

**ASIAN DEVELOPMENT BANK**

**TAR: PHI 33213**

**TECHNICAL ASSISTANCE**  
(Financed from the Asian Currency Crisis Support Facility)

**TO THE REPUBLIC OF THE PHILIPPINES**

**FOR**

**CAPACITY BUILDING**

**FOR THE**

**REGULATORY OFFICE**

**OF THE**

**METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM**

**AUGUST 2001**

**CURRENCY EQUIVALENTS**  
(as of 31 July 2001)

Currency Unit	-	Peso (P)
P1.00	=	\$0.0187
\$1.00	=	P53.35

**ABBREVIATIONS**

ADB	-	Asian Development Bank
MWSS	-	Metropolitan Waterworks and Sewerage System
MWSS-RO	-	Metropolitan Waterworks and Sewerage System – Regulatory Office
PPIAF	-	Public-Private Infrastructure Advisory Facility
TA	-	technical assistance

**NOTES**

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

## I. INTRODUCTION

1. Water services are increasingly being privatized in many countries; the Philippines is no exception. The operations of the Metropolitan Waterworks and Sewerage System (MWSS) were privatized in August 1997 through the award of two 25-year concession contracts.<sup>1</sup> Many other local water utilities in the country are considering similar options. With this development, the Government of the Philippines has become aware of the urgent need to establish regulatory mechanisms and strengthen capabilities of various water utilities to handle regulatory work. Given the regulatory work already under way for the privatized MWSS operations, the Government requested the Asian Development Bank (ADB) to provide technical assistance (TA) for capacity building support for regulatory work with particular attention to the Regulatory Office of MWSS (MWSS-RO). A fact-finding mission fielded in September 2000 reached agreement with the Government on the objectives, scope, costs, financing, and implementation arrangements for the TA. The TA was included in the 2000 Philippines country assistance plan<sup>2</sup> and subsequently, confirmed for the 2001 pipeline in May 2001. The TA framework is attached as Appendix 1.

## II. BACKGROUND AND RATIONALE

2. At present, the Philippines has no autonomous national water regulatory body to manage water resources and allocate them among various uses like power generation, irrigation, and water supply.<sup>3</sup> Establishment of a water regulatory commission is under consideration.<sup>4</sup> The Government participated in ADB's regional TA<sup>5</sup> for water regulatory bodies. The TA established a forum of 10 ADB developing member countries<sup>6</sup> to share lessons learned and good practices relating to broad water regulatory functions. The TA analyzed various privatization cases including MWSS, discussed these cases with the participating governments and water utilities, and provided benchmarks for comparing policies, approaches, and decisions of regulatory water bodies throughout the region.

3. The MWSS privatization is the first major privatization of a water utility in the Philippines; MWSS's regulatory duties will be a subset of the national water regulatory functions. Similar privatization of water services has also been in process or under consideration in several other smaller water utilities under local government units, and a trend to private sector options is clearly discernible. Accordingly, good practices must be established for specific regulatory work applicable to privatized water services. The function-specific regulatory work will complement the overall national regulatory framework. With the need for assistance on regulatory work already existing, MWSS is the primary beneficiary of the TA. However, the TA has a larger purpose of benefiting all concerned water utilities. Consequently, the TA outputs will be of generic value without requiring specific reference to confidential matters of the MWSS concession agreements. Also, to ensure the TA outputs are acceptable to all sides, the TA will

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<sup>1</sup> The two concessionaires are Manila Water Company, Inc. covering the East Concession area, and Maynilad Water Services, Inc. covering the West Concession area. The concessionaires have been engaged separately, but the terms and conditions of the concession agreements are identical.

<sup>2</sup> The TA first appeared in the *ADB Business Opportunities* (Internet Edition) in February 2000.

<sup>3</sup> The National Water Reserves Board performs only limited functions in this regard, mainly the issuance of water permits for the use of surface and groundwater.

<sup>4</sup> The matter was examined in an initiative: Water and Sewerage Legislation in the Philippines financed by the Public-Private Infrastructure Advisory Facility, for \$220,000, commenced in December 1999 and was completed in November 2000.

<sup>5</sup> TA-5922-REG: *Regulatory Systems and Networking of Water Utilities and Regulatory Bodies*, for \$550,000, approved on 19 July 2000.

<sup>6</sup> Bangladesh, the People's Republic of China, India, Indonesia, Malaysia, Nepal, Philippines, Sri Lanka, Thailand, and Viet Nam.

be implemented with inputs not only from the water utilities but also water services operators (concessionaires), the party subject to regulation.

4. The TA will examine various options for regulatory work relating to specific functional areas, review its processes conceptually, functionally, and methodologically. The TA also aims to strengthen institutional capabilities through skills upgrading, so that beneficiary water utilities can perform their tasks smoothly and efficiently. While MWSS-RO will be the primary beneficiary, the TA is aimed at helping any water utility that has or will have regulatory responsibilities. The TA will also complement the regional TA, which supports the establishment of an independent national water regulatory body, by providing a common base for specific regulatory work to various water utilities nationwide.

5. MWSS-RO was established under the MWSS Charter and is mandated to regulate water services under the framework of the concession agreements. MWSS-RO is independent from MWSS, which is responsible for operations; however, both are governed by the MWSS Board of Trustees. The powers, duties, and responsibilities of MWSS-RO are set out in the concession agreements. MWSS-RO's major functions include (i) monitoring and adjustment of water rates, (ii) monitoring and regulation of service operations, (iii) monitoring and regulation of service infrastructure conditions, and (iv) handling customer complaints. MWSS-RO has developed its own work processes to handle these tasks but is facing difficulties in undertaking its tasks smoothly and efficiently.

6. Experience has shown that MWSS-RO's own work processes need to have better technical soundness and compatibility with international standards. Also, in many aspects, the concession agreements have only general stipulations. These need to be specified in detail, so that the stipulations may be enforced in a fair and transparent manner. MWSS-RO needs expert advice and assistance for this, particularly during the early years of the concession period.

### **III. THE TECHNICAL ASSISTANCE**

#### **A. Objective**

7. The long-term goal of the TA is to help establish independent water regulatory mechanisms. The immediate objectives of the TA are to strengthen MWSS-RO's capabilities to efficiently execute the concession agreements, and to identify, for other water utilities and their operators, good practices for regulatory work in specific functional areas.

#### **B. Scope**

8. The TA will help identify fair and transparent regulatory mechanisms in financial regulation, technical regulation, and legal affairs. Using the MWSS concession agreements as a base, the TA will focus on specific regulatory work that needs verification or further examination of approaches and methodologies.<sup>7</sup> The TA outputs will be in generic terms and not be specifically related to the concession agreements. In the area of financial regulation, the TA will focus on price adjustments and penalty assessment resulting from nonperformance. The following activities will be covered: economic regulation, particularly the determination of discount rates and net present value to be used in computation, benchmarking, financial analysis (financial ratios and comparative analyses), and financial modeling. Assistance for the areas of technical regulation will focus on the measurement of service performance and the

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<sup>7</sup> The TA will not address performance requirements that are sufficiently specific in the concession agreements, such as number of service connections and hours of supply.

formulation of remedial actions. The following aspects, among others, will be examined: asset valuation, water quality standard and assurance measures, and nonrevenue water measurement. The legal affairs will cover common legal issues found in regulatory work.

9. The TA couples process improvements with human development to generate compound benefits. Lessons learned from past capacity building efforts will be incorporated. A thorough background research and diagnostic study will be carried out. Various legal frameworks, including MWSS-RO's, will be examined and best practices to satisfy typical regulatory obligations identified. Objective performance indicators, including environmental performance, will be developed. An operational monitoring program will also be developed. Regulatory work under other similar utility services will be studied to identify sound principles, methodologies, procedures, and practices. Regulatory requirements may be interrelated to those of other government agencies responsible for, among others, auditing, public health, and economic indicators. Research will be undertaken to assess and verify such interlinkages. Guidelines, handbooks, and reference materials will be prepared with particular attention to clarity, practical application, and ease of use. These will be computerized to the extent suitable for MWSS-RO and other potential users. The results of research will be sorted and established as reference databases to facilitate correct use of the work processes developed.

10. Skills requirements for the recommended work processes will be assessed to set the parameters for training. Human development will be through a series of workshops and seminars, with emphasis on case studies within and outside the Philippines. Broad participation will be emphasized to ensure that recommended work processes are operative under local conditions. Participants will be invited from various stakeholder groups to optimize the TA outputs and benefits. They will include personnel not only from MWSS-RO and the MWSS concessionaires, but also from other water utilities, such as the Local Water Utilities Administration and the water districts in various local government units, and their operators in both public and private sectors. Separate workshops and seminars will be held to address technical and managerial aspects. The latter will cover, among others, matters relating to water resources management and regulation at the national level, and be targeted at senior management participants, including the management of MWSS, the concessionaires, and members of the MWSS Board of Trustees. To measure the effectiveness of the training provided, needs will be identified at the outset, specific targets set, and the level of understanding checked at the conclusion of the program. As a complementary effort, MWSS-RO and other participating water utilities and operators will prepare general human resource development plans, including an assessment of formal training needs. Training for trainers will be provided to maximize the dissemination of benefits from institutional strengthening. To make skills development, upgrading opportunities, and refresher courses available on a regular basis, modular in-house training programs, including computer-based interactive tutorials for self-help learning, will be developed. Staff responsible for legal affairs need to be familiar with the financial and technical operations and hence, will participate in the training for these subjects.

### **C. Cost Estimates and Financing Plan**

11. The TA is estimated to cost \$1,200,000 equivalent, of which \$600,000 is the foreign exchange cost and \$600,000 equivalent the local currency cost (Appendix 2). ADB will provide \$800,000 equivalent to cover the entire foreign exchange cost and \$200,000 of the local currency cost. The TA will be financed by ADB on a grant basis from the Asian Currency Crisis Support Facility, funded by the Government of Japan. MWSS-RO will finance the remaining local currency costs of \$400,000 equivalent to cover part of the workshop and report production

costs, as well as office space, secretarial and administrative support and facilities, and other miscellaneous expenses.

#### **D. Implementation Arrangements**

12. MWSS-RO will be the Executing Agency. The chief regulator will be responsible for TA implementation and will lead a task team to be formed for this purpose. The team will have three main working groups, representing financial regulation, technical regulation,<sup>8</sup> and legal affairs. Each working group is headed by the manager of the concerned regulation area. The working group for technical regulation will include staff from the customer service regulation area who will work as team members. The working group for legal affairs will join the other two groups as necessary. Regulators for concerned regulation areas will coordinate with the chief regulator as necessary. These working groups will collaborate with their counterparts in the concessionaires to implement the TA. MWSS-RO will provide secretarial and administrative support, fully equipped office space, and other facilities necessary for the TA.

13. The TA inputs will be provided by a team of three international consultants (15.5 person-months) and five domestic consultants (26 person-months). The consultants will have expertise and experience in the implementation of regulatory work in privatized water services on a concession basis, and specific expertise in economic, financial, technical, and legal aspects of regulatory work. In the financial regulation area, the consultants will have principal expertise in economic regulation, investment appraisal, and regulatory accounting. In the technical regulation area, the consultants will principally have expertise in water and wastewater treatment, and water supply systems. In the legal affairs area, the consultants will be familiar with legal matters in the context of regulatory work under similar concession arrangements involving international parties, with particular emphasis on settlement of disputes. The consultants will work closely with MWSS-RO and the concessionaires, among others, and have keen awareness of local conditions and practices, in addition to the necessary basic expertise and quality in coaching. The outline terms of reference for the consulting services (Appendix 3) were developed in consultation with MWSS-RO and the concessionaires. The consultants will be recruited as a firm and selected in accordance with ADB's simplified technical proposal procedures and the *Guidelines on the Use of Consultants*.

14. The TA will be implemented over 12 months to ensure that the recommended work processes are thoroughly examined and confirmed effective. The consultants are expected to commence work on 1 November 2001, with completion scheduled for 31 October 2002. For each of the financial and technical regulation areas, a team consisting of one international consultant (technical and capacity building expert) and one domestic consultant (technical specialist) will work on the technical aspects of work process and documentation thereof within the first six months. Thereafter, a domestic consultant (capacity building expert in respective fields) will be responsible for the dissemination of the recommended work processes for six months. The international consultants will return for two weeks at the end of the TA implementation period to ensure issues and problems identified during the dissemination stage are fully resolved and otherwise conclude all services. As for legal affairs, one international consultant and one domestic consultant (legal capacity building experts) will work for two months to produce the envisaged outputs. The international consultant will also return for two weeks at the end of TA implementation to ensure sustainability of the facilities set up under the TA.

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<sup>8</sup> Aspects of customer service regulation will be handled by this group.

15. The TA outputs include recommended work processes for specific aspects relating to regulatory work for water services. The consultants will produce operational guidelines, handbooks, and reference materials for the areas of financial and technical regulation, and a reference library will be established for the legal affairs area. The outputs also include at least 24 workshops and seminars, as well as skills development programs and related training materials, all aimed at the regulating parties and those subject to regulation. All work will be of generic nature and not be specifically related to the concession agreements. TA progress will be monitored through tripartite meetings at various milestones, including inception, end of the work process establishment stage, commencement of the human development stage, during mid-course inputs by the international consultants, and TA completion. The consultants will produce a report at each of these stages, in addition to the standard quarterly progress reports.

#### **IV. THE PRESIDENT'S DECISION**

16. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance, on a grant basis, to the Government of the Republic of the Philippines in an amount not exceeding the equivalent of \$800,000 for the purpose of Capacity Building for the Regulatory Office of the Metropolitan Waterworks and Sewerage System, and hereby reports such action to the Board.

### TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Targets	Monitoring Mechanisms	Assumptions and Risks
<p><b>Goal</b></p> <ul style="list-style-type: none"> <li>- Facilitate the establishment of independent water regulatory mechanisms.</li> </ul>	<ul style="list-style-type: none"> <li>- Technical assistance (TA) outputs adopted by the planned national water regulatory body.</li> </ul>	<ul style="list-style-type: none"> <li>- Periodic reports by Metropolitan Waterworks and Sewerage System Regulatory Office (MWSS-RO)</li> <li>- Regular consultations with concerned Government agencies on the establishment of water regulatory commission (WRC)</li> </ul>	<ul style="list-style-type: none"> <li>- Government remains firm on establishment of WRC.</li> <li>- Necessary legislation passed without delay.</li> <li>- The concession agreements are smoothly executed.</li> <li>- Regional TA findings are adopted by the Government.</li> </ul>
<p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>- Strengthen capabilities of MWSS-RO for efficient execution of the concession agreements.</li> <li>- Disseminate good practices relating to regulatory work processes among other water utilities and their operators.</li> </ul>	<ul style="list-style-type: none"> <li>- No disputes over substantive aspects of regulatory work in the concession agreements</li> <li>- Practices developed in the TA used by other water utilities and operators</li> </ul>	<ul style="list-style-type: none"> <li>- Major price adjustments and performance monitoring provisions in the concession agreements (e.g., rate rebasing, currency exchange rate adjustments, extraordinary price adjustments, various service performance targets)</li> <li>- Periodic reports by other water utilities</li> </ul>	<ul style="list-style-type: none"> <li>- Contractual relationship between MWSS and the concessionaires remains unchanged.</li> <li>- Contractual obligations are essentially met by MWSS and the concessionaires.</li> <li>- MWSS and the concessionaires hold close consultations.</li> <li>- A human resources plan is prepared.</li> <li>- Participants have adequate absorptive capacity.</li> </ul>
<p><b>Outputs</b></p> <ul style="list-style-type: none"> <li>- Fair and transparent mechanisms in specific regulatory functions</li> <li>- Operational guidelines, handbooks, and references materials, reference libraries, and databases</li> </ul>	<ul style="list-style-type: none"> <li>- Reference and training materials developed, and databases established within 6 months from TA commencement</li> <li>- At least 24 workshops and seminars held</li> </ul>	<ul style="list-style-type: none"> <li>- Consultants' reports</li> <li>- ADB reviews</li> <li>- Tripartite meetings</li> <li>- Periodic reports by MWSS-RO and concessionaires</li> <li>- Periodic tracer surveys</li> </ul>	<ul style="list-style-type: none"> <li>- TA is supported by all concerned.</li> <li>- Concerned staff have general aptitude.</li> <li>- Water utilities and operators concerned are capable of operation and maintenance.</li> </ul>
<p><b>Inputs</b></p> <ul style="list-style-type: none"> <li>- International and domestic consulting services</li> <li>- Interagency coordination and consultations</li> <li>- Consultations with private operators</li> </ul>	<ul style="list-style-type: none"> <li>- 15.5 person-months international consulting and 26 person-months domestic consulting</li> <li>- Common views established among parties consulted</li> </ul>	<ul style="list-style-type: none"> <li>- Consultants' reports</li> <li>- ADB review missions</li> <li>- Tripartite meetings</li> <li>- Periodic MWSS-RO reports</li> </ul>	<ul style="list-style-type: none"> <li>- Competence of consultants</li> <li>- TA requirements understood by consultants</li> <li>- Interagency matters acted on by MWSS-RO and concerned parties without delay</li> </ul>

(Reference in text: page 1, para. 1)

**COST ESTIMATES AND FINANCING PLAN**

(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. Asian Development Bank Financing<sup>a</sup></b>			
1. International Consultants			
a. Remuneration and Per Diem	415	0	415
b. International and Domestic Travel	30	5	35
2. Domestic Consultants, Remuneration	0	182	182
3. Equipment <sup>b</sup>	50	0	50
4. Workshops, Report Production	24	0	24
5. Miscellaneous Administrative and Support Costs	6	0	6
6. Contingencies	75	13	88
<b>Subtotal (A)</b>	<b>600</b>	<b>200</b>	<b>800</b>
<b>B. MWSS-RO Financing</b>			
1. Counterpart Staff	0	42	42
2. Workshops, Report Production	0	192	192
3. Office Facilities and Utilities	0	60	60
4. Transport	0	24	24
5. Others (Facilities for workshops)	0	24	24
6. Communication/Dissemination Costs	0	18	18
7. Contingencies	0	40	40
<b>Subtotal (B)</b>	<b>0</b>	<b>400</b>	<b>400</b>
<b>Total</b>	<b>600</b>	<b>600</b>	<b>1,200</b>

MWSS-RO = Metropolitan Waterworks and Sewerage System Regulatory Office

<sup>a</sup> Financed on a grant basis from the Asian Currency Crisis Support Facility, funded by the Government of Japan.<sup>b</sup> Computers, printers, and other peripherals.

Source: ADB estimate.

## OUTLINE TERMS OF REFERENCE FOR CONSULTING SERVICES

### A. General

1. The technical assistance (TA) will use three international consultants for 15.5 person-months, and five domestic consultants for 26 person-months: (i) one international consultant (technical and capacity building/team leader: 6.5 person-months) and two domestic consultants (technical: 6 person-months, and human development: 6 person-months) for the financial regulation area; (ii) one international consultant (technical and capacity building: 6.5 person-months) and two domestic consultants (technical: 6 person-months, and human development: 6 person-months) for the technical regulation area (which also covers customer service regulation area); and (iii) one international consultant (technical and capacity building: 2.5 person-months) and one domestic consultant (technical: 2 person-months) for legal affairs. The consultants will closely examine the findings of the following studies and reflect them in assisting the Government in the eventual establishment of a water regulatory commission: (i) regional TA for regulatory systems and networking of water utilities and regulatory bodies; and (ii) a Public-Private Infrastructure Advisory Facility (PIIAF) initiative for water and sewerage legislation in the Philippines.

2. The consulting services will be provided over 12 months. For the financial and technical regulation areas, they are provided in two stages. The first six months will be for the identification of fair and transparent mechanisms for regulatory work on specific function areas, and related documentation, to be undertaken by a team consisting of one international and one domestic consultant on a full-time basis. The remaining six months will be for human development using the recommended practices developed, to be undertaken by one domestic consultant on a full-time basis. The international consultant will provide wrap-up sessions during the final two weeks of TA implementation. For legal affairs, a team of one international and one domestic consultant will work full time for two months to develop a reference library and databases. The international consultant will also return for two weeks to wrap up the TA.

3. Major expertise required includes the following: (i) economic regulation, investment appraisal, and regulatory accounting (financial regulation area); (ii) water and wastewater treatment, and water supply systems (technical regulation area); and (iii) legal matters (legal affairs). The consultants will have ample practical experience in (i) regulatory work in water services and similar utilities operated through concession arrangements, and (ii) human development in institutional capacity building.

### B. Approach

4. The TA outputs are for general use and not specific to the MWSS concession agreements. Thus, the consultants' work will also be of generic value. To ensure the TA outputs are balanced and acceptable to not only water utilities but also water services operators, the party subject to regulation, the consultants will collect views, expertise, and experience from the widest possible base and consequently, will collaborate with both Metropolitan Waterworks and Sewerage System Regulatory Office (MWSS-RO) and the concessionaires on an equal basis. Other water utilities, such as the Local Water Utilities Administration (LWUA) and the water districts in local government units (LGUs) and their operators will be consulted.

5. **Identification of fair and transparent mechanisms for specific regulatory work** involves the following steps: (i) study of various broad, independent water regulation frameworks, and identification of a common setup; (ii) research of specific regulatory work requirements under various operational arrangements; (iii) examination of various principles, methodologies, procedures, and practices, and identification of best practices; (iv) documentation of the findings into practical guidelines, handbooks, and reference materials of generic nature; and (v) compilation of the information obtained in steps (i)-(iv) into reference libraries and databases. The first-stage research is on independent water regulation at the national level and will be based on, among others, the findings of the regional TA and the PPIAF studies. The findings at this stage will lay the foundation for the review of specific regulatory work processes under various operation arrangements. The examination at this stage will include thorough studies of cases both within and outside the Philippines. During documentation, particular attention will be paid to clarity, practicality, and ease of use and maintenance (updating). Documents will be prepared also in soft copies to facilitate development of on-line training materials later on.

6. **Human development** involves the following steps: (i) identification of skills requirements; (ii) assessment of participants' general skills levels; (ii) development of skills development targets; (iii) dissemination of knowledge through workshops and seminars; (iv) measurement of achievement through case studies and simulations; and (iv) wrapping up. Parameters for the workshops and seminars will be determined based on the participants' skills levels. Performance indicators will be developed to monitor the achievements. Workshops and seminars will be held separately for the technical/operational aspects and managerial aspects. Those for managerial aspects will focus on issues of broader water policy and regulation at the national level. Workshops and seminars will adopt a participatory approach to ensure their relevance. Progress will be thoroughly checked mid-course and changes made in workshops and seminar contents as necessary. Trainer-training will be conducted and self-learning programs developed to ensure human development translates into institutional strengthening. The legal aspects are examined in relation to the financial and technical areas. Accordingly, human development relating to the legal affairs will be handled under the other two areas.

### **C. Financial Regulation Area**

7. The work focuses on price adjustments and performance penalty adjustments. Price adjustments will address common causes including inflation, currency fluctuations, and unforeseen events. The consultants will examine technical soundness, fairness, and transparency. The work requires examination of concepts, approaches, methodologies, and practices of, among others, the following activities: (i) economic regulation (particularly on determination of discount rates and net present value [NPV]); (ii) benchmarking; (iii) appraisal of income and expenses; (iv) financial analysis, especially in the context of reviewing financial statements, especially financial ratios and comparative analyses; and (v) financial modeling, including determination of items (expenses) to be considered. The work on performance penalties will require inputs from the technical regulation area, and will focus on the conversion of service performance shortfalls to financial penalties. Generally acceptable ways to determine various factors to be used for the computation, such as consumer price indexes, currency exchange rates, and financial performance indicators, will be explored.

**D. Technical Regulation Area**

8. The work focuses on service performance measurement, performance penalty assessment, and remedial action formulation. The work will include examination of various practices for monitoring, valuation, and assessment of, among others, the following activities: (i) asset condition reporting; (ii) service performance relating to water supply, sewerage, and sanitation services; (iii) physical implementation; (iv) water and wastewater effluent quality; (v) water pressure management; and (vi) nonrevenue water, especially metering. Implications of related standards that are commonly regulated outside water utilities, such as those related to public health (water quality standards) and environment (wastewater effluent standards) will also be examined. The work also covers the customer service regulation area where it is closely related to the technical regulation area. The work may also concern broader issues of formulation and implementation of national policies for water management and sanitation. Findings of the regional TA and the PPIAF studies will be utilized in this regard.

**E. Legal Affairs**

9. The work essentially concerns the establishment of a reference library for legal matters relating to the execution of the concession agreements, with particular attention to arbitration involving international parties. The work includes research, development of a database, and record management.

**F. Outputs**

10. The consultants will summarize their findings into practical guidelines, handbooks, and reference materials as recommended practices. They will establish databases to keep all findings for record and reference purposes. Human development activities will include at least 24 workshops and seminars, comprising four aspects (financial, technical, legal, and managerial) for three types of participants (parties to the MWSS concession agreements, other water utilities and their operators, and those involved in establishing an independent water regulatory body), all to be offered twice. Trainer training will be provided separately and self-learning programs developed. The consultants will measure the effectiveness of human development activities.