

**Government of the Philippines**

**United Nations Development Programme**

**STREAMS of KNOWLEDGE**

**PILOTING A PRO-POOR PUBLIC PRIVATE PARTNESHIP  
IN WATER SERVICE DELIVERY FOR THE URBAN POOR**

**Brief Description:**

The project intends to pilot a model of tripartite partnership to improve access to safe water coverage to urban poor communities. The project will open opportunities for small entrepreneurs, such as SSWPs, whose investments in providing water services to the poor urban communities, where large water companies are unable to provide adequate service, has to be harnessed in support of government's policy of ensuring water coverage to all users. The project intends to raise awareness on the possible roles and collaborations among the different stakeholders, capacitate them to work together to measure with the problem of water inaccessibility in the urban poor communities. Commercial incentives for the private sector should be recognized and utilized in order to provide better, efficient and affordable service to the urban poor. The key partners of this project include national government agencies, the National Water Resources Board, the Metropolitan Waterworks and Sewerage System – Regulatory Office, civil society organization, Arenda Federation of the Urban Poor and Manila Water Company, Inc. the private water service provider.

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## SIGNATURE PAGE

Country: Philippines

UNDAF Outcome(s)/Indicator(s):

**Outcome 4:** By 2009, increased capacity of stakeholders to protect/enhance quality of environment and sustainably manage natural resources. **Indicator 3:** Coherent ENR framework, policies, plans and programmes.

Expected Outcome(s)/Indicator (s):

**CP Outcome 2:** Key stakeholders are better able to manage population, environmental and natural resources, use sustainable energy and maintain sustainable development

Expected Output(s)/Indicator(s):

**Output 2.3:** Enhanced capacities of a broad constituency of government, civil society, the private sector (SMEs, including micro enterprises), academic institutions and other key stakeholders for advocacy and implementation of ENR and sustainable energy management

### *Indicators for CP Outcome 2:*

- \* Target stakeholders informed and understand the concept and principles of PPP
- \* Key members of the AFUP trained and capacitated on the management of the new PPP model
- \* Increase in the percentage of households with access to safe water

Implementing partner:

### STREAMS of KNOWLEDGE

Other Partners:

National Water Resources Board (Public Partner)  
Manila Water Company, Inc. (Private Partner)  
Metro Manila Waterworks and Sewerage System-Regulatory Office (Public Partner)  
Arenda Federation of the Urban Poor (CBO)

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Agreed by the Lead Implementing Partner	:	<b>ROSARIO AURORA L. VILLALUNA</b> Streams of Knowledge <i>Rosario Aurora L Villaluna</i>
Agreed by the United Nations in the Philippines		<b>NILEEMA NOBLE</b> Resident Representative, UNDP <i>Nileema Noble</i>

## ACRONYMS

ADB	Asian Development Bank
APR	Annual Project Report
CP	Country Program
CPAP	Country Program Action Plan
ENR	Environment and Natural Resources
IEC	Information, Education and Communication
GIS	Geographic Information System
LGU	Local Government Unit
MDG	Millennium Development Goal
MWCI	Manila Water Company, Inc.
MWSI	Maynilad Water Services, Inc.
MWSS-RO	Metropolitan Waterworks and Sewerage System – Regulatory Office
MYFF	Multi-Year Funding Framework
NEDA	National Economic and Development Authority
NEX	National Execution Guidelines
NWRB	National Water Resources Board
PDS	Project Documentation System
PPP	Public-Private Partnership
PPPUE	Public-Private Partnerships for the Urban Environment
PSC	Project Steering Committee
ROAR	Results Oriented Annual Report
SBAA	Standard Basic Assistance Agreement
SHD	Sustainable Human Development
SME	Small and Medium Enterprise
SPWN	Small Piped Water Networks
SRF	Strategic Results Framework
SSWP	Small-Scale Water Providers
TPSB	Tubig Para Sa Barangay
WATSAN	Water and Sanitation
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme

## **Part I. Situation Analysis**

### **A. Relation to the MDG goals, regional and national Development Targets**

1. The proposal contributes primarily to internationally agreed Millennium Development Goal (MDG) 7, ensuring environmental sustainability. The proposed project will contribute to the achievement of MDG 7, target 10 – to half the proportion of people with no sustainable access to safe drinking water and target 11 – Achieving significant improvement in the lives of slum dwellers. As far as UNDP Country Office priorities are concerned, the objectives targeted by this project also relate to the CP Outcome 2: Key stakeholders are better able to manage population, environmental and natural resources, use sustainable energy and maintain sustainable development.
2. At the regional level, the project is expected to boost the attainment of the ASEAN 2010 water sector targets where it was indicated that in order for Asia to reach its other MDG goals, water has to be prioritized, therefore making it an ASEAN agenda to fast track the attainment of the water targets by 2010.
3. More importantly, at the national level, the project will be an important vehicle that would contribute towards the realization of improving access to sustainable water supply as reflected in the Philippine Medium Term Development Plan (MTDP) and is in line with the President's 10 Point Agenda, specifically on the provision of water for waterless barangays within Metro Manila as well as waterless municipalities outside of the metropolis.

### **B. National Context**

4. Metro Manila is currently served by two large private concessionaires under contract with the national government. One is the Manila Water Company, Inc. (MWC) managing the east zone, and the other, Maynilad Water and Sanitation, Inc. (MWSI) managing the west zone. While substantial improvements in service provision have been achieved in some areas, there are still pockets of Metro Manila, especially among the urban poor communities, that do not have reliable access to safe water.
5. It is realized that it will not be possible for these large-scale providers to provide 100% access to water and sanitation within the next decade, especially in unregulated communities. Surveys indicate that 20-50% of these residents are customers in informal markets, that is, they rely on small-scale water providers (SSWPs). These are small investors that capitalize on the demands of the water market. Many of them who operate within the concession area charge their consumers rates that give them modest profits. This however makes the poor consumers pay more than what a regularly connected household would pay for their water consumption.
6. Present situation shows that current arrangements are not conducive and beneficial, both, for the water consumers and for the small-scale water entrepreneurs. Larger water providers, who do not realize that the ultimate users of the water they sell in bulk are the poor unconnected households, charge the water entrepreneurs commercial bulk rates, which are ultimately passed on to residential consumers. As it stands now, there is a gap in the institutional and legal frameworks regarding water and sanitation provision by small and medium water entrepreneurs.
7. Small-Scale Water Providers (SSWPs) invest their own resources in the business of water and sanitation services delivery, especially to the poor urban areas, which cannot afford direct connection to the large-scale private water companies' networks. Limited public funds make it

- impossible for the government to provide adequate basic services like water and sanitation (MATSAN) to the urban poor. This gives the urban poor no option but to access the available water supply, usually at higher cost with no guarantee of quality. These SSWPs are informal and not regulated.
8. The SSWPs essentially operate on their own homegrown business wisdom and do not have access to information about new technologies, policies, financing and other resources that could make them more efficient and profitable, and at the same time, provide the required services at improved quality to the communities. This marginalization of SSWPs gives less chance for them to build capital from investments. They are unable to borrow money from commercial banks since their business is considered high risk. Micro-financing institutions will also not lend for small water and sanitation investments. Many of them are not formally engaged in the economy like the large water companies and only have an adhoc demand driven relationship with the consumers, which make SSWPs unsuitable for any long-term arrangements.
9. The National Water Resources Board (NWRB) is the national government agency tasked to regulate water use, regulate tariffs and regulate water providers through its national policies. However, many of the SSWPs are not even aware of the national policies. While policy implementation is not optimal, the proposed project will contribute to the recognition not only of the SSWPs to the NWRB but also of the NWRB to the SSWPs. Building this relationship will help facilitate the formalization (through registration and accreditation) of SSWPs and access to further support programs that NWRB is offering to formal water utilities. This will pave the way for more dialogue and alternative models of tri-parite partnerships between state, private sector and the community. On the other hand, local government units are mandated by the Local Government Code to provide basic services like water and sanitation to their constituents. However, many of the informal water entrepreneurs do not formally engage with the local governments.
10. There are also other players in urban water provision. For instance, the Metropolitan Waterworks and Sewerage System (MWSS) - Regulatory Office (MWSSS-RO) is the contract regulator for the two private concessionaires operating in Metro Manila. The MWSS-RO monitors compliance to the provisions of the MWSS contract, specially the agreed targets and tariffs. The MWSS-RO is a separate unit created within the MWSS specifically for contract monitoring. It is supposedly an independent unit but is also reporting to the MWSS Board.
11. MWCI is the main private utility who has the responsibility over the proposed target area of the project. They are in the process of extending their current water network in the area. Based on their contractual obligations, they have to provide access to the majority of the households. They have been dealing with some community groups and SSWPs but much is still to be improved.
12. In recognition of the problems of reaching peri-urban consumers through piped water supply in an expeditious manner, the Asian Development Bank (ADB) has also recently started providing Technical Assistance for Implementing Pilot projects for Small Piped Water Networks (SPWN). The ADB project started in December 2005 and is also working on the issues of small piped network entrepreneurs who can bring water supplies to the poor and disadvantaged swiftly on an agreed-upon interim basis until the water utility is able to do so. They are working on establishing small piped water networks, a system for SSWP registration and a SWPN toolkit for designing water supply projects.<sup>1</sup> The Streams of Knowledge will continue to coordinate with

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<sup>1</sup> The particular areas they are working on in the Philippines are: Kabisig, Batasin and Panghulo in Mangahan East Floodway and Barangay Llano in Calococan City.

SPWN Project of ADB to facilitate exchange of information which could be used as input in the project.

**C. The Local Context: An Overview Of Lupang Arenda, Barangay Sta. Ana, Taytay, Rizal**

13. The municipality of Taytay, which is about 15 kilometers from Metro Manila, is one of the 14 municipalities of the province of Rizal. It is bounded in the northwest by Cainta, Antipolo in the northeast, Angono in the east, Taguig in the southeast, which belongs to Rizal province, and Metro Manila in the southwest. A substantial part of the Taytay is located along the lakeshore of Laguna de Bay. Taytay consists of five barangays<sup>2</sup>: San Juan; Dolores; San Isidro; Sta. Ana; and Muzon. Project site will focus only in Barangay Sta. Ana.

14. Lupang Arenda in Barangay Sta. Ana provides an ideal situation to pilot a pro-poor model in water service delivery with the tripartite players (public sector, private sector and the urban poor community). By virtue of Proclamation 704 issued on Nov. 28, 1995, Lupang Arenda, a 170 hectare of shore land was declared as a resettlement area with 80 hectares designated for urban poor housing project. Much of the area lie in the flood plain and form part of the shore bed of the lake. As such, it is often flooded. To remedy the situation and through the efforts of the Arenda Federation of Urban Poor, Lupang Arenda was transformed into a dry land with garbage and construction debris from nearby municipalities used as backfill materials. From less than 300 families living on silt-borne houses in 1996, Lupang Arenda is now home to an estimated 25,000 families. However, much of Lupang Arenda is still in need of basic services, foremost of which is the provision of sustainable water supply, sanitation and drainage.

15. In terms of the socio-economic situation, initial estimates by the community leaders themselves indicate that about 50-70% of the residents in Lupang Arenda are considered poor earning less than P10,000 (less than US\$200) per annum. Another 5% are considered to be very poor (with no definite source of income, living on adhoc sources (such as scavengers)); another 20% have higher incomes ranging from P10,000 to P20,000 and another 5% are being supported by relatives working abroad. The household heads are mostly construction workers and service employees. Additional income by family is derived from rag-making, soap making, candle making and candy making.

16. Rapid scan indicated that current main sources of water for Lupang Arenda residents are the different small water providers as personified by truckers who deliver water on a daily basis to the neighborhood at prices ranging from P20-35 (US\$0.38-\$0.67) per drum with water. There are three types of water used in the area: deep well (not used for drinking and cooking), sold at P20-25/drum; MWCI water (commonly called NAWVASA), sold at P35/drum consumption; and bottled mineral water, costing P35-45/5 gallons (used specifically for drinking; for infants and families who can afford it). Consumption ranges from 4 to 10 drums of water weekly depending on the size of the family. And an average of about 10% of the total household income is spent on water. This is way much more compared to those who are directly connected to a system, where MWCI estimates that one drum may cost approximately P2.20.

17. In terms of water service provision, while Lupang Arenda falls within the concession perimeter of MWCI, due to land tenure issues the majority of the area is not yet covered and direct household connections remain scarce. It should be noted, however, that MWCI through its Tubig Para Sa Barangay Program (TPSB) has been reaching out to poor communities like Lupang Arenda.

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<sup>2</sup> Barangays refer to the smallest administrative unit of the country. One barangay can represent 1000 to 10000 households.

18. The TPSB model is the MWCI's flagship program for addressing the needs of the poor communities for potable water. It entails providing bulk water to a street connection managed by a leader, who in turn collects payment from a cluster of households to pay the water bill monthly. However, in Lupang Arenda where the TPSB program has just started, the service arrangement in the area have now covered 300 households but is in effect, providing water to 1500 households as the connected households are distributing water informally to unconnected neighbors.
  19. The TPSB program is offering service connection for P7,000.00 (about US\$140). Applicants have the option to pay in 10 monthly installments, provided they make a down payment of P2,500 (US\$50.00). Despite of this program, many households still cannot afford to pay the service connection fees. The few who are able to pay have taken advantage of the business opportunity by reselling the water at higher price to their neighbors. These are not formally recognized SSWPs. Many of them are just supporting neighbors who do not have the resources for direct connection and some of them have seen a business opportunity of passing on to neighbors. Arrangements between those who are connected and those who are not are very informal and unregulated causing confusion and conflicts within the members of the different urban poor associations.
  20. Lupang Arenda is managed by the Arenda Federation of the Urban Poor (AFUP), an alliance of 36 organizations. Each organization manages a block of streets with about 25-30 households per street. The organization takes care of maintaining peace and order in the area, it manages and protects the land rights of its members, organizes development work within their area of jurisdiction. Through the federation, the growth and improvement of the area has been substantial.
  21. It is in this context that the project of piloting a public-private partnership is being proposed. The idea is to facilitate a process of dialogue and partnership building among the different stakeholders towards a viable business model that will be beneficial to the poor. Concretely, the project will endeavor to provide assistance in developing the terms and conditions to formalize small water entrepreneurs, capacitate them and ultimately improve their services. The stakeholders include the following: the different types of consumers who will ultimately be asked to pay for the water services, the SSWPs in the area, the MWCI, the local government entities and the national government regulators (NWRB).
  22. This project will not only provide adequate access to safe water to the poor households in Lupang Arenda but will also contribute to the creation of an enabling governance environment with appropriate legal, institutional, financial and regulatory framework for SSWPs/small water entrepreneurs to operate. It will open entrepreneurship opportunities for small business players and other innovative arrangements such as the proposed community-based cooperatives/organizations to formally engage in the business of water supply. Being formally acknowledged in the water service provision sector can entitle them to access sustainable financial resources, thus stabilize their businesses, and ensure the institutionalization of sustainable arrangements to provide better service for the urban poor.
- Part II. Strategy**
23. UNDP's mandate of sustainable human development (SHD) is best exemplified by the support provided to program countries to achieve the Millennium Development Goals (MDG). Two of these goals, reducing human poverty and managing energy & environment for sustainable development are the focus of UNDP capacity building efforts for the environment sector.

24. In the Philippines, the embodiment of the MDG work of UNDP resounds within the United Nations Development Assistance Framework (UNDAF) and Country Program (CP) for the period 2005-2009. Guided by the Medium Term Philippine Development Plan (MTPDP), the Country Program for the Philippines articulates the linkages between the MDGs, the development priorities of the government and the development outcomes that UNDP supports. UNDP resources are utilized following the Country Program Action Plan (CPAP), which contains identified interventions in UNDP practice areas as it responds to country needs and requirements, and the identified strategic areas for UNDP program focus, called the Multi-Year Funding Framework (MYFF). The PPPUE project is directly attributable to these UNDAF outcomes and CPAP outputs.

### **Project Goals and Outputs**

25. Goal: This project aims to improve access to safe water coverage to urban poor communities by piloting a model of tripartite partnership (Public-Private-Community partnership). The project aims to directly contribute to Target 10 and 11 of the MDGs – increasing the number of households with access to safe water supplies and improving the lives of slum dwellers.
26. **Outcome 1: Improved policies and programs on water supply and sanitation service delivery experienced at the local level.**
27. Main Output: Comprehensive analysis of the local situation in the target area and the national context.
28. Sub-Output 1: Updated socio-economic profile and baseline information of the target area
29. Sub-Output 2: Gap analysis of water and sanitation service delivery systems (local and national context): Policy review to identify existing bottlenecks impeding adequate service provision to the poor; and Institutional review to identify current gaps/constraints for appropriate recommendations to be made for reforms required by local government units and NWRB to make small and medium water entrepreneurs more viable and sustainable.
30. Sub-Output 3: Water service delivery investment (business) opportunities and corresponding investment schemes identified
31. **Outcome 2: An enabling environment facilitated for engaging SSWPs to augment water service delivery requirements in poor urban communities**
32. Main Output: A pilot PPP model that will facilitate the creation of an enabling environment for engaging SSWPs to depart from trucker/drum services and provide more improved water supply sources (for instance, connections and management of standpipes located within the block of streets where AFUP operates).
33. Sub-Output 1: A core group of stakeholders capacitated on PPP principles and concepts to be able to handle and implement proposed PPP mechanism
34. Sub-Output 2: Appropriate PPP model design ready for implementation
35. Sub-Output 3: Institutional enhancement plan for the appropriate PPP model
36. Sub-Output 4: Business and operations plan for sustaining the PPP model operations

37. Sub-Output 5: Regulatory framework for SSWPs in urban poor areas
38. **Outcome 3: Increased capacities of SSWPs to deliver water services to urban poor communities**
39. Main Output: Replicable pilot model case implemented on the ground through the capacity building of SSWPs and other key stakeholders
40. Sub-Output 1: Appropriate PPP model implemented
41. Sub-Output 2: Knowledge products from the project documentation processes developed and disseminated
42. Sub-Output 3: Loose network of SSWPs organized.

#### **Implementation Strategy**

43. The overall strategy to be adopted is for a participatory, consultative and consensual, broad-based, inclusive and multi-stakeholder approach to project implementation. Streams of Knowledge (Streams) will act as the overall facilitator of the project, making it possible and feasible for different stakeholders to come face to face with each other and tackle issues related to the provision of water and sanitation services making use of the small and medium but often informal small scale water providers.
44. In order to attain the outcomes and corresponding outputs, the major project activities include: situational analysis through scoping, rapid scan and mapping; popularization of PPP by building a common understanding among various stakeholders through workshops, meetings and round table discussions including study visits; designing the PPP process and its institutionalization; pilot implementation and capacity building; knowledge management and advocacy.
45. The main consideration for the project design is the use of the most cost-effective schemes and modalities that the stakeholders can sustain beyond the timeframe of the project. As such, project interventions will deal more with ensuring that capacities and enabling environment are developed among the main stakeholders to ensure project results will be sustainable.
46. Implementation will be guided by resonating UNDP strategies, which include building of consensus, forging of strategic partnerships, building of ownership and national capacities, consideration of cross-cutting issues such as human rights and gender and catalyzing development efforts that eventually become platforms for further cooperation with stakeholders and other donors.

#### **Part III. Management Arrangements**

47. Streams of Knowledge will be responsible for the implementation of the project and shall be the lead project implementer. Other partners of Streams in project implementation are: the NWRB and MWSS-RO as its government partners; the MWCI as its private sector partner, the Taytay LGU, and the AFUP as the other partners. UNDP will provide support throughout implementation by facilitating project input requirements, providing advise on technical and project management issues and leading the regular monitoring and evaluation activities.
48. To facilitate the implementation of the project, a small Project Management Office (PMO) shall be created to be based at Streams of Knowledge Office located at P1, Minnesota Mansion No. 267 Ermin Garcia Street, Cubao Quezon City. The PMO shall provide technical and managerial

support for project implementation. The PMO is essentially composed of Streams Executive Secretary acting as Project Director providing leadership and direction to the project on a regular basis supported by a Project-hired team Leader who will coordinate all of the project activities and supervise consultant inputs. Administrative support will also be provided by STREAMS.

49. Below is the composition and functions of the PMO.

**Table 1: The Project Management Office**

<b>Position</b>	<b>Role/Function</b>	<b>Remarks</b>
Project Director	Responsible for overall project planning and directions and maintains linkages with co project implementers; chairs the PSC	Streams Executive Secretary (Streams regular staff)
Project Team Leader	Responsible for the overall project implementation and ensures that all project outcomes and outputs are delivered as planned	Project hired
Admin/Finance Assistant	Provides administrative and financial support services to the project including financial records management	Streams regular staff

The PMO shall be assisted by the following short term consultants:

**Table 2: PMO Short Term Consultants**

<b>Position</b>	<b>Role/Function</b>	<b>Remarks</b>
Project Consultants		All short term consultants and reports directly to the Project Team Leader
<ul style="list-style-type: none"> <li>WATSAN/Economic Expert</li> </ul>	Responsible for the conduct and analysis of the socio-economic survey including willingness to pay, capacity to pay and preferential or differentiated uses of water at the HH level	To be hired for 2 man-months
Project Research Associate	Undertake all the needed research work for the project including data gathering, analysis of raw data and provides technical support to the project.	To be hired as required by project activities
Legal Expert	Responsible for review and analysis of the legal and/or institutional aspects of PPP and recommends the most appropriate PPP options for the project; prepares the draft TOR for the tender and contracts; Develop the institutional enhancement plan to support SSWP development	To be hired for 2 man-months
<ul style="list-style-type: none"> <li>Business Development Expert</li> </ul>	Responsible for the development the PPP business/investment and operations plan including the identification of possible funding sources.	To be hired for 2 man-months
GIS Specialist	Responsible for development and operationalization of the GIS including the input of data collected during the Socio Economic survey; takes the lead in the conduct of community mapping.	To be hired for 2 man-months
Communications Expert	Responsible for the development and implementation of an IEC/advocacy plan; takes the lead in the conduct of advocacy campaign during the project	To be hired for 2 man months
<ul style="list-style-type: none"> <li>Senior Project Component Specialist</li> </ul>	Assist the Project Team Leader in the day to day implementation of the project activities; prepares all the technical reports and liaise with other partners	To be hired as required by project activities

50. A project steering committee (PSC) will be formed and to become the advisory body for project implementation. The PSC is the board for overall directions and policy guidelines. They review and assess overall performance of the project and decide on major issues or policies. The PSC shall be composed of the following :

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- Streams Project Director
- NWRB
- MWSS-RO
- Manila Water Company, Inc.
- Representative of the Federation of Urban Poor
- PPPUE coordinator
- UNDP
- NEDA
- Additional representatives may be invited to join the PSC meetings as need arise.

It is expected that the PSC shall meet regularly (at least once every quarter).

In summary, the roles of the key project partners are as follows:

STREAMS	<ul style="list-style-type: none"> <li>• Overall Project Direction</li> <li>• Project implementer and overall project in charge</li> <li>• Project Steering Committee convener</li> <li>• Process Documentation Lead</li> </ul>
NWRB (Public Partner)	<ul style="list-style-type: none"> <li>• Project lead for legal/policy development, regulatory framework activities (i.e. provision of initial information on SSWPs required by the project, as well as registration of the SSWPs)</li> <li>• Project Steering Committee member</li> <li>• Support to the project as may be required</li> </ul>
MWSS-RO (Public Partner)	<ul style="list-style-type: none"> <li>• Project Steering Committee member</li> <li>• Monitor the performance of concessionaire (MWCI) in terms of target coverage</li> <li>• Provides support to the project as may be required</li> </ul>
NEDA	<ul style="list-style-type: none"> <li>• Project Steering Committee member</li> <li>• Ensures consistency of project with national development policies and programs</li> <li>• Facilitates potential replication within the water sector</li> </ul>
Manila Water Company, Inc (Private Partner)	<ul style="list-style-type: none"> <li>• Project Steering Committee member, representing the private sector</li> <li>• Participation in the design of the arrangements</li> <li>• Bulk water provision and street metering</li> <li>• Support to the project as may be required</li> <li>• Technical advice regarding connection arrangements</li> </ul>
Arenda Federation of the Urban Poor (CBO)	<ul style="list-style-type: none"> <li>• Project Steering Committee members, representing the community;</li> <li>• Participation in the design of arrangements</li> <li>• Oversight and monitoring of partnership arrangements</li> <li>• Support to the project as may be required</li> </ul>
PPPUE Coordinator	<ul style="list-style-type: none"> <li>• Project Steering Committee member</li> <li>• Support the project as may be required</li> </ul>
UNDP	<ul style="list-style-type: none"> <li>• Project Partner and Financing</li> <li>• Project monitoring and evaluation</li> <li>• Logistic support</li> <li>• Facilitation of project reporting, financing and evaluation</li> <li>• Technical backstopping with PPPUE Global management Unit support</li> </ul>

The local government representatives will not be a regular member of the PSC but may be called upon to sit in the meetings as may be necessary.

51. Project implementation will be guided accordingly by the National Execution (NEX) Guidelines.

#### **Part IV. Monitoring and Evaluation**

52. This project forms part of UNDP's effort to learn about innovative arrangements for pro-poor public-private partnerships. Monitoring of results and lesson learning is an essential task in which all stakeholders of the project should be constantly involved through the Project Steering Committee (PSC) and through consultations with participants and beneficiaries. For this purpose, a project Log Frame will be prepared to serve as basis for monitoring results and learnings. Throughout the year, the UNDP Country Office monitors the progress and results of the project through regular field visits. The sharing of lessons learned internationally is facilitated through the Global Learning Network of the UNDP/PPUE global facility.

53. The project emphasizes the importance of documenting the project highlights, results and experiences. A systematic recording, summarizing and presenting of significant events and activities from inception up to the termination of the project, anchored on project objectives and key result areas should characterize the expected documentation. After which, these will be processed following a recognized Knowledge Management strategy to produce lessons learned, monitoring & evaluation references, prototypes/models on PPP for replication, all of which can be further processed to produce knowledge products.

54. Quarterly Reports: The Project Management reports on a quarterly basis to the Steering Committee and the UNDP Philippines Country Office on the financial and substantive progress of the project. UNDP Country Office endorses or rejects the Quarterly Reports, and on approval forwards them to the PPUE Management Unit. In the case that a report is rejected, the UNDP office and the Steering Committee in consultation with the PPUE Management Unit jointly define adequate measures to address the concerns. A reporting routine will be established with the following cut-off dates: 31. March, 30 June, 30 September and 31 December. The reports are sent to the PPUE Management Unit latest 1 month after the cut-off date.

55. Annual Project Report: The Project Management reports annually on the project output achievements and outcomes by preparing Annual Project Reports (APR) after consultation with stakeholders and beneficiaries. The new APR format is used. The UNDP Country Office in consultation with the Steering Committee will use the APR to assess performance of the project management and to determine strategies for the future. Whenever possible, the PPUE Management Unit participates in the review on site or remotely through teleconferencing. The APR together with the annual financial report is submitted to the PPUE Management Unit latest on January 31 of each year.

56. The UNDP Country Office integrates the project in the Service lines of the Multi-Year Funding Framework (MYFF). Through the project APR, the UNDP Country Office will integrate project outputs into the CO outcomes, which feeds into the Results Oriented Annual Report (ROAR), the reporting on outputs and outcomes.

57. The project can be subjected to the regular financial audit exercises undertaken by the Philippines Country Office, provided that it meets the qualifying criteria set for projects and clearance is obtained from the PPUE Management Unit. The related costs should be allocated from the project funds.

58. Final Project Report: At the end of the project the implementing institution organizes a workshop with all relevant stakeholders to discuss the project outputs, outcomes and the way forward with a special focus on identifying lessons learned from the implementation phase. The workshop outputs will be documented for broad dissemination and forwarded to the PPPUE Programme Management Unit. The workshop serves as the basis for the final APR following the above mentioned procedures. The final APR together with the final budget revision is submitted to the PPPUE Management Unit soon after the closure of the project, but not later as January 31 of the year following the termination of the project.

59. On request by the PPPUE Management Unit all PPPUE funded projects can be subject to an external evaluation in the context of an evaluation of the whole PPPUE facility.

60. Post-Project Assessment: To assess the impact of IPG projects, the implementing institution provides a post-project update report to the PPPUE Management Unit six to twelve months after completion. The report focuses on the progress of the partnership initiative since project completion; economic viability, impact on poverty reduction and environmental improvement; lessons learned; and policy impact and replication. It will be used to share the experience nationally as well as internationally with a broad network of PPP practitioners, researchers and donors through the PPPUE Global Learning Network.

#### **Part V. Legal Context**

61. This Project Document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement (SBAA) between the Government of the Philippines and the United Nations Development Programme, signed by the parties -on 21 July 1977. The host country implementing agency shall, for the purpose of the SBAA, refer to the government co-operating agency described in that Agreement.

62. The following types of revisions may be made to this Project Document with the agreement and signature of the UNDP Resident Representative provided there is assurance that the other signatories to the Project Document and the PPPUE Global Task Manager have no objections to the proposed changes:

- a) Revision of, or addition to, any of the annexes to the Project Document;
- b) Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of the inputs already agreed to or by cost increases due to inflation;
- c) Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility; and
- d) Inclusion of additional annexes and attachments only as set out here in this Project Document.

**PROJECT RESULTS AND RESOURCES FRAMEWORK\***

<b>Intended Outcome as stated in the Country Results Framework:</b>			
CP Outcome 2: Key stake holders are better able to manage population, environmental and natural resources, use sustainable energy and maintain sustainable development			
<b>Outcome indicator as stated in the Country Programme Results and Resources Framework, including baseline and target.</b>			
<ul style="list-style-type: none"> <li>✓ Target stakeholders informed and understands the concept and principles of PPP</li> <li>✓ Key members of the AFUP trained and capacitated on the management of the new PPP model</li> <li>✓ Increase in the percentage of households with access to safe water</li> </ul>			
<b>Applicable MYFF Service Line:</b>			
<b>Partnership Strategy</b>			
<b>Project title and ID:</b>			
Piloting a Pro Poor Public Private Partnership in Water Service Delivery for the Urban Poor			
<b>Intended Outputs</b>	<b>Output Targets for (years)</b>	<b>Indicative Activities</b>	<b>Inputs</b>
<p>OUTCOME ONE: Improved policies and programs on water supply and sanitation service delivery identified and experienced at local level.</p> <p>Main Output: Comprehensive Analysis of the local WATSAN situation in the target area and the national context containing the following:</p> <ul style="list-style-type: none"> <li>• Updated socio-economic profile and baseline information</li> </ul>	<p>One comprehensive report on the WATSAN analysis of Lupang Arenda</p>	<ul style="list-style-type: none"> <li>• Project Orientation</li> <li>• Creation and operationalization of PMO and PSC</li> <li>• Review of related literature</li> </ul>	<p>Service Contract (PMO) 5,000</p> <p>Service Contract(consultant) 12,250</p>

<p>of the target area</p> <ul style="list-style-type: none"> <li>• Gap analysis of watsan service delivery systems</li> <li>• Identification of water service delivery investment opportunities and schemes</li> </ul>	<p>1 updated socio economic survey</p> <p>GIS-based map of area including water and sanitation gaps</p>	<ul style="list-style-type: none"> <li>• Conduct of the socio-economic survey and baseline information of the target area incl willingness to pay and capacity to pay and preferential uses of water</li> <li>• Development of a GIS in support of the project</li> <li>• Conduct of gap analysis for current water service delivery system</li> <li>• Identification of investment opportunities and schemes to address water service gaps</li> </ul>	<table> <tr><td>Misc</td><td>300</td></tr> <tr><td>Communications</td><td>1,100</td></tr> <tr><td>Supplies</td><td>1,700</td></tr> <tr><td>Equipment</td><td>3,000</td></tr> <tr><td>Travels</td><td>2,400</td></tr> <tr><td>F &amp; A cost</td><td>2,652</td></tr> <tr><td><b>TOTAL</b></td><td><b>28,402</b></td></tr> </table>	Misc	300	Communications	1,100	Supplies	1,700	Equipment	3,000	Travels	2,400	F & A cost	2,652	<b>TOTAL</b>	<b>28,402</b>				
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<p>Outcome Two: Enabling Environment facilitated for engaging SSWPs to augment service delivery requirements in poor urban communities</p> <p>Main Output: A pilot PPP model that will facilitate the creation of an enabling environment for engaging SSWPs.</p> <ul style="list-style-type: none"> <li>• A core group of stakeholders capacitated on PPP principles and concepts to be able to handle and implement proposed mechanisms</li> <li>• Appropriate PPP model designed and ready for implementation.</li> </ul>	<p>100% of the Federation and association officers understands the concept and principles of PPP and covered by capacity building training</p> <p>PPP model developed for</p>	<ul style="list-style-type: none"> <li>• Consensus building and capacity building on PPP</li> <li>• Development and design of the appropriate PPP model including preparation of TORs, tendering and contracting procedures and processes</li> <li>• Preparation of the institutional enhancement</li> </ul>	<table> <tr><td>Service Contract (PMO)</td><td>6,000</td></tr> <tr><td>Service Contract(consultant)</td><td>5,100</td></tr> <tr><td>Learning Cost</td><td>5,000</td></tr> <tr><td>Misc</td><td>400</td></tr> <tr><td>Communications</td><td>1,200</td></tr> <tr><td>Supplies</td><td>1,700</td></tr> <tr><td>Travels</td><td>2,100</td></tr> <tr><td>F &amp; A cost</td><td>2,432</td></tr> <tr><td><b>TOTAL</b></td><td><b>24,032</b></td></tr> </table>	Service Contract (PMO)	6,000	Service Contract(consultant)	5,100	Learning Cost	5,000	Misc	400	Communications	1,200	Supplies	1,700	Travels	2,100	F & A cost	2,432	<b>TOTAL</b>	<b>24,032</b>
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<ul style="list-style-type: none"> <li>• Institutional enhancement plan for the appropriate PPP model</li> <li>• Business and operations plan for sustaining the PPP model operations.</li> <li>• Regulatory framework for SSWPs in urban poor areas</li> </ul>	<p>Lupang Arenda</p> <p>Plan drafted</p> <p>Business plan developed</p> <p>Report on enhancing the existing regulatory framework prepared.</p>	<p>plan</p> <ul style="list-style-type: none"> <li>• Preparation of the business plan</li> <li>• Formulation of the appropriate regulatory framework</li> </ul>																					
<p>Main Output: Replicable pilot case implemented on the ground through the capacity building of SSWPs and other key stakeholders.</p> <ul style="list-style-type: none"> <li>• Appropriate PPP model implemented</li> <li>• Knowledge products from the project documentation developed and disseminated.</li> <li>• Loose network of SSWPs organized</li> </ul>	<p>One PPP model implemented</p> <p>IEC /advocacy plan developed</p> <p>One report on process documentation</p> <p>Case studies of areas visited</p> <p>An network of SSWPs organized</p>	<ul style="list-style-type: none"> <li>• Facilitate the implementation of the PPP model incl conduct of FGDs, for a, case studies, site visits</li> <li>• Conduct study tours and cross visits and sharing of lessons learned</li> <li>• Develop IEC/Advocacy plan, implement the plan and pursue KM management</li> <li>• Inventory and organization of SSWIs incl conduct of series of meetings and discussions</li> </ul>	<table> <tr> <td>Service Contract (PMO)</td> <td>6,000</td> </tr> <tr> <td>Service Contract(consultant)</td> <td>10,050</td> </tr> <tr> <td>Learning Cost</td> <td>22,000</td> </tr> <tr> <td>Misc</td> <td>300</td> </tr> <tr> <td>Communications</td> <td>600</td> </tr> <tr> <td>Supplies</td> <td>1,800</td> </tr> <tr> <td>Travels</td> <td>300</td> </tr> <tr> <td>Equipment</td> <td>2,000</td> </tr> <tr> <td>F &amp; A cost</td> <td>4,188</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>47,738</b></td> </tr> </table>	Service Contract (PMO)	6,000	Service Contract(consultant)	10,050	Learning Cost	22,000	Misc	300	Communications	600	Supplies	1,800	Travels	300	Equipment	2,000	F & A cost	4,188	<b>TOTAL</b>	<b>47,738</b>
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Annual Work Plan (project will run for 6 quarters or 18 months)

Year 2006

EXPECTED OUTPUTS <sup>3</sup> & MONITORING ACTIVITIES <sup>4</sup>	Key Activities <i>List all the activities to be undertaken during the year inwards stated output</i>	TIMEFRAME				RESPONSIBLE PARTNER	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount
<p><b>OUTCOME ONE: Improved policies and programs on water supply and sanitation service delivery identified and experienced at local level.</b></p> <p>Main Output: Comprehensive Analysis of the local WATSAN situation in the target area and the national context.</p> <ul style="list-style-type: none"> <li>Updated socio-economic profile and baseline information of the target area</li> <li>Gap analysis of watsan service delivery systems</li> <li>Identification of water service delivery investment opportunities and schemes</li> </ul>	1. Project Orientation meeting with PPPUE (Jburg)	X	X			STREAMS	UNDP	71405 Service Contracts PMO	9,250
	2. Creation and operationalization of PMO and PSC including LPAC meeting, and partner consultations						STREAMS	71405 Service Contract Constl	8,000
	3. Review of related literature		X					63405 Learning Costs	-
	4. Conduct of the socio-economic survey and baseline information of the target area, incl willingness and capacity to pay and preferential uses of water		X					74500 Misc(mtng)	300
	5. Development of a GIS in support of the project		X	X				72445 Communications	1,100
	6. Conduct of gap analysis for current water service delivery system		X	X				72505 Supplies	1,700
	7. Identification of investment opportunities and schemes to address water service gaps.		X	X				Equipment	3,000
						71600 Travels	2,400		
						F & A cost	2,652		
						<b>TOTAL</b>		<b>28,402</b>	

<sup>3</sup> State the outputs that the project is expected to achieve/contribute to. Include relevant indicators/benchmarks

<sup>4</sup> List monitoring activities such as Field Monitoring Visits, Technical backstopping missions, Evaluations, Annual Project Report

PROJ ID 52170  
AWARD 44750

EXPECTED OUTPUTS <sup>5</sup> & MONITORING ACTIVITIES <sup>6</sup>	Key Activities <i>List all the activities to be undertaken during the year towards stated output</i>	TIMEFRAME				RESPONSIBLE PARTNER	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount
<b>Outcome Two: Enabling Environment facilitated for engaging SSWPs to augment service delivery requirements in poor urban communities.</b>  Main Output: A pilot PPP model that will facilitate the creation of an enabling environment for engaging SSWPs.  • A core group of stakeholders capacitated on PPP principles and concepts to be able to handle and implement proposed mechanisms	1. Consensus building activities and capacity building on PPP to define possible service delivery mechanisms and PPP arrangements			X			71405 Service Contracts PMO 71405 Service Contract Constl 63405 Learning Costs 74500 Misc(mtnng) 72445 Communications 72505 Supplies 71600 Travels F & A cost	11,100 - 5,000 400 1,200 1,800 2,100 2,432	
	2. Develop and design PPP model including the drafting of TORs for the prospective constructors and organize the tendering of the contracting processes.			X	X				
	3. Develop the institutional enhancement plan			X	X				
							<b>TOTAL</b>	<b>24,032</b>	

<sup>5</sup> State the outputs that the project is expected to achieve/contribute to. Include relevant indicators/benchmarks

<sup>6</sup> List monitoring activities such as Field Monitoring Visits, Technical backstopping missions, Evaluations, Annual Project Report

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<ul style="list-style-type: none"> <li>• Appropriate PPP model designed and ready for implementation.</li> <li>• Institutional enhancement plan for the appropriate PPP model</li> <li>• Business and operations plan for sustaining the PPP model operations.</li> <li>• Regulatory framework for SSWPs in urban poor areas</li> </ul>	<p>4. Develop a business plan to support the SSWP business development and expansion.</p> <p>5. Develop a regulatory framework for SSWPs in urban poor areas</p>			X	X				
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**ANNUAL WORKPLAN**

**YEAR 2007**

EXPECTED OUTPUTS & MONITORING ACTIVITIES <sup>8</sup>	Key Activities <i>List all the activities to be undertaken during the year towards stated output</i>	TIMEFRAME				RESPONSIBLE PARTNER	PLANNED BUDGET	
		Q1	Q2	Q3	Q4			
<p><b>Outcome Three: Increased capacities of SSWPs to deliver water services to urban poor</b></p> <p>Main Output: Replicable pilot case implemented on the ground through the capacity building of SSWPs and other key stakeholders.</p> <ul style="list-style-type: none"> <li>• Appropriate PPP model implemented</li> <li>• Knowledge products from the project documentation developed and disseminated.</li> <li>• Loose network of SSWPs organized</li> </ul>	1. Facilitate the implementation of the PPP model which can include FGDs, Foras, Case studies, site visits, monitoring & evaluation activities	X					71405 Service Contracts PMO	<b>10,050</b>
	2. Study tour, exposure and workshops to share lessons learned for replication	X	X				71405 Service Contract Constl	<b>6,000</b>
	3. Develop and initiate implementation of a KM strategy to be used to document and disseminate project highlights, which would include the development of IEC materials, communication and advocacy plans and their corresponding implementation mechanics						63405 Learning Costs	<b>22,500</b>
						74500 Misc(mtng)	<b>300</b>	
						72445 Communications	<b>600</b>	
						72505 Supplies	<b>1,800</b>	
						71600 Travels	<b>300</b>	
						Equipment	<b>2,000</b>	
						F & A cost	<b>4,188</b>	
						<b>TOTAL</b>	<b>47,738</b>	

<sup>7</sup> State the outputs that the project is expected to achieve/contribute to. Include relevant indicators/benchmarks

<sup>8</sup> List monitoring activities such as Field Monitoring Visits, Technical backstopping missions, Evaluations, Annual Project Report

**Risk Analysis Table  
RE: STREAMS-UNDP/PPPUE Project**

Perceived Risks	RESPONSIBLE PARTNER			Mitigation measures
	Private	Public	NGO	
<b>Risk 1:</b>  Unwillingness of the SSWPs to be legally/formally engaged in the water service provision			STREAMS	<ul style="list-style-type: none"> <li>• Create a conducive enabling environment for SSWPs and organize them</li> </ul>
<b>Risk 2:</b>  Difficulty to leverage funds for the infrastructure requirements			STREAMS	<ul style="list-style-type: none"> <li>• Facilitate a partnership with potential investors</li> </ul>
<b>Risk 3:</b>  Changes in the priorities and strategies of major project partners	ALL			<ul style="list-style-type: none"> <li>• Forge a Memorandum of Agreement (MOA) indicating clear roles and commitments of partners</li> </ul>