

CONFORMED COPY

GEF GRANT NUMBER TF057296-PH

Global Environment Facility Grant Agreement

(GEF-Manila Third Sewerage Project)

between

REPUBLIC OF THE PHILIPPINES

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an Implementing Agency of the Global Environment Facility

Date August 16, 2007

GEF GRANT NUMBER TF057296-PH

**GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT**

AGREEMENT dated August 16, 2007, entered into between REPUBLIC OF THE PHILIPPINES and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting as an implementing agency of the Global Environment Facility (“GEF”).

The Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006 (“Standard Conditions”) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions, in this Agreement, or in the Appendix to this Agreement.

**Article II
The Project**

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall: (i) through EMB within DENR, carry out Parts A (except A.4), B, C, and G of the Project, with the assistance of MWSS, LLDA, DOH, DPWH, and PRRC in the case of Parts A, B and C of the Project; (ii) through LLDA, carry out Part D of the Project; and (iii) cause MWSS to carry out Parts A.4, E and F of the Project; all in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to five million United States Dollars (\$5,000,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

Article IV Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02(i) of the Standard Conditions consist of the following:

(a) Payment Failure: The Recipient has failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charges, or any other amount due to IDA or IBRD: (i) under any agreement between the Recipient and IDA; (ii) under any agreement between the Recipient and IBRD; and (iii) in consequence of any guarantee extended or other financial obligation of any kind assumed by IDA or IBRD to any third party with the agreement of the Recipient.

(b) Event prior to Effectiveness. The World Bank has determined after the Effective Date referred to in Section 5.02 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

Article V Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) The Recipient, through DENR, has engaged rate rebasing study consultants for carrying out Part E of the Project, in adequate numbers and with experience, qualifications and terms of reference, satisfactory to the World Bank;

(b) The Recipient, through DENR, has adopted the Procurement Manual, including the Anti-corruption Measures, in a manner satisfactory to the World Bank;

(c) The procurement staff of FASPO within DENR has completed training on the application of the procurement procedures applicable to the Project, in a manner satisfactory to the World Bank;

(d) A Memorandum of Agreement, acceptable to the World Bank, has been executed on behalf of DENR and MWSS pursuant to the provisions of paragraph B.2 of Section I of Schedule 2 to this Agreement;

(e) MWSS has obtained from DENR environmental certification for carrying out Part F of the Project; and

(f) A Memorandum of Agreement, acceptable to the World Bank, has been executed on behalf of MWSS and MWSI pursuant to the provisions of paragraph 1(j) of Annex 1 to Schedule 2 to this Agreement.

5.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.03. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI

Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Secretary of Finance of the Recipient.

6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Secretary of Finance
Department of Finance
Bangko Sentral Complex
Manila
Republic of the Philippines

Cable address:	Telex:
SECFIN Manila	40268 CB-CONF

6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477-6391

AGREED at Manila, Republic of the Philippines, as of the day and year first above written.

REPUBLIC OF THE PHILIPPINES

By: /s/ Margarito B. Teves

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the
Global Environment Facility

By: /s/ Jehan Arulpragasam

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to assist the Recipient in the Project Areas in: (i) identifying essential adjustments to administrative, institutional, and regulatory practices and existing legislations in order to attract private investments in the Recipient's wastewater sector; (b) increasing the effectiveness of the agencies responsible for water pollution control through improved coordination; and (c) promoting innovative, simple and effective wastewater treatment techniques.

The Project consists of the following parts:

Part A: Partnership Strengthening

1. Strengthening partnerships among the Recipient's agencies responsible for water pollution control to improve coordination and effectiveness, through carrying out studies of successful pollution control and wastewater management partnership models worldwide, and identifying and carrying out measures for improving existing administrative, institutional, and regulatory practices.
2. Establishing an integrated partnership information center in DENR to consolidate existing data concerning the wastewater sector and disseminating such information to stakeholders in said sector.
3. Integrating water quality monitoring systems of the Recipient's agencies responsible for water pollution control.
4. Expanding the public assessment of water services to include sewerage and sanitation services.

Part B: Planning and Policy Development

1. Updating the sewerage and sanitation master plans and applicable standards for the MWSS's jurisdiction areas.
2. Refining policies, procedures and guidelines for regulating the providers of septic tank desludging services.
3. Developing procedures and standards for implementing the Recipient's Clean Water Act and the Sanitation Code.

Part C: Innovative Financing

Developing and testing innovative financing arrangements for the sewerage and sanitation sector to attract private sector investment in the sewerage and sanitation sector, including provision of technical assistance.

Part D: Use of Market-based Incentives

Assisting LLDA in improving its environmental user fees systems and implementing market-based incentives in such systems through provision of technical assistance.

Part E: Rate Rebasing

Providing technical assistance and training to MWSS and the Recipient's relevant government agencies for the preparation and negotiations of 2007/2008 rate rebasing in the water and wastewater sector.

Part F: Joint Septage and Sewage Treatment Plant

Upgrading a selected sewage treatment plant in Quezon City to a combined septage and sewage treatment plant, including the first year trial operation of the combined septage and sewage treatment plant.

Part G: Project Management

Providing technical assistance and operating support to assist DENR in implementing, coordinating, monitoring, evaluating, and supervising the Project and disseminating the Project's results and outcomes.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Project Management.

1. The Recipient shall maintain until completion of the Project:

(a) the FASPO within DENR with such functions, responsibilities and funds for the Project, satisfactory to the World Bank, and with competent staff in adequate numbers, to be responsible for overall coordination, procurement, financial management, reporting, monitoring and evaluation for the Project; and

(b) the Technical Assistance Team within DENR's EMB, assigned with such functions, responsibilities and funds for the Project, satisfactory to the World Bank, and with competent staff in adequate numbers, to be responsible for advising FASPO on the technical aspects of the Project.

B. Project Implementation.

1. The Recipient shall carry out the Project in accordance with the Procurement Manual including the Anti-corruption Measures, acceptable to the World Bank. The Recipient shall not assign, amend, abrogate or waive the Procurement Manual including the Anti-corruption Measures, or any portion thereof, without the prior approval of the World Bank.

2. (a) For carrying out Parts A.4, E and F of the Project, the Recipient, through DENR, shall enter into a Memorandum of Agreement with MWSS under terms and conditions acceptable to the World Bank, which shall include the provisions set forth in Annex 1 to this Schedule ("MWSS Memorandum of Agreement").

(b) The Recipient shall exercise its rights under the MWSS Memorandum of Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the MWSS Memorandum of Agreement or any of its provisions.

3. For carrying out Part F of the Project, the Recipient shall cause MWSS to:

- (a) carry out said part of the Project in accordance with the EMP, in a manner satisfactory to the World Bank;
- (b) furnish any proposed revision of the EMP to the World Bank for its prior approval;
- (c) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis the carrying out of the EMP, in accordance with indicators acceptable to the Bank; and
- (d) by June 30, 2008, and each June 30 thereafter, furnish reports of annual audits to be carried out by an independent environment auditor, acceptable to the World Bank, to monitor and evaluate compliance with the implementation of the EMP, and take all actions necessary to ensure compliance with the measures set forth in the EMP, taking into consideration the recommendations from such audits and the World Bank's comments thereon.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report.

- 1. The Recipient, through DENR, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth in Annex 2 to this Schedule. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.
- 2. The Recipient, through DENR, shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits.

- 1. The Recipient, through DENR, shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
- 2. The Recipient, through DENR, shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than one (1) month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient, through DENR, shall, upon the World Bank's request, have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General.

1. **Procurement and Consultant Guidelines.** All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
 - (a) Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 ("Procurement Guidelines") in the case of goods and works, and Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Recipients" published by the World Bank in May 2004 ("Consultant Guidelines") in the case of consultants' services; and
 - (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines ("Procurement Plan").
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works.

1. **International and National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International and National Competitive Bidding and in the case of the National Competitive Bidding, subject to the following additional procedures:
 - (1) Eligibility screening shall not be applied. However, bids that do not contain any of the following documents will not pass the documentary compliance check: (a) evidence of the required financial, technical or production capability; (b) audited financial statements; (c) credit line, or

cash deposit certificate; (d) bid security; and (e) authority of the bid signatory.

- (2) In the case of prequalification, if any bidder is denied access to the bidding process for reasons unrelated to its financial and technical qualifications to perform the contract, prior concurrence of the Bank shall be sought.
- (3) A ceiling may be applied to bid prices, with prior concurrence of the Bank in advance of bidding. However, the Approved Budget Estimate may be disclosed in the advertisement or in the bidding documents.
- (4) Domestic or regional preferences will not be applied in the evaluation of bids, and other preferences in effect in the Philippines will not be used except with the prior concurrence of the Bank.
- (5) Suppliers and contractors will not be required to purchase only local goods or supplies or materials.
- (6) In case of contracts for prior review, modifications exceeding fifteen percent (15%) of contract amount and material changes in the conditions during implementation require prior Bank concurrence.
- (7) Foreign suppliers and contractors shall be allowed to participate, if interested, without first being required to associate with, or enter into joint venture with, local firms. Moreover, foreign bidders shall be allowed to bid, even without registration, licensing, and other government authorizations, leaving these requirements for after award and before signing of contract.
- (8) For works contract, the experience qualification requirement shall be: (a) at least one (1) previous contract at eighty percent (80%) of the estimated cost of the contract being procured; and (b) an annual turnover from all works averaged over the last three (3) years equal to one hundred percent (100%) of the estimated cost of the contract being procured.

2. Other Methods of Procurement of Goods and Works. The following methods, other than International and National Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan: Shopping and Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services.

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
 2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection based on Consultants' Qualifications; (c) Single Source Selection; and (d) Individual Consultants.
- D. Review by the World Bank of Procurement Decisions.**

Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (a) each contract for goods or works estimated to cost the equivalent of \$500,000 or more procured on the basis of International Competitive Bidding; and (b) each contract for goods or works estimated to cost the equivalent of \$250,000 or more procured on the basis of National Competitive Bidding; (c) every contract for goods or works procured on the basis of Direct Contracting; (d) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more; (e) each contract for consultants' services provided by an individual estimated to cost the equivalent of \$50,000 or more; and (f) every contract for consultants' services provided by a firm procured on the basis of Single Source Selection. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of (a) Article III of the Standard Conditions, (b) this Section, and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance the Eligible Expenditures as set forth in the table in paragraph 2 below:
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in US Dollars)</u>	<u>% of Expenditures to be Financed (inclusive of Taxes)</u>
(1) Goods	1,500,000	100%
(2) Consultants' services training, and workshops	3,200,000	100%
(3) Incremental Operating Costs	300,000	100%
TOTAL AMOUNT	<u>5,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$1,000,000 equivalent may be made for payments made prior to this date but on or after September 15, 2006, for Eligible Expenditures under Category 2.
2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is November 30, 2012.

**ANNEX 1
TO
SCHEDULE 2**

Principal Terms and Conditions of the MWSS Memorandum of Agreement

1. For the purposes of paragraph B.2 of Section I of Schedule 2 to this Agreement, the Recipient, through DENR, shall enter into the MWSS Memorandum of Agreement with MWSS adequate to protect the interest of the World Bank and the Recipient, pursuant to which MWSS shall undertake to:

(a) carry out Parts A.4, E and F of the Project with due diligence and efficiency and in accordance with appropriate management, financial, engineering and public utility practices and environmental standards acceptable to the World Bank;

(b) provide, promptly as needed, the funds, facilities and other resources required for the purpose;

(c) take all measures necessary to implement the Environmental Management Plan;

(d) utilize the goods and consultants' services to be financed out of the proceeds of the Grant exclusively for the carrying out of Parts A.4, E and F of the Project;

(e) enable the Bank and the Recipient to inspect, at such times as they request, such goods and the sites and works included in Parts A.4, E and F of the Project, the operation thereof, and any relevant records, accounts, and documents;

(f) take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice, including, without limitation, such insurance to cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Grant to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable to replace or repair such goods;

(g) maintain and operate its equipment and facilities at all times, and from time to time, promptly as needed, make all necessary repairs and renewals in accordance with sound engineering, financial and industry practices;

(h) maintain adequate records and accounts, in accordance with sound accounting practices, the operations, resources, and expenditures relating to Parts A.4, E and F of the Project;

(i) provide in a timely manner all such information as the World Bank and the Recipient may reasonably request regarding the management, operations and financial condition of MWSS, or MWSI, as the case may be; and

(j) in carrying out Part F of the Project, enter into a Memorandum of Agreement with MWSI (MWSI Memorandum of Agreement), acceptable to the World Bank, which shall include:

- (i) a description of the rights and obligations of MWSS and MWSI in relation to the carrying out of Part F of the Project; and
- (ii) provisions whereby MWSI provides the undertakings set forth in sub-paragraphs (a) to (i) of this paragraph 1.

**ANNEX 2
TO
SCHEDULE 2**

Performance Indicators

Project Outcome Indicators		Target Values		Data Collection and Reporting		
	Baseline	Mid-Term Review May-2009	Implem. Comple t. Dec 2011	Frequency and Reports	Data Collection Instruments	Responsi bi- lity for Data Collectio n
-Coverage of sewerage service in MWSS jurisdiction (% of population);	12	17	20	Consolidat ed semiannual progress reports	Participatin g agencies monitoring reports, supervision reports	DENR, EMB FASPO, MWSS
-Coverage of sanitation service in MWSS jurisdiction (% of population);	24	45	57			
-Reduction of pollution reaching Manila Bay (1,000 metric tonnes of BOD5/year);	0	2.0	9.0			
Project Results Indicators for Each Component						
Component A: Partnership strengthening				Consolidat ed semiannual progress reports	Participatin g agencies monitoring reports, supervision reports	DENR, FASPO
1-A: Partnership Strengthening	0	7	7			
- Agencies responsible for water pollution control signing a Memorandum of Understanding (MOU) (cumulative #)						
- Other stakeholders signing on to this MOU (cumulative #)	0	7	17			
- Bi-annual Partnership meetings (cumulative #)	0	6	10			
- Numbers of policy issuance (administrative orders) on sewerage and sanitation related	0	3	8			

matters issued by national authorities 1-B: Information center - Publication of annual Metropolitan Manila (MM) Water Quality Monitor (cumulative #) 1-D: Public assessment on water services - Testing of Public Assessment of Water Services with sewerage and sanitation parameters (cumulative # of barangays – 20 hh/barangay)	0	1	3			
	0	500	1000			

Project Results Indicators for Each Component	Target Values			Data Collection and Reporting		
	Baseline	Mid-Term Review May-2009	Implementation Dec 2011	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Component B: Master planning and policy development 2-A: Master planning -Sewerage and sanitation master plan with new criteria updated	0	0	1	Consolidated semiannual progress reports	Participating agencies monitoring reports, supervision reports	DENR, FASPO, MWSS
Component C: Innovative financing mechanisms -Contract using innovative financing mechanism for sewerage and sanitation in Metropolitan Manila (# of contracts)	0	0	2	Consolidated semiannual progress reports	Participating agencies monitoring reports, supervision reports	DENR, FASPO, EMB
Component D: Use of market-based incentives - Number of establishments covered by the environment user fee (cumulative #) - Parameters covered by the environment user fee	1000 1	1400 2	1800 3	Consolidated semiannual progress reports	LLDA monitoring reports, supervision reports	LLDA, DENR, FASPO

(cumulative #) - Biochemical Oxygen Demand (BOD) discharged from all regulated sources (metric tonnes per year)	1500	1350	1215			
Component E: Technical Assistance for Rate Rebasing - Coverage of sewerage service in Manila Water Company, Incorporated (MWCI) concession area as result of 2008 rate rebasing adjustment (as % of water connections) - Coverage of sanitation service in MWCI concession area as result of 2008 rate rebasing adjustment (as % of water connections)	10 5	25 75	30 70	Consolidated semiannual progress reports	MWSS-RO monitoring reports, supervision reports	MWSS-RO, DENR, FASPO
Component F: Joint treatment plant - Reduction of costs per m ³ of septage collection, treatment and disposal using joint treatment as compared to separate septage treatment ¹ (%)	0	0	20	Consolidated semiannual progress reports	Participating agencies monitoring reports, supervision reports	MWSS-CO, MWSI, DENR, FASPO

Appendix

Definitions:

- (a) “Anti-corruption Measures” means the anti-corruption measures prepared for the Project by the Recipient, dated July 14, 2006, designed to reduce or eliminate fraud and corruption in all their forms under the Project, including enhanced information disclosure provisions, civil society oversight provisions, mitigation measures to deal with the risks associated with collusion, forgery and fraud, and a complaint handling mechanism.
- (b) “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004.

¹ Including septage collection and final disposal of sludge

- (c) “DENR” means the Recipient’s Department of Environment and Natural Resources, and any successor thereto.
- (d) “DOH” means the Department of Health, and any successor thereto.
- (e) “DPWH” means the Department of Public Works and Highways, and any successor thereto.
- (f) “EMB” means the Environmental Management Bureau within DENR, and any successor thereto.
- (g) “Environmental Management Plan” and its acronym “EMP” mean the environmental management plan, dated August 31, 2006, which sets out environmental protection measures with respect to the implementation of Part F of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said Plan, as the same may be amended from time to time with the prior agreement of the Bank.
- (h) “Incremental Operating Costs” means the reasonable expenditures incurred by the FASPO within DENR in carrying out the Project (excluding the salaries of the Recipient’s civil servants), including the cost of travel and per diem, office maintenance and rental, communication, office supplies, utilities, and operation and maintenance of equipment and vehicles; all of which expenditures would not have been incurred absent the Project, excluding the salaries of the Recipient’s civil servants.
- (i) “FASPO” means the Foreign Assisted and Special Projects Office within DENR, and any successor thereto.
- (j) “LLDA” means the Recipient’s Laguna Lake Development Authority, and any successor thereto.
- (k) “Manila Third Sewerage Project” means the project that is being financed by a World Bank loan approved by the World Bank in 2005.
- (l) “Memorandum of Agreement” means, individually, the MWSS Memorandum of Agreement between DENR and MWSS referred to in paragraph B.2 of Section I of Schedule 2 to this Agreement; and the MWSI Memorandum of Agreement between MWSS and MWSI referred to in paragraph 1(j) of Annex 1 of Schedule 2 to this Agreement.
- (m) “MWSI” means Manila Water Services, Inc, a privately-owned corporation established and operating pursuant to its Articles of Incorporation dated December 13, 1996, as amended to the date of this Agreement, responsible for providing water supply and sanitation

services in the western part of Metro Manila according to the MWSI Concession Agreement with MWSS; and any successor thereto.

- (n) “MWSS” means Metropolitan Waterworks and Sewerage System, the agency of the Republic of the Philippines established under Republic Act 6234, responsible for developing, operating and maintaining water supply, sewerage and sanitation systems in and around Metro Manila, and any successor thereto.
- (o) “MWSS RO” means the regulatory office established in MWSS to monitor and enforce compliance with concession agreements entered into between MWSS and its concessionaires, to review water and sewerage tariffs, and to respond to water and sewerage service complaints; and any successor thereto.
- (p) “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004.
- (q) “Procurement Manual” means the manual referred to in paragraph 5.01(b) of this Agreement.
- (r) “Procurement Plan” means the procurement plan, dated July 14, 2006, covering the initial eighteen (18) month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of the Consultant Guidelines and the Procurement Guidelines, to cover succeeding eighteen (18) month periods (or longer) of Project implementation.
- (s) “Project Areas” means the areas in Metropolitan Manila, and the jurisdictions of LLDA.
- (t) “PRRC” means the Recipient’s Pasig River Rehabilitation Commission, and any successor thereto.
- (u) “Technical Assistance Team” means the team referred to in paragraph A.1(b) of Section I of Schedule 2 to this Agreement.