing;</li> <li>flexibility and expanded borrowing powers of LGUs under the LGC;</li> </ul>		<p><b>Eligible Borrowers:</b></p> <ul style="list-style-type: none"> <li>Municipality</li> <li>City</li> <li>Province</li> </ul> <p><b>Amount of the Loan</b> The amount of the loan is equivalent to the project's requirement (100%) but not to exceed the aggregate of five time (5x) the sum of the 20% portion of the Annual regular income and the Annual Internal Revenue Allotment (IRA) share of the LGU.</p> <p><b>Term of Loan</b> Maximum of seven (7) years provided that amortization shall be payable on a monthly or quarterly basis. A longer term may be considered by PNB Board of Directors, if justified.</p> <p><b>Interest Rate</b> Interest rates shall be prime rate based subject to periodic interest resetting.</p>



Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
PNB (cont'd) b) Others	<ul style="list-style-type: none"> <li>• Irrigation</li> <li>• Renovation/Const. Of City/ Capital Town's Municipal Hall</li> <li>• Purchase of lots</li> <li>• Reclamation</li> <li>• Sports Complex</li> <li>• Diagnostic Equipment/Building</li> <li>• Road Construction/ Repair</li> <li>• Hospital Building with Pay Wards</li> <li>• School Building</li> </ul> <p>2) To finance acquisition of property, plant, machinery, equipment, and necessary accessories for the implementation of the items enumerated in the preceding section</p> <p>Note: Combination of revenue &amp; non-revenue generating project in one loan package.</p> <p>Philippine National Bank (PNB). Consistent with its mission of achieving an "enduring involvement in socio-civic endeavors that uplift the quality of life", the PNB is among the largest, most active institutions lending to LGUs. Until recently a GFI, PNB, which was privatized in May 1996, has total resources amounting to ₱197 billion as of the end of 1996. Its loans to LGUs have reached ₱11.4 billion as of end-March 1997 for 225 different projects.</p>	<ul style="list-style-type: none"> <li>• increasing financial sophistication of some LGUs (some provinces are exploring private foreign financial instruments), and</li> <li>• the growing market opportunity in financing LGU infrastructure requirements (some ₱20 billion are in the project pipeline of LGU BOT Projects).</li> </ul> <p>Commercial lending to LGUs will also get a boost from the establishment of the LGU Guarantee Corporation, which will guarantee commercial loans to LGUs. In the past, the lack of a guarantee facility was a major factor that inhibited commercial lending to LGUs as commercial banks were concerned with the certainty of repayment. As the guarantee facility will provide the repayment "comfort" to commercial banks, it is expected that private commercial lending to LGUs will finally develop.</p>		<p><b>Collaterals</b></p> <ul style="list-style-type: none"> <li>• Assignment of applicable regular income of the LGU, Internal Revenue Allotment share of LGU and Net Revenue generated by the project financed.</li> <li>• Chattel Mortgage of Equipment Financed by the Loan.</li> <li>• Real Estate of Local Government Units.</li> </ul> <p><b>Standard Conditions</b></p> <p>a. Common Condition</p> <ol style="list-style-type: none"> <li>1. Submission of a Resolution of the Sangguniang Bayan/Panlungsod authorizing the loan and designating the Local Chief Executive (LCE) as the authorized signatory. The resolution should also contain the following:             <ol style="list-style-type: none"> <li>a) The continuing assignment to PNB of the project revenue if applicable, LGU's applicable portions of the Internal Revenue Allotment (IRA), realty taxes and all other revenues until the loan is fully paid;</li> <li>b) The authorization of the LGU to the Department of Budget and Management (DBM) for the remittance of all its IRA thru PNB for deposit to the LGU's account maintained with PNB;</li> <li>c) The duly notarized undertaking of the LCE and/or Treasurer to remit to PNB applicable portion of the LGU's realty taxes and other revenues on a monthly basis as payment of the amortizations on the loan;</li> <li>d) The authority for the LCE and/or Treasurer to maintain the LGU's deposit account with PNB wherein the project's revenues, the LGU's IRA and other revenues shall be deposited until the loan is fully paid and the PNB to debit the LGU deposit accounts to cover payment of its obligations;</li> <li>e) The duly notarized undertaking of the LGU to include in its annual budget its loan obligations with PNB.</li> </ol> </li> <li>2. Submission of the LGU's letter-authorization to the DBM for the latter to remit all IRA directly to PNB for deposit to the LGU's account with PNB until the loan is fully paid, duly acknowledged /received for DBM, Manila.</li> </ol>

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
PNB (contd)	<p>The types of projects that were lent to LGUs include income-generating and cost-saving projects such as commercial centers, public markets, transport terminals, slaughterhouses, power generators, water systems, construction projects and acquisition of heavy equipment. Other projects supported by PNB lending include: telecommunications facilities, grains procurement, and post-harvest facilities. Lending to the NCR accounted for 56% of the total amount (P6.3 billion).</p> <p>Luzon projects accounted for 26% (P3.0 billion), Visayas, 10% (P1.1 billion), and the rest was for Mindanao, 8% (P0.8 billion). On a per project basis, Luzon Projects averaged P31.0 million per project; Mindanao, P22.2 million and the Visayas at P20.6 million per project.</p> <p>Majority of the loans lent to LGUs were for heavy equipment, infrastructure and public markets</p>			<p>2. Submission of a duly notarized certification by LGU that:</p> <ol style="list-style-type: none"> <li>the 20% limit provided under the law in the servicing of loan obligations have not been exceeded;</li> <li>Legible copies of the Loan Agreement and Security Agreement have been posted at the conspicuous place in the Municipality/City Hall/ Provincial Capitol;</li> <li>The proposed sources of repayment of the loan are available and not restricted by law.</li> </ol> <p>3. PNB shall continue to be the LGU's principle depository Bank until such time the loan is fully paid.</p> <p>4. Approval and confirmation by the Sangguniang Bayan/Panlungsod of the terms of the covering Credit Agreement and all other documents executed by the LCE in the implementation of the loan.</p> <p>5. Undertaking by the LGU that they will not incur additional obligations/ indebtedness without the written consent of PNB which consent will not be unreasonably withheld.</p> <p>6. Any amount in excess of the approved amount of loan shall be shouldered by the LGU.</p> <p>7. Subject to SEL Cir. 4-315/94 of May 17, 1994 on Interest Rate Setting and Adjustments.</p> <p>8. All insurable improvements financed by the loan shall be insured up to the full insurable value and policy endorsed in favor of the Bank.</p> <p>9. All applicable provisions of PNB's standard loan conditions and such other conditions our Legal Department may impose to protect the interest of the Bank.</p> <p><b>b. Loans for Machinery/Equipment/Vehicle</b></p> <ol style="list-style-type: none"> <li>Loan proceeds shall be paid directly to the supplier/seller of the equipment/ vehicle in an amount equal to the selling price or amount of the approved loan whichever is lower.</li> <li>If to be imported, the letter of credit shall be opened at the Bank and the loan proceeds be equivalent to the       <ol style="list-style-type: none"> <li>corresponding import bill upon negotiation computed at the prevailing selling rate at the time of negotiation.</li> </ol> </li> </ol>

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
PNB (contd)				<p>b) amount of the LC in case of cash LC computed at the prevailing selling rate on the LC opening date.</p> <p>1) LGU to execute a chattel mortgage on the equipment within 60 days upon acquisition.</p> <p>2) Submission of a duly notarized certification that all government policies and regulations in the award of the contract to the local supplier have been complied with.</p> <p><b>For Construction/Development Loans</b></p> <p>1) Releases shall be staggered basis which are to be made only upon presentation of progress report and billing certified by the project engineer and the Municipal/City/Provincial Engineer and approved by the project owner and to be validated by the Bank appraisers.</p> <p>2) Where the contract calls for a mobilization outlay, such amount for initial release shall not exceed 15% of the approved loan.</p> <p>3) Submission of a duly notarized certification that all government policies, rules and regulations in the award of the project to the contractor have been complied with.</p> <p>4) PNB shall have the option to buy or lease space of its choice for a branch site within the project to be financed.</p> <p><b>Terms of Credit.</b> Eligible loans for PNB financing under its LGU financing program include those, which finance the establishment, development or expansion of income-generating projects. Other projects that qualify include irrigation, construction of municipal halls, sports complex, medical diagnostic equipment, road construction, hospitals and school buildings.</p> <p>The maximum loanable amount can be as much as 100% of the project requirements but will not exceed the aggregate of five times the sum of the 20% portion of the annual regular income and the IRA share of the LGU. The term of the loan is generally</p>

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
PNB (contd)				up to 7 years, but the Board of Directors may consider a longer term if justified. The interest rate is prime rate-based subject to periodic interest resetting. Collateral requirements can include the assignment of applicable regular income of the LGU, IRA share and the revenues generated by the project financed. Other collateral include the chattel mortgage of equipment financed by the loan and real estate mortgage on patrimonial property of LGUs.
5. Land Bank of the Philippines (LBP)	<p>Created in 1963, the Land Bank of the Philippines (LBP), one of the top five universal banks in the country with total resources of some P134 billion, has been lending actively to LGUs over the years. It has a social mission of promoting countryside development and has been a major contributor to rural credit delivery in the Philippines. Though LBP's main portfolio of loans is in the agrarian sector, it has a very active LGU financing program consistent with its mission. Foremost in LBP's LGU financing program is its "Total Development Options - Unified Land Bank Approach to Development or TODO-UNLAD program." The program offers a comprehensive package of loans that links farmers' cooperatives, private companies, rural banks, non-governmental institutions and LGUs around an income generating project in a specific area</p> <p>The Land Bank's LGU program has financed projects in various sectors amounting to over P11.6 billion as of March 1997, primarily in infrastructure, bus terminals, public markets, telecommunications, housing, water systems, road construction and traffic systems.</p>	<p><b>Pre-Release Requirements</b> Loans to the LGU's shall be covered by the regular documentary requirements for regular loan accounts. In addition, the following documents shall be required.</p> <p>a. <b>Borrowing Resolution.</b> Passed by the Sangguniang Panglungsod and expressly:</p> <ul style="list-style-type: none"> <li>• Confirming, approving and ratifying all previous representations and warranties and all the terms and conditions of the loan, and authorizing the Local Chief Executive to sign all documents pertaining to the loan;</li> <li>• Designating the person authorized to negotiate and sign all documents pertaining to the loan;</li> <li>• Authorizing the mortgage/assignment for certain personal and/or real properties and declaring that the properties offered as collateral are patrimonial and not actually devoted to public use and prohibiting the conversion of said properties to public user or service;</li> <li>• Committing not to contract other loans/credits with other creditors/banks are to impair the LGU's paying capacity for the duration of the loan;</li> <li>• Directing the LGU Treasurer and the accountant to enter the loan in the appropriate books of the LGU;</li> </ul>		<p><b>Terms of Credit.</b> As mentioned in the previous paragraph, Land Bank lends to provinces, cities and municipalities that are rated medium-grade or higher. Using this criterion, some 960 LGUs are eligible for Land Bank assistance. Eligible loans finance local infrastructure and other socio-economic development projects under LGUs' local development plans. The maximum loan amount is based on the requirement of the project but does not exceed the "Net Borrowing Capacity" calculated for LGUs as defined in the Local Government Code. LGUs typically will contribute 25% of the total project cost; the terms of the loan will not exceed 5 years and the maximum grace period on principal is two years. Interest rate charged is the prevailing market rate. Collateral requirements can include a holdout on LGU deposits; real estate property, machinery and equipment and a deed of assignment on IRA, regular taxes or net income. The LGU lending program requirements and procedures of Land Bank are reproduced in Annex 4.</p>

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
LBP (cont'd)	<p>Majority of Land Bank lending to LGUs has been directed to infrastructure financing (61%). These projects included integrated development projects in Metro Manila and Metro Cebu consisting of roads, reclamation, ports, schools, municipal and commercial buildings, etc. The next major exposure of Land Bank was in heavy machinery (15%), which are used by LGUs in carrying out their development and infrastructure projects. Lending to construction projects amounted to 7% and the rest were for sport complexes, public markets, bus terminals and others. To assist Land Bank in making their investment decisions, it has developed a creditworthiness ranking system for LGUs. This system classifies LGUs into four credit categories</p> <p>Land Bank utilizes a set of criteria for its LGU credit rating system, including financial capability, socioeconomic profile, political stability and the technical, economic and financial viability of the proposed project. About 17% of LGUs are classified by the LBP as prime clients and high grade, while 40% are classified as medium grade. Land Bank's lending policy is limited to LGUs with a medium-grade or higher classification.</p>	<p><b>Prequalification</b></p> <ul style="list-style-type: none"> <li>• Designating LBP as the LGU's major depository bank for IRA and for its other deposits which designation shall be revoked while the loan obligations remains outstanding and directing the LGU Secretary to provide a copy of this Resolution to DBM or other IRA-administering office;</li> <li>• Appropriating the amount for loan repayment on the LGU's annual budget until the loan, interest and other charges are fully paid;</li> <li>• Undertaking by the LGU to secure from DBM a written certification of its commitment to withhold the LGU's IRA in favor of LBP in the event of payment default;</li> <li>• Authorizing LBP to deduct for set-off and/or deduct amounts from any deposits or funds of the LGU with LBP and apply the same to the payment of the loan or any portion thereof, or interest and penalties thereon as may be deemed necessary to LBP.</li> </ul> <p><b>Processing Requirements</b></p> <ol style="list-style-type: none"> <li>a. Sangguniang Resolution authorizing the Local Chief Executive to negotiate a loan with LBP</li> <li>b. Budget for the Current Year</li> <li>c. COA Audited Financial Statements for the past 3 years</li> <li>d. List of Elected Officials and Key officers</li> <li>e. Schedule of LGU's IRA for the past 2 years</li> <li>f. Feasibility Study</li> <li>g. Regular Documentary Requirements pertaining to offered collaterals</li> <li>h. For Projects involving Construction <ul style="list-style-type: none"> <li>• Cost estimates</li> <li>• Plans and specifications</li> </ul> </li> </ol>		

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
LBP		<ul style="list-style-type: none"> <li>• Bill of materials</li> <li>• Work program /schedule duly approved by the Local Chief Executive and the City/District Engineer</li> <li>i. For Acquisition of Machinery and Equipment               <ul style="list-style-type: none"> <li>• List of Machinery and Equipment, its Description &amp; Estimated Cost based on Firm Quotation</li> <li>• Guarantee from the Dealers/Suppliers as the Availability of Spare parts in the Local Market</li> </ul> </li> </ul>		
6. Municipal Bond Flotation (MBF)	<p>Municipal bond flotation is another private source of debt financing that is generating a lot of interest from LGUs. Municipal bonds represent an additional source of financing for LGUs, which hitherto had not been tapped. To date, six LGU bond flotations have been successfully floated, the first one in infrastructure development (Cebu equity bonds), and the rest in housing</p>	<p><b>Legal Framework for Bond Flotations.</b> The 1991 Local Government Code allows, subject to the rules and regulations of the Bangko Sentral ng Pilipinas (BSP) and the Securities and Exchange Commission (SEC), to "issue bonds, debentures, securities, collateral, notes and other obligations to finance self-liquidating, income-producing development or livelihood projects pursuant to the priorities established in the approved local development plan or the public investment Provinces, cities and municipalities are authorized under the LGC to issue municipal bonds under two conditions: (i) the obligation should finance self-liquidating, income producing development or livelihood projects; and (ii) the projects to be financed must be in accordance with priorities established in the approved local development plan or the public investment program. Thus, at the moment, LGUs cannot utilize a bond flotation for recurrent obligations or general obligations of LGUs and other non-revenue earning expenditures such as the construction of a city or municipal hall or payment of staff salaries.</p>		<p><b>Bond Flotations Issued.</b> The Province of Cebu pioneered LGU bond flotations in the country when they floated the first bond issue in July 1990 (Cebu Equity Bond Unit). The P300 million issue had a term of three years, tax free interest income at 16 percent and called for principal repayments in five (5) equal semi-annual installments in the form of class "A" shares of Cebu Property Ventures and Development Corporation (CPVDC), a joint venture of Cebu Province and Ayala Land, Inc. (ALI). Cebu had contributed land and ALI contributed cash for their shares in CPVDC. With the tax-free feature, the investors effectively earned 20% on their investment plus the capital appreciation prospects of the CPVDC shares.</p> <p>Since the Cebu bond flotation, there have been five more issues (all in the housing sector):</p> <ul style="list-style-type: none"> <li>• Victorias Pabahay Bonds - Negros Occidental (P8.0 million)</li> <li>• Legazpi Suerte Bonds - Albay (P26.0 million)</li> <li>• Claveria Housing Bonds - Misamis Oriental (P20.0 million)</li> <li>• Sto. Domingo Housing Bonds - Nueva Ecija (P10.0 million)</li> <li>• Puerto Princesa Housing Bond Palawan (P20.0 million)</li> </ul>

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
BOT (contd)	to solicit investor interest in the project and undergo the processing procedures prescribed under the BOT Law and the LGC.	<p>Thus far, BOT schemes are being planned for infrastructure requirements in the LGUs such as: water supply and sewerage, solid waste management, commercial centers, public markets, slaughterhouses, and telecommunications. One example of a successful LGU project implemented under a BOT scheme is the Mandaluyong Public Market.</p> <p>Concerning nationwide LGU BOT projects, there are a number of projects in an advanced development stage. These projects are in the following areas: bulk water supply, solid waste management, public markets, slaughterhouse, integrated bus terminals, and commercial complexes. The largest projects are the Batangas Water Supply Project which is at the conceptual stage (\$275 million), the Metro Manila Solid Waste Management Project under negotiation (US\$270 million); the Metro Cebu Water Supply Project (\$110 million) and the Bulacan Bulk Water Supply Project (\$50 million). There are eight projects in an advanced stage of development with a project cost of US\$188 million or about ₱7 billion, consisting of commercial centers, public markets, a waste recycling plant, slaughterhouse, solid waste management and a combined power and water supply project. In addition, there are 21 other short listed projects amounting to \$690 million or about ₱27.6 billion, which are in various stages of processing.</p>		
8. LGU Guarantee Corporation (LGUGC)	Aware of the funding problems besetting the LGUs, particularly their limited access to commercial finance, the Development Bank of the Philippines (DBP) and the Bankers Association of the Philippines (BAP) took the initiative in establishing the LGU Guarantee Corporation (LGUGC).	<p>The establishment of the LGUGC was necessitated by the inability of LGUs to access private sector funding chiefly because of the perception of lack of creditworthiness and political succession risk. To mitigate these "perceived" risks, the DBP and the BAP, composed of some 53 different universal and commercial banks operating in the country,</p>	<p><b>Joint Ventures</b></p> <p>Many LGUs also contemplate on entering into joint venture partnerships with the private sector. Indeed, what is required in a joint venture undertaking is the consummation of the legal agreements</p>	<p><b>Others Forms of Private Sector Participation in LGU Infrastructure Projects</b></p> <p>Aside from BOT schemes and the innovative provincial equity funds, there are other forms of private sector participation in LGU infrastructure projects (mostly in the water sector) which have improved service delivery and facilitated increased access to finance for new investments. It shows how responsibility for</p>

Financing Source	Objectives	Prequalification	Eligible Projects	Loan Features
LGUGC (cont'd)	<p>The LGUGC is expected to enhance the flow of commercial funds to the LGUs, and play a "catalytic" role by providing a guarantee on loans and credits granted to LGUs from commercial funding sources, and to municipal bond flotations.</p> <p>Ultimately, the LGUGC will enable LGUs to expand their borrowing capacity, develop their ability to issue a variety of credit instruments, reduce their financing costs and improve their operating flexibility. The LGUGC's implementing rules and regulations, guidelines and by-laws are being drafted, and formal incorporation was completed in March 1998. It is expected that the guarantee facility will begin operations by the mid-part of 1998.</p>	<p>established the LGU Guaranty Corporation to guarantee loans and credits granted by participating member commercial banks for various capital investment projects of LGUs. The joint venture partnership between DBP and the BAP is geared towards accelerating the competitive access of LGU's to financial markets, especially private sector credit. So far, twenty local banks and three foreign banks have signed up as participating investing banks. The specific objectives of the LGUGC are as follows:</p> <ul style="list-style-type: none"> <li>• expand the LGUs' borrowing capacity and credit availability;</li> <li>• reduce the LGUs' financing costs;</li> <li>• improve the operating and financial flexibility of the LGUs;</li> <li>• reduce the credit and other perceived risks (e.g. political risk) of lenders; and</li> <li>• contribute to the development of the local capital market by creating a market for a variety of credit instruments.</li> </ul>	<p>and once the financing and the contractors are in place, the project can commence. However, joint ventures do not have any specific legal framework at the moment such as the one for BOTs, which makes the arrangement subject to potential legal difficulties. In comparison, BOT schemes have the legal framework with its own specific law and implementing rules and regulations, mitigating the likelihood of a protracted legal challenge if legal issues arise</p>	<p>certain functions are allocated, such as asset ownership and how these different schemes impact on certain parameters such as level of investments by LGUs and consumer tariffs. These schemes vary in the type of private sector participation:</p> <ul style="list-style-type: none"> <li>• Service contracts are short-duration engagements for specific tasks to be undertaken by the private sector participant. The purpose is to utilize certain expertise considered to be more cost-effectively undertaken by the private sector. Overall coordination remains to be the function of the utility.</li> <li>• Management contracts have a longer term duration giving the private sector a larger operational role in the utility. Similar to the purposes of service contracts but in more expanded form, management contracts allow the private sector to introduce efficiency in operations (usually through performance objectives) for a management fee. Responsibility for investments remain with the Government.</li> <li>• Leases or affermage contracts allow the private sector to lease the assets of a utility and takes on the responsibility for operating and maintaining them. The contractor (lessor) makes lease payments to the utility in exchange for the operation of the assets and the revenue collections from operations. Similar to management contracts, responsibility for investments remain with the Government.</li> <li>• Concessions give the private sector the right to operate and maintain the assets of the utility and to make necessary investments in exchange for fixed concession payments paid to the utility or the Government.</li> <li>• BOT contracts give the private sector the right to build, operate and transfer the facility to the utility or the Government after a fixed period of time (see section on BOT schemes).</li> <li>• Divestiture involves the outright sale of a utility's assets to the private sector.</li> </ul>
		<p>The corporation is capitalized at ₱500 million with paid up capital of ₱250 million. As a first step, the LGUGC will set-up an LGU credit database, and develop internal LGU credit rating system. Next, the LGUGC will accredit financial institutions which have expressed interest in participating in the guarantee program as investing banks. Finally, the LGUGC will receive and process the guarantee applications from the appropriate bank under the BAP, which will provide financing for the LGU project. In case of default by the LGU on the loan, the guarantee can be called or a restructuring exercise undertaken by the leading financial institution. The guarantee facility will have a gearing ratio of 10 times its paid-in capital; therefore, it can provide guarantees of up to ₱2.5 billion. Initially, the LGUGC can provide a credit guarantee of up to 85% of the LGU loan until a credit rating mechanism is put in place. Based on recent discussions, LGUs are excited about the prospects of obtaining a guarantee facility for its loans to finance its various projects.</p>	<p>It is important that the LGUs truly understand the different forms of private sector participation and evaluate which of these schemes is most suitable and cost-effective for achieving their objective of improving the delivery of basic services.</p>	



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The joint venture partnership between DBP and the BAP is geared towards accelerating the competitive access of LGUs to financial markets, especially private sector credit. So far, twenty local banks and three foreign banks have signed up as participating investing banks. The specific objectives of the LGUGC are as follows:</p> <ul style="list-style-type: none"> <li>• expand the LGUs' borrowing capacity and credit availability;</li> <li>• reduce the LGUs' financing costs;</li> <li>• improve the operating and financial flexibility of the LGUs;</li> <li>• reduce the credit and other perceived risks (e.g. political risk) of lenders; and</li> <li>• contribute to the development of the local capital market by creating a market for a variety of credit instruments.</li> </ul> <p>The corporation is capitalized at ₱500 million with paid up capital of ₱250 million. As a first step, the LGUGC will set-up an LGU credit database, and develop internal LGU credit rating system. Next, the LGUGC will accredit financial institutions which have expressed interest in participating in the guarantee program as investing banks. Finally, the LGUGC will receive and process the guarantee applications from the appropriate bank under the BAP, which will provide financing for the LGU project. In case of default by the LGU on the loan, the guarantee can be called or a restructuring exercise undertaken by the leading financial institution. The guarantee facility will have a gearing ratio of 10 times its paid-in capital; therefore, it can provide guarantees of up to ₱2.5 billion. Initially, the LGUGC can provide a credit guarantee of up to 85% of the LGU loan unit a credit rating mechanism is put in place. Based on recent discussions, LGUs are excited about the prospects of obtaining a guarantee facility for its loans to finance its various projects.</p>	<p>and once the financing and the contractors are in place, the project can commence. However, joint ventures do not have any specific legal framework at the moment such as the one for BOTs, which makes the arrangement subject to potential legal difficulties. In comparison, BOT schemes have the legal framework with its own specific law and implementing rules and regulations, mitigating the likelihood of a protracted legal challenge...if legal issues arise</p>	<p>certain functions are allocated, such as asset ownership and how these different schemes impact on certain parameters such as level of investments by LGUs and consumer tariffs. These schemes vary in the type of private sector participation:</p> <ul style="list-style-type: none"> <li>• Service contracts are short-duration engagements for specific tasks to be undertaken by the private sector participant. The purpose is to utilize certain expertise considered to be more cost-effectively undertaken by the private sector. Overall coordination remains to be the function of the utility.</li> <li>• Management contracts have a longer term duration giving the private sector a larger operational role in the utility. Similar to the purposes of service contracts but in more expanded form, management contracts allow the private sector to introduce efficiency in operations (usually through performance objectives) for a management fee. Responsibility for investments remain with the Government.</li> <li>• Leases or affermage contracts allow the private sector to lease the assets of a utility and takes on the responsibility for operating and maintaining them. The contractor (lessor) makes lease payments to the utility in exchange for the operation of the assets and the revenue collections from operations. Similar to management contracts, responsibility for investments remain with the Government. Commercial risk is borne by the contractor.</li> <li>• Concessions give the private sector the right to operate and maintain the assets of the utility and to make necessary investments in exchange for fixed concession payments paid to the utility or the Government.</li> <li>• BOT contracts give the private sector the right to build, operate and transfer the facility to the utility or the Government after a fixed period of time (see section on BOT schemes).</li> <li>• Divestiture involves the outright sale of a utility's assets to the private sector.</li> </ul> <p>It is important that the LGUs truly understand the different forms of private sector participation and evaluate which of these schemes is most suitable and cost-effective for achieving their objective of improving the delivery of basic services.</p>

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<p>9. NDC - Agn-Agra Erap Bonds</p>	<p><b>Objectives</b> Auction Date: April 15, 1999 Issue Size: ₱5.0 billion Interest Rate: 7.875% Reception: Oversubscribed amount tendered is five times the ₱5.0 billion bonds available, with significant participation by the foreign banks.</p>		<p><b>Project Selection/Evaluation Criteria</b> NDC is open to partnership with the private sector. The projects should conform with the following set of guidelines:</p> <ol style="list-style-type: none"> <li>1. The project should be for agri-agra development.</li> <li>2. It should be in accordance with any or in support of development framework such as the Development Plans of the NEDA, DRIVE and Regional Growth Areas Development of DTI, Investment Priorities Program of BOI, Priority Investment Program of DA, DAR and NDC, or the Sectoral Development Plans mandated by law.</li> <li>3. It should be larger than those classified under the Small and Medium Enterprises with a project cost greater than ₱60 million.</li> <li>4. It should be ready for implementation with identified specific site, with definite proponent and is accessible to major infrastructure.</li> <li>5. The project selection shall ensure diversity of products, sectors, and geographical location.</li> <li>6. Preference will be given to project that utilize proven modern technology and have proven modern technology and have program for technology transfer to the farmers and/or project beneficiaries.</li> <li>7. The project should directly or indirectly benefit farmers and marginalized communities in line with the "ERAP Para sa Mahirap thrust.</li> <li>8. It should have an IRR of at least 18% with reasonably short payback period and an economic rate of 15% based on NEDA's Economic Evaluation Procedure.</li> <li>9. The proponents should be able to show its financial capability and ability to access market of product.</li> <li>10. The project should have a clear exit mechanism for NDC</li> <li>11. It should be environment-friendly and have necessary environmental controls.</li> </ol>	

