

Project Administration Manual

Project Number: 41665-013
Loan and Grant Numbers: LXXXX; GXXXX
10 February 2016

Local Water Utilities Administration: Water District
Development Sector Project (Guaranteed by the
Republic of the Philippines)

CONTENTS

ABBREVIATIONS	IV
I. PROJECT DESCRIPTION	1
II. IMPLEMENTATION PLANS	4
A. Project Readiness Activities	4
B. Overall Project Implementation Plan	7
III. PROJECT MANAGEMENT ARRANGEMENTS	8
A. Project Implementation Organizations – Roles and Responsibilities	8
B. Key Persons Involved in Implementation	9
C. Project Organization Structure	11
IV. COSTS AND FINANCING	12
A. Detailed Cost Estimates by Expenditure Category	14
B. Allocation and Withdrawal of Loan and Grant Proceeds	15
C. Detailed Cost Estimates by Financier	17
D. Detailed Cost Estimates by Outputs/Components	18
E. Detailed Cost Estimates by Year	19
F. Contract Awards and Disbursement	19
G. Funds Flow Diagram	20
V. FINANCIAL MANAGEMENT	22
A. Financial Management Assessment	22
B. Disbursement	26
C. Accounting	27
D. Auditing	27
VI. PROCUREMENT AND CONSULTING SERVICES	28
A. Advance Contracting	28
B. Procurement of Goods, Works and Consulting Services	29
C. Procurement Plan	30
VII. SAFEGUARDS	35
A. Environment	35
B. Resettlement	35
C. Indigenous Peoples	36
VIII. GENDER AND SOCIAL DIMENSIONS	36
IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION	39
A. Project Design and Monitoring Framework	39
B. Monitoring	41
C. Evaluation	43
D. Stakeholder Communication Strategy	43
X. ANTICORRUPTION POLICY	48
XI. ACCOUNTABILITY MECHANISM	49
XII. RECORD OF PAM CHANGES	49

Project Administration Manual Purpose and Process

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Local Water Utilities Administration (LWUA) and water districts (WDs) are wholly responsible for the implementation of ADB financed projects, as agreed jointly between LWUA, the borrower, and ADB, and in accordance with Government and ADB policies and procedures. ADB staff is responsible to support implementation including compliance by LWUA and the WDs of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Loan Negotiations, LWUA, the borrower, and ADB shall agree to the PAM and ensure consistency with the Legal Agreements. Such agreement shall be reflected in the minutes of the Loan Negotiations. In the event of any discrepancy or contradiction between the PAM and the Legal Agreements, the provisions of the Legal Agreements shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP) changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

ABBREVIATIONS

ABC	=	approved budget for the contract
ADB	=	Asian Development Bank
AFS	=	audited financial statements
CDTA	=	capacity development technical assistance
CKWD	=	City of Koronadal Water District
CQS	=	consultant qualification selection
DENR	=	Department of Environment and Natural Resources
DMF	=	design and monitoring framework
DOF	=	Department of Finance
DOH	=	Department of Health
DPWH	=	Department of Public Works and Highways
EARF	=	environmental assessment and review framework
EIA	=	environmental impact assessment
EMDF	=	ethnic minorities development framework
EMDP	=	ethnic minorities development plan
EMP	=	environmental management plan
ESMS	=	environmental and social management system
GAD	=	gender and development
GAP	=	gender action plan
GDP	=	gross domestic product
GM	=	General Manager
GOP	=	Government of the Philippines
ICB	=	international competitive bidding
IEE	=	initial environmental examination
LAR	=	land acquisition and resettlement
LGU	=	local government unit
LIBOR	=	London interbank offered rate
LWUA	=	Local Water Utilities Administration
MSFWD	=	Metro San Fernando (La Union) Water District
NCB	=	national competitive bidding
NGOs	=	nongovernment organizations
NWRB	=	National Water Resources Board
PAM	=	project administration manual
PIU	=	project implementation unit
PMU	=	project management unit
PP	=	participation plan
PPTA	=	project preparatory technical assistance
QBS	=	quality-based selection
QCBS	=	quality- and cost-based selection
RRP	=	report and recommendation of the President to the Board
SBD	=	standard bidding documents
SCS	=	stakeholder communication strategy
SGIA	=	second generation imprest accounts
SOE	=	statement of expenditure
SPRSS	=	summary poverty reduction and social strategy
SPS	=	Safeguard Policy Statement
TOR	=	terms of reference
UEIF	=	Urban Environmental Infrastructure Fund
UFPF	=	Urban Financing Partnership Facility
WD	=	water district
WFPF	=	Water Financing Partnership Facility

I. PROJECT DESCRIPTION

1. While over 90% of Metro Manila's residents have access to piped water, it is estimated that less than half of the people living in provincial areas do. Sanitation remains a big challenge especially outside Metro Manila where there are no significant sewerage systems and most septic tank effluents are discharged without treatment, exposing millions to water-related diseases. Acute watery diarrhea is one of the leading causes of morbidity in the country.¹ The Government of the Philippines seeks to urgently catalyze urban water supply and sanitation investments to improve living and health conditions and promote inclusive growth.

2. Provincial water and sanitation coverage needs significant improvement. Water districts provide about two-thirds of all provincial piped water connections and therefore can play an important role in expanding coverage. Water districts are corporatized utilities that LGUs were encouraged to form under the 1973 Provincial Water Utilities Act. Run by a general manager and a five-person board of directors appointed by the mayor or governor, each water district must operate on a full cost recovery basis.² The 1973 act also established LWUA to help water districts develop systems and achieve sustainability through providing (i) concessionary loans,³ and (ii) engineering, technical, and institutional development services. The act allows LWUA to take over water district management under certain circumstances, and LWUA has exercised these powers to rehabilitate many mismanaged districts. It is now generally accepted that water districts provide better service than utilities run by LGUs and have demonstrated more resilience after disasters, with corporatization and LWUA's financing and technical assistance as key factors.⁴ While a growing number of water districts have achieved scale and sustainability and can now access funding from government banks and private sector banks, majority of the 506 operational water districts are small, with fewer than 3,000 connections and limited system coverage. Most small water districts are characterized by high nonrevenue water levels, low efficiency and profitability, and weak institutional and technical capacity. The project will give LWUA funds to onlend to small water districts to stimulate water and sanitation investments, and to provide capacity development.

3. A project preparatory TA prepared feasibility studies and safeguard documentation for two pilot water districts: City of Koronadal Water District (CKWD) and Metro San Fernando (La Union) Water District (MSFWD). LWUA confirmed that many other water districts are interested in participating in the project.⁵

4. **Strategic fit.** Water districts provide an established corporatized platform for broader and improved provincial water and sanitation coverage to help the government achieve its development goals for safe drinking water and improved sanitation. LWUA is a focal point to facilitate this. While political pressure to keep tariffs low cannot be eliminated, the sector project will help smaller water districts expand coverage, reduce nonrevenue water levels, and become more efficient by enabling LWUA to extend longer-term loans. Most small water districts cannot

¹ Government of the Philippines, Department of Health (DOH). 2012. *Field Health Service Information System, Annual 2011*. Manila.

² An LGU forms a water district after analyzing, with LWUA, the water district's likely financial viability. The LGU then enacts a resolution to corporatize its water supply assets and secures a conditional certificate of conformance from the LWUA for the new water district to become eligible for LWUA's financial, technical, institutional development, and regulatory support.

³ Since 1973, LWUA has been funded mainly through loans from ADB and other development partners.

⁴ Most water districts' operations bounced back faster after Typhoon Yolanda because of (i) more climate-proof systems, (ii) stronger technical skills, and (iii) LWUA's institutional assistance. LWUA's comprehensive damage and loss assessment within a few days demonstrated its technical and institutional capacity.

⁵ In August 2015, LWUA submitted to ADB a list of probable water subprojects totaling \$60 million.

access funding from local banks, and rely on LWUA for technical, operational, and institutional expertise. For very small or less-viable water districts, the government will channel grants for these water districts through LWUA, and the project can fund the loan portion of such loan-grant funding. The project also supports the National Sewerage and Septage Management Program, which aims to catalyze the installation of septage management systems in all LGUs by 2020 and encourages LGUs to share costs with water districts. The project will build LWUA's sanitation capacity and water districts will be able to borrow from LWUA to finance sanitation projects.

5. Assistance to this key sector is part of the Asian Development Bank (ADB) country partnership strategy for the Philippines, 2011–2016,⁶ and a high priority under the government's Philippine Development Plan, 2011–2016 Midterm Update.⁷ The National Economic and Development Authority (NEDA) board approved the project in May 2014, and it is highlighted in the government's Revalidated Public Investment Program.⁸ The project reinforces core principles in ADB's water operational plan, 2011–2020:⁹ fostering corporatization and cost recovery, and promoting sanitation. The project meets the requirements for a sector loan:¹⁰ (i) the government has a sector development plan¹¹ and the institutional capacity to implement it, (ii) its policies applicable to the sector are appropriate, and (iii) LWUA has demonstrated capacity. The project is in the country operations business plan for the Philippines, 2016–2018.¹²

6. **Sector experience.** LWUA has a long history of working with ADB. From the 1970s to the 1990s, ADB provided LWUA with loans for six investment projects and funded five TA projects to finance water districts and strengthen institutions. Of the three projects that were rated, two were *successful* and one was *partially successful* because of delays in construction and a lack of quantifiable and measurable targets for project beneficiaries. This project will provide implementation support to LWUA to avoid the delays experienced previously. It will also fund a review of LWUA's corporate planning and asset management to strengthen LWUA. Integrity due diligence was conducted, and loan covenants were included in the loan documents to mitigate integrity risks.

7. **Impact and Outcome.** The impact of the project will be improved living and health conditions for the communities outside Metro Manila that the participating water districts serve. The outcome will be increased access to safe drinking water and improved sanitation.

8. **Outputs.** The project will finance water and sanitation investments that will improve public health in communities outside Metro Manila. The key project outputs are

⁶ ADB. 2011. *Country Partnership Strategy: Philippines, 2011–2016*. Manila.

⁷ Government of the Philippines, National Economic and Development Authority (NEDA). 2014. *Philippine Development Plan 2011–2016, Midterm Update with Revalidated Results Matrices*. Manila.

⁸ Government of the Philippines NEDA. 2014. *Philippine Development Plan 2011–2016, Revalidated Public Investment Program*. Manila.

⁹ ADB. 2011. *Water Operational Plan, 2011–2020*. Manila.

¹⁰ ADB. 2003. Sector Lending. *Operations Manual*. OM D3/BP. Manila. The project will fund water and sanitation subprojects, applying ADB's safeguard, procurement, and disbursement processes (not relying on a financial intermediary's systems). Thus, OM D3 applies as this is not a financial intermediation loan under OM D6.

¹¹ Government of the Philippines, National Economic and Development Authority. 2010. *Philippine Water Supply Sector Roadmap, 2nd Ed*. Manila.

¹² ADB. 2015. *Country Operations Business Plan: Philippines, 2016–2018*. Manila.

- (i) the extension and rehabilitation of water supply systems of at least 20 water districts, including the two pilots (CKWD and MSFWD) and sanitation projects of at least four water districts (potentially including CKWD);¹³ and
- (ii) capacity development and institutional strengthening for LWUA, selected water districts, and LGUs to address planning, financial and project management, and operations and maintenance capacity gaps.¹⁴

9. LWUA will help the water districts expand their systems and achieve sustainability, including overseeing the design of proposed water intake and distribution systems, and sanitation facilities. LWUA will also organize promotion campaigns and workshops to encourage sanitation partnerships between LGUs and water districts, and integration or cooperation among smaller water districts.

¹³ In 2007, following the government's request, ADB approved project preparatory TA for \$1.5 million (including \$0.3 million from the government). TA consultants mobilized in 2008, five pilot water districts were selected and feasibility studies prepared, and the final report was submitted in May 2010. In January 2012, after the appointment of LWUA's new management, the government renewed its interest in the project. Of the original pilot water districts, CKWD and MSFWD remain.

¹⁴ This output is financed by the TA described in para. 22.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Table 2: Project Readiness Activities

INDICATIVE ACTIVITIES	Comple ted	To be complet ed	RESPONSI BLE
Establish project implementation arrangements	Feb 2016		EA
ADB Board approval		March 2016	EA
Loan signing		April 2016	EA/ADB
Government legal opinion provided		June 2016	EA
Loan effectiveness		July 2016	
Recruitment of consultants		Nov 2016	EA

Key Project Preparation Elements	Stage of Project Preparation			Comments / Reference
	Identification/ preparation/ fact-finding	Negotiations	Effectiveness Condition	
Project is within GOP's highest development priority and is in the 2016-2018 COBP.	Confirmed.			Reference: RRP <ul style="list-style-type: none"> • NEDA Board approved a \$60 million loan amount on 29 May 2014. • Loan is included in the Country Partnership Strategy (2011-2016) approved by President, and COBP for 2016-2018. • Cited as high sector-specific priority in medium-term Philippine Development Plan.
Project Administration Manual	PAM Completed.	Confirmed		
Social and Environmental Safeguards/ EARF/ Environment/ Gender Action Plan	Agreed. <ul style="list-style-type: none"> • Environment – B • Safeguard compliance and fiduciary measures undertaken – B • Ethnic 			Required categorization forms have been prepared/ revised and submitted to RSES.

	Minorities – C <ul style="list-style-type: none"> • Resettlement – B • Gender – Effective Gender Mainstreaming 			
Procurement Capacity Assessment	Assessment completed.			Procurement Capacity Assessment conducted for LWUA and the pilot WDs by PPTA Consultants.
Procurement Plan for First 18 months	Agreed.			
Auditing Arrangements including TOR	Agreed.			
Project Performance Monitoring and Evaluation Requirements	Agreed.			
Project Implementation Arrangements: Project Management Unit; Project Implementation Units	Agreed. <ul style="list-style-type: none"> • Project Implementation Arrangements and schedule. • Required PMU and PIUs. 	PMU established		Agreed during loan fact-finding, discussed in signed Memorandum of Understanding.
TOR for Consultants	Outline TOR agreed for Project Management	Done		
Preparation of first sets of bidding documents for goods and works	Agreed. <ul style="list-style-type: none"> • First sets of bidding documents for goods and works to be prepared by PMU. 			
GOP Counterpart funds	Agreed. <ul style="list-style-type: none"> • Specific risk and budgetary assurances already confirmed. 	Confirmed		
Legal Opinion				

COBP = Country Operations Business Plan, DOF = Department of Finance, DPWH = Department of Public Works and Highways, EA = executing agency, EARF = Environmental Assessment and Review Framework, FMA = Financial Management Assessment, GOP = Government of the Philippines, ICC CabCom =

Investment Coordination Committee-Cabinet Committee; LWUA = Local Water Utilities Administration, MOU = Memorandum of Understanding, NEDA = National Economic and Development Authority, PAM = Project Administration Manual, PIU = project implementation unit, PMU = project management unit, PPTA = Project Preparatory Technical Assistance, RRP = Report and Recommendation of the President, RSES = Regional Environment and Social Safeguards Division, TOR = Terms of Reference.

Source: Asian Development Bank.

B. Overall Project Implementation Plan

ACTIVITIES	2013				2014				2015				2016				2017				2018				2019				2020				2021				2022							
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4									1	2	3	4	1	2	3	4
Fact Finding Mission	■																																											
Loan Approval													■																															
Loan Signing													■																															
Loan Effectiveness													■																															
PMU and PIUs Formed													■	■	■	■	■	■	■	■	■	■	■	■																				
Recruitment of Consultants													■	■	■																													
Output 1: Water Supply																																												
<i>1.1 Non-Revenue Water</i>																																												
Procurement of equipment, meters, pipes																	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
Installation																	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
<i>1.2 Expansion</i>																																												
Design, Tendering																	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
Source development, procurement of electro-mechanical equipment																	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
Construction																	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
<i>1.3: Sanitation</i>																																												
Preparatory Activities																	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
Construction of STPs																	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
Operation and Maintenance																																												
Output 2: Project Management and Capacity Building																																												
<i>2.1 Project Management</i>																	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
<i>2.2 Institutional Development and Capacity Building</i>																	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations – Roles and Responsibilities

10. The executing agency (EA) for the Project will be LWUA. A project management unit (PMU) has been established within LWUA under the Office of the Deputy Administrator for Operations. The PMU shall be responsible for coordinating the various project activities with participating WDs, the various line units of LWUA with functional responsibilities for certain aspects of the Project, and the consultant team. The EA will be responsible for the administration of the imprest account. The PMU shall act as the focal unit for coordination with ADB, as well as external government offices whose endorsement or approval or monitoring activities are mandated by existing policies or laws, e.g. National Economic and Development Authority (NEDA), Department of Public Works and Highways (DPWH), Department of Finance (DOF), National Water Resources Board (NWRB),¹⁵ the Department of Health (DOH), and the Department of Environment and Natural Resources (DENR). The PMU shall be headed by a Project Manager, supported by two junior engineers, secretarial services and accounting staff.

11. For each participating WD, the project implementation unit (PIU) will be the WD's construction division, which shall act as the central coordinating body for subproject implementation. The PIU will be headed by the Construction Division Manager or a senior professional within the WD.

12. For all subprojects, LWUA shall assume most of the responsibility for subproject implementation. Contractor procurement shall be done by LWUA's Bids and Awards Committee (BAC) (with the relevant WD as a member) and project implementation will be supervised by LWUA's or consultant resident engineers. Each participating WD shall provide construction inspectors.

13. Construction shall be done by civil works contractors responsible for both labor and materials. Well-drilling shall be done by suitably qualified drilling contractors.

14. The above arrangements are summarized in the table below.

Table 3: Project Implementation Organizations and Management Roles and Responsibilities

Project implementation organizations	Management Roles and Responsibilities
<ul style="list-style-type: none"> • Executing Agency 	<ul style="list-style-type: none"> • Coordinating various project activities and acting as the focal unit for coordination with ADB, as well as external government offices whose endorsement or approval and monitoring activities are mandated by existing policies or laws, e.g. NEDA, DPWH, DOF, NWRB, DOH, and DENR. • Responsible for the administration of imprest account.
<ul style="list-style-type: none"> • Project Management Unit 	<ul style="list-style-type: none"> • Administration of loan disbursements • Preparation of project completion report • Day-to-day management of project implementation • Liaison/coordination with WDs and LGUs (particularly

¹⁵ NWRB is responsible for issuing water permits.

Project implementation organizations	Management Roles and Responsibilities
	<ul style="list-style-type: none"> for sanitation component) • Budgeting and financial planning/management • Recruitment of project management consultants • Procurement of goods and works • Monitoring and evaluation data collection • Process payments and disbursements to the designated conduits • Review and monitor implementation of the project and prepare/submit summary reports to the GOP and ADB
<ul style="list-style-type: none"> • Implementing Agency 	<ul style="list-style-type: none"> • Coordinating various project activities and acting as the focal unit for coordination with LWUA
<ul style="list-style-type: none"> • Project Implementation Unit 	<ul style="list-style-type: none"> • Day-to-day management of project implementation • Prepare monthly, quarterly, semi-annual, and annual progress reports of the respective subproject. • Process, as approved by the WD's budget and finance office, the necessary documents for payments and compensation to the relevant project assistance and activities.
<ul style="list-style-type: none"> • ADB 	<ul style="list-style-type: none"> • Disbursement of loan funds to EA for on-lending • Disbursement of grant funds to EA for on-granting • Supervision and review missions

ADB = Asian Development Bank, DENR = Department of Environment and Natural Resources, DOF = Department of Finance, DOH = Department of Health, DPWH = Department of Public Works and Highways, EA = executing agency, GOP = Government of the Philippines, IA = implementing agency, LGU = local government unit, LWUA = Local Water Utilities Administration, NEDA = National Economic Development Authority, NWRB = National Water Resources Board, WD = water district.

Source: Asian Development Bank.

B. Key Persons Involved in Implementation

Executing Agency

Local Water Utilities Agency (LWUA)

Andres Ibarra
 Administrator
 T: (02) 920-5440; (02) 929-6107; (02) 920-5581 (to 99) local 503 / 403
 F: (02) 920-5446; (02) 436-1142
 Local Water Utilities Administration
 Katipunan Ave.
 Balara, Quezon City 1108

Project Director

Engr. Maximino S. Cuaderes
 Project Director
 T: (02) 920-5581 to 89
 F: (02) 922-3434
 Email address: mcuaderes@yahoo.com
 Local Water Utilities Administration
 Katipunan Ave.
 Balara, Quezon City 1108

Implementing Agencies

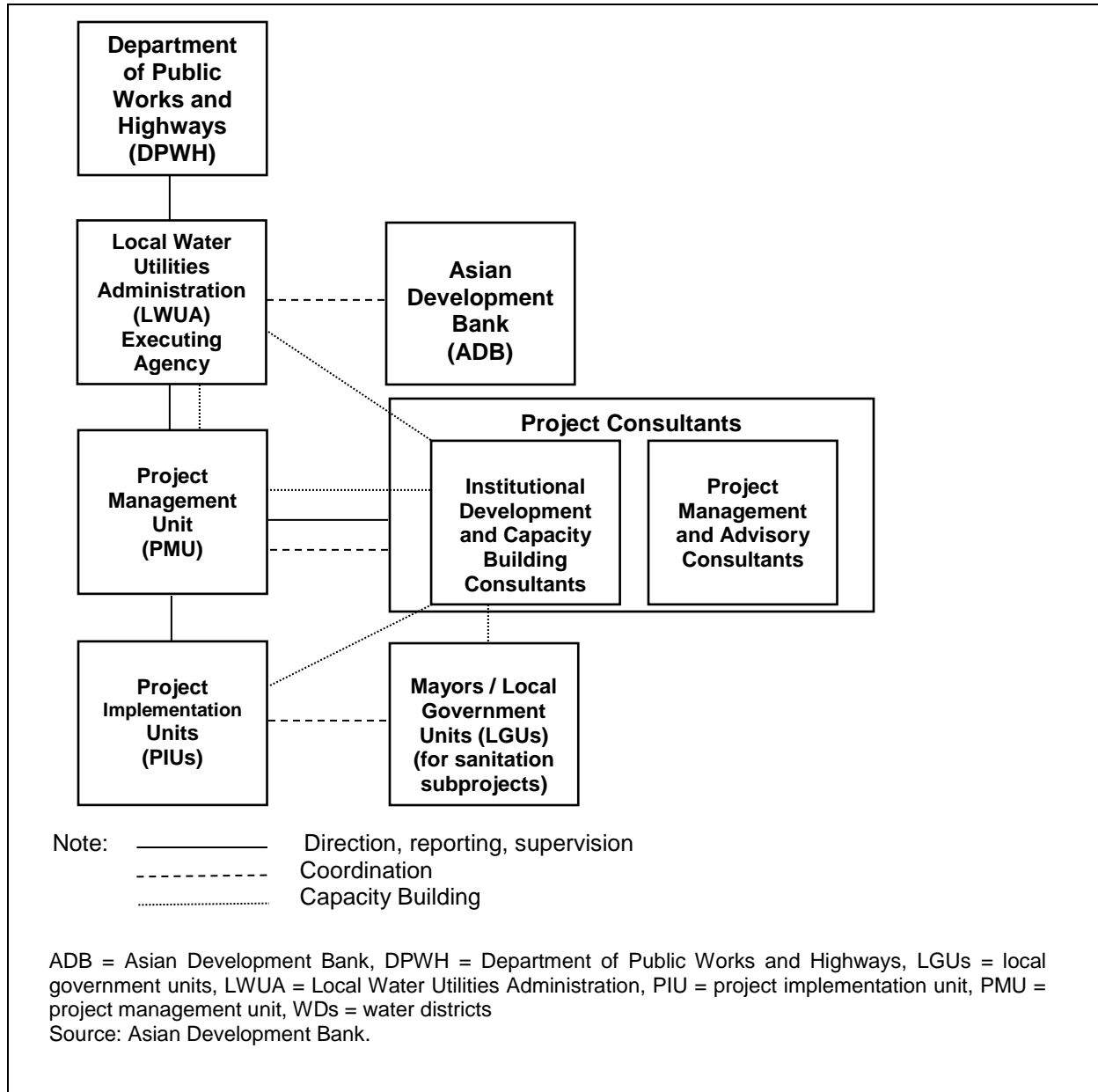
1. Metro San Fernando (La Union) Water District (MSFWD)

Benjamin Q. Galvan
 OIC General Manager (OIC-GM)
 T: (072) 888-2158 / 2181
 F: (072) 242-2003
 Email address: raonebrida@yahoo.com;
msfwd@msfwd.gov.ph

Quezon Avenue, San Fernando City
La Union

2. City of Koronadal Water District (CKWD)	Engr. Rey Jaena Vargas General Manager (GM) T: (083) 228-4049; F: (083) 228-8141 Email address: lotsulatorio@yahoo.com ; jing_ec@yahoo.com 1 st Block Casa Subdivision, Koronadal City 9506 South Cotabato
3. Koronadal City Government	Peter B. Miguel, MD, FPSO-HNS Mayor, City of Koronadal T: (083) 228-8265 F: (083) 228-3627 Email address: lgu_kor@hotmail.com City Hall, Koronadal City 9506 South Cotabato
ADB Urban Development and Water Division, Southeast Asia Department	Tatiana Gallego-Lizon Director, Urban Development and Water Division (SEUW) Southeast Asia Department Telephone No. (02) 632-6379/5279 Email address: tgallegolizon@adb.org
Mission Leader	Stella Tansengco-Schapero Senior Finance Specialist (SEUW) Telephone No. (02) 632-5838/5621 Email address: sschapero@adb.org

C. Project Organization Structure



IV. COSTS AND FINANCING

15. The project is estimated to cost \$76 million.

Table 4: Project Investment Plan
(\$ million)

	Item	Amount ^a
A.	Base Cost^b	
	Water Supply and Sanitation	56.7
	Capacity Development ^c	1.0
	Subtotal (A)	57.7
B.	Contingencies^d	11.4
C.	Financing Charges during Implementation^e	6.9
	Total (A+B+C)	76.0

^a Includes taxes and duties of \$8.5 million to be financed from government resources through exemption. The government will provide in-kind contribution with no incremental cost, for the project management unit (PMU) and project implementation units (PIUs), office space for the consultants, and audit costs.

^b Prices as prepared by project participatory technical assistance (TA) consultants in mid-2013 and revalidated by Local Water Utilities Administration's technical staff in mid-2015.

^c This is funded by TA from a grant the Urban Environmental Infrastructure Fund (UEIF) under the Urban Financing Partnership Facility (UFPF) for \$0.5 million and a grant from the Multi-Donor Trust Fund under the Water Financing Partnership Facility (WFPPF) for \$0.5 million.

^d Physical contingencies computed at 5% for land acquisition and resettlement expenses, and 10% for other base costs. Price contingencies computed at an average of 1.0% on foreign exchange costs and an average of 3.9% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^e Includes interest and commitment charges. Interest during construction for the ADB loan has been computed at the 5-year forward London interbank offered rate plus a spread of 0.50%. Commitment charges for the ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank estimates.

16. The government has requested a loan of \$60 million from ADB's ordinary capital resources to help finance the project.¹⁶ The loan will have a 25-year term, including a grace period of 6 years and a straight-line amortization, an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility,¹⁷ a commitment charge of 0.15% per year (the interest and other charges during the implementation period to be capitalized in the loan), and such other terms and conditions set forth in the draft loan agreement. Based on this, the average loan maturity is 15.75 years and the maturity premium payable to ADB is 0.10% per annum.

17. The Urban Environmental Infrastructure Fund (UEIF)¹⁸ under Urban Financing Partnership Facility (UFPF) will provide a \$2 million investment grant to subsidize pilot sanitation facilities, administered by ADB. Making such projects more affordable and demonstrating sustainability will motivate other sanitation investments. Proceeds from the UEIF funds will be

¹⁶ In May 2013, the government asked ADB to increase the loan amount from \$50 million; ICC-CabCom approved a \$60 million loan amount on 16 December 2013.

¹⁷ The interest includes a maturity premium of 10 basis points. This is based on the above loan terms and the government's choice of repayment options and dates.

¹⁸ Financing partner: the Government of Sweden.

administered by ADB. In addition, UFPF and the Multi-Donor Trust Fund under the Water Financing Partnership Facility (WFPPF) will each provide a \$0.5 million capacity development TA grant for Capacity Building for Water District Development to enhance the sustainability of WDs through corporate planning, project management and technical training, and to promote LGU and WD partnerships in sanitation including septage management.

18. The government, LWUA, WDs and LGUs will contribute \$13 million for land acquisition, resettlement costs, taxes and duties. LWUA and the WDs will provide in-kind contribution with no incremental cost, for the PMU and PIUs, office space for the consultants, and audit costs.

19. The financing plan is in Table 5.

Table 5: Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary Capital Resources	60.0	78.9%
Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility (grant) ^a	2.5	3.3%
Multi-Donor Trust Fund under the Water Financing Partnership Facility (grant) ^b	0.5	0.7%
Government ^c	13.0	17.1%
Total	76.0	100.0%

^a Financing partner: the Government of Sweden.

^b Financing partners: the governments of Australia, Austria, Norway, Spain, and Switzerland.

^c The government will provide in-kind contribution with no incremental cost, for the project management unit (PMU) and project implementation units (PIUs), office space for the consultants, and audit costs.

Source: Asian Development Bank estimates.

A. Detailed Cost Estimates by Expenditure Category

Item	(\$ Million)			% of Base Costs
	Local	Foreign	Total	
A. Investment Costs				
1 Water Supply and Sanitation				
1.1 Civil works	30.2	18.0	48.2	83.6
1.2 Equipment	1.4	0.9	2.3	4.0
1.3 Project Management (DED/CS)	4.1	1.2	5.4	9.4
1.4 Land	0.7	-	0.7	1.3
1.5 Resettlement	0.1	-	0.1	0.2
Total Water Supply and Sanitation	36.5	20.1	56.7	98.3
2 Capacity Development	1.0	-	1.0	1.7
Subtotal (A)	37.5	20.1	57.7	100.0
B. Contingencies				-
1 Physical Contingencies	3.1	1.8	4.9	8.5
2 Price Contingencies	4.1	2.5	6.5	11.3
Subtotal (B)	7.2	4.2	11.4	19.8
C. Financing Charges during Implementation	5.8	1.1	6.9	12.0
Total Project costs (A+B+C)	50.4	25.5	76.0	131.8

CS = consulting services; DED = detailed engineering design.

Note: The government will provide in-kind contribution with no incremental cost, for the project management unit (PMU) and project implementation units (PIUs), office space for the consultants, and audit costs.

Source: Asian Development Bank.

B. Allocation and Withdrawal of Loan and Grant Proceeds

20. The table of allocation and withdrawal of loan and grant proceeds is detailed below.

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Water District Development Sector Project)				
Number	Item	Total Amount Allocated for ADB Financing* (US\$)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Works	44,845,694		
1A	Source Development		1,881,569	100% of total expenditure claimed*
1B	Transmission and Distribution		39,543,231	100% of total expenditure claimed*
1C	Non-revenue Water		1,262,062	100% of total expenditure claimed*
1D	Septic Treatment Plant		1,467,355	54% of total expenditure claimed*
1E	Vacuum Trucks		691,477	57% of total expenditure claimed*
2	Consulting Services	4,818,842		
2A	Source Development		206,426	100% of total expenditure claimed*
2B	Transmission and Distribution		4,313,683	100% of total expenditure claimed*
2C	Non-revenue Water		138,671	100% of total expenditure claimed*
2D	Septic Treatment Plant		160,062	54% of total expenditure claimed*
3	Financing Charges during Implementation	5,778,591		100% of amounts due
4	Unallocated ¹⁹	4,556,873		
	Total	60,000,000		

* Exclusive of taxes and duties imposed within the territory of the Borrower.

¹⁹ This is the estimate for Physical Contingencies only. The estimated Price Contingencies (amounting to \$6.54 million) has already been included in Numbers 1 (Works) and 2 (Consulting Services) above.

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Water District Development Sector Project)				
Number	Item	Total Amount Allocated for ADB Financing* (US\$)		Basis for Withdrawal from the Grant Account
		Category	Subcategory	
1	Works	1,775,372		
1A	Septic Treatment Plant		1,248,876	46% of total expenditure claimed*
1B	Vacuum Trucks		526,496	43% of total expenditure claimed*
2	Consulting Services - Septic Treatment Plant	135,100		46% of total expenditure claimed*
3	Unallocated ²⁰	89,528		
	Total	2,000,000		

* Exclusive of taxes and duties imposed within the territory of the Recipient.

²⁰ This is the estimate for Physical Contingencies only. The estimated Price Contingencies (amounting to \$0.20 million) has already been included in Numbers 1 (Works) and 2 (Consulting Services) above.

C. Detailed Cost Estimates by Financier

Item	ADB LOAN		UEIF-UFPF		Multi-Donor Trust Fund		Government		Total Cost (\$ million)
	(\$ million)	% of Cost Category	(\$ million)	% of Cost Category	(\$ million)	% of Cost Category	(\$ million)	% of Cost Category	
A. Investment Costs									
1 Water Supply and Sanitation									
1.1 Civil works	39.6	82.4	1.1	2.3	-	-	7.4	15.3	48.1
1.2 Equipment	0.6	48.3	0.5	37.1	-	-	0.2	14.7	1.3
1.3 Project Management (DED/CS)	4.3	65.7	0.1	1.8	-	-	2.1	32.5	6.6
1.4 Land	-	-	-	-	-	-	0.7	100.0	0.7
1.5 Resettlement	-	-	-	-	-	-	0.1	100.0	0.1
Total Water Supply and Sanitation	44.5	78.6	1.7	3.0	-	-	10.4	18.4	56.7
2 Capacity Development	-	-	0.5	50.0	0.5	50.0	-	-	1.0
Subtotal (A)	44.5	77.2	2.2	3.8	0.5	0.9	10.4	18.1	57.7
B. Contingencies									
1 Physical Contingencies	4.6	93.4	0.1	1.8	-	-	0.2	4.7	4.9
2 Price Contingencies	5.1	78.6	0.2	3.0	-	-	1.2	18.4	6.5
Subtotal (B)	9.7	84.9	0.3	2.5	-	-	1.4	12.6	11.4
C. Financing Charges during Implementation	5.8	83.6	-	-	-	-	1.1	16.4	6.9
Total Project costs (A+B+C)	60.0	79.0	2.5	3.3	0.5	0.7	13.0	17.1	76.0

CS = consulting services; DED = detailed engineering design.

Note: The government will provide in-kind contribution with no incremental cost, for the project management unit (PMU) and project implementation units (PIUs), office space for the consultants, and audit costs.

Source: Asian Development Bank.

D. Detailed Cost Estimates by Outputs/Components

Item	Output 1 (\$ million)	% of Cost Category	Output 2 (\$ million)	% of Cost Category	Total Cost
A. Investment Costs					
1 Water Supply and Sanitation					
1.1 Civil works	48.1	100.0	-	-	48.1
1.2 Equipment	1.3	100.0	-	-	1.3
1.3 Project Management (DED/CS)	6.6	100.0	-	-	6.6
1.4 Land	0.7	100.0	-	-	0.7
1.5 Resettlement	0.1	100.0	-	-	0.1
Total Water Supply and Sanitation	56.7	100.0	-	-	56.7
2 Capacity Development	-	-	1.0	100.0	1.0
Subtotal (A)	56.7	98.3	1.0	1.7	57.7
B. Contingencies					-
1 Physical Contingencies	4.9	100.0	-	-	4.9
2 Price Contingencies	6.5	100.0	-	-	6.5
Subtotal (B)	11.4	100.0	-	-	11.4
C. Financing Charges during Implementation	6.9	100.0	-	-	6.9
Total Project costs (A+B+C)	75.0	98.7	1.0	1.3	76.0

CS = consulting services; DED = detailed engineering design.

Note: The government will provide in-kind contribution with no incremental cost, for the project management unit (PMU) and project implementation units (PIUs), office space for the consultants, and audit costs.

Source: Asian Development Bank.

E. Detailed Cost Estimates by Year

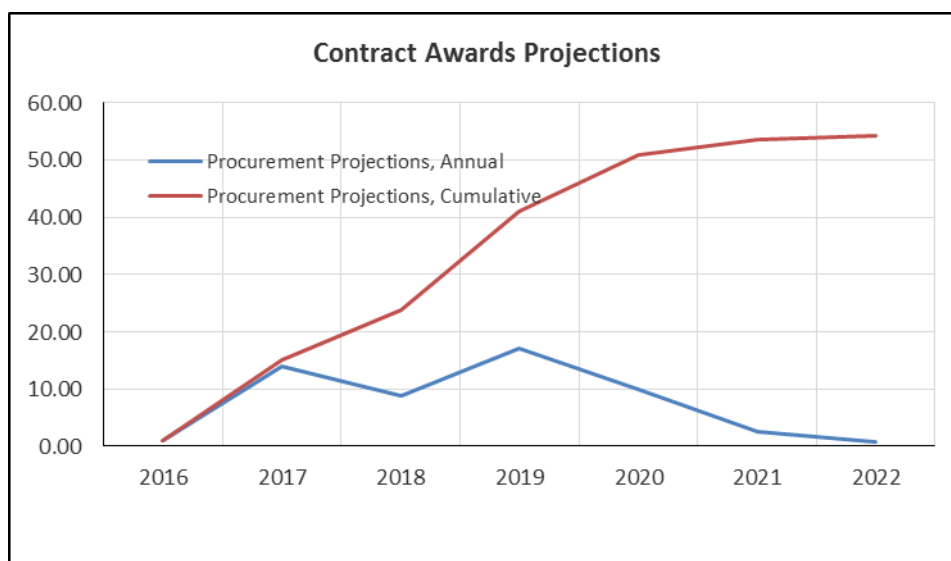
Item	Amount (\$ million)							
	Total	2016	2017	2018	2019	2020	2021	2022
A. Investment Costs								
1 Water Supply and Sanitation								
1.1 Civil works	48.1	-	3.5	12.5	17.3	11.1	3.7	-
1.2 Equipment	1.3	-	-	-	0.8	0.5	-	-
1.3 Project Management (DED/CS)	6.6	0.4	2.3	2.7	1.2	-	-	-
1.4 Land	0.7	-	0.2	0.2	0.2	-	-	-
1.5 Resettlement	0.1	-	0.0	0.0	0.0	-	-	-
Total Water Supply and Sanitation	56.7	0.4	6.0	15.5	19.6	11.6	3.7	-
2 Capacity Development	1.0	0.2	0.6	0.2	-	-	-	-
Subtotal (A)	57.7	0.6	6.6	15.7	19.6	11.6	3.7	-
B. Contingencies								
1 Physical Contingencies	4.9	-	0.5	1.0	1.0	1.0	1.0	0.5
2 Price Contingencies	6.5	0.0	0.6	1.8	2.3	1.4	0.4	-
Subtotal (B)	11.4	0.0	1.1	2.7	3.2	2.4	1.4	0.5
C. Financing Charges during Implementation	6.9	0.1	0.2	0.6	1.3	1.9	2.2	0.6
Total Project Costs (A+B+C)	76.0	0.7	7.9	19.0	24.1	15.8	7.3	1.1
% of Total Project Costs	100.0	1.0	10.4	25.0	31.8	20.8	9.6	1.4

CS = consulting services; DED = detailed engineering design.

Note: The government will provide in-kind contribution with no incremental cost, for the project management unit (PMU) and project implementation units (PIUs), office space for the consultants, and audit costs.

Source: Asian Development Bank.

F. Contract Awards and Disbursement

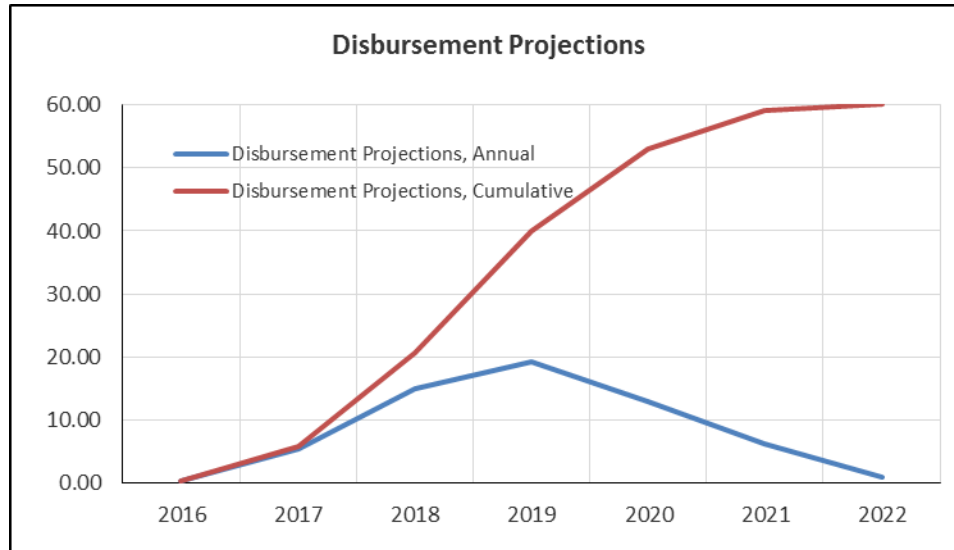


Contract Awards Projections (\$ millions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual	1.00	14.00	8.80	17.19	9.97	2.61	0.65
Cumulative	1.00	15.00	23.80	40.99	50.96	53.57	54.22

Contract Awards Projections - Quarterly (\$ millions)

	Total					
	Q1	Q2	Q3	Q4	Annual	Cumulative
2016			1.00	0.00	1.00	1.00
2017	0.00	0.00	14.00	0.00	14.00	15.00
2018	0.00	0.00	4.61	4.20	8.80	23.80
2019	4.61	4.20	4.20	4.20	17.19	40.99
2020	4.48	4.20	0.65	0.65	9.97	50.96
2021	0.65	0.65	0.65	0.65	2.61	53.57
2022	0.65	0.00	0.00	0.00	0.65	54.22



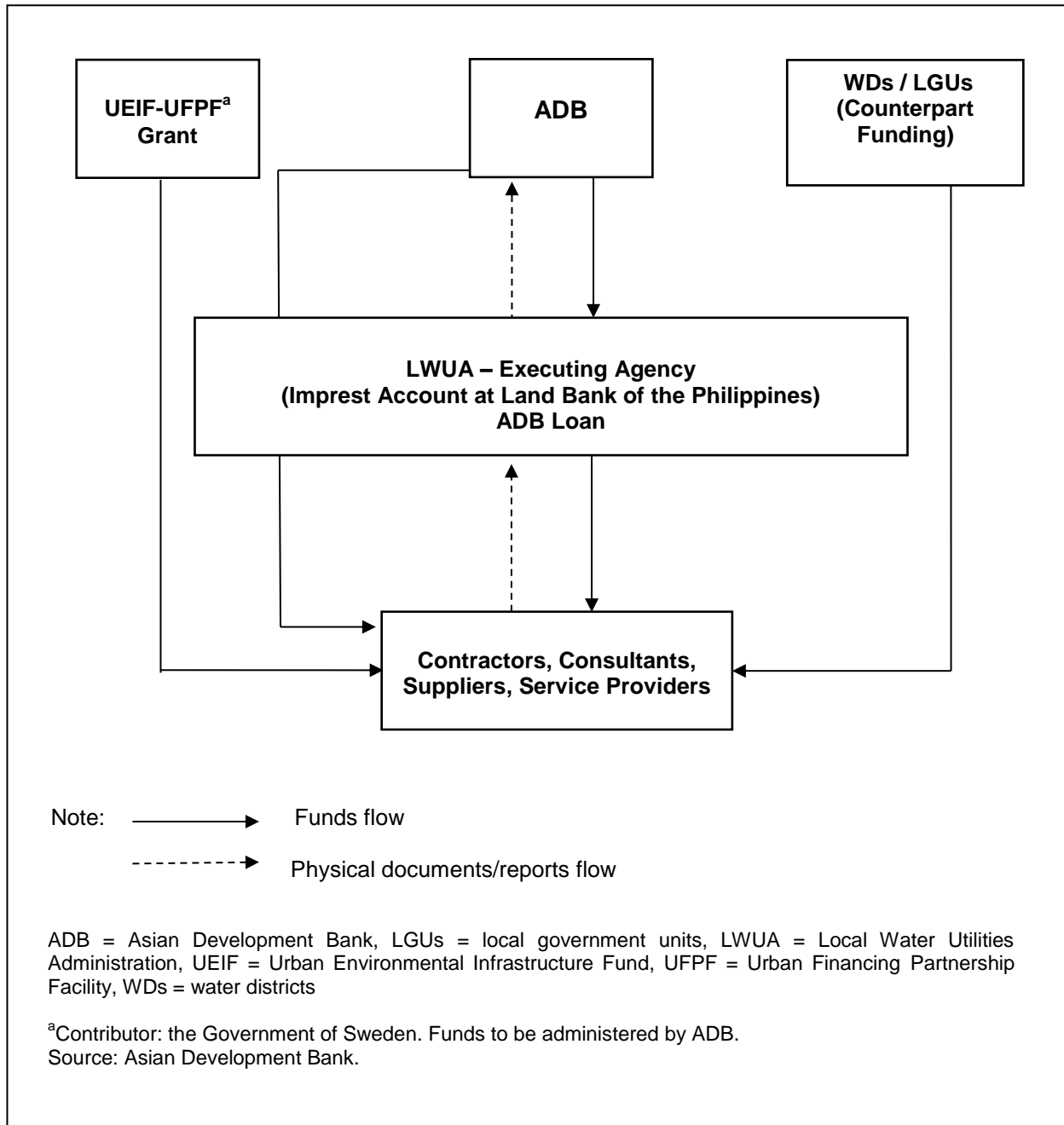
Disbursement Projections (\$ millions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual	0.36	5.49	14.88	19.25	12.95	6.13	0.94
Cumulative	0.36	5.85	20.73	39.99	52.94	59.06	60.00

Disbursement Projections - Quarterly (\$ millions)

	Total					
	Q1	Q2	Q3	Q4	Annual	Cumulative
2016			0.22	0.14	0.36	0.36
2017	0.14	0.14	3.19	2.01	5.49	5.85
2018	2.03	2.04	5.41	5.41	14.88	20.73
2019	5.54	5.83	3.93	3.96	19.25	39.99
2020	4.05	4.25	2.32	2.33	12.95	52.94
2021	2.35	2.37	0.70	0.70	6.13	59.06
2022	0.71	0.23	0.00	0.00	0.94	60.00

Funds Flow Diagram



V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

21. A Financial Management Assessment (FMA) was conducted for the Project, covering LWUA, the EA, and MSFWD and CKWD, the pilot WDs (IAs). The action plan is in Table 6.

Table 6: Project Financial Management Action Plan

Planned Action	Output	Responsible Party	Due Date
Improved sustainability and efficiency of LWUA (revenue generation, improved collection rate, cost control, and loan consolidation)	<ul style="list-style-type: none"> • A high spot review of LWUA (corporate planning to redefine its role given current water and sanitation conditions, finance, asset management, MIS, etc.) • Strategy for managing non-performing loans • Capacity building for financial operations, analysis and reporting 	EA, ADB, CDTA Consultants	May 2017
Project management/coordination functions and project financial administration of LWUA	<ul style="list-style-type: none"> • Setup of necessary project accounting and financial reporting systems • Capacity building for Project Management, Administration and Coordination 	EA, PMU, Project Consultants	31 December 2016
Financial management capacity of PIUs*	<ul style="list-style-type: none"> • Training on Project Financial Management, Project Administration and Implementation • Harmonization of project financial procedures and reporting systems 	PIUs, EA, PMU, Project Consultants	31 March 2017 (Pilots) As soon as identified (Non-Pilots)
Project funds flow arrangements adopted and operational	<ul style="list-style-type: none"> • Briefing for concerned institutions 	EA, IAs, ADB	31 December 2016 (LWUA & Pilots) As soon as identified (Non-Pilots)

ADB = Asian Development Bank; CDTA = capacity development technical assistance, EA = executing agency; FMA = Financial Management Assessment; IA = Implementing Agency; LWUA = Local Water Utilities Administration; PMU = project management unit; PIU = project implementation unit; PAM = Project Administration Manual.
Source: Asian Development Bank.

22. The summary of risks and the proposed management plan identified for the project are summarized in Table 7.

Table 7: Financial Management Risk Assessment and Mitigation Measures and Summary Risk Assessment and Risk Management Plan

Risks	Risk Level Before	Mitigation
A. FINANCIAL MANAGEMENT ARRANGEMENTS		
1. Issues related to the financial management of Local Water Utilities Administration (LWUA) – Executing Agency		

Risks	Risk Level Before	Mitigation
<p>For LWUA's Audited 2014 Financial Statements (FS), the Commission on Audit (COA) rendered an adverse opinion based mainly on the same findings raised in previous COA opinions.</p>	<p>Low</p>	<p>The Government reiterated the need for LWUA's specialized lending and technical support for less resilient and smaller WDs, and requested ADB to increase the loan amount from the initial \$50 million to \$60 million. LWUA is working closely with Department of Public Works and Highways (DPWH) to be the preferred partner for grants to the sector, to be able to offer loan-grant water financing. The CDTA will include a high spot review of LWUA to identify key areas to strengthen and develop a business plan relevant to the sector's current needs.</p> <p>Representatives from Department of Finance, Department of Health and DPWH sit on LWUA's Board of Trustees for closer oversight to sharpen LWUA's strategic direction and to address public financial management, procurement, and corruption risks.</p> <p>LWUA is working with COA to complete the clean-up of LWUA's books, as acknowledged by COA to LWUA.</p> <p>The Project will provide funding, through a capacity development technical assistance (TA), for a high spot review of LWUA by water specialists (corporate planning, finance, management information system [MIS], etc.).</p>
<p>Potential integrity risks at LWUA.</p>	<p>Moderate</p>	<p>EO 62 (October 2011) ordered the transfer of LWUA from DOH to DPWH for "a concerted and well-coordinated effort in formulating policies as well as planning and implementing programs and projects for the water sector," with DPWH authorized to exercise administrative supervision over LWUA. DOF and DPWH representatives currently sit on LWUA's Board of Trustees, to sharpen LWUA's strategic direction and to address public financial management, procurement, and corruption risks.</p> <p>Procurement of civil works and goods and engagement of consultants will be carried out in accordance with ADB's Procurement Guidelines (March 2013, as amended from time to time), while will follow ADB's Guidelines on the use of Consultants (March 2013, as amended from time to time).</p>
<p>1.2 Financial Sustainability</p>		
<p>LWUA's financial sustainability; High operating costs and drop in collection performance; Ongoing rationalization of LWUA.</p>	<p>Low</p>	<p>LWUA has undertaken measures to trim its cost base (it started to implement its early retirement scheme in earnest beginning Q4 2013 with a total of 154 employees taking early retirement as of February 2014) and to increase the collection rate of its loan receivables.</p> <p>A comprehensive time-bound action plan on improving collection rate will improve LWUA's</p>

Risks	Risk Level Before	Mitigation
<p>Market conditions make LWUA irrelevant, as water districts have alternatives to tap for financing and technical advice; LWUA's revenue base shrinks.</p>	<p>Low</p>	<p>liquidity.</p> <p>The Government reiterated the need for LWUA's specialized lending and technical support for less resilient and smaller WDs, and requested ADB to increase the loan amount from the initial \$50 million to \$60 million. LWUA is working closely with Department of Public Works and Highways (DPWH) to be the preferred partner for grants to the sector, to be able to offer loan-grant water financing. The CDTA will include a high spot review of LWUA to identify key areas to strengthen and develop a business plan relevant to the sector's current needs.</p> <p>The Project will provide funding, through a TA grant, for a high spot review of LWUA by water specialists (corporate planning, collection efficiency, finance, MIS, etc.).</p> <p>A dynamic long-term strategic planning process needs to be developed within LWUA which will need a sustained commitment from LWUA management. The process can be supported through the use of integrated business planning models which will allow scenario building and analysis. This is an important tool that can guide management in decision-making to ensure long-term viability.</p> <p>Strong project management consultancy support will ensure proper linkage with appropriate departments in LWUA (Operations, Loans, Finance, etc.) to ensure that critical project implementation activities (WD loan approvals, loan disbursements, tariff approvals, bidding and awards, etc.) are not delayed.</p> <p>Special arrangement with banks or fund managers can also be made to ensure smooth flow of funds.</p>
<p>Fragmented regulation of the water sector may affect the financial viability of water districts</p>	<p>Moderate</p>	<p>EO 62 (October 2011) appointed the DPWH Secretary to rationalize government oversight of the water and sanitation sector and a phased restructuring is expected. NEDA and DPWH have been publicly urging the creation of a central agency to manage the country's water resources to be called the National Water Resources Management Office (NWRMO) as the apex body for the sector, to address fragmentation and weak regulation.</p>
<p>PROJECT SPECIFIC RISKS</p>		
<p>Capacity of LWUA and the WDs to fully utilize available funds and to effectively implement the project</p>	<p>Moderate</p>	<p>LWUA has provided a long list of WD water and sanitation subprojects totaling over \$60 million. Majority of the subprojects anticipated have low technical complexity. Preparation of more complex subprojects can be outsourced, if necessary; to a large pool of external consultants and experts available.</p>

Risks	Risk Level Before	Mitigation
<p>Limited capacity of IAs in financial management and procurement of ODA-funded projects, and in managing foreign exchange risk on funds borrowed from LWUA, and in sanitation</p>	<p>Moderate</p>	<p>Project management support and capacity building will facilitate and enhance financial management capacity of LWUA and the WDs as implementing agencies (IAs).</p> <p>LWUA will ensure WDs mitigate foreign currency risk to achieve sustainability and financial viability, including, for example, an option under consideration is a tariff mechanism to enable the WDs to recover foreign exchange losses in payments on funds borrowed from LWUA.</p>
<p>Connection rate will be less than projected</p>	<p>Low</p>	<p>WDs to encourage the target beneficiaries to connect by offering incentives (e.g. an installment payment scheme for the connection fees). To encourage inclusiveness, participating WDs must have initiatives for affordable access targeted at the poor (e.g., operational or proposed communal water faucets; for connection fees, socialized or installment schemes, etc.).</p>
<p>Operation of new infrastructure is not sustainable because of low tariffs, poor collection, inefficient operations, and/or limited human resources; Water districts are reluctant to adjust tariffs to full cost-recovery levels</p>	<p>Moderate</p>	<p>There is increased awareness by local governments and consumers of the importance of access to safe drinking water, and with it, increasing willingness to pay for clean water. To minimize resistance to cost-recovery tariffs, extensive stakeholder consultations will be encouraged, during which WDs will be more transparent with its customers regarding its financial condition and plans.</p> <p>Increased service coverage and lower NRW are expected to enhance the sustainability of participating WDs, which will help keep cost-recovery tariffs more affordable. The CDTA will fund several LWUA-led sector initiatives for WDs on business planning training and encourage integrating (or formal cooperation among) water supply systems, especially for WDs with less than 3,000 connections, in order to improve technical and financial results.</p>
<p>Water districts may be reluctant to borrow, especially for sanitation</p>	<p>Moderate</p>	<p>A CDTA grant will provide funding for capacity development and training for participating WDs, to enhance the sustainability of their water supply operations, focusing on business planning, project implementation and management, and technical/operational aspects (nonrevenue water reduction [NRW], improved management information systems [MIS], etc.).</p> <p>There has been more interest in recent years given growing awareness of the impact of poor sanitation on ground and surface water. A study tour of the Dumaguete Septage Facility for LWUA and CKWD was conducted under the project preparatory TA.</p> <p>A CDTA will finance several LWUA-led sector initiatives to catalyze additional investments in sanitation/septage management, and to</p>

Risks	Risk Level Before	Mitigation
		<p>encourage sanitation partnerships through joint workshops with WDs and their host-Local Government Units (LGUs).</p> <p>The CDTA will also provide funds for Information, Education and Communication programs for the host-LGUs, for WDs which are investing in septage management facilities through the sector loan.</p> <p>Participating water districts will be offered a 20% investment grant for sanitation subprojects.</p>
Overall Financial Management Risk.	Moderate	<p>LWUA is working with COA to complete the clean-up of LWUA's books, and DOF and DPWH representatives currently sit on LWUA's Board of Trustees, to sharpen LWUA's strategic direction and to address public financial management, procurement, and corruption risks.</p> <p>The Project will provide funding, through a capacity development technical assistance (TA), for a high spot review of LWUA by water specialists (corporate planning, finance, management information system [MIS], etc.).</p>

23. **Conclusion:** The financial management assessment concluded that while overall pre-mitigation risk is moderate, suitable mitigating measures have been designed and agreed, and financial management arrangements for the project are adequate.

B. Disbursement

24. The loan proceeds and UFPF grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (July 2015, as amended from time to time),²¹ and detailed arrangements agreed upon between the Government and ADB.

25. To ensure the timely release of loan proceeds and efficient project implementation, an imprest account will be established under the loan at the Land Bank of the Philippines in the name of the LWUA immediately after loan effectiveness. The currency of the imprest account is [the U.S. dollar]. The imprest account is to be used exclusively for ADB's share of eligible expenditures. The EA will handle all procurement, and incur all expenditures. The EA is accountable and responsible for proper use of advances to the imprest account.

26. The ceiling of the imprest account is 10% of the loan amount. The EA may request for initial and additional advances to the imprest account based on an Estimate of Expenditure Sheet²² setting out the estimated expenditures to be financed through the account for the forthcoming six (6) months. Supporting documents should be submitted to ADB or retained by the EA in accordance with ADB's *Loan Disbursement Handbook* when liquidating or replenishing the imprest account.

²¹ Available at: http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf

27. The SOE procedures may be used for reimbursement, liquidation and replenishment of the imprest account, for eligible expenditures not exceeding the equivalent of \$50,000 per individual payment. SOE records should be maintained and made readily available for review by ADB's disbursement and review missions or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.²³ Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

28. A monthly meeting with the finance/accounting unit of the PMU will be conducted to ensure proper use of loan funds.

29. Before the submission of the first withdrawal application, LWUA should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application (WA) is the equivalent of \$100,000, unless otherwise approved by ADB. Individual payments below this amount should generally be paid from the imprest account, or by the EA/IAs and subsequently claimed to ADB through reimbursement. ADB reserves the right not to accept WAs below the minimum amount.

30. The certificate of completion of works will be endorsed by the General Manager (GM) of each WD before submission to PMU. The endorsed certificate will be the basis of payment to contractors.

C. Accounting

31. The PMU and all participating WDs (including MSFWD and CKWD) will maintain separate books and records by funding source for all expenditures incurred on the Project by adopting accrual-based accounting following Philippine Financial Reporting Standards. LWUA will prepare consolidated Project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

D. Auditing and Public Disclosure

32. **Project financial statements.** LWUA shall (i) maintain separate accounts and records for the Project; (ii) prepare consolidated annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements audited annually in accordance with International Standards on Auditing and with the Government's audit regulations by the Commission on Audit, as an independent auditor acceptable to ADB. The audited project financial statements will be submitted in the English language to ADB within 6 months of the end of the fiscal year of the executing agency.

33. The annual audit report for the project financial statements will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial framework; (ii) whether loan and grant proceeds were used only for the purposes of the project or not; and (iii) the level of compliance for each financial covenant contained in the legal agreements for the project.

²³ Checklist for SOE procedures and formats are available at: Appendix 9B of the *Loan Disbursement Handbook (2012)*.

34. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

35. The Government and LWUA have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the project financial statements.²⁴ ADB reserves the right to require a change in the auditors, in a manner consistent with the constitution of LWUA, if the audits required are not carried out in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the Project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

36. **Entity financial statements.** LWUA and each participating WD shall (i) provide its annual financial statements prepared in accordance with national accrual-based financing reporting standards acceptable to ADB; (ii) have its financial statements audited annually by the Commission on Audit, as an independent auditor acceptable to ADB, in accordance with international standards on auditing or the national equivalent acceptable to ADB; and (iii) furnish to ADB, no later than one month of their approval by the relevant authority, copies of such audited financial statements and audit report, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

37. **Public disclosure.** Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011).²⁵ After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter and the entity financial statements will not be disclosed.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting

38. As an essential measure to project readiness before the loan agreement becomes effective, the EA requested for advance action for recruitment of the detailed engineering design and project management consultants. It is intended to facilitate Project start-up activities and avoid significant project implementation delays. The procurement of services under advance contracting will be undertaken in accordance with ADB's Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers (March 2013, as amended from time to time).

²⁴ ADB approach and procedures regarding delayed submission of audited project financial statements:

- When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next six months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- When audited project financial statements have not been received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next six months.
- When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the loan.

²⁵ Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

The issuance of the Request for Expressions of Interest will be subject to the approval of ADB. ADB's approval of advance actions will not commit ADB to subsequently approve the project or to finance the procurement costs; and ADB will not finance expenditures paid by the borrower prior to loan effectiveness.

B. Procurement of Goods, Works and Consulting Services

39. LWUA will implement all procurement for the Project in accordance with ADB's Procurement Guidelines (2015, as amended from time to time) and Republic Act (RA) No. 9184 or the Government Procurement Reform Act. ADB's Standard Bidding Documents shall be used for Goods and Works procured through the International Competitive Bidding (ICB) procedures. Bidding documents to be used for the procurement of Goods and Works (Infrastructure Projects) following the National Competitive Bidding (NCB) procedures shall be the Philippine Bidding Documents (as Harmonized with Development Partners) – 4th Edition, December 2010.²⁶

40. International Competitive Bidding (ICB) procedures will be applied for Works packages exceeding \$5.0 million. Those costing less than \$5.0 million but more than \$100,000, shall be procured through National Competitive Bidding (NCB) procedures, and those costing \$100,000 or less can be procured through shopping procedures.

41. ICB procedures will be applied for Goods packages exceeding \$1.0 million. Packages costing less than \$1.0 million but more than \$100,000, shall be procured through NCB procedures, and those costing \$100,000 or less can be procured through shopping procedures.

42. All Goods and Works procured through ICB procedures shall require prior review by ADB. Only the first three NCB packages for each category will require prior review. Shopping procedures need only post review.

43. All Consulting Services shall be recruited in accordance with the ADB Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers (March 2013, as amended from time to time). Consulting firms will be engaged by the PMU using the quality-and-cost-based selection (QCBS) method with a standard quality:cost ratio of 90:10.

44. Within a year of loan effectiveness, the EA shall submit a revised procurement plan to ADB for approval. This revised plan contains all ongoing procurement activities and those that are planned for the succeeding 18 months. The plan shall be updated annually or as required after every loan review mission or after award of each major ICB contract.

45. **Modification of Contracts.** For any contract variation, which would in aggregate increase in the original contract amount by more than 15%, the EA shall provide detailed justification and seek no objection from ADB on the proposed contract variation. If the proposed variation is inconsistent with the procurement plan and the provisions of the financing agreements, the ADB shall promptly advise the EA stating the reasons for its position. The EA shall furnish the ADB all amendments to the contracts for legal and record purposes.

²⁶ These Bidding Documents include sections on foreign-assisted projects specifically the ADB, World Bank (WB), and the Japan International Cooperative Agency (JICA).

C. Procurement Plan

Basic Data

Project Name: Water District Development Sector Project	
Country: Philippines	Executing Agency: Local Water Utilities Administration
Loan Amount: \$60 million	Loan (Grant) Number: TBD
Date of First Procurement:	Date of this Procurement Plan: February 2016

A. Process Thresholds, Review and 18-Month Procurement Plan

1. Project Procurement Thresholds

Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of Goods and Works.

Procurement of Goods and Works

Method	Threshold
International Competitive Bidding (ICB) for Works	\$5,000,000 and above
International Competitive Bidding (ICB) for Goods	\$1,000,000 and above
National Competitive Bidding (NCB) for Works	Below that stated for ICB Works
National Competitive Bidding (NCB) for Goods	Below that stated for ICB Goods
Shopping for Works	Below \$100,000
Shopping for Goods	Below \$100,000

2. ADB Prior or Post Review

Except as ADB may otherwise agree, the following prior or post review requirements shall apply to the various procurement and consultant recruitment methods used for the project.

Procurement Method	Prior or Post	Comments
Procurement of Goods and Works		
ICB Works	Prior	All.
ICB Goods	Prior	All.
NCB Works	Prior/Post	Prior review first three contracts.
NCB Goods	Prior/Post	Prior review first three contracts.
Shopping for Works	Post	
Shopping for Goods	Post	
Recruitment of Consulting Firms		
Quality- and Cost-Based Selection (QCBS)	Prior	Ratio of 90:10
Recruitment of Individual Consultants		
Individual Consultants	Prior	

3. Goods and Works Contracts Estimated to Cost More Than \$1 Million

The following table lists Goods and Works contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Contract Value (\$ million)	Procurement Method	Prequalification of Bidders (y/n)	Advertisement Date (quarter/year)	Comments
Civil Works (CKWD) Treatment Plant, Storage, Pipelines, etc.	1.430	NCB	N	Q1/2017	
Civil Works (MSFWD) Pumping Station, Treatment Plant, Pipelines, etc.	9.28	ICB	N	Q2/2017	

4. Consulting Services Contracts Estimated to Cost More Than \$100,000

The following table lists consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Contract Value (\$ million)	Recruitment Method	Advertisement Date (quarter/year)	International or National Assignment	Comments
Consultancy – Detailed Engineering Design and Project Management	0.974	QCBS (90:10)	Q2/2016	National	
CDTA for Capacity Building for Water District Development ^a	0.900	QCBS (90:10)	Q1/2016	National	

^a Recruitment will be conducted by the Asian Development Bank.

5. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000

The following table groups smaller-value Goods, Works and Consulting Services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Value of Contracts (cumulative) (\$ million)	Number of Contracts	Procurement / Recruitment Method	Advertisement Date (quarter/year)	Comments
Source Dev (Deep well) (CKWD)	0.290	1	NCB	Q2/2017	
Septage Treatment Plant (CKWD)	0.580	1	NCB	Q2/2018	
Vacuum Trucks (CKWD)	0.250	1	NCB	Q2/2018	
Source Dev (Deep well) (MSFWD)	0.220	1	NCB	Q2/2017	
NRW Reduction (Pipe replacement) (MSFWD)	0.340	1	NCB	Q2/2017	

*Note: First three NCB contracts for each category for prior review of ADB, succeeding contracts post review.

B. List of Awarded and On-going, and Completed Contracts

The following table provides an indicative list of all procurement (Goods, Works and consulting services) over the life of the project. Contracts financed by the Borrower and others should also be indicated, with an appropriate notation in the comments section.

General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable	Comments
----------------------------	-------------------------------------	--------------------------------------	---------------------------	---------------------------------------	-----------------

Goods

Works

General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Type of Proposal	Comments
----------------------------	-------------------------------------	--------------------------------------	---------------------------	-------------------------	-----------------

Consulting Services

C. National Competitive Bidding

1. General

The procedures to be followed for National Competitive Bidding (NCB) shall be those provisions referring to open competitive bidding procedures set forth in Republic Act 9184 the Republic of the Philippines, effective 26 January 2003, and its Revised Implementing Rules and Regulations, effective 2 September 2009, with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the Procurement Guidelines, Section I and paras. 3.3 and 3.4 of Section III.

2. Eligibility

- (i) Eligibility screening shall not be applied. However, bids that do not contain any of the following documents will not pass the documentary compliance check: (i) evidence of the required financial, technical, or production capability; (ii) audited financial statements; (iii) credit line or cash deposit certificate; (iv) bid security; and (v) authority of the bid signatory.
- (ii) National sanction lists may be applied only with prior approval of ADB.

3. Advertising

Bidding of NCB contracts estimated at \$500,000 or more for Goods and related services or \$1,000,000 or more for Works shall be advertised concurrently with the general procurement notices on ADB's website.

4. Price of Bidding Document

The price of bidding documents should be nominal, covering only reproduction, manpower salary and other contingencies for advertisements, supplies for documentary preparation, mailing/courier costs and other exigencies.

5. Price Ceiling

The approved budget for the contract (ABC) may be published, but it shall not be stated or implied that bid prices may not exceed the ABC, or that bid evaluation will in any way take into account the ABC. The ABC, budgetary allocation, ceiling price, or similar estimates of contract value may not be used to reject bids without prior concurrence of ADB.

6. Preferences

- (i) No preference of any kind shall be given to domestic bidders or for domestically manufactured goods.
- (ii) Suppliers and contractors shall not be required to purchase local goods or supplies or materials.
- (iii) Foreign suppliers and contractors from ADB member countries shall be allowed to participate, if interested, without first being required to associate with, or enter into joint venture with, local firms.
- (iv) Foreign suppliers and contractors from ADB member countries shall be allowed to bid, without registration, licensing, and other government authorizations, leaving

compliance with these requirements for after award and before signing of contract.

7. Experience Qualification

For Works contracts, the experience qualification requirement shall be: (i) at least one previous contract equal to at least 80% of the estimated cost of the contract being procured; and (ii) an average annual turnover from all works over the last three years equal to at least 100% of the estimated cost of the contract being procured.

8. Anticorruption Provisions in Bidding Documents

Anticorruption provisions in the Instructions to Bidders section of ADB's standard bidding documents (SBDs) shall be incorporated into NCB bidding documents including those under "Corrupt Practices" and "Eligible Bidders" clauses of the SBDs.

9. Bidding Period

Bidders shall be given a minimum of 4 weeks to prepare and submit bids, counted from the date of invitation to bid or the date of availability of bidding documents, whichever is later.

10. Single Bid Submission

When a lone bidder obtains a bidding document and submits a bid at the deadline for bid submission under a post-qualification bidding, bid opening and evaluation shall not proceed and it shall be considered a failure of bidding. Before taking any alternative procurement action, a proper assessment of the cause of the lack of participation shall be made and ADB's prior approval shall be sought for any proposed subsequent action.

11. Shopping Method

If included as a procurement method in the Procurement Plan, "Shopping" shall be undertaken in accordance with the **ADB Procurement Guidelines** (March 2013, as amended from time to time).

12. Contract Amendment

In case of contracts for prior review, modifications exceeding 15% of the contract amount and material changes in the conditions during implementation require ADB's prior concurrence.

13. Member Country Restrictions

Bidders must be nationals of member countries of ADB, and offered goods must be produced in member countries of ADB.

D. Consultant's Terms of Reference

46. All consulting services shall be recruited in accordance with the ADB's Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers (March 2013, as amended from time to time). The scope of services and terms of reference (TOR) of the consulting

services are presented in Appendix 1. The Detailed Engineering Design and Project Management consulting firms will be engaged by LWUA using quality-and-cost based selection (QCBS) method with standard quality:cost ratio of 80:20. A consulting firm will be engaged for a total of 240 person-months of national consulting services to assist the PMU in overall project management and implementation.

VII. SAFEGUARDS

47. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS),²⁷ ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS.

A. Environment

48. The Environment category is “B” in accordance with SPS, as the subprojects are not expected to cause irreversible adverse environment impacts. An Environmental Assessment and Review Framework (EARF) has been prepared, embodying specific requirements for all subprojects to be financed under the sector loan. LWUA shall ensure that the EARF provisions are observed and that (i) all subprojects are selected in accordance with the environmental criteria for subproject selection in the EARF; (ii) the screening is conducted and environment safeguard documents are prepared for all subprojects in line with SPS; (iii) an initial environmental examination (IEE) including an environment management plan (EMP) that ensures mitigation of identified environment impacts along with related costs is prepared, and the IEE is consistent and complies with SPS and Philippine laws and regulations; (iv) the EMP is updated based on detailed design and relevant provisions are incorporated into the bidding documents; and (v) the implementation of the EMP is monitored and semi-annual monitoring reports are submitted to ADB. Implementation will be ensured by a designated Gender and Social Development Officer in the PMU. Public consultations have been conducted and sample IEEs have been prepared for one water supply subproject (CKWD) and one sanitation subproject (CKWD), each including an EMP that ensures mitigation of identified environment impacts along with related costs. The EARF is in the linked documents.²⁸

B. Resettlement

49. The Involuntary Resettlement category is “B” in accordance with SPS; land acquisition and resettlement impacts are limited. A Resettlement Framework (RF) has been prepared, embodying specific requirements for all subprojects to be financed under the sector loan. A resettlement plan (RP) will be completed for each subproject to be financed under the sector loan, in accordance with the RF, as required, during implementation. Under the PPTA, public consultations were conducted and a sample RP has been prepared for one water supply subproject (MSFWD); initial costs for land acquisition and resettlement including implementing the RP have been estimated and integrated in the project cost. The RP follows a process consistent with SPS and Philippine laws and regulations, and ensures compliance with the same. A designated Gender and Social Development Officer in the PMU will review and approve the RP in accordance with the RF. Additionally, the PMU will exercise the overall monitoring and evaluation of RP preparation and implementation for all the subprojects, and will be assisted by the Project Management Consultants. The RF and the RP for MSFWD are in the

²⁷ Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

²⁸ Available at: <http://www.adb.org/projects/documents/water-district-development-sector-project-earf>

linked documents.²⁹

50. At the WD level, the PIU will be responsible for the preparation, updating and implementation of the RP. A resettlement specialist within the PIU will ensure that the social safeguard policies contained in the RF and RP are adhered to. The PIU will be responsible for ensuring that sustained efforts will be made to enhance community relationships in the conduct of resettlement activities such as detailed measurement survey (DMS), physical design development and technical verifications, disclosure, preparation and implementation of income restoration program, timely delivery of compensation and entitlement to all affected people, act as grievance officers and submit to the PMU quarterly resettlement progress reports prepared by the Project Management Consultants.

C. Indigenous Peoples

51. The Indigenous Peoples category is “C” in accordance with SPS, based on the social assessment of all subprojects of the two pilot WDs. However, an Ethnic Minority Development Framework (EMDF) has been prepared which will guide the preparation of an ethnic minority plan, as required, during implementation. The PMU will have overall responsibility for reviewing the subprojects and enforcing the EMDF. At the WD level, the PIU will be responsible for the preparation, updating and implementation of the Ethnic Minority Development Plan, if any, as required during implementation.

VIII. GENDER AND SOCIAL DIMENSIONS

52. A Poverty and Social Analysis (PSA) was conducted to examine the social development issues and the Project’s potential impact, especially on the poor, affected peoples and women. Based on the PSA, the Summary Poverty Reduction and Social Strategy (SPRSS), an RRP linked document, identifies the design and implementation of a Gender Action Plan (GAP), a Stakeholder Communications Strategy (SCS) and a Participation Plan (PP) with measures to address identified social risks and create opportunities for women and the poor’s social inclusion and economic enhancement.

53. Poverty is prevalent in the target WDs including Metro San Fernando (MSFWD) and Koronadal (CKWD) where according to the socio-economic survey undertaken during the PPTA, 36% and 46% of the people respectively live below the poverty line. In MSFWD and CKWD, 32% and 36% of households earn a combined income of Php5,000–Php9,999 a month respectively. Among poor households, FHHs were 23% and 17% in MSFWD and CKWD respectively. In the urban centers, few people have piped water connections (18% in CKWD and 11% in MSFWD). The poor are even worse off in CKWD and MSFWD where over 90% of them did not have water connections, despite the LWUA’s policy of a lifeline tariff cap equal to 5% of monthly income of poor households. The majority of the target WD populations, which includes the poor, women and vulnerable groups, suffer from a lack of clean water and proper sanitation and related pollution, poor living conditions and health problems. The inadequate access of disadvantaged groups to water and sanitation services is attributed to underinvestment by these WDs and the lack of awareness and demand.

54. The Project upon completion will directly benefit 200,000 people through new and improved water supply connections and 400,000 people through improved sanitation in the

²⁹ Available at: <http://www.adb.org/projects/documents/water-district-development-sector-project-rf> and <http://www.adb.org/projects/documents/water-district-development-sector-project-metro-san-fernando-rp>

target WDs including CKWD and MSFWD. The Project's impact will include improved hygiene practices, sanitation, living conditions and quality of life for the beneficiaries; and reduced health risks, health costs and reduced environmental pollution. The burden on women as primary domestic caregivers will reduce thus reducing their time poverty.

55. The poverty and social inclusive design features of the Project which are intended to benefit the poor, women and vulnerable groups are: (i) to ensure social inclusiveness, enforcement of LWUA's policy of a lifeline tariffs through sub-project screening criteria and loan covenant requirements; and participating WDs requirement to have initiatives for affordable access (e.g. communal faucets, installation payment for connection fees) as sub-project eligibility criteria; (ii) provide equal opportunities during civil construction; (iii) participation in public consultation; and (d) IEC training. Key gender inclusive design features that are included in the GAP are: (i) training of community-based sanitation facilitators, of which at least 50% are female; (ii) 30% of overall staff and 30% of management positions in the PMU are female; (iii) capacity development of PMU/LWUA and PIUs/WDs on competencies in gender analysis, gender-responsive planning, gender budgeting, and designing of GAD plan and activities compliant with RA 7192; (iv) encouraging the appointment of at least 2 women on each participating WD's Board; (v) 30% of beneficiaries receiving training to enhance sustainability of WD operations, and sanitation education information are female; (vi) designation of an employee at LWUA to coordinate the GAP implementation; and (vii) collection of sex-disaggregated data and regular 6-monthly monitoring and reporting of GAP implementation consistent with ADB GAP Progress Report template.

56. Consultations were conducted with target beneficiaries, affected persons, vulnerable groups and other stakeholders during the PPTA and will be continued during project implementation. The tables on Summary of Consultation and Participation (SCP) and Stakeholder Analysis (SA) are the outcomes of this exercise. The Participation Plan (PP) builds on the data from the SCP and SA and describes how various stakeholders will be engaged during project implementation. It provides opportunities for communication with, and feedback from, key stakeholders, including vulnerable groups such as the poor and women, during subproject design and implementation. The PP proposes the establishment of a responsibility center within the PIU in each participating WD to take the lead in implementing the strategies outlined in the PP, like partnership-building with barangay and municipal LGUs, engaging and building cooperation with civil society groups, and social mobilization of communities.

57. The GAP is summarized below in Table 8.

Table 8: Gender Action Plan

Project Output	Proposed Actions and Targets
Client-Focused	
Output 1: Expansion and improvement of water supply systems; sanitation projects	<ul style="list-style-type: none"> ➤ Information dissemination on new water services targeting poor households in the existing and expansion water service areas. ➤ Promoting affordability to low-income households including ensuring the minimum charge for monthly water consumption should meet LWUA's guidelines for low-income households in the areas served by participating water districts (WDs). ➤ Partnership with barangay health workers/units and non-government organizations (NGOs) for delivery of sanitation information education and communication (IEC) and training. Per subproject, IEC training for 100 barangay health workers, science, public school teachers (50% are female). ➤ Ensuring WDs consult with women and men separately about content, format, and media for IEC messages.
Organization-Focused	
Output 2: Capacity and institutional development for participating WDs and LWUA.	<ul style="list-style-type: none"> ➤ Training to enhance sustainability of operations for WDs (business planning, project implementation, management information system [MIS], non-revenue water [NRW] reduction) (at least 30% of participants are female).³⁰ ➤ Designation of an employee to coordinate, monitor and report on implementation of GAP activities. ➤ Capacity development of LWUA/WDs in gender analysis, gender-responsive planning, gender budgeting, and GAP compliance. ➤ At least 30% of LWUA's overall staff and management at project management unit are female.³¹ ➤ Encouraging the appointment of at least 2 women on the Board of each participating WD, of which one is a representative of a women's organization (e.g. a relevant NGO or national women's group). ➤ Allocation from LWUA's yearly GAD budget to its GAP budget to support project implementation. ➤ Detailed project performance monitoring (including compliance with GAP), reporting, accounting, and auditing systems developed, with collection of sex-disaggregated data, provide 6-monthly reports and feed data into mid-term review and Project Completion Report.

58. **Implementation and Monitoring Arrangements.** A responsibility center will be created at LWUA, with an employee designated to monitor GAP implementation by LWUA and participating WDs and to provide implementation support to the conduct of GAP activities, such as training and capacity-building on required competencies of the PIUs in complying with their obligations under the GAP, as well as in monitoring overall GAP implementation. Similarly a responsibility center at each WD level will be set up consisting of a gender focal person within its PIU at the minimum. Other staff members of the WD will be engaged to assist with various activities in the GAP. The PIU gender focal person will be responsible for GAP implementation, updating and monitoring.

59. **GAP Budget.** LWUA will allocate a yearly budget (see table below) for the implementation of the GAP, which will be taken from its GAD budget. In addition to enhancing its own GAD capacity, the budget will among other things cover GAP training, capacity development of LWUA and database collection and monitoring. LWUA will work with participating WDs to ensure that all subprojects follow the project-wide GAP. Each WD shall appoint a gender focal person responsible for (i) preparing a gender action plan for the WD in order to ensure the WD's compliance with those aspects of the GAP applicable to the WD; and

³⁰Baselines will be collected for LWUA and each participating WD. If the baseline indicates a higher % of female representation than the 30% target, an appropriate higher target will be incorporated and reported to ADB.

³¹See footnote 3.

(ii) implementation of the WD's gender action plan, including the preparation of budgets and the taking of any actions to ensure the WD's compliance with the GAP.

Table 9: Gender Action Plan – Annual Budget (pesos)

Budget Item	Year 1	Annual Budget Years 2-6
Training of LWUA's and WDs' gender focal points on GAP implementation and monitoring	400,000	200,000
Capacity development of LWUA and WDs staff on gender analysis, gender-responsive planning and budgeting	600,000	300,000
Supervision and monitoring of GAP implementation – database creation and maintenance	200,000	200,000
Total	1,200,000	700,000

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Project Design and Monitoring Framework

DESIGN AND MONITORING FRAMEWORK

Impacts the project is aligned with:

Improving the level and standard of service in the water and sanitation sector (Updated Philippine Development Plan 2011–2016).³²

Results Chain	Performance Indicators with Targets and Baselines	Data Sources or Reporting Mechanisms	Risks
Outcome Increased access to safe drinking water and improved sanitation for the communities outside Metro Manila that the participating water districts serve.	By 2023 a. 200,000 more people will have access to piped water service connections (a baseline will be established for each subproject at the start of subproject implementation) b. 400,000 more people will have access to improved sanitation (a baseline will be established for each subproject at the start of subproject implementation).	a. Water district records b. Project records	Operation of new infrastructure is not sustainable because of low tariffs, poor collections, inefficient operations, and/or limited human resources.
Outputs 1. Water supply systems extended and rehabilitated, and new sanitation facilities constructed.	By 2022 1a. At least 20 water supply subprojects, financing new deep wells and other raw water sources, reservoirs, transmission, and distribution pipelines for expansion and/or rehabilitation (2016 baseline: 0) 1b. At least four new sanitation	1a-c. Records of water districts, project management unit, LWUA, and LGUs	LWUA and water districts will not have sufficient capacity to fully utilize the funds available for onlending. Water districts have limited capacity in financial management and procurement of ODA-funded projects, and managing foreign

³² Government of the Philippines, National Economic and Development Authority (NEDA). 2014. *Philippine Development Plan 2011–2016, Midterm Update with Revalidated Results Matrices*. Manila.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources or Reporting Mechanisms	Risks
	<p>facilities (2016 baseline: 0)</p> <p>1c. At least 400 barangay health workers and/or science or health public school teachers trained in sanitation information, education, and communication (100 per sanitation subproject, of which 50% will be female). (2016 baseline: 0)</p>		<p>exchange risk on loans.</p> <p>Water districts will be reluctant to borrow, especially for sanitation.</p> <p>Potential integrity risks at LWUA.</p>
<p>2. Capacity of participating water districts and LWUA developed</p>	<p>By 2018:</p> <p>At least 10 capacity building workshops for LWUA and water districts to enhance sustainability (at least 300 trained, of which at least 30% will be female). (2016 baseline: 0)</p> <p>At least 5 capacity building workshops to catalyze sanitation investments (at least 200 trained, of which at least 30% will be female). (2016 baseline: 0)</p> <p>At least 5 capacity building workshops for LWUA and water districts in safeguards and gender-responsive planning, and compliance with gender action plans and safeguards action plans (RPs, IPPs, and EMPs) (at least 100 trained, of which at least 30% of will be female). (2016 baseline: 0)</p>	<p>Project performance and monitoring system reports progress reports, monitoring and evaluation reports</p>	<p>High turnover rate of trained staff.</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources or Reporting Mechanisms	Risks
Key Activities with Milestones			
Output 1. Water supply systems improved and extended, and sanitation projects operating.			
1.1 Recruit project implementation consultants by September 2016			
1.2 Prepare detailed design of water subprojects of pilot water districts by March 2017 and non-pilot water districts by March 2018			
1.3 Prepare detailed design of sanitation subprojects by March 2019			
1.4 Procure civil works and equipment from July 2017 to June 2021			
1.5 Implement and complete civil works from July 2017 to March 2022			
Output 2. Capacity of participating water districts and LWUA developed			
2.1 Identify planning and project management capacity gaps of water districts by February 2017			
2.2 Prepare and approve LWUA corporate plan by May 2017			
2.3 Conduct capacity development workshops for water districts to enhance sustainability of their operations, including business planning, project implementation, MIS, nonrevenue water reduction, by December 2017			
2.4 Public sanitation promotion campaigns and sanitation workshops organized by LWUA to catalyze partnerships between LGUs and water districts by June 2018			
Inputs			
ADB Loan: \$60,000,000			
UEIF–UFPF Grant: \$ 2,000,000			
Government: \$13,000,000			
TA to finance output 2:			
UEIF–UFPF Grant: \$500,000			
Multi-Donor Trust Fund Grant under the Water Financing Partnership Facility: \$500,000			
ADB = Asian Development Bank, EMPs = environmental management plans, IPPs = indigenous peoples plans, LGU = local government unit, LWUA = Local Water Utilities Administration, MIS = management information system, PIU = project implementation unit, PMU = project management unit, RPs = resettlement plans.			

Source: Asian Development Bank.

B. Monitoring

60. **Project Performance Monitoring.** A list of verifiable performance indicators will be prepared by the PMU in accordance with ADB’s Project Performance Management System (PPMS). The system will establish a cause-and-effect relationship between the Project and its impact. The PPMS will comprise (i) a comprehensive list of implementation-related performance indicators duly collected, monitored, and recorded by the PMU and PIUs and semiannually assessed by LWUA; and (ii) post-completion performance and impact data collected by the PMU. Baseline and impact data will be disaggregated by city, town, and local area and by other dimensions to be discussed at project inception. Implementation of performance monitoring will integrate financial and other aspects. The PMU will establish the PPMS satisfactory to ADB within one year from loan effectiveness.

61. **Compliance Monitoring.** The Project will be reviewed jointly by the EA, the Implementing Agencies (IAs), and ADB semiannually to assess implementation progress. A comprehensive midterm review will be carried out by the EA, IAs and ADB three years after commencement of the Project. Taking into account the PPMS results, the midterm review will (i) review and evaluate the scope, design, and implementation arrangements of the Project; (ii) evaluate the progress of the institutional development and capacity of the implementing agencies; (iii) identify changes needed in any of the areas mentioned above; (iv) assess the implementation performance against agreed project indicators and targets; (v) review and establish compliance with the loan covenants; and (vi) identify critical issues, problems, and

constraints, if any, and, if necessary, recommend adjustments in project design or implementation arrangements.

62. **Safeguards Monitoring. Resettlement Plans.** Monitoring of the implementation of the subproject RPs and adherence to the project principles and policies contained in the RF will be the responsibility of the PMU and will be undertaken by the designated staff within the PMU. The PMU will develop internal monitoring indicators, procedures and reporting requirements for the implementation of the RPs of all subprojects. Periodic reports will be submitted by the PIUs to the PMU and ADB. Reports include: (i) status of payment of compensation and provision of assistance to affected people in accordance with the approved RP; (ii) coordination and completion of compensation and, as required, resettlement activities and commencement of civil works; (iii) adherence to public information dissemination and consultation procedures, and report on activities; and (iv) adherence to grievance redress procedures, and an account of project activities. An external monitoring and evaluation body will be engaged for the subproject in order to work on ensuring that provisions on compensation and project assistance indicated in the RP are adhered to accordingly.

63. Monitoring of the implementation of the EMDF and IPs, if any, shall likewise be the responsibility of the PMU. In addition, the PMU shall see to it that the ADB Policy on IPs is implemented through its monitoring and training support functions.

64. **Grievance Redress.** Any grievances of landowners or non-titled affected people can first be brought to the attention of the local area representative or the elected city committee members. Grievances not redressed within 15 days will be brought to the relevant PIU, and the PIU head will coordinate with the LGUs for redress. Grievances not redressed by the PIU within 15 days will be brought to the Land Acquisition and Resettlement Committee acting as a grievance redress committee. The committee will meet when a grievance is not resolved by the PIU. Members will be given notice of the meeting, meet to determine the merit of the grievance, and resolve the grievance within a month of receiving the notice for the meeting. Further grievances will be referred by affected peoples to appropriate courts of law. The procedures for redressing grievances are further detailed in the RP.

65. **Gender and Social Dimensions Monitoring.** Monitoring of the implementation of the GAP by LWUA and the participating WDs and their progress in the achievement of both the client-focused and organization-focused outputs specified in the GAP will be the responsibility of the PMU. The PMU will develop the monitoring tools, reporting templates and output indicators, assisted by Project Management Consultants, and the PIUs will submit periodic reports to the PMU using these tools, templates and indicators. The PMU will develop an MIS mechanisms under which GAP implementation progress of all participating subprojects are regularly collected and consolidated across all subprojects. The consolidated GAP implementation progress will be included in quarterly PMU reports to ADB, consistent with ADB's GAP Progress Report template. The GAP budget shall include the cost of monitoring and evaluation.

66. Monitoring of the CPP implementation will be the responsibility of the proposed Social Development Unit at the PMU and the PIUs. Periodic activity reports will be submitted by the Gender Focal Person at the PIU to the PMU. The PMU will be assisted by Project Management Consultants in devising the monitoring indicators and reporting templates and in assessing progress in the implementation of the CPP.

67. **Environment.** The IA through the PIU will be responsible for the preparation and submission of semi-annual reports on the environmental issues and achievements made in the

implementation of the environment management plan (EMP) of its subproject(s). The IA will provide these quarterly reports to the PMU of the EA and ADB. At its discretion, the EA will conduct field inspection related to the performance of EMPs.

C. Evaluation

1. Project Review

68. The PMU and PIUs will regularly review and evaluate project performance, while LWUA and ADB will jointly assess project implementation at least once every year.

2. Midterm Review

69. LWUA, the PMU, and ADB will conduct a comprehensive midterm review three years after the Project starts. The review will (i) cover the scope, design, and implementation arrangements of the Project; (ii) identify changes needed since the time of project appraisal; (iii) assess implementation performance against project indicators; (iv) establish compliance with loan covenants; and (v) identify problems, constraints, and, if necessary, recommend changes in the design or implementation arrangements.

70. **Quarterly Progress Reports.** LWUA will provide ADB with detailed quarterly progress reports on project implementation, following ADB standard procedures within 30 days after each quarter. The reports will be in a format acceptable to ADB and indicate:

- a. Progress against established targets,
- b. Status of performance indicators,
- c. Problems encountered and steps taken to resolve the problems,
- d. Compliance with safeguards and loan covenants, and
- e. Program activities proposed for the following quarter.

71. **Project Completion Report (PCR).** Within six months of physical completion of the Project, LWUA will submit a project completion report (PCR) to ADB, in ADB format.³³

72. **Other Reports.** A detailed implementation plan for monitoring performance and preparing benchmark information for ADB's review and concurrence within six months of the effective date.

73. Baseline information will be established for each subproject within one year of the completion of the subproject appraisal report. Thereafter, the PMU shall submit semi-annual evaluation reports throughout project implementation, to be included in the progress reports.

D. Stakeholder Communication Strategy

74. The Asian Development Bank's (ADB's) policies on information disclosure, consultation, and participation³⁴ encourage a participatory process whereby consultation with project stakeholders is sought, and information is shared with stakeholders and project-affected people,

³³ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

³⁴ ADB Public Communications Policy 2007 and ADB Safeguard Policy Statement 2009.

in a timely manner to allow meaningful inputs into project design to reflect stakeholders' inputs and to enhance project ownership and sustainability.

75. Stakeholder analysis identifies different groups of project-stakeholders that should be most actively involved in plan preparation, and specific as well as common areas of interest across the different groups.

Stakeholder Communication Strategy

Objectives	Key Risks/Challenges	Main Stakeholders	Messages	Means of Communication	Timeline	Responsible Parties	Resources Needed
1. Raise awareness of the project across all stakeholders	<ul style="list-style-type: none"> Trust of source of information Language Literacy Managing expectations Identifying and reaching all possible stakeholders 	<ul style="list-style-type: none"> Water district (WD) management Local government units (LGUs) Urban poor Water source communities Project-affected persons WD Unions/ Employees Associations Non-government organizations (NGOs), women's organizations Local business groups 	<ul style="list-style-type: none"> Key project benefits of improved health and easier access to clean water Project information such as planned expansion areas which will benefit more communities and the proposed location of these communities Consultation processes will be undertaken throughout the project cycle 	<ul style="list-style-type: none"> Community assemblies Project information bulletin Interview of households during socio-economic survey and assets inventory Local leaders Media (press releases in newspapers, interviews on radio) Barangay health workers 	Project preparatory stage and detailed engineering design	Project implementation team	<ul style="list-style-type: none"> Cost of content development Cost of printing the materials Cost of community assemblies Source of budget: Resettlement Plan (RP)
2. Generate/validate information on planning contexts and build consensus on analysis of problems and required action within the water district and across different stakeholders	<ul style="list-style-type: none"> Trust of source of information Language Literacy Managing expectations Identifying and reaching all possible stakeholders 	<ul style="list-style-type: none"> WD management LGUs Urban poor Water source communities Project-affected persons WD Unions/ Employees Associations NGOs, women's organizations Local business groups 	<ul style="list-style-type: none"> Socio-economic information on communities from surveys Key issues from stakeholder consultations that will be considered and addressed by project such as location of facilities to ensure inclusive access, perceived high cost of water services, connection fees 	<ul style="list-style-type: none"> Community assemblies Local leaders Health agencies, schools, churches, NGOs, environmental groups Barangay health workers 	Project preparatory stage and detailed engineering design	Project implementation team	<ul style="list-style-type: none"> Cost of community consultations Source of budget: RP

Objectives	Key Risks/ Challenges	Main Stakeholders	Messages	Means of Communication	Timeline	Responsible Parties	Resources Needed
			<ul style="list-style-type: none"> • Socio-economic information and consultations were taken into consideration in project design • Design measures to be implemented to address concerns (e.g. affordable payment schemes) • Project impacts (good and bad) and mitigating measures 				
<p>3. Improve stakeholder support for the project and water and hygiene practices</p>	<ul style="list-style-type: none"> • Concerns on affordability • Concerns on project impacts • Language • Literacy 	<ul style="list-style-type: none"> • WD management and staff • LGUs • Urban poor • Project-affected persons • Water source communities • WD Unions/ Employees Associations • NGOs • Women's organizations • Local business groups 	<ul style="list-style-type: none"> • Project benefits of improved water and sanitation services; the communities that have been benefited and how they were benefited; actual benefits enjoyed such as reduced incidence of sickness • Measures to address affordability, lack of access by poor households and other concerns • Ways in which stakeholder feedback has 	<ul style="list-style-type: none"> • Community assemblies • Project information bulletins • Hygiene campaigns in schools, communities, public markets, establishments • Local leaders, church leaders, NGOs • Community organizations • Barangay health workers • Dialogues with specific stakeholders • Media outreach 	<ul style="list-style-type: none"> • Sub-project preparatory phase; detailed engineering design; during construction of civil works; during operation • Regularly scheduled meetings (every 1-2 months) 	<ul style="list-style-type: none"> • Project implementation team • Local government/ WD 	<ul style="list-style-type: none"> • Cost of content development • Cost of printing the materials • Cost of regular meetings, community assemblies, dialogues • Source of budget: Project budget for information education and communication (IEC) on sanitation

Objectives	Key Risks/ Challenges	Main Stakeholders	Messages	Means of Communication	Timeline	Responsible Parties	Resources Needed
			been incorporated in project design				
4. Ensure regular flow of reliable project information and stakeholder feedback on project implementation	<ul style="list-style-type: none"> • Identifying respected stakeholder representatives; • Timing of consultations as issues arise; • Language • Mechanisms able to respond to concerns 	<ul style="list-style-type: none"> • WD management and staff • LGUs • Urban poor • Project-affected persons • Water source communities • WD Unions/ Employees Associations • NGOs • Women's organizations • Local business groups 	<ul style="list-style-type: none"> • Importance of feedback and dialogue and what mechanisms has in place for enabling stakeholders to provide feedback • Project employment opportunities • Entitlements for affected persons • Grievance redress procedure and mechanism • Project monitoring and evaluation results and how they can be improved • Explain how feedback will be/has been used 	<ul style="list-style-type: none"> • Local government mechanisms • Local leaders • Community organizations • Community assemblies/ forums • NGOs, barangay health workers • Media outreach • Notices posted on the WD's bulletin board 	<ul style="list-style-type: none"> • Sub-project preparatory phase; detailed engineering design; During construction of civil works; during operation • Regularly scheduled meetings (every 1-2 months) 	<ul style="list-style-type: none"> • Project implementation team • Community leaders/ organizations • Local government/ WD 	<ul style="list-style-type: none"> • Cost of regular meetings, community assemblies, dialogues • Source of budget: RP, WD operating budget

X. ANTICORRUPTION POLICY

76. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.³⁵ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.³⁶

77. ADB's Anticorruption Policy (1998) was explained to and discussed with the Government and LWUA. Consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Project. To support these efforts, relevant provisions of ADB's Anticorruption Policy are included in the loan regulations and the bidding documents for the Project. In particular, all contracts financed by ADB in connection with the Project shall include provisions specifying the right of ADB to audit and examine the records and accounts of the EA, IAs, and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

78. LWUA will ensure (i) submission of general procurement notice to ADB for publication in accordance with the *Procurement Guidelines*, and (ii) upon receiving ADB's "no objection" to the recommendation of the contract award, shall publish in daily newspapers circulated nationally, both in English and the local language, the results identifying the bid and lot numbers, and also (a) the name of each bidder, (b) bid prices as read out at bid opening, (c) name and evaluated prices of each bid that was evaluated, (d) names of bidders whose bids were rejected and the reasons for their rejection, and (e) the name of the winning bidder and the price it offered, as well as the duration and summary scope of the contract awarded. In addition to the standard ADB requirements, to deter corruption and increase transparency, LWUA will create a link to the existing LWUA website, and public disclosure board outside the project office, disclosing information on various matters regarding the Project, including procurements related to it.

79. LWUA will allow and assist ADB's representatives' carrying out random spot checks on the work in progress and utilization of funds for the Project, as per the Second Governance and Anticorruption Action Plan.³⁷

³⁵ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

³⁶ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

³⁷ GACAP II Guidelines available at: <http://www.adb.org/Documents/Guidelines/GACAP-II-Guidelines.pdf>. See also Sourcebook: Diagnostics to Assist Preparation of Governance Risk Assessments: <http://www.adb.org/documents/books/Diagnostics-to-Assist-Preparation-of-GRAs/default.asp>.

XI. ACCOUNTABILITY MECHANISM

80. People who are, or may in the future be, adversely affected by the Project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.³⁸

XII. RECORD OF PAM CHANGES

81. All revisions/updates during course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.³⁹

³⁸ For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

³⁹ For further information see: <http://compliance.adb.org/>.

OUTLINE TERMS OF REFERENCE DETAILED ENGINEERING DESIGN AND PROJECT MANAGEMENT CONSULTANTS

A. OBJECTIVES

1. The Project will enable water districts (WDs), corporatized under water utilities operating outside Metro Manila, to expand and rehabilitate supply systems and to build pilot sanitation facilities, in order to reduce water-related diseases due to unsafe drinking water and the lack of sanitation facilities.

82. The Project will provide detailed engineering design (DED) and project management (PM) and related services for the implementation of the project, including support to the Local Waters Utilities Administration (LWUA), participating WDs, and local government units (LGUs) (for sanitation projects). The consultants will (i) prepare detailed design report and bidding documents, (ii) assist LWUA in procurement activities, (iii) construction supervision and with the preparation of the initial environmental examinations (IEEs), environmental management plans (EMPs), and resettlement plans (RPs).

83. The consultants will assist in LWUA's procurement activities such as, but not limited to:

- (i) Preparation of detailed engineering designs and bidding documents for the two pilot sub-projects and about 50 to 60 non-pilot water districts;
- (ii) coordinating activities of consultants working on the Project to ensure optimal and effective utilization of resources;
- (iii) ensure compliance with all relevant ADB policies and guidelines;
- (iv) attend meetings as may be required by ADB, LWUA or water districts.

84. Consultants will be recruited in line with ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time) using quality- cost-based selection. The consulting team will be engaged through a firm using the quality and cost based selection method (90:10)⁴⁰. Shortlisted firms will be required to submit a full technical proposal.

B. SCOPE OF WORK

85. The Consultant will involve formulation of a conceptual design to detailed engineering design of facilities to improve the water supply systems. The Consultant will assist the PMO/PMU with the implementation of a PPMS based on indicators included in the Project loan agreement. The key indicators will include the performance targets and those included in the Design and Monitoring Framework (DMF) including decrease in occurrence of water-borne and water washed diseases, increase in service coverage, and increase in number of connections, etc. These indicators and associated targets will be disseminated to the participating WDs and LGUs (where relevant) and used to guide the preparation of implementation action plans, and financial improvement plans. The plans will include the development and operation of an information system to collect and analyze information required for inclusion in the PPMS. Baseline data should be available at the end of the first full year of project implementation and a complete set of indicator results for each subproject by the end of the second year.

86. Project Management Advisory Services will include the following:

⁴⁰ Explanation of ADB 90:10 method.

- (i) maintain a master schedule of all Project activities and monitor performance against progress, identifying problem areas and working with the project management office/unit (PMO/PMU) and implementing agencies to solve these problems;
- (ii) assist the PMO/PMU in financial management of the Project including oversight of project accounting, monitoring financial performance of the Project and preparation of reports as necessary;
- (iii) ensure compliance with quality and best practices of consultancy services and physical works carried out by contractors (to include design review and checking responsibilities);
- (iv) advise on procurement-related matters;
- (v) coordinate activities of consultants working on the Project to ensure optimal and effective utilization of resources;
- (vi) review specific reports, with special regard to environmental and social development activities, and forward a copy to the Asian Development Bank (ADB);
- (vii) ensure compliance with all relevant ADB policies and guidelines;
- (viii) monitor compliance with loan covenants using the Project Performance Monitoring System (PPMS);
- (ix) prepare periodic reports, such as progress and audited financial reports, to PMU and ADB as required; and
- (x) attend meetings as may be required by ADB, LWUA and/or PIA's.

87. **Engineering Studies.** The PPTA funded the preparation of the preliminary designs and pre-feasibility studies for the two pilot WDs.

- (i) For non-pilot projects with existing feasibility studies (FS), the consultant tasks include review and update of the engineering studies of subprojects prepared.
- (ii) For Non-pilot projects with no existing FS the consultant's tasks include assistance in the preparation of the engineering studies or Program of Works⁴¹ (POW) in sufficient detail similar to what is being prepared by LWUA for most of the projects it is currently implementing as to allow construction engineers to implement it by administration. The consultants should design a population and demand projections and water system models for the distribution to each municipality/water district.

88. **Detailed Engineering Design Services.** For the water supply component of the two pilot WDs, these include:

- (i) confirmation of groundwater potential;
- (ii) topographic surveys of proposed water treatment plants, transmission and distribution pipeline routes, well sites, and other facilities;
- (iii) line and profile survey of proposed transmission pipe routes;
- (iv) flow measurements of surface water sources and hydrological analysis;
- (v) hydraulic analysis of water supply systems to determine optimum and cost efficient designs;
- (vi) design of production wells;

⁴¹ The outline or coverage of the POWs may be revised or determined to a level acceptable to both LWUA and the Consultant.

- (vii) water quality tests to be performed for all potential water sources to ascertain if water is potable in accordance with Philippine National Standards for Drinking water;
- (viii) review engineering design, ensuring all necessary mitigation measures as proposed in the EMP are taken;
- (ix) prepare engineering technical specifications for each work item, taking into account relevant specifications in use in the country and elsewhere for similar works;
- (x) preparation of engineering plans and comprehensive Engineer's estimates for cost of works in each contract;
- (xi) prepare tables of financial evaluation especially tariff schedule for the pilot and non-pilot sub-projects;
- (xii) produce complete detail drawings and tender and contract documentation suitable for procurement under national competitive bidding method; and
- (xiii) produce as-built plans and profiles, post project, in both soft and hard files in a generally acceptable format.

89. For the non-pilot WDs, the consultants will assist in the preparation of engineering designs in sufficient detail to allow construction engineers to implement the sub projects by administration similar to what is being done in other LWUA projects.

The Consultant shall assist LWUA in producing as-built plans and profiles, post project, in both soft and hard files in a generally acceptable format.

90. Consultant assistance in all the other activities (preparation of contract documents etc.) will be the same for pilot and non-pilot WDs.

91. **Assistance in the Preparation of Contract Documents.** These include the preparation of:

- (i) pre-qualification documents and guidelines on short-listing of contractors;
- (ii) outline designs and general arrangement drawings for proposed works;
- (iii) schedules of quantities based on outline designs; these schedules need to be arranged to support the selection of the winning bidder during the bid evaluation process, and the execution of the contract on a schedule-of-rates basis;
- (iv) schedules of quantities to include: (a) construction of the facilities, (b) operation and maintenance of treatment plants and distribution systems for a six-month period, (c) training of staff in the operation and maintenance of the system, (d) a house connection marketing campaign, and (e) house connection installation costs for a contracted number of customers;
- (v) performance-based specifications for the works with salient criteria including: (a) the service area, (b) the minimum number of connections to be added to the system, (c) water quality, (d) service levels, and (e) water throughput; and
- (vi) bid documents, including: (a) definition of the service area and boundary including description of sites proposed for use in the Project, and details of existing facilities, (b) outline of the scope of works to be executed, (c) performance criteria to be achieved, (d) general arrangement drawings, (e) schedules of quantities and rates, and (f) technical standards to be observed in the construction of the works.

92. Contract documents will include pre-qualification and final bid documents, in accordance with prevailing Government and ADB regulations.

93. **Assistance in Bidding Procedures.** Bidding procedures for construction and other services will be formally undertaken by the PMU in accordance with ADB guidelines, and all contracts will be awarded by the PMU. The Consultant will provide material assistance to the PMU in bidding procedures. The assistance will include but not be limited to providing:

- (i) finalizing bidding documents, and evaluation and qualifications criteria;
- (ii) technical information to potential bidders as required and in accordance with ADB and LWUA guidelines for bidding;
- (iii) technical advice in respect to bid assessment including participating as a member of relevant assessment committees; and
- (iv) technical advice as appropriate and as required during contract negotiations.

94. **Construction Supervision.** The Consultant's tasks include, but are not limited, to providing advice to the client specifically in deciding to:

- (i) examine and recommend for approval to ADB or LWUA the contractor's facilities, to ensure that these facilities conform to the agreed contract documents;
- (ii) examine and recommend for approval to ADB or LWUA the contractor's proposed work methods including but not limited to examining and approving occupational health and safety procedures;
- (iii) assess the adequacy and appropriateness of materials, equipment and labor provided by the contractors, the contractor's methods of work, and rate of progress and (where required) recommend appropriate action to the WD general manager (GM) to expedite progress;
- (iv) examine and recommend for approval the contractor's plans defining the location of the crushing and aggregate processing plants and the like;
- (v) examine and recommend for approval all implementation plans and working drawings prepared by the contractor;
- (vi) perform such acts, but not limited to, as pre-construction conference;
- (vii) issue all necessary instructions to the contractor, and examine and control the work to ensure that these are carried out according to the contract documents;
- (viii) provide general guidance to the contractor as may be necessary to ensure that the works are carried out according to schedule and within the terms of contract;
- (ix) inspect all working areas and installations during the execution of the works;
- (x) compute quantities of works and materials, which have been accepted and approved, and examine and certify contractor's payment requests;
- (xi) monthly on the progress report of the works, the contractors' performance, quality of works, and the subproject's financial status and projections;
- (xii) ascertain and agree with the contractor all work measurements and review, and recommend payment claims and certify these to the WD General Manager (GM) as being correct and within the terms of the contract;
- (xiii) record the results of measurements carried out for quantities to be paid for the provisional and final accounting, on forms normally used in the Philippines or previously agreed with the GM;
- (xiv) provide any environmental recommendations to overcome possible problems encountered;

- (xv) review the following contractor's documents and recommend appropriate action to the GM, as necessary: periodic progress reports, quality-testing results, requests for variation, contractor's claims, and contractor's invoices;
- (xvi) alert the GM to any problems that arise in connection with the contractor and make recommendations for solving them;
- (xvii) assist the GM in any dispute that may arise with the contractor and give a firm opinion on any claim the contractor may put forward, by drawing up a report which includes all the elements on which the judgment is based;
- (xviii) carry out an inspection upon completion of works and recommend on maintenance during defect liability period; and
- (xix) ensure that 'as-built' drawings are prepared for all works as construction progresses in both soft and hard copies in a format generally acceptable.

95. For the non-pilot WDs, the consultant shall provide a construction engineer for every three to five adjacent sub projects who will supervise the implementation of the project by administration.

96. **Preparation of Resettlement Plans (RP).** For subprojects of the pilot WDs which involve land acquisition, the RPs have been prepared as part of loan processing and the loan consultants will review and update these later. For the non-pilot subprojects, the loan consultants will assist the participating non-pilot WDs and LGUs with the preparation of RPs in accordance with prevailing Government and ADB regulations. The RPs should be submitted and endorsed by ADB before any civil work projects are implemented. These will need to be posted on the ADB website.

C. Management of Services

97. The PMU is responsible for the management and supervision of these technical services.

D. Inputs to be provided by the Government

98. LWUA, the participating WDs and, where relevant, LGUs, will make all relevant data and operational records available to the Consultant, including (but not limited to) documents defining proposed piped service areas, contract documents, information on existing facilities, field survey data and external audits.

99. Each participating WD will assign one full-time counterpart staff to facilitate conduct of the services. Specialist staff will be available to brief the Consultant at short notice, while senior government staff will be available for consultation within two working days after a request has been made for such a consultation.

E. Inputs to be provided by the Consultant

100. A total of 98 person-months are anticipated to support LWUA during the implementation period of 2 years. The Consultant's team will be based in Metro Manila, with field offices established to assist with construction supervision and the preparation of RPs and relevant environment documents. The cost of the services is estimated at \$0.975 million; this amount includes the cost of travel, office accommodation and support staff in Metro Manila, and other out-of-pocket expenses.

101. Office accommodation and support staff in the participating WDs will be provided by the WDs from their own budget.

102. It is anticipated that the Project will be implemented over a 6-year period from 2014 to 2019. The consultancy services for this package will be implemented for about 2 years. Project management advisory services will be provided during the latter period.

Table 1: Required Inputs

Consultant's Inputs	Scope of Work	Qualifications
<p>Project Manager</p> <p>12 person-months (intermittent)</p>	<p>Manage and coordinate overall consulting services inputs in close collaboration with the executing agency (EA) and project management unit (PMU)</p> <p>Establish strong partnership with Project stakeholders and confirm their commitments to Project implementation.</p> <p>Prepare detailed time bound implementation schedules and work and financial plans based on the agreed scope of work and approved TOR.</p> <p>Develop a Project Performance and Monitoring System (PPMS) in close collaboration with the Monitoring and Evaluation Specialist at the earliest stage of engagement.</p> <p>Ensure quality control over detailed designs, cost estimates, procurement documents, construction activities and delivery of goods and services.</p> <p>Prepare and ensure timely submission of regular progress reports to EA and ADB and initiate actions in the event of any adverse variances against target indicators.</p> <p>Ensure that all social and environmental safeguards are fully implemented.</p> <p>Help ensure compliance of Project implementation with relevant ADB policies and guidelines.</p> <p>Participate as a member of the ADB Project Completion Review mission.</p>	<p>At least 15 years post-graduate experience, of which at least 10 years in project management consulting for ADB, WB or similarly financed projects in water supply, sanitation, or other urban infrastructure in Philippines. Recognizable leadership skills and multi-disciplinary team leadership experience.</p>

Consultant's Inputs	Scope of Work	Qualifications
<p>Senior Water Supply Engineer/Deputy Project Manager</p> <p>12 person-months (intermittent)</p>	<p>Ensures that all planning, coordination, and implementation of Project activities are carried out according to plan, and reflect the relevant policies, procedures and guidelines of the Government of the Philippines and ADB.</p> <p>Monitors the progress of all project activities and advises the team leader any potential discrepancies between planning and implementation.</p> <p>Works with Team Leader and other consultants to prepare quarterly and annual reports as required.</p> <p>Ensures that all project procurement and contracting follows appropriate Government and ADB procedures.</p> <p>Prepares evaluation guidelines and scoring sheets, and trains relevant PMU staff in their use.</p> <p>Works with PMU to develop contracts that meet ADB and Government requirements.</p> <p>Provide overall support for selection of contractors, suppliers, contract management, and quality control and inspection</p> <p>Review and finalize the detailed designs, cost estimates and bidding documents.</p> <p>Provide site management guidance in relation to construction</p> <p>Help conduct planning scheduling and reporting of urban infrastructure subprojects. Assist in ensuring quality of construction.</p>	<p>At least 15 years post-graduate experience, of which at least 10 years in project management consulting for ADB, WB or similarly financed projects in water supply, sanitation, or other urban infrastructure. Will have recognizable leadership skills and at least 10 years of multi-disciplinary team leadership experience.</p>
<p>Senior Water Supply Specialist</p> <p>3 person-months (intermittent)</p>	<p>Conduct water demand re-assessment in the proposed project sites through (i) service area delineation, (ii) prepares the population and water demand projections applying both low, high and normal demands, (iii) coordinates with the Water Resources Team on the viability water sources capacity and quality, (iv) formulate the design criteria.</p>	<p>At least 15 years post-graduate experience, of which at least 10 years in design consulting for ADB, WB or similarly financed projects in</p>

Consultant's Inputs	Scope of Work	Qualifications
		water supply, sanitation, or other urban infrastructure in Philippines or Southeast Asia. Familiar with current best practices in water supply and sanitation (septage management) design.
<p>Water Supply Engineer</p> <p>3 person-months (intermittent)</p>	<p>Assists in the conduct of water demand re-assessment in the proposed project sites through (i) service area delineation, (ii) prepares the population and water demand projections applying both low, high and normal demands, (iii) coordinates with the Water Resources Team on the viability water sources capacity and quality, (iv) formulate the design criteria.</p>	<p>At least 10 years post-graduate experience, of which at least 7 years in design consulting for ADB, WB or similarly financed projects in water supply infrastructure in Philippines. Familiar with current best practices in water supply design.</p>
<p>Senior Water Resources Engineer</p> <p>3 person-months (intermittent)</p>	<p>Conducts data collection, field data collection, analysis and evaluation of the same, recommends viable sourcing of surface water sources and/or groundwater.</p> <p>Evaluates results of resistivity survey and related methods of groundwater prospecting.</p> <p>Make firm recommendations on the manner potential sources may be utilized.</p> <p>Prepares diversion works plans or preliminary well design as the case may be.</p> <p>Supervises the planning or drafting of said diversion works. Supervises the construction of river works.</p> <p>Analyzes and evaluated the results of drilling and recommends the locations of screens for</p>	<p>At least 15 years post-graduate experience, of which at least 10 years in design consulting for ADB, WB or similarly financed projects in water supply infrastructure in Philippines. Familiar with current best practices in water supply design.</p>

Consultant's Inputs	Scope of Work	Qualifications
	groundwater abstraction	
<p>Water Resources Engineer</p> <p>3 person-months (intermittent)</p>	<p>Assists in the conduct of data collection, field data collection, analysis and evaluation of the same, recommends viable sourcing of surface water sources and/or groundwater.</p> <p>Assists in the evaluation of results of resistivity survey and related methods of groundwater prospecting.</p> <p>Make recommendations on the manner potential sources may be utilized.</p> <p>Assists in the preparation diversion works plans or preliminary well design as the case may be.</p> <p>Assists in the supervision of the planning or drafting of said diversion works. Assists in the supervision of the construction of river works.</p> <p>Analyzes and evaluated the results of drilling and recommends the locations of screens for groundwater abstraction</p>	<p>At least 10 years post-graduate experience, of which at least 7 years in design consulting for ADB, WB or similarly financed projects in water supply infrastructure in Philippines. Familiar with current best practices in water supply/resources design.</p>
<p>Senior Network Design Engineer</p> <p>4 person-months</p>	<p>Produce a viable water supply model applying all demand and design criteria.</p> <p>Make a summary of reservoir capacity requirement, preliminary pump design, pipe alignment, sizes and lengths and other appurtenances and facilities that may be necessary for a cost-effective and viable water supply network.</p>	<p>At least 15 years post-graduate experience, of which at least 10 years in design consulting for ADB, WB or similarly financed projects in water supply infrastructure in Philippines. Familiar with current best practices in water supply design.</p>
<p>Network Design Engineer</p> <p>4 person-months</p>	<p>Assists in the production a viable water supply model applying all demand and design criteria.</p> <p>Make a summary of reservoir capacity requirement, preliminary pump design, pipe alignment, sizes and lengths and other appurtenances and facilities that may be</p>	<p>At least 10 years post-graduate experience, of which at least 7 years in design consulting for ADB, WB or similarly financed projects in</p>

Consultant's Inputs	Scope of Work	Qualifications
	necessary for a cost-effective and viable water supply network.	water supply infrastructure in Philippines. Familiar with current best practices in water supply/resources design.
<p>Water Treatment Specialist</p> <p>3 person-months (intermittent)</p>	<p>Presents a viable design for a viable sewerage treatment plant/septage management program.</p> <p>Prepares plans and programs for implementation of the sanitation aspect of the Project.</p> <p>Makes the material and manpower costing for bidding.</p> <p>Prepares the operations and maintenance costing for the sanitation aspects of the Project.</p>	<p>At least 15 years post-graduate experience, of which at least 10 years in design consulting for ADB, WB or similarly financed projects in water supply infrastructure in Philippines or Southeast Asia. Familiar with current best practices in water treatment design.</p>
<p>Senior Structural Engineer</p> <p>3 person-months (intermittent)</p>	<p>Prepares the structural requirements of water supply facilities such as reservoirs, pump houses, river crossings, bridge crossings and other facilities that require reinforcements and not naturally lain on the ground.</p> <p>Investigates and prepares report of seismic risks.</p> <p>Make summary of material and manpower requirements for said facilities.</p> <p>Reviews structural designs of Contractors. Prepares structural plans of each sub-project.</p>	<p>At least 15 years post-graduate experience, of which at least 10 years in design consulting for ADB, WB or similarly financed projects in water supply infrastructure in Philippines or Southeast Asia. Familiar with current best practices in water treatment design.</p>
<p>Structural Engineer</p> <p>3 person-months (intermittent)</p>	<p>Assists in the preparation of the structural requirements of water supply facilities such as reservoirs, pump houses, river crossings, bridge crossings and other facilities that require reinforcements and not naturally lain on the ground.</p> <p>Assists in the investigations and preparation</p>	<p>At least 10 years post-graduate experience, of which at least 7 years in design consulting for ADB, WB or similarly financed projects in</p>

Consultant's Inputs	Scope of Work	Qualifications
	<p>of reports on seismic risks. Make summary of material and manpower requirements for said facilities.</p> <p>Reviews structural designs of Contractors. Prepares structural plans of each sub-project.</p>	<p>water supply infrastructure in Philippines. Familiar with current best practices in water supply/resources design.</p>
<p>Mechanical Engineer</p> <p>3 person-months</p>	<p>Prepares the specifications of pumps and motors to be deployed or installed in the water supply facilities.</p> <p>Makes recommendations on which type of pump is appropriate for each source. Makes recommendations on the proper utilization of these pieces of equipment.</p> <p>Prepares equipment costing for each sub-project.</p>	<p>At least 15 years post-graduate experience, of which at least 10 years in design consulting for ADB, WB or similarly financed projects in water supply, sanitation, or other urban infrastructure in Philippines or SE Asia. Familiar with current best practices in mechanical installations for water supply and sanitation facilities.</p>
<p>Cost Engineer</p> <p>9 person-months</p>	<p>Summarizes all material, manpower, equipment and miscellaneous items necessary for bidding.</p> <p>Collects up-to-date costs of materials, rental, salaries and wages, taxes information and other data which may be necessary for the proper evaluation of the agency estimates.</p> <p>Prepares bill of quantities, costs of each item or group. Submits the preliminary agency estimates for evaluation and approval.</p> <p>Provides inputs to LWUA's in-place unit prices.</p>	<p>At least 15 years post-graduate experience, of which at least 10 years in design consulting for ADB, WB or similarly financed projects in water supply, sanitation, or other urban infrastructure in Philippines or SE Asia. Familiar with current best practices in mechanical installations for water supply and sanitation facilities.</p>

Consultant's Inputs	Scope of Work	Qualifications
<p>Contracts/Procurement Specialist</p> <p>9 person-months (intermittent)</p>	<p>Assist in the harmonization of Government and ADB procurement procedures and requirements.</p> <p>Provide technical assistance and training to designated Project staff on ADB procurement guidelines and requirements.</p> <p>Advise on the preparation of bidding documents, including the preparation of the selection criteria.</p> <p>Assist in the preparation of draft bidding documents for detailed monitoring and evaluation including selection criteria.</p> <p>Advise on proper procedures to cover alternative procurement options, including international and national competitive bidding and shopping for low value inputs.</p> <p>Advise on the selection of shortlisted firms to undertake contracted work, and on the selection of the winning bidder.</p> <p>Advise on the quality control and inspection systems to be introduced as part of the overall procurement process.</p> <p>Assist PMU in the preparation of reports on the progress of the procurement process and related required courses of actions.</p> <p>Extend additional technical assistance and training in addressing issues related to procurement procedures as maybe requested by the EA and ADB.</p>	<p>At least 5 years post-graduate experience in preparation and execution of contract documents used for international bidding for infrastructure works.</p>
<p>Non-Revenue Water Specialist</p> <p>3 person-months (intermittent)</p>	<p>Conducts data collection, field data collection, analysis and evaluation of the same, recommends viable method of measuring NRW and the mitigation schemes.</p> <p>Evaluates results of the field tests and measurement/monitoring and related methods of NRW measurement.</p> <p>Make firm recommendations on the manner NRW may be mitigated. Prepares works</p>	<p>At least 15 years post-graduate experience, of which at least 10 years in design consulting for ADB, WB or similarly financed projects in water supply, sanitation, or other urban</p>

Consultant's Inputs	Scope of Work	Qualifications
	<p>plans for NRW reduction programs. Supervises the planning or drafting of said programs.</p> <p>Supervises the installation, monitoring and data collection of NRW reduction related data.</p> <p>Analyzes and evaluated the results of said monitoring/measurement and recommends further refinements if necessary.</p>	<p>infrastructure in Philippines or SE Asia. Familiar with current best practices in mechanical installations for water supply and sanitation facilities.</p>
<p>Non-Revenue Water Engineer</p> <p>3 person-months</p>	<p>Assists in the conducts of data collection, field data collection, analysis and evaluation of the same, recommends viable method of measuring NRW and the mitigation schemes.</p> <p>Assists in the evaluation of results of the field tests and measurement/monitoring and related methods of NRW measurement.</p> <p>Make recommendations on the manner NRW may be mitigated. Prepares works plans for NRW reduction programs.</p> <p>Supervises the planning or drafting of said programs. Supervises the installation, monitoring and data collection of NRW reduction related data.</p> <p>Analyzes and evaluated the results of said monitoring/measurement and recommends further refinements if necessary.</p>	<p>At least 5 years post-graduate experience in preparation and execution of contract documents used for international bidding for infrastructure works.</p>
<p>Electrical Engineer</p> <p>3 person-months</p>	<p>Prepares the design and specifications of electrical requirements of the pumps, motor equipment and power connections to be deployed or installed in the water supply facilities.</p> <p>Makes recommendations on which type of electrical appurtenances are appropriate for each source.</p> <p>Makes recommendations on the proper utilization of these pieces of equipment.</p> <p>Prepares equipment costing for each sub-project.</p>	<p>At least 15 years post-graduate experience, of which at least 10 years in design consulting for ADB, WB or similarly financed projects in water supply, sanitation, or other urban infrastructure in Philippines or SE Asia. Familiar with current best practices in electrical</p>

Consultant's Inputs	Scope of Work	Qualifications
		installations for water supply and sanitation facilities.
<p>Economics and Financial Specialist</p> <p>6 person-months (intermittent)</p>	<p>Advises on establishing standard procedures for maintaining project accounts, and developing and establishing within the PMU proper financial management and planning procedures.</p> <p>Assists on developing budgets and schedules for project activities, based on annual work plans, and where required, provide training in accounting and financial management to PMU staff.</p> <p>Advise Project staff on organizational arrangements for effective financial management for project implementation. Assist in developing procedures for financial accounting, reporting, and auditing, and loan disbursement for the Project.</p> <p>Assist in preparing and updating financial records, projections, and reports in accordance with the procedural requirement of the Government and ADB.</p> <p>Review internal control systems in the EA and PMU and recommend improvements for internal control systems.</p> <p>Participate as a member of the ADB Project Completion Review on financial management and loan disbursements.</p>	<p>At least 10 years' experience since acquiring a degree in finance or economics. Minimum five years previous experience working on ADB or WB projects and good understanding of financial reporting for effective management of projects.</p>
<p>Environment Specialist</p> <p>3 person-months</p>	<p>Review and update the IEE reports and EMPs.</p> <p>Ensure that environment management plans (EMP) and related environmental considerations are factored in detailed designs and technical engineering of the urban infrastructure subprojects under the Project.</p> <p>Conducts environmental safeguards due diligence assessments. Assists in consultations with project-affected people for drafting safeguard documents.</p>	<p>Master's degree in environmental science, environment management and engineering or equivalent academic qualification.</p> <p>At least 8 years of experience preparing IEE and EIA reports and</p>

Consultant's Inputs	Scope of Work	Qualifications
	<p>Ensure that environment safeguards measures are adequately considered in the bidding documents and in the evaluation criteria for selection and awarding of contracts for civil works, goods and services.</p> <p>Advise on environment related concerns that may arise during Project implementation and recommend appropriate action plans;</p> <p>Assist in monitoring implementation of environmental safeguards, including the impact environmental measure on urban sector development.</p>	<p>environment management plans, of which 4 years have been with ODA projects</p> <p>Knowledge and experience in the application of the ADB Social Safeguards policy would be an advantage.</p> <p>Must have a demonstrated ability to work with multi-disciplinary team of national and international consultants.</p>
<p>Social Development and Resettlement Specialist</p> <p>6 person-months (intermittent)</p>	<p>Review and update Resettlement Plans.</p> <p>Review and reconfirm resettlement support packages and make necessary adjustments acceptable to the government and ADB.</p> <p>Undertake due diligence assessment and prepare corrective action plans to identify permanent and temporary socio-economic impacts resulting from land acquisition, changes in land use or restrictions of access to assets and common property resources, and handle grievance and redress cases.</p> <p>Define categories of impact and eligibility of affected household for compensation, and prepare entitlement matrix covering compensation for lost assets and income including assistance to achieve full replacement costs for lost assets, income and livelihoods.</p>	<p>Post graduate qualification in social sciences and at least 10 years' experience with social development. At least 5 years' experience of preparing LARAPs for water supply or sanitation or projects.</p> <p>Knowledge and experience in the application of the ADB Safeguards Policy Statement would be an advantage.</p>

SUBPROJECT SCREENING AND SELECTION

A. OBJECTIVES

1. The Borrower shall screen each of the proposed Subprojects according to the applicable criteria set forth in paragraph 5 of Schedule 5 of the Loan Agreement, as may be revised from time to time with the agreement of the Borrower and ADB. In determining whether each proposed Subproject meets the screening criteria, the Borrower shall prepare (and if required under paragraphs 13 and 14 below) submit an appraisal report to ADB, which shall describe its findings and conclusion, together with relevant supporting data, on each of the criteria set forth in Schedule 5 of the Loan Agreement.

B. SUBPROJECT SCREENING CRITERIA

2. As required by paragraph [5] of Schedule 5 of the Loan Agreement, each Subproject proposal shall be screened against the following criteria:

(a) the Borrower shall have confirmed that (i) the WD meets the Borrower's credit criteria; (ii) the WD is ready to implement the proposed Subproject based on a formal request for a loan from the WD to the Borrower as evidenced by a Board Resolution; (iii) the WD offers a minimum charge that complies with the Borrower's guidelines for lifeline tariffs and initiatives to provide poor households with affordable access to piped water supply; (iv) the Subproject involves a non-revenue water reduction and control program;

(b) a feasibility report shall have been prepared, which shows that (i) the proposed Subproject meets the Borrower's technical, economic, financial, institutional requirements for the Project; (ii) the proposed Subproject has been classified as Category "B" or "C" according to ADB's environmental classification, as Category "B" or "C" according to ADB's resettlement classification, and as Category "B" or "C" according to ADB's indigenous peoples classification; (iii) the proposed Subproject has a financial internal rate of return greater than the weighted average cost of capital; (iv) potential and adequate sources of surface water supply for the proposed Subproject have been identified; (v) water quality testing at the raw source has been undertaken in accordance with applicable standards and the tests must confirm that the presence of chemicals or hazardous substances at the raw source are in accordance with the Guarantor's water quality standards;

(c) the Subproject is supported by the requisite national documentary requirements such as endorsement by the National Economic and Development Authority's Regional Development Council or the Department of Environment and Natural Resources Environmental Management Bureau;

(d) the Borrower has approved the RPs, IPPs, IEEs and EMPs (if applicable) and has agreed to cause the WDs to implement the aforementioned plans in accordance with the policies of the Borrower and ADB; and

(e) the proposed Subproject does not include expenditures for any of the activities or items set out in Appendix 5 of the SPS.

7. Documentation relating to the screening and appraisal of a proposed Subproject shall be retained by the Borrower and made available to ADB upon request. ADB may, from time to time, carry out ex post facto audits of selected subprojects.