



Completion Report

Project Number: 30308
Loan Numbers: 1745/1746
December 2010

Philippines: Pasig River Environmental Management and Rehabilitation Sector Development Program

Asian Development Bank

CURRENCY EQUIVALENTS

Currency Unit		–		Peso (₱)	
		At Appraisal		At Program Completion	
		1 March 2000		5 March 2009	
₱1.00	=	\$0.0544		\$0.0204	
\$1.00	=	₱ 40.91		\$48.92	

ABBREVIATIONS

ADB	–	Asian Development Bank
DENR	–	Department of Environment and Natural Resources
DOH	–	Department of Health
ECC	–	environmental compliance certificate
EPA	–	environmental preservation area
EUFS	–	environmental users fee system
HUDCC	–	Housing and Urban Development Coordinating Council
HLURB	–	Housing and Land Use Regulatory Board
LGU	–	Local Government Unit
LLDA	–	Laguna Lake Development Authority
MMC	–	Metropolitan Manila Council
MMDA	–	Metropolitan Manila Development Authority
MOA	–	memorandum of agreement
MWCI	–	Manila Water Company, Inc.
MWSS	–	Metropolitan Waterworks and Sewerage System
NGO	–	nongovernment organization
PCG	–	Philippine Coast Guard
PMO	–	project management office
PRDP	–	Pasig River Development Plan
PRRC	–	Pasig River Rehabilitation Commission
RAP	–	resettlement action plan
SDP	–	sector development program
SLA	–	subloan agreement
STP	–	sewage treatment plant
URA	–	urban renewal area

NOTES

- (i) The fiscal year (FY) of the government and its agencies ends coincide with the calendar year.
- (ii) In this report, "\$" refers to US dollars.

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CONTENTS

	Page
BASIC DATA	ii
I. PROGRAM DESCRIPTION	1
II. EVALUATION OF DESIGN AND IMPLEMENTATION	2
A. Relevance of Design and Formulation	2
B. Policy Loan Outputs	3
C. Investment Loan Outputs	5
D. Program Costs	8
E. Disbursements	8
F. Program Schedule	9
G. Implementation Arrangements	9
H. Conditions and Covenants	9
I. Related Technical Assistance	10
J. Consultant Recruitment and Procurement	10
K. Performance of Consultants, Contractors, and Suppliers	10
L. Performance of the Borrower and the Executing Agency	10
M. Performance of the Asian Development Bank	11
III. EVALUATION OF PERFORMANCE	11
A. Relevance	11
B. Effectiveness in Achieving Outcome	11
C. Efficiency in Achieving Outcome and Outputs	12
D. Preliminary Assessment of Sustainability	12
E. Impact	12
IV. OVERALL ASSESSMENT AND RECOMMENDATIONS	13
A. Overall Assessment	13
B. Lessons	13
C. Recommendations	14
APPENDIXES	
1. Program Framework	16
2. Policy Framework	20
3. Policy Framework Achievements	27
4. Program Framework Achievements	31
5. Environmental Action Plan Achievements	35
6. List of PCSS Contracts	39
7. Investment Project costs and Financing Plan (At Appraisal and Actual)	44
8. Investment Loan Contract Awards and Disbursements	45
9. Planned and Actual Implementation Schedule	46
10. Compliance with Loan Covenants	47

BASIC DATA

A. Loan Identification

1.	Country	Philippines
2.	Loan Numbers	1745, 1746
3.	Program Title	Pasig River Environmental Management and Rehabilitation Sector Development Program (1745 [policy loan], 1746 [investment loan])
4.	Borrower	Philippines
5.	Executing Agency	Department of Finance (L1745) and Pasig River Rehabilitation Commission , PRRC (L1746)
6.	Amount of Loan	\$100 Million (L1745) , \$75 Million (1746)
7.	Program Completion Report Number	PCR:PHI 1198

B. Loan Data

1.	Appraisal	
	– Date Started	6 July 1999
	– Date Completed	10 September 1999
2.	Loan Negotiations	
	– Date Started	12 August 1999
	– Date Completed	19 August 1999
3.	Date of Board Approval	20 July 2000
4.	Date of Loan Agreement	21 July 2000
5.	Date of Loan Effectiveness	
	– In Loan Agreement	20 October 2000
	– Actual	17 August 2000
	– Number of Extensions	None
6.	Closing Date	
	Policy Loan (1745):	
	– In Loan Agreement	30 June 2002
	– Actual	11 December 2003
	– Number of Extensions	2 (30 June 2003, 31 March 2004)
	Investment Loan (1746):	
	– In Loan Agreement	31 January 2006
	– Actual	5 March 2009
	– Number of Extensions	2 (31 January 2008, 30 September 2008)
7.	Terms of Loan	
	For Policy Loan (1745):	
	– Interest Rate	0.75%
	– Maturity (number of years)	15 years
	– Grace Period (number of years)	3 years
	For Investment Loan (1746):	
	– Interest Rate	0.75%
	– Maturity (number of years)	25 years
	– Grace Period (number of years)	5 years

8. Terms of Relending (if any) N/A
 – Interest Rate
 – Maturity (number of years)
 – Grace Period (number of years)
 – Second-Step Borrower

9. Disbursements

a. Dates

	Initial Disbursement	Final Disbursement	Time Interval
Policy Loan (1745)	17 August 2000	11 December 2003	40 months
Investment Loan (1746)	22 November 2000	5 March 2009	100 months
	Effective Date	Original Closing Date	Time Interval
Policy Loan (1745)	17 August 2000	30 June 2002	22 months
Investment Loan (1746)	17 August 2000	31 January 2006	65 months

b. Amount

Policy Loan (\$ million)

Category / Tranche No.	Original Allocation	Last Revised Allocation	Amount Canceled	Net Amount Available	Amount Disbursed	Undisbursed Balance
1	40	40	0	40	40	0
2	60	60	0	60	60	0

Investment Loan (\$ million)

Category or Subloan	Original Allocation	Last Revised Allocation	Amount Canceled	Net Amount Available	Amount Disbursed	Undisbursed Balance
01A Sanitation Service Septic Tank Emptying Trucks	2.60	2.70		2.70	2.61	0.10
01B SPT Civil Works	3.00	3.60		3.60	0.40	3.20
01C SPT Plant and Equipment	4.40	6.10		6.10	1.01	5.09
02A EPA Civil Works – Apartment & Housing Units	16.00	7.13		7.13	12.14	-5.01
02B EPA Development Parks & Walkways	0.00	14.60		14.60	21.30	6.70
02C EPA Community Facilities	3.50	8.87		8.87	3.20	5.66
03 Urban Renewal Areas	23.00	23.00		23.00	15.28	7.72
04 Project implementation Assistance	3.00	3.00		3.00	2.05	0.95
05 IDC	9.50	5.00		5.00	5.00	0.00
06 Unallocated	10.00	1.00		1.00	0.00	1.00
Total	75.00	75.00		75.00	62.99	12.01

10.	Local Costs (Financed)	
	- Amount (\$)	\$19,148,917
	- Percent of Local Costs	76.59%
	- Percent of Total Cost	30.4%

C. Program Data

1. Program Cost (\$ million)

Cost	Appraisal Estimate	Actual
Foreign Exchange Cost	54.00	43.85
Local Currency Cost	96.00	54.19
Total	150.00	98.04

2. Financing Plan (\$ million)

	Appraisal			Actual		
	Foreign	Local	Total	Foreign	Local	Total
Implementation Costs						
Borrower Financed	0.0	69.5	69.5	0.0	35.0	35.0
ADB Financed	44.6	21.0	65.5	38.9	19.2	58.0
Other External Financing	0.0	5.5	5.5	0.0	0.0	0.0
Subtotal	44.6	96.0	140.5	38.9	54.2	93.0
IDC Costs						
Borrower Financed	0.0	0.0	0.0	0.0	0.0	0.0
ADB Financed	9.5	0.0	9.5	5.0	0.0	5.0
Other External Financing	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	9.5	0.0	9.5	5.0	0.0	5.0
	54.1	96.0	150.0	43.9	54.2	98.0
Summary						
Borrower Financed	0.0	69.5	69.5	0.0	35.0	35.0
ADB Financed	54.1	21.0	75.0	43.9	19.2	63.0
Other External Financing	0.0	5.5	5.5	0.0	0.0	0.0
Total	54.1	96.0	150.0	43.9	54.2	98.0

3. Cost Breakdown by Program Component - Investment Loan, ADB-Financed (\$ million)

Component	Appraisal	Actual
A. Sanitation	10.00	4.01
B. Environmental Preservation Areas (EPAs)	19.50	36.64
C. Urban Renewal	23.00	15.28
D. Project Implementation Assistance	3.00	2.05
E. Interest During Construction	9.50	5.00
Unallocated	10.0	0.00
Total	75.00	62.99

4. Program Schedule Investment Loan (1746)

Item	Appraisal Estimate	Actual
Part A: Sanitation		
1. Site Identification and Feasibility Study	January – December 2000	January 2001 – August 2003
2. Prepare Bid documents for Turnkey Contract	March – December 2000	January 2002 – December 2003
3. Bidding, Evaluation, and Contract Award	January 2001 – December 2001	October 2003 – June 2006
4. Implementation of Sanitation Component	January 2002 – December 2005	July 2006 – August 2007
Part B: Environmental Preservation Areas (EPA)		
1. Resettlement	January 2000 – December 2001	January 2000 – December 2008
2. Development Plan for EPAs	January – December 2000	January 2000 – December 2001
3. Design	July 2000 – June 2001	July 2000 – December 2005
4. Bidding, Evaluation, and Contract Award	January - December 2001	January 2001 – December 2008
5. Implementation of EPA component	July 2001 – June 2004	January 2002 – December 2008
Part C: Urban Renewal Areas (URA)		
1. Development Plan for URAs	January – December 2000	January 2000 – December 2005
2. Design	July 2000 – June 2001	January 2003 – December 2005
3. Bidding, Evaluation, and Contract Award	January – December 2001	April 2005 – December 2008
4. Implementation of URA Component	July 2001 – December 2004	January 2006 – December 2008
Part D: Implementation Assistance		
1. Consultant Selection	January – March 2000	January 2000 – December 2001
2. Consultant Services	March 2000 – December 2004	

5. Program Performance Report Ratings

Implementation Period	Ratings	
	Development Objectives	Implementation Progress
For Policy Loan (L1745)		
From 31 Jul 2000 to 30 Nov 2000	S	S
From 1 Dec 2000 to 31 Dec 2000	S	HS
From 1 Jan 2001 to 31 Jan 2001	S	S
From 1 Feb 2001 to 30 Apr 2001	S	HS
From 1 May 2001 to 31 May 2002	S	S
From 1 Jun 2002 to 31 Dec 2003	S	PS
For Investment Loan (1746)		
From 31 July 2000 to 31 Aug 2001	S	S
From 1 Sep 2001 to 30 Apr 2003	S	HS
From 1 May 2003 to 31 Aug 2007	S	HS
From 1 Sep 2007 to 31 Mar 2009	PS	PS

HS = highly satisfactory, PS = partially satisfactory, S = satisfactory.

D. Data on Asian Development Bank Missions

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members ^b
Fact-Finding Mission ^a	13 May 1998 – 6 Aug 1998	5		a, b, c, g, h
Appraisal Mission ^a	06 Jul 1999 – 10 Sep 1999	4		a, b, c, g
Inception	1 Aug 2000 to 10 August 2000	2	15	a, h
Special Loan Admin. Mission ^a	15 Feb 2001 – 20 Apr 2001	1	15	a
Review ^a	06 Jul 2002 – 20 Sep 2002	2	45	a, e
Mid-term Review	15 Dec 2003 – 31 Jul 2004	3	48	a, b, e
Mid-term Review	15 Jun 2004 – 21 Mar 2005	1	90	a, h
Review	3 Oct 2006 – 28 Nov 2006	2	10	a, g
Review	15 May 2007 – 5 Jul 2007	1	7	a
Review	24 Nov 2007 – 10 Dec 2007	2	34	a, g
Review	24 Nov 2008 – 12 Nov 2008	2	12	a, g
Program completion review	17 May 2010 – 8 June 2010	2	20	a, g

^a Intermittent basis

^b a = team leader, b = financial analyst, c = counsel, d = economist, e = staff consultant, f = control officer, g = programs officer, h = project analysts, l = environmental specialist

I. PROGRAM DESCRIPTION

1. The projected impacts of the Pasig River Environmental Management and Rehabilitation Sector Development Program were improvements in the environmental management of the Pasig River basin within Metro Manila and promotion of urban regeneration and renewal in the vicinity of the Pasig River.¹ The program supported the government's strong commitment to economic development incorporating sound environmental management practices. The specific program targets were: (i) improvement of the Pasig River water quality to class C² level by 2014, (ii) establishment of environmental preservation areas (EPAs) along the banks of the Pasig River, and (iii) upgrading of adjacent urban renewal areas (URAs).

2. The program's projected outcomes were: (i) a reduction in the biological oxygen demand load by 18 tons per day; (ii) the establishment of 23 kilometers of EPAs and upgrading of 500 hectares of urban slums; and (iii) the strengthening of the operational and management capacity of the Pasig River Rehabilitation Commission (PRRC), the Metro Manila Development Authority (MMDA), and participating local government units (LGUs).

3. In order to improve the water quality of the Pasig River, an integrated set of policy reforms covering institutional, regulatory, technical, and financial aspects of environmental management, and a specific set of physical interventions were needed. A sector development program modality was therefore considered most suitable, combining a policy loan to support policy reforms, an investment loan to support the investments, and a technical assistance grant to support capacity building. The program framework is in Appendix 1. The policy loan was to be disbursed subject to the implementation of a time-bound policy framework (Appendix 2), which included the commitment of the government to implement the first phase of the Pasig River Development Plan (PRDP)³. The PRDP presents a 15-year plan (from 1999 to 2014) for the rehabilitation of the river by: (i) improving the Pasig River to water quality class C standard and (ii) encouraging urban renewal within the Pasig River basin.

4. The Asian Development Bank (ADB) provided \$100 million from its ordinary capital resources to support the policy reforms through the policy loan, to be disbursed in two tranches: \$40 million upon loan effectiveness and \$60 million upon compliance with criteria set out in the policy matrix. For the investment loan, ADB provided \$75 million from its ordinary capital resources, or 50% of the projected investment costs. The national government was to provide counterpart funding for the investment loan in the amount of \$69.5 million equivalent and the local governments \$5.5 million equivalent. The program was approved on 20 July 2000 and declared effective on 17 August 2000. The second and final policy tranche release was scheduled 12 months after project effectiveness, and the policy loan closing date was 30 June 2002. The investment loan closing date was scheduled to be 31 July 2005.

¹ ADB. 2000. *Report and Recommendation of the President to the Board of Directors: Proposed Loans and Technical Assistance Grant to the Republic of the Philippines for the Pasig River Environmental Management and Rehabilitation Sector Development Program*. Manila.

² Class C water is suitable for fish propagation, sustaining aquatic life and for secondary contact sports such as boating. After treatment, the water may be used for industrial processing. Key criteria for Class C water are: maximum biochemical oxygen demand: 10 milligram per liter (mg/l); minimum dissolved oxygen: 5mg/l; total coliforms: 5,000 most probable number per mg.

³ ADB. 1998. *Pasig River Environmental Management and Rehabilitation Project. Volume I: Pasig River Development Plan*. Manila

II. EVALUATION OF DESIGN AND IMPLEMENTATION

A. Relevance of Design and Formulation

5. Living conditions in Metro Manila have deteriorated because of a high population growth rate that has far outstripped the reach of basic urban infrastructure and municipal services, leading to an overcrowded and environmentally degraded city. The program is considered *relevant* since it supports the government's Medium-Term Development Plan,⁴ which indicated the need for a greater focus on environmental concerns as a development issue. Furthermore, the program built on the PRDP, which was prepared with the assistance of ADB.⁵

6. The PRDP follows the implementation of the Pasig River Rehabilitation Program which was established in 1989 with funding from the Government of Denmark and recommended 21 projects to be implemented over a period of 10-15 years at a cost of over \$420 million. Pollution was reduced by the illegal dumping of trash and the voluntary participation of some industries in waste minimization programs, but the problems persisted.

7. As with the Pasig River Rehabilitation Program, the Pasig River Environmental Management and Rehabilitation Sector Development Program had a wide scope and had to be implemented in a complex institutional and volatile political setting. The experience of the earlier program should have warranted the inclusion of a thorough risk assessment and mitigation plan in the program design, yet neither the PRDP nor the report and recommendation of the President (RRP) referred to such an assessment or plan. The RRP mentioned the lack of political support, lack of enforcement of environmental regulations, and reluctance of squatters to relocate as potential risks, without providing mitigation measures.

8. The link between the objectives of the PRDP and those of the program is not clear. The PRDP has a first 5-year phase, with four main areas for ADB assistance:⁶ (i) supplementary sanitation services, (ii) a funding mechanism for small and medium-sized firms for the construction of wastewater treatment facilities, (iii) environmental preservation areas, and (iv) technical assistance to improve DENR's ability to control industrial pollution. The program was not intended to support implementation of the complete 15-year PDRP, so adopting the PRDP 15-year objective of "improvement of the Pasig River water quality to class C level by 2014" was too ambitious. It should have been clear this could not be achieved by the program alone.

9. The relationship between the objectives of the policy loan and those of the investment loan is not clear. The program framework outputs and outcome statement refer only to the investment loan and do not reflect the relevance of policy loan and policy matrix.

10. The program has undergone several changes: two in scope, two in implementation arrangements, and three in financing arrangements. One of the changes in implementation arrangements was initiated following submission of the RRP to ADB's board, leading to deferment of its consideration by the Board.⁷ This change assigned the Metropolitan Waterworks and Sewerage System (MWSS) to implement the sanitation activities of the program within the framework of the agreement with its concessionaries: Manila Water

⁴ NEDA. 1998. *Philippine Medium-Term Development Plan*. Manila

⁵ ADB. 1998. *Pasig River Environmental Management and Rehabilitation Project*. Manila (TA2803-PHI).

⁶ Total project costs were estimated at \$107 million. The ADB loan would be \$51.4 million and the government would finance \$33.6 million, local governments \$10.5 million, Manila Water Company \$9.6million, the beneficiaries \$3.8 million, and the Development Bank of the Philippines \$0.5 million.

⁷ From 17 April 2000 to 20 July 2000.

Company Inc. (MWCI) and Maynilad Water Services Inc. (MWSI).⁸ The other changes in implementation arrangements constituted a further delegation of implementation responsibility to MWSS and a local government unit (LGU) through subsidiary loan agreements. The change in scope allowed the financing of social facilities at resettlement sites and superstructures as part of the URA activities, while the change in financing arrangements extended ADB financing to include social infrastructure and civic amenities at the resettlement sites, and increased ADB's share of the financing plan. Most of the changes made the program more relevant. However, they were initiated because of perceived problems with program implementation and the program would have been more effective if the problems had been anticipated in the program design. The expansion of the scope of URA activities did not result in the achievement of the output.

B. Program Loan Outputs

11. The policy matrix includes nine outputs, supported by various activities (Appendix 3). The completion of these activities was the condition for the release of the payment tranches. At appraisal the activities that formed conditions for the first tranche release had been carried out, while in November 2003, ADB confirmed that all other activities had been completed.⁹ The second tranche was disbursed more than 2 years after the planned date. The policy loan was extended twice¹⁰ for a total of 21 months, from 30 June 2002 to 31 March 2004.

12. **Output 1: approve, adopt and implement phase 1 of the PRDP.** The approval and adoption of the PRDP's phase 1 were first-tranche release conditions, implementation was a second-tranche release condition. ADB concluded that with the start of some of the first-phase PRDP activities financed by ADB's investment loan the government had complied with the second-tranche release conditions. However, neither the policy matrix nor the progress report clarified whether the second-tranche release conditions applied only to the ADB-financed activities or to all first-phase PRDP activities. Currently, the ADB-financed activities have been partially completed but none of the remaining first-phase PRDP activities has been completed.

13. **Output 2: provide additional sanitation services beyond the MWSS targets.** The activities were aimed at providing additional sanitation services coverage to 185,000 households beyond the targets in the MWSS concession agreement. Originally it was foreseen that the PRRC would take responsibility for this, but during appraisal it was considered that the program would be more effective if the MWSS and its concessionaires took over. The policy conditions, such as obtaining government commitment and including this target in the MWSS concession agreements, have been complied with. Nevertheless, the actual implementation, financed by the investment loan, falls short of the target (see paras. 23–25).

14. **Output 3: establish a wastewater discharge permit system for Metro Manila.** The intention was to reduce the industrial waste water pollution of the Pasig River by introducing a wastewater discharge permit system. Fees collected were to be used to strengthen pollution monitoring and enforce environmental standards and regulations. Although its legality was contested,¹¹ an administrative order was issued by DENR. However, it was never implemented

⁸ ADB. 2000. *Addendum to Document R90-00 Proposed Loans and Technical Assistance Grant Pasig River Rehabilitation Sector Development Program (Philippines)*. Manila.

⁹ ADB. 2003. *Pasig River Environmental Management and Rehabilitation Sector Development Program. Progress Report: Release of Second Tranche*. Manila (Loan 1745-PHI).

¹⁰ First extension from 30 June 2002 to 30 June 2003—approved on 3 May 2002; second extension from 30 June 2003 to 31 March 2004—approved on 12 July 2003.

¹¹ The Pollution Control Law (Presidential decree 984) does not provide for such a fees system.

effectively and the passage of the Philippine Clean Water Act (Republic Act 9275) in 2004 overtook this initiative. The wastewater discharge fees are remitted to the national treasury. Although the policy conditions have been met, the intended purpose has only partially been achieved: a wastewater discharge permit system is in place, but the fees are not retained by DENR. The effect on the industrial pollution load on the Pasig River is not known.

15. **Output 4: improve domestic solid waste collection and recycling by riverside communities.** The MMDA submitted a time-bound action plan for mobilizing communities along the Pasig River to improve domestic solid waste collection and garbage recycling. Community awareness of solid waste management was provided through training and clean-up campaigns. Capacity building and small amounts of equipment were provided by the PRRC to NGOs, financed by GOP counterpart funds. In 2002, the MMDA changed its focus from community-based solid waste management to cleaning up floating garbage. However, several NGOs¹² continued with the community-based approach through the introduction of the “clean river zone” approach. The policy condition seems to have had an effect, although the initiative for community-based solid waste management came from NGOs and not the government.

16. **Output 5: establish environmental preservation areas and urban renewal areas.** In preparing the construction of EPAs and URAs, a resettlement action plan and urban zoning and development plans were prepared and approved under this policy condition. Despite delays, all resettlement action plan conditions were complied with. The resettlement activities have been substantially completed according to the resettlement action plan and EPAs have been constructed. The URAs have not been established as originally planned (see paras. 26–33).

17. **Output 6: strengthen environmental standards and regulations.** Outdated environmental regulations and standards were reviewed, updated, and unified. An interagency working group, consisting of representatives from the DENR, Department of Health, Housing and Land Use Regulatory Board, Housing and Urban Development Coordinating Council, MMDA and Laguna Lake Development Authority, and chaired by the PRRC reviewed the existing environmental standards and regulations affecting wastewater discharge into the Pasig River and signed a memorandum of agreement to develop new regulations. The memorandum of agreement provided for an action plan and technical assistance, to be funded by the PRRC. Some of the planned activities have been implemented but most were never started or were terminated, since PRRC funds were insufficient. The most notable achievement was the requirement that new developments need to include sewage treatment facilities as a condition of obtaining an environmental compliance certificate from the DENR, and the continuing efforts to improve sewerage coverage by MWSS and its concessionaries. The lack of achievements by MMDA (which seems to concentrate solely on solid waste removal from the Pasig River) is also notable. The action plan and its achievements are in Appendix 5.

18. **Output 7: strengthen water quality monitoring and enforcement.** The intention was to expand and reform the existing water quality monitoring system, in order to manage and control waste water discharges into the river. In addition, wastewater discharge permit holders were to be monitored, through self-assessment requirements and random sampling.

19. Quarterly water quality monitoring has been carried out by the PRRC following the Water Quality Monitoring Action Plan under the program. In 2009, the PRRC agreed to monitor¹³ the

¹² Sagip Pasig Movement; ABS-CBN Foundation's Kapit Bisig para sa Ilog Pasig program, implemented through a MOA with DENR.

¹³ Pasig River Unified Monitoring Stations (PRUMS) project

Pasig-Marikina River system every 2 weeks with the Environmental Management Bureau, DENR, and Laguna Lake Development Authority. Regular reporting is done but data are not fed into the defunct water quality model¹⁴ of the Pasig River. Waste water discharge permit holders submit quarterly self-monitoring reports to DENR, which also carries out random sampling.

20. **Output 8: enhance public awareness of environmental issues.** This policy condition was particularly relevant to encouraging community and public support for the PRDP. The action plan developed during project preparation was very broad and did not give any specifics on activities, timelines, and budgets. Nevertheless, many public campaign activities have been carried out by stakeholders over the years, and are still ongoing, mainly initiated by the various LGUs. The impact assessment program, as proposed in the RRP, has not been implemented and the effectiveness of the program cannot be assessed.¹⁵

21. **Output 9: institutional strengthening.** Before approval of the program, a time-bound action plan to strengthen the capacity of the PRRC, DENR, and Laguna Lake Development Authority was developed. The objective was to strengthen the agencies' capacity to identify, quantify, and monitor pollution sources, enforce environmental standards and regulations and impose and collect fees for wastewater discharge permits. The capacity strengthening assistance was provided through the TA under the program. The TA completion report¹⁶ concluded that the results were satisfactory but that continuing support was required. The envisaged enforcement of regulations and standards and fee collection was not achievable because of a lack of means, which were to be provided under the other policy outputs.

C. Investment Loan Outputs

22. Three outputs of the investment loan (Appendix 4) were projected: (i) expanded sanitation services, (ii) constructed EPAs along river banks, and (iii) upgraded URAs. In addition, the loan financed project implementation assistance by an international consulting firm. These activities were expected to be implemented over a period of 5 years and to be completed by 31 July 2005, with a closing date for the loan of 31 January 2006. The loan was extended twice, until 31 January 2008 and then 30 September 2008, to complete the delayed works. A detailed overview of the contracts financed under the loan is in Appendix 6.

Table 1: Output Sanitation Services

Output	At Appraisal	Approved or Awarded	Implemented
Vacuum trucks purchased	<ul style="list-style-type: none"> • 20 trucks with 10 m³ capacity each • 16 trucks with 6 m³ capacity each • Total capacity 296 m³ 	<ul style="list-style-type: none"> • 30 trucks with 10 m³ capacity each • 6 trucks with 5 m³ capacity each • Total capacity 330 m³ 	As approved. Final delivery accepted by MWSS in September 2006
STP constructed	Construction of Septage Treatment Plan with capacity of 600 m ³ /day	As appraised.	27% of works completed. Contract suspended due to legal dispute.

¹⁴ A mathematical model (MIKE 11) was made under DANIDA-financed assistance and handed over to DENR, but is not operational since the license has not been renewed.

¹⁵ The impact assessment was carried out in 2009 and included in the government PCR.

¹⁶ ADB. 2003. *Capacity Building Support for the Pasig River Environmental Management and Rehabilitation Project (TA3469-PHI)*. Technical assistance Completion Report. Manila.

23. **Sanitation services expanded.** The expansion of the sanitation services was aimed at reducing the biological oxygen demand loading into the Pasig River by 16 tons per day, through the provision of additional septic cleaning, discharging, and septage treatment capacity. The component had two parts:

- (i) purchase of 36 vacuum trucks with a combined capacity to empty 37,000 septic tanks annually, thereby benefiting about 1 million residents of unserved areas of Makati, Mandaluyong, Pateros, San Juan, and Taguig; and
- (ii) construction of a septage treatment plant (STP) with a capacity of 600 m³/day.

24. The achievements are presented in Table 1. The vacuum trucks have been handed over by MWSS to MWCI under the concession contract. The number of septic tanks serviced by MWCI in the targeted areas is less than projected: 6,243 at project closing in 2008. The construction of the STP was delayed due to the government's decision to reallocate the budget to dredging and clean-up activities of the Pasig River. However, this was not accepted by ADB.¹⁷ MWCI had purchased a suitable location, which was eventually selected as appropriate site for STP construction. The bidding was completed in July 2006. The construction started immediately but was suspended by the contractor due to nonpayment. MWSS cited overpricing as the reason. A case was filed in October 2008 with the Construction Industry Arbitration Committee, which ruled in December 2009 that all outstanding payments had to be paid by MWSS and constructed works handed over.¹⁸ MWCI will finance these payments and will complete and operate the plant under its concession contract.

25. The achievement of this output cannot be assessed directly, since the domestic pollution load into the river cannot be monitored manually and there is no operational mathematical water quality model of the Pasig River. The target of reducing loading into the Pasig River by 16 tons per day was derived from the number of septic tanks to be desludged annually. Comparing the target number of tanks (37,000), and the actual number (6,243 in 2008), it can be concluded that the objective has not been achieved, and is unlikely to be achieved soon, considering the absence of the required expansion in treatment capacity.

26. **Environmental preservation areas (EPAs) established.** In line with a government regulation¹⁹ that uniform 10-meter wide easement areas be established along the Pasig River banks, the program financed the construction of EPAs, in order to ensure onshore safety, access for emergency and maintenance purposes, and a pleasant riverside environment. In order to establish the EPAs it was estimated that about 10,000 families needed to be relocated.

27. The relocation was initiated in 1997 by a census²⁰ and a socioeconomic survey of families residing within the easement areas. During appraisal a resettlement action plan was prepared and resettlement sites identified. The resettlement action plan foresaw provision of assistance for (i) housing, (ii) transport, (iii) livelihood development, (iv) food, and (v) education.

28. In 2002, the resettlement activities were reviewed by ADB, which found they did not comply with the resettlement action plan, since the social infrastructure and civic amenities were not complete. Consequently the activities were halted, and through a major change in scope,

¹⁷ ADB. Letter to DOF, 25 Sept 2002.

¹⁸ Construction Industry Arbitration Commission. CIAC Case No. 29-2008. Manila. 2009

¹⁹ MMDA directive N0.3,1996 instructed all LGUs to establish 10-meter wide easement areas along the Pasig River and tributaries.

²⁰ Updated in 1999.

ADB agreed to finance 80% of the cost for social infrastructure and civic amenities as well,²¹ through loan savings which originated from the governments' purchase of housing units prior to effectiveness to the loan.²² In February 2006,²³ ADB agreed to increase its financing of the housing costs from 60% to 100%. Both measures contributed substantially to the effectiveness and sustainability of the resettlement program.

29. As of May 2010, 6,917 households, or 69% of the originally estimated total of 10,000 affected households had been relocated. The EPAs had been completed as planned, although with delays and some changes in design and scope. A total of 47 EPAs had been constructed with a combined length of 23.4 km versus a planned length of 23.0 km. The original EPA design included parks only, but was later extended to include construction and/or rehabilitation of revetment walls and ferry stations. In February 2006, ADB agreed to increase its financing from 60% to 100%, since project progress was affected by the government's fiscal constraints.

30. Of the planned and approved 14 ferry stations, 11 were constructed and are in operation. The construction of one ferry station has been suspended and is expected to be completed by the government, while two ferry stations have been deferred. The budget for the construction of the ferry station was included in the budget for the EPAs but it was often insufficient, leading to many variation orders and additional contracting to complete the works. The design of the ferry stations was not optimal,²⁴ leading to adjustments of the design after completion. The ferry service started operations in February 2007 and is continuing. The addition of ferry stations to the EPAs was beneficial for the program, enhancing the utilization of the EPAs.

31. **Urban renewal areas (URAs) upgraded.** Adjacent to the EPAs, selected urban areas were to be upgraded through the provision of basic infrastructure and essential municipal services, to improve living conditions and raise public health standards. This upgrading would be carried out by LGUs and MMDA in consultation with DENR and would include (i) land titling, (ii) provision of basic infrastructure, and (iii) livelihood schemes. During appraisal, the potential for a land sharing approach²⁵ was explored for two pilot areas, but no agreement was reached. Nevertheless, these pilots were still considered viable in the RRP, although no implementation and funding arrangements were specified.

32. These implementation and funding arrangements remained unclear during project implementation, resulting in a change in scope and financing arrangements to accommodate the construction of medium-rise buildings, to be financed 100% by ADB.²⁶ Consequently, three URAs were completed, although the works consisted only of the construction of medium-rise buildings to accommodate people relocated from the EPAs.

33. Preparatory works were carried out for several other areas, but went no further because of: (i) unresolved land ownership issues, (ii) a failure to address the need for social housing, and (iii) the unwillingness of LGUs to participate in the program because of complicated

²¹ ADB. 2002. *Pasig River environmental Management and Rehabilitation Sector Program – Major Change in Scope and Use of Loan Savings*. Manila (Loan 1745/1746-PHI).

²² The loan agreement did not allow for retroactive financing.

²³ ADB. 2006. *Pasig River environmental Management and Rehabilitation Sector Program – Major Change in Scope (financing ratios)*. Manila (Loan 1746-PHI).

²⁴ According to the private ferry operator, stations could have been made simpler with larger pontoon areas, to allow faster embarkation and disembarkation of passengers.

²⁵ Government and/or privately owned land is partially sold or leased to the occupants, mostly slum dwellers, who relocate to one part of the area, so the remaining area can be commercially developed. This requires the construction of medium-rise buildings to accommodate the relocated people.

²⁶ The original ADB financing share was 55%.

implementation arrangements. The original output targets were the upgrading of 500 hectares (ha) of urban area benefiting 80,000 people. The final upgraded area is about 17.6 ha, or 3.5% of original target, benefiting some 8,500 people, or 10.6% of the target.

D. Program Costs

34. **Policy loan.** The total policy loan amounted to \$100 million, as provided by ADB from its ordinary capital resources. The first tranche, equivalent to \$40 million, was released on 17 August 2000 upon signing of the loan. The second tranche of \$60 million was released on 11 December 2003 upon compliance with priority policy agenda deliverables.

35. **Investment loan.** At appraisal, the cost of the project was estimated at \$150 million equivalent, of which \$54 million (36%) was for foreign costs; and \$96 million (64%) was for local costs. The ADB loan funds of \$75 million equivalent were expected to cover 50% of the total project cost. The estimated project and actual project cost are in Appendix 7 and details of contract awards and disbursements are in Appendix 8.

36. In February 2006, ADB approved the government's request to revise the cost, loan allocation and financing ratios, because of the government's fiscal constraints. The total project cost was decreased to \$128.4 million equivalent. The share of ADB funding, still at \$75 million, increased from 50% to 58%, while the government share decreased from 50% to 42%. The actual project cost at completion was \$98 million equivalent. ADB financed \$63 million (64%) of the total project cost. The Government funded the remaining local costs of \$35 million equivalent. The unused loan amount of \$12 million was canceled.

37. The sanitation cost during appraisal was estimated to be \$27 million. However, at completion, only \$4.46 million had been utilized, representing only 17% of the original amount, or 23% of the revised estimate, due to noncompletion of the STP. Likewise, because of the limited output of the URA component, the expenditure decreased from the estimated \$44 million to \$17.25 million at project completion. The actual cost of the URA component was only about 39% of the original estimate and 71% of the revised estimate. The unused loan amounts from the sanitation and URA components were reallocated to EPAs and the construction of ferry stations along the EPAs. The works contracts and materials for the EPAs were estimated at \$55.5 million. At completion, the construction of parks, walkways, and resettlement of affected families cost a total of \$68.9 million, an increase over the original estimate of 24%.

E. Disbursements

38. **Policy loan.** The loan was released by ADB in two tranches — the first was \$40 million and the second was \$60 million. The release of the second tranche was delayed considerably, because the policy matrix was not implemented in time. ADB approved an extension of the loan closing date twice, subject to agreed time-bound action plans.

39. **Investment loan.** The project suffered from slow disbursement mainly because of the delay in the implementation of the sanitation and URA components. As of 30 November 2005, 5 years after loan effectiveness and 2 months before the original loan closing, the cumulative disbursement was 12%. Following the approval of the loan extension and the increase in the ADB financing ratios of the EPA and URA components to 100%, the disbursement ratio improved considerably. At loan closing in March 2009, \$62.99 million had been disbursed, 84% of the total allocated amount. The undisbursed amount of \$12.01 million (16%) was subsequently cancelled after loan closing.

F. Program Schedule

40. Implementation of the program was considerably delayed for various reasons, including noncompliance with the resettlement action plan, lack of government counterpart finances, and the complicated institutional and political setting (see Appendix 9). Noncompliance with the resettlement action plan required a thorough review of resettlement activities, resulting in a major change in scope and financing arrangements, allowing ADB to finance social infrastructure. The selection and procurement of the STP site was delayed, since the government said it did not have sufficient counterpart funds given its budgetary deficit. Further delays were encountered during construction, because of the dispute between MWSS and the contractor, finally leading to cancellation of the contract. The EPAs and URAs were subject to many variation orders, delaying the works.

41. The policy loan was extended twice from 30 June 2002 to 31 March 2004, doubling the total implementation period from 22 months to 43 months. This extension was necessary to fulfill all policy requirements. The investment loan was extended twice from 31 December 2005 to 30 September 2008, increasing the implementation period from 64 months to 97 months.

G. Implementation Arrangements

42. The EA for the policy loan was the Department of Finance, supported by 12 different national government agencies, five LGUs and the private sector. The PRRC provided support and extensively coordinated with all the agencies involved. The composition of the support agencies was different for each of the nine policy framework outputs. The level of participation varied for each agency and over the implementation period. The most notable event was the withdrawal of the MMDA from the program following the change in administration in 2001.

43. The EA for the investment loan was the PRRC, which was set up specifically to manage this loan.²⁷ The PRRC was originally placed under the Office of the President but in 2006 was transferred to DENR.²⁸ For each of the outputs, the PRRC was supported by six different national government agencies and five LGUs. The implementation arrangements were modified by placing direct responsibility for implementing the sanitation component with the MWSS and the construction of medium-rise buildings with Mandaluyong City.

44. The changes in implementation arrangements only partially improved implementation. Both Mandaluyong City and MWSS took full responsibility for the design, construction and maintenance of the works. Mandaluyong City was able to complete the works in time, but MWSS failed to do so. Nevertheless, through subsidiary loan agreements with the Department of Finance, the agencies are obliged to repay the loan directly to the Department of Finance, while under the original arrangements, repayment had to be channeled through the PRRC. The MMDA was supposed to assume responsibility for maintenance of the EPAs, but with its withdrawal from the program, responsibility was handed over to the LGUs instead. In some cases the PRRC is still managing the resettlement sites instead of the NHA.

H. Conditions and Covenants

45. Most loan covenants have been partly or fully complied with (see Appendix 10), albeit late due to implementation delays and following corrective actions by ADB and the government

²⁷ EO 54, 6 January 1999 amended by E.O. 65, 19 January 1999.

²⁸ EO 510, 5 March 2006.

as described above. The most notable difficulties were encountered in complying with requirements to ensure that sufficient budgetary allocations were made in a timely manner²⁹ and the government's responsibility to build resettlement site amenities, including primary and secondary schools, health centers, multipurpose halls, daycare centers, livelihood opportunities, and recreation facilities.³⁰

I. Related Technical Assistance

46. A \$1 million TA project for capacity building support³¹ was approved on 20 July 2000 and consultants were fielded from January 2001 until January 2002. The objective of the TA was to build the planning and implementing capacity of the PRRC, MMDA and LGUs. A separate technical completion report³² was prepared in June 2003, which rated the TA *successful*, and concluded that it had made a significant contribution to the capacity of the agencies.

J. Consultant Recruitment and Procurement

47. The selection of the project management consultants followed ADB's Guidelines on the Use of Consultants, and the terms of reference in the loan agreement. The winning contractors were chosen through the unified bids and a selection process jointly crafted by ADB and PRRC-PMO and following the local competitive bidding process of ADB's Guidelines for Procurement (1999), as amended from time to time. An inter-agency consultative group, consisting of directors of the member agencies, conducted a preliminary evaluation of the bid documents, which included pre-qualifying bidders through a two-envelope system. This consultative group made recommendations to an inter-agency bids and awards committee, consisting of undersecretaries of the member agencies. In many cases, contracts were varied after award, since design changes were ordered by the PRRC, implying a greater need for higher quality design work. The selection of the contractor for the STP was based on the two-envelope system following the international competitive bidding process of ADB's Guidelines for Procurement (1999) as amended from time to time. Protests from two bidders delayed the bidding during the prequalification process. After a lengthy bidding, evaluation, negotiation and award process, the contractor was selected.

K. Performance of Consultants, Contractors, and Suppliers

48. Both consulting firms, one for capacity building and the other for project implementation support, performed all their tasks *satisfactory*, in line with their terms of reference. They provided timely and relevant input of sufficient quality. The supply of the vacuum trucks was satisfactory. In total 93 works contracts were awarded to numerous contractors. The main problems were delays in implementation, sometimes caused by external factors such as delayed payments. None of the contractors performed exceptionally well or exceptionally badly.

²⁹ Loan Agreement, schedule 6, para. 2.

³⁰ Loan Agreement, schedule 6, para. 8

³¹ ADB. 2000. *Technical Assistance to the Philippines for Capacity Building Support for the Pasig River Environmental Management and Rehabilitation*. Manila

³² ADB. 2003. *Technical Assistance Completion report – Capacity Building Support for the Pasig River Environmental Management and Rehabilitation*. Manila (TA3468-PHI).

L. Performance of the Borrower and the Executing Agency

49. For the policy loan, the performance of the borrower, the Department of Finance and PRRC as coordinating agency, was *satisfactory*. The delays incurred in the implementation of the policy framework were due to the institutional complexity of the program..

50. For the investment loan, the performance of the borrower was *partly satisfactory*. The government should have exerted more effort to ensure that outputs were achieved on time. The PRRC, through its board, proposed in mid-2002 to change the scope of the program to such extent that the development objectives would not have been achieved. Other issues, such as noncompliance with the resettlement action plan, minor changes in scope of specific works, and delays in implementation, can be partly attributed to the insufficient management capacity of the PRRC. MWWS, as EA for the sanitation component, should have avoided the suspension of the STP contract by exercising more care in awarding it. Mandaluyong City was the EA for the URA, which was awarded and implemented in a timely fashion. The performances of the PRRC and the MWSS are rated *partly satisfactory*, and the performance of Mandaluyong City is rated *satisfactory*.

M. Performance of the Asian Development Bank

51. ADB's performance was *satisfactory*. ADB conducted regular project review missions, consultations and briefings with the government and the PRRC. ADB provided prompt approvals for the contracts it financed as well as necessary funds disbursements under the direct payment scheme. ADB processed a substantial number of minor and major changes in scope, implementation and financing arrangements, and loan extensions, which contributed to increased effectiveness in project implementation. A resettlement consultant was recruited to assist the PRRC with the implementation of the resettlement action plan. ADB assigned six project officers in the course of implementation of the program, which is likely to have negatively affected the quality of supervision.

III. EVALUATION OF PERFORMANCE

A. Relevance

52. The program is rated *partly relevant*. Although it supported government and ADB strategies, the program proved difficult to implement, due to (i) the complicated institutional structure, (ii) the wide scope of activities, and (iii) the changing political landscape. The design of the program could have been improved by a proper assessment of the implementation risks, based on lessons learned from the PRDP. Instead, the implementation of the program was made the responsibility of the PRRC, which was an agency without any established mandate. The success of the project depended on the coordination of a large number of government agencies; without high-level political support, this seemed to be impossible.

53. The program design was adjusted by delegating implementation and maintenance responsibilities to the respective government agencies directly, with mixed success. The scope and the financing arrangements of the program had to undergo major changes to increase the effectiveness and efficiency of the program, mainly due to a dwindling lack of government support for the program's objectives.

B. Effectiveness in Achieving Outcome

54. The program was ineffective in achieving the outcomes: (i) improvement of the Pasig River to water quality class C standard by 2014, and (ii) encouraging urban renewal within the Pasig River basin. The most relevant water quality parameter is the concentration of dissolved oxygen in the water, which should be higher than 5 mg per liter to sustain aquatic life, and to comply with class C classification. In Table 2 it can be seen that only in a part of the Pasig River in the period 2000–2003 were dissolved oxygen levels higher than the threshold but since then these have been declining. These results indicate that no progress in improving the water quality has been achieved over the last 10 years and attaining class C water standards by 2014 is not achievable. Although the program was able to satisfactorily resettle 6,917 households, and build medium-rise buildings for onsite resettlement, the objective of encouraging urban renewal in the river basin area has not been achieved.

Table 2. Dissolved Oxygen Level in the Pasig River (mg/l)

Sampling Station	Year							
	1999	2000	2001	2002	2003	2004	2005	2006
Marikina	5.00	4.20	5.36	6.34	5.26	4.71	2.85	2.74
Bambang	4.59	5.97	6.43	5.60	4.32	4.45	5.24	4.58
Lambingan	3.41	4.84	4.42	4.93	2.00	2.57	2.32	2.76
Sanchez	0.65	0.04	0.92	1.20	1.49	0.55	0.62	0.28
Jones	2.47	3.56	3.37	4.79	2.77	1.29	1.76	1.37

Source: PRRC annual report 2006

C. Efficiency in Achieving Outcome and Outputs

55. The program was inefficient in achieving the outcome and outputs. The outcome was not achieved and many of the outputs of the investment loan were not achieved either. The outputs of the policy loan may have been achieved, hence the release of all financing tranches, but the intended results were not achieved or were only partially achieved: (i) the preparatory activities for the investment loan have not resulted in outputs (policy loan outputs 1, 2 and 5); (ii) although a waste water discharge permit system is in place, the fees are not retained by DENR and the effect of industrial pollution loading as a consequence of this permit system is not known (output 3); (iii) the action plan on solid waste collection has not been implemented (output 4); (iv) the action plan on strengthening environmental standards and regulation has been partly implemented (output 6); and (v) although water quality sampling is carried out, no water quality monitoring through modeling is carried out (output 7).

56. Even when the policy and investment loan outputs were achieved, they were considerably delayed. The implementation period of the policy loan was double the planned period and the investment loan period was increased to 150% of the original period.

D. Preliminary Assessment of Sustainability

57. The program outcome is *less likely* to be sustainable, since many of the outputs have not been achieved. Nevertheless, the outputs that have been achieved can be considered to be sustainable. The maintenance of the EPA infrastructure is the responsibility of the LGUs, for which internal revenue allocations are made. However, as with other infrastructure in LGUs, maintenance is not fully carried out, as is illustrated by the broken lights and destroyed pavement at some EPAs. The ferry stations are being maintained through payments from the private operator of the ferry services on the Pasig River, which is still ongoing.

E. Impact

58. The impact of the program has been only partially achieved: (i) the environmental management of the Pasig River has not substantially improved, although the capacity of the PRRC as a main agency coordinating Pasig River improvement works has been strengthened; and (ii) urban generation and renewal in vicinity of the Pasig River has resulted only in the construction of EPAs. An positive impact that was not anticipated at the outset was the operation of the Pasig River ferry system, which is helping to decongest the crowded Metro Manila area.

IV. OVERALL ASSESSMENT AND RECOMMENDATIONS

A. Overall Assessment

59. The overall sector development program is rated *unsuccessful*. Although the program is rated *partly relevant*, its outcome has not been achieved. The program was too ambitious, and its implementation arrangements too complicated to be led by a newly established agency. The success of the program depended on high-level political support which was reduced with the change in administration in 2001. During the first years of program implementation, the focus was on establishing a feasible project scope and manageable implementation and financing arrangements, leading to delays and little progress, as illustrated by the low disbursement ratio. Once this was completed, the progress accelerated and disbursement ratios improved.

60. The policy loan led to a number of action plans, which were not implemented or only partially implemented, in large part because of the responsible agencies' lack of funds. Financing was supposed to be provided through general budget allocations, financed by the policy loan. However, this was not clear to many agencies, which instead relied on direct support by PRRC. This could not be provided, so many actions were not implemented.

61. The physical relocation of people from the banks of the Pasig River was fundamental to achieving the projected outputs of the investment loan. The resettlement was complicated by the fact that the government purchased the resettlement properties before approval of the ADB loan. ADB procurement guidelines were not used for the purchase of these properties, so ADB was not able to finance the costs of this housing retroactively. ADB funds were therefore used to provide community facilities in the resettlement sites, including schools, multi-use facilities and local markets. These facilities have all been delivered, and with only a few exceptions are now fully operational and used for their designed purpose. The key aspects of the resettlement action plan to be delivered during implementation included: housing, transportation assistance between the resettlement sites and key locations in Metro Manila, food assistance, livelihood assistance and educational assistance. The implementation of the resettlement action plan, and the social outcomes created by the resettlement process have generally been positive.

B. Lessons

62. **Ambitious program scope.** The program was overly ambitious in its scope and in its implementation structure. Only after modification of the scope and implementation arrangements was progress made. This could have been avoided, had a proper risk assessment and risk mitigation plan been prepared, based on the lessons learned from the previous program. Although the PRDP provided a good framework for the implementation of environmental improvement projects, more and longer-term assistance is required to establish the institutional setting for its effective implementation.

63. **Inter-agency cooperation.** The program required the cooperation of a large number of government agencies, while responsibility for implementation was given to the newly established PRRC, without a well-established mandate or political influence. Without high-level political support, coordination became difficult and program outcomes were not achieved. When the responsibility for project implementation was delegated to sector agencies, it became more effective. The program could have been more effective if a more delegated approach had been followed from the beginning, clearly identifying the subprojects to be implemented by respective agencies, based on established mandates, and with subsidiary loan agreements with the Department of Finance.

64. **Alignment of outcomes and impact.** The program assumed that by implementing the policy framework the government would have the tools and capacity to implement the full PRDP, leading to the overall objective of improving the Pasig River water quality to class C level by 2014. However, the outputs of the policy loan covered only part of the implementation activities of the PRDP, and therefore it should have been clear from the start that the overall objective was not attainable. Better realignment of the policy and investment loan outcomes and overall impact could have led to a better understanding of the program by the participating utilities.

65. **Technical assistance requirements.** The TA contributed substantially to achieving the policy reforms envisaged under the policy loan, but longer-term and more focused assistance will be required since: (i) as a new agency, the PRRC has limited capacity to drive policy reforms; (ii) policy change requires skills, effective institutional incentives and culture change; (iii) the program is ambitious and multi-faceted, encompassing a wide range of stakeholders with a variety of interests, not necessarily linked to the policy agenda.

66. **Resettlement.** Because the government had already purchased most of the housing prior to ADB loan approval, it could not be financed by the loan. ADB funds were therefore directed toward facilities. If ADB had not been involved in the project, the host communities would have received these community facilities much later and they would probably have been of a lower quality.

C. Recommendations

1. Program-related

67. **Future monitoring.** The PRRC will remain operational and in charge of new and additional programs aimed and rehabilitation the Pasig River. The sustainability of the outputs of the program, mainly infrastructure such as the EPAs and the social facilities of the resettlement program, should be subject to future monitoring by the PRRC. The STP will be finalized by MWSS concessionary Manila Water. The progress should be monitored by ADB through the existing assistance provided to this concessionary in improving sanitation in Metro Manila.

68. **Further action or follow-up.** The rehabilitation of the Pasig River and its tributaries remains essential to improving living conditions in Metro Manila and to enhancing economic growth. ADB should remain engaged in government initiatives but future assistance should be more focused and concentrated on specific measures, working with a limited number of agencies. An example is the support provided to Manila Water to implement its sanitation program.

2. General

69. **The executing agency needs to understand its responsibilities.** ADB needs to ensure an executing agency understands its responsibilities during processing. The fact that almost half of the resettlement occurred before loan approval complicated implementation. The ADB funds identified for resettlement were not able to be used to provide housing as originally anticipated. Instead, ADB provided community facilities.

70. **Governance assessment required.** The appraisal should have included a rigorous risk-based governance assessment to identify political risks that could delay or prevent the implementation of the program, and proper mitigation measures should have been identified.

71. **Ensure budget support is used for policy implementation.** Action plans following from the policy framework were not implemented because of lack of funds. ADB should ensure that the financial support provided under the policy loan is allocated appropriately.

72. **Delegation of implementation responsibility.** Implementation of specific activities should be delegated to the mandated agencies. Resources should be provided through subsidiary loan agreements with the Department of Finance. Coordination of activities should be based on a agreed program or project framework to be carried out by an authority with legal, political, managerial and financial capacity to coordinate the other authorities.

73. **Resettlement.** Specific recommendations on resettlement include the following.

- (i) **Basic services, utilities, and community facilities need to be included in resettlement planning.** The focus of ADB funds on community facilities resulted in quality facilities being provided. Because the government purchased houses in subdivisions available to the general public, both the resettled and the host communities benefited from the facilities. However, there was an extended period between resettlement and installation of electricity, water, and sewerage, the absence of which led some people to move out of the resettlement sites. It is critical such facilities be available before resettlement.
- (ii) **The absorptive capacity of host LGUs needs to be properly assessed.** The number of resettled families posed difficulties for the LGUs in the host communities. A clear implementation and funding strategy needs to be agreed as part of the resettlement planning process.
- (iii) **The impact of changing political circumstances needs to be anticipated.** The resettlement implementation was heavily affected by an unexpected change of administration. The administration that took over in 2001 placed a moratorium on the relocation of informal city dwellers out of the city, which had a substantial impact on the implementation of the resettlement action plan. Anticipating such events is difficult but resettlement planning needs to include a contingency amount to cover unexpected events.
- (iv) **Livelihood development assessment is required.** The project carried out a range of livelihood training activities in association with other agencies. Livelihood issues were particularly acute in the resettlement areas outside Metro Manila because when people moved out of the city they left their employment opportunities and networks behind. Many household heads stayed in Manila during the week and returned to the resettlement site only at the weekend. It is important to ensure that economic and employment opportunities in resettlement areas are adequate and that local economic development initiatives are carried out to increase the absorptive capacity of the local economies.

PROGRAM FRAMEWORK

Design Summary	Project Targets and Measurable Indicators	Monitoring Mechanisms	Assumptions & Risks
Goal			
<p>Improve environmental management of the Pasig River basin within Metro Manila particularly for wastewater management.</p>	<ul style="list-style-type: none"> • Pasig River water quality reaches Class C standard by December 2014 	<ul style="list-style-type: none"> • DENR to monitor Pasig River water quality by sampling, testing, and reporting the results. 	<ul style="list-style-type: none"> • MWWS private concessionaires achieve and sustain the levels of sewerage and sanitation. • The PRRC expands the sanitation service coverage to LGUs in the Pasig River basin where the MWSS targets to zero.
<ul style="list-style-type: none"> • Promote urban regeneration and renewal in the vicinity of the Pasig River. 	<ul style="list-style-type: none"> • Establish environmental preservation areas (EPAs) along both banks of the river by December 2004. 	<ul style="list-style-type: none"> • Reports of the HUDCC and NHA on the relocation of squatters. • Reports of the MMDA on the establishment & beneficial development of the EPAs. 	<ul style="list-style-type: none"> • Squatters occupying the EPAs are relocated, the vacated areas are protected from further occupation, and are developed for beneficial environmental uses.
Purpose			
<ul style="list-style-type: none"> • Improve the water quality of the Pasig River. 	<ul style="list-style-type: none"> • BOD loading the Pasig River is reduced by 18 t/d by December 2004. This is a significant step toward reducing the BOD loading to match the maximum assimilative capacity of the river. 	<ul style="list-style-type: none"> • The PRRC, DENR, and LLDA will monitor wastewater discharges, issue wastewater discharge permits, and collect the fees. 	<ul style="list-style-type: none"> • The sanitation facilities are constructed and made operational in a timely manner. • Wastewater discharges are monitored and environmental regulations and standards are enforced.
<ul style="list-style-type: none"> • Establish EPAs along the riverbanks and upgrade adjacent urban regeneration areas. 	<ul style="list-style-type: none"> • Approximately 23 kms of 10 m wide EPA are established along the banks of the Pasig River by December 2004. • Approximately 500 has. of depressed urban slums are upgraded by December 2004. 	<ul style="list-style-type: none"> • DENR will monitor the Pasig River water quality through sampling and testing, and will report the results. • Project implementation report • MMDA and LGU reports 	<ul style="list-style-type: none"> • The MWSS concession operators meet the sewerage & sanitation coverage targets set out in the concession agreements. • The PRRC, DENR, & LLDA have the capability & capacity to monitor discharges & the political will to impose and collect polluter pays charges.

Design Summary	Project Targets and Measurable Indicators	Monitoring Mechanisms	Assumptions & Risks
<ul style="list-style-type: none"> Strengthen the operational & management capability & capacity of PRRC, MMDA, & the LGUs. 	<ul style="list-style-type: none"> The PRRC arranges & coordinates the implementation of the Sector Development Program (SDP) in accordance with the design, implementation schedule, & budget. MMDA establishes, develops, and maintains the EPAs along the riverbanks. The LGUs provide assistance with squatter relocation & development of the urban regeneration areas 	<ul style="list-style-type: none"> ADB review missions Technical assistance (TA) consultant reports 	<ul style="list-style-type: none"> DENR has the capacity to monitor the Pasig River water quality. The PRRC, MMDA, and LGUs cooperate with the TA consultants & provide sufficient counterpart staff & logistical support. The selected TA consultants are competent & deliver adequate capability & capacity building inputs to the PRRC, MMDA, and LGUs.
Components/ Outputs		Components/ Outputs	
1. Septage treatment & disposal facility	<ul style="list-style-type: none"> Septage treatment plant with capacity of 600 cu.m. per day is constructed & commissioned by December 2004. 	<ul style="list-style-type: none"> Project implementation reports ADB review missions 	<ul style="list-style-type: none"> The PRRC reaches agreement with MWSS & the concession operators on the provision of additional sanitation service coverage & capacity. The site for the septage treatment plant is made available & adequate counterpart funds are provided in a timely manner.
2. Septic tank cleaning & emptying service	<ul style="list-style-type: none"> A fleet of 36 septic tank cleaning & emptying vehicles is operating & servicing about 37,000 septic tanks per year by December 2005. 	<ul style="list-style-type: none"> Project implementation reports ADB review missions 	<ul style="list-style-type: none"> The PRRC agrees with MWSS & MMDA on the institutional arrangements for the operation & maintenance of the septic tank cleaning & emptying service. Adequate counterpart funds are available for procurement, & operation and maintenance of the vehicles in a timely manner.

Design Summary	Project Targets and Measurable Indicators	Monitoring Mechanisms	Assumptions & Risks
3. Environmental preservation areas	By Dec 2004, about 10,000 squatter families have been relocated to in-city, medium-rise apartment buildings & out-of-town house & lot schemes; EPAs have been developed for beneficial environmental use.	Project implementation reports HUDCC/NHA reports on the relocation of squatters MMDA reports on the development of EPAs ADB review missions	Squatters are willing to relocate & can afford the housing options offered. The vacated EPAs are protected from reoccupation, and are developed for beneficial environmental use.
4. Urban regeneration areas	Upgrading approx 500 ha of low-income slum housing adjacent to EPAs, including regularization of land tenure; Provision of basic services to benefit about 80,000 families by December 2004.	Project implementation reports MMDA & LGU reports ADB review missions	Counterpart funds are provided in a timely manner. Local government units participate in the upgrading.
5. Project implementation assistance	Approx 54 person-months of int'l consulting & 102 person-months of domestic consulting are retained to provide the PRRC, as the Executing Agency, & the various implementing Agencies with technical guidance & assistance for project implementation.	Project implementation reports ADB review missions Consultants' reports	The Government is willing to borrow to finance consulting services. The consultants are retained in a timely manner, are competent, and perform adequately. The consultants' terms of reference are appropriate and adequate.
6. TA on institutional capacity building	Approx 24 person-months of int'l consulting & 56 person-months of domestic consulting are provided through ADB TA to develop capability & capacity of PRRC, MMDA, DENR, LLDA, & LGUs.	Project implementation reports TA review missions Consultants' reports	The Commission, MMDA, & LGUs benefit from and accept the institutional capacity building delivered by the TA consultants. The terms of reference are appropriate.

Design Summary	Project Targets and Measurable Indicators	Monitoring Mechanisms	Assumptions & Risks
4. Activities/ Inputs			
Sanitation Septage treatment & disposal facility Septic tank cleaning vehicles	Design, build, & operate contracts are awarded for the septage treatment & disposal facility, & the septic tank cleaning vehicles. \$23.5 million \$4.0 million	SDP Implementation reports ADB review missions	Procurement process is effective and timely. Counterpart funds are sufficient and timely.
Environmental Preservation Areas	Contracts for medium-rise apartment buildings & house & lot packages are awarded for relocating squatters. \$60.0 million		
Urban Renewal Areas	Contracts for infrastructure improvements \$49.0 million		
Project Implementation Assistance Interest During Construction Total Project Cost	Consulting services \$4.0 million \$9.5. million \$150.0 million		
Technical Assistance	Consulting services \$14.0 million		

POLICY FRAMEWORK

Policy Priorities	Rationale	Actions to be Taken	Time Frame	Remarks
1. Approve, adopt, and implement the first phase of the Pasig River Development Plan (PRDP)	The PRDP provides the framework for improving water quality in the Pasig River, promoting urban renewal along the riverbanks, and improving living conditions and public health standards for riverside communities.	<p>Pasig River Rehabilitation Commission (PRRC) reviews the PRDP and issue a memorandum stating that the first phase of the PRDP is approved.</p> <p>The Metro Manila Council to adopt the first phase of the PRDP.</p> <p>Phase 1 of the PRDPⁱ is implemented by the PRRC, Metropolitan Manila Development Authority (MMDA), and local government units (LGUs)</p>	<p>21 September 1999</p> <p>24 September 1999</p> <p>1 April 2000 to 31 July 2005</p>	<p>Condition for Board submission, completed on schedule</p> <p>Condition for Board submission, completed on schedule</p> <p>Initiation of the implementation of Phase 1 will be a condition for second tranche release</p>
2. Provide additional sanitation services beyond the targets in the Metropolitan Manila Waterworks and Sewerage System (MWSS) Concession Agreement to provide sanitation service coverage for 185,000 households, targeted to have zero sanitation service throughout the life of the MWSS Concession Agreement	The MWSS Concession Agreement with private sector operators sets time-bound service coverage targets for water supply, sanitation, and sewerage. The water supply targets are set to reach about 95 percent by 2001 and be sustained at that level throughout the concession period until 2021. The sewerage and sanitation targets are much lower and are to be achieved much later. Some area will not receive sanitation coverage throughout the concession period even though about 90 percent of Metro Manila is served by septic tanks in the	<p>The PRRC will advise ADB:</p> <p>(i) that the Government's policy for sanitation is for the PRRC to provide additional sanitation coverage and deliver services;</p> <p>(ii) that discussions on the tariff structure and charging mechanisms for the additional sanitation service coverage have been initiated;</p> <p>(iii) that the PRRC has obtained a legal opinion from the Office of the</p>	<p>1 September 1999</p> <p>20 October 1999</p> <p>20 October 1999</p>	<p>Condition for Board submission, completed on schedule</p> <p>Condition for Board submission, completed on schedule</p> <p>Condition for Board submission, completed on schedule</p>

	<p>project area is forecast to increase from an estimated 1 million in 1999 to 1.25 million by 2015. Most areas will not begin to receive sewerage coverage until after 2006. The high level of water supply coverage, increasing urban population and rising per capita water consumption will lead to an increase in the volume of untreated municipal sewage being discharged to the public system, and ultimately, the Pasig River, unless effective sanitation coverage is introduced over a wider area at an earlier date than envisaged in the concession agreements.</p>	<p>Government Corporate Counsel (OGCC) that, under the terms of the MWSS Concession Agreement, the provision of sanitation services is not an exclusive right of the concessionaires;</p> <p>(iv) that the PRRC has initiated discussions with MWSS and concession operators to explain the Government's policy agenda for Pasig River rehabilitation and the important role of improved sanitation in the achievement of the policy objectives;</p> <p>(v) to seek the support of MWSS and the concession operators for the Government's sanitation policy; and</p> <p>(vi) that arrangements, satisfactory to ADB, have been made with MWSS regarding the sanitation component.</p> <p>An executive order (EO), authorizing PRRC to contract for the sanitation services and set the tariff structure will be issued.</p>	<p>1 September 1999</p> <p>25 November 1999</p> <p>30 April 2001</p> <p>30 April 2001</p>	<p>Condition for Board submission, completed on schedule</p> <p>Condition for Board submission</p> <p>The issuance of the EO is a condition for second tranche release</p> <p>The drafts of the feasibility study, environmental siting study, and contract documents are a condition for second tranche release</p>
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		<p>The PRRC will submit the first draft of the feasibility study for the septage treatment plant and septic tank cleaning service, identify the site, prepare an environmental siting study, and draft contract documents.</p> <p>The PRRC will award a design, build, and operate contract, on a full turnkey basis, for the septage treatment plant and septic tank cleaning service, and supervise the construction.</p>	1 July 2001 to 30 April 2001	Contract bidding, evaluation, and award period
3. Establish, for Metro Manila, a wastewater discharge permit system with a progressive tariff structure based on the volume of wastewater discharged and concentration of pollution loading for enterprises discharging effluents to the public system.	<p>Wastewater discharge permits and charges in the area around Laguna Lake outside Metro Manila have been successfully introduced. Appropriate administrative arrangements may be made to introduce the wastewater discharge permit system to Metro Manila.</p> <p>The introduction of the polluter pays principle to Metro Manila with a progressive tariff structure will create the incentive for enterprises to seek to reduce pollution discharges and thus lower the charges incurred for wastewater discharge permits. Enterprises may achieve environmental improvements through the installation of clean production technology, waste minimization methods and resource recovery programs, and on-site industrial wastewater</p>	<p>Issue a DENR Administrative Order (AO), authorizing a system of wastewater discharge permits and fees.</p> <p>The PRRC, DENR, and LLDA implement the wastewater discharge permit system within Metro Manila</p>	<p>30 April 2001</p> <p>3rd Quarter 2001</p>	<p>Issuance of the AO is a condition for second tranche release</p> <p>The wastewater discharge permit system for Metro Manila should become effective as early as possible to maximize its impact on the rehabilitation of the river.</p>

	treatment systems.			
4. Improve domestic solid waste collection and recycling by riverside barangays	Because the collection service for many riverside barangays is ineffective, most solid waste from these areas is dumped into the Pasig River or esteros. To achieve the target of zero pollution due to solid waste in the river, it is necessary to mobilize the local communities, provide training, and conduct publicity campaigns to raise public awareness of environmental issues and introduce community-based solid waste management programs.	The MMDA shall have jointly with each of any four LGUs (Caloocan, Makati, Mandaluyong, Manila, Marikina, Pasay, Pasig, Quezon City, Pateros, San Juan, and Taguig), developed and submitted to the PRRC a time-bound action plan, satisfactory to ADB, for mobilizing communities along the Pasig River to improve domestic solid waste collection and garbage recycling.	30 April 2001	Submission of the time-bound action plan to the PRRC will be a condition for second tranche release.
5. Establish the 10-m wide environmental preservation areas along the riverbanks, and undertake urban renewal in adjacent urban regeneration areas.	Encroachments along the riverbanks include informal settler colonies. It is necessary to relocate squatters and to ensure that encroachers abide by the legal requirement to maintain a 3 m wide easement area along the riverbank. In addition to establishing a 10 m wide environmental protection zone along the riverbank, as required by MMDA Zoning Regulation 81-01, it will be necessary to revise riverside land zoning classification and acquire land. To complete urban renewal along the river, low income slum areas will also need to be upgraded.	<p>A resettlement plan, in form and substance acceptable to ADB, for about 10,000 informal settler families along the Pasig riverbanks shall have been prepared, approved, released to the public, and a copy submitted to ADB.</p> <p>NHA and HUDCC to resettle squatters living within the 10 m wide environmental protection zone.</p> <p>The development of a time-bound development plan, acceptable to ADB, for (i) the development and improvement of EPAs and (ii) for two pilot urban renewal areas which may include Punta, Sta. Ana, Manila and Barangay Santolan, Pasig</p>	<p>15 March 200</p> <p>3rd Quarter 2000-2nd Quarter 2005</p> <p>30 April 2001</p>	<p>Condition for Board submission</p> <p>Initiation of squatter relocation is a condition for second tranche release</p> <p>The time-bound action plan for EPAs and two urban renewal areas is a condition for second tranche release</p>

		<p>City</p> <p>The MMDA shall have, jointly with each of any four LGUs (Makati, Mandaluyong, Manila, Marikina, Pasig, Pateros, Quezon City, San Juan, and Taguig, (i) reviewed the land use plans and zoning classification for riverside land, and (ii) developed updated plans and classification, satisfactory to ADB, that will allow for the development of EPAs along the riverside and mitigate the continued pollution of the Pasig River.</p>	30 April 2001	The land use plans and zoning classification for any four LGUs are a condition for second tranche release
6. Review, strengthen, and unify the environmental regulations and discharge standards for new and existing development.	<p>There is a need to review, modify, and unify the various standards and regulations being used by different agencies. These agencies, apart from the PRRC, include DENR, MMDA, HUDCC, Housing and Land Use Regulatory Board (HLURB), LLDA, and Department of Health (DOH). It is also necessary to streamline the approval procedure for the issuance of clearance certification, and monitoring and enforcement procedures.</p>	<p>The interagency working group consisting of representatives from DENR, DOH, HLURB, HUDCC, MMDA, and LLDA, and chaired by the PRRC chairperson, shall have (i) reviewed the existing environmental standards and regulations affecting wastewater discharge into the Pasig River; and if necessary (ii) developed new and appropriate environmental standards, acceptable to ADB, relating to wastewater discharge disposal into the Pasig River by (a) existing residential, commercial, institutional, and industrial developments, and (b) new residential, commercial, institutional, and industrial developments.</p>	30 April 2001	Condition for second tranche release

<p>7. Strengthen water quality monitoring in the Pasig River.</p>	<p>The present monitoring system is weak and inadequate and requires major strengthening to facilitate the rehabilitation of the river.</p>	<p>The PRRC, DENR, and LLDA shall have developed, and the PRRC shall have approved, a time-bound action plan, satisfactory to ADB, for the operation of monitoring stations to ensure frequent monitoring and regular sampling of the water quality of the Pasig River.</p>	<p>30 April 2001</p>	<p>The time-bound action plan is a condition for second tranche release</p>
<p>8. Enhance public awareness.</p>	<p>This is particularly relevant to elicit community and public support for the PRRP. In particular, issues such as sanitation and solid waste management need to be publicized.</p>	<p>The PRRC will prepare an information, education, and advocacy plan.</p>	<p>1 September 1999</p>	<p>Submission of the initial information, education, and advocacy plan is a condition for Board submission, and has been completed.</p>
<p>9. Strengthen the capability and capacity of the PRRC, DENR, LLDA, and other relevant agencies to monitor and enforce environmental regulations and standards for the Pasig River.</p>	<p>The Government is giving high priority to improving the environmental management of Metro Manila, particularly the Pasig River basin. To achieve significant improvements, it is necessary to have strong, capable, environmental management agencies with adequate capacity to monitor the environmental regulations and standards, and implement environmental management programs and projects.</p> <p>At present, the responsible agencies, including the PRRC, DENR, and LLDA have limited capacity to monitor conditions and enforce environmental regulations and standards.</p>	<p>The PRRC, DENR, and LLDA shall have developed, and the PRRC shall have approved, a time-bound action plan, satisfactory to ADB, to strengthen their capacity to identify, quantify, and monitor pollution sources, enforce environmental standards and regulations, and impose and collect fees for wastewater discharge permits.</p>	<p>30 April 2001</p>	<p>The time-bound action plan is a condition for second tranche release.</p>

POLICY FRAMEWORK ACHIEVEMENTS

No.	Policy Priorities	Actions to be taken	Achievements
1	Approve, adopt and implement the first phase of the Pasig River Development Plan (PRDP)	First tranche release: <ul style="list-style-type: none"> • PRRC reviews the PRDP and issues an memo stating first phase of PRDP is approved; • The Metro manila Council adopts first phase of PRDP. 	First tranche release: <ul style="list-style-type: none"> • Condition for board submission, complied with on time.
		Second tranche release: <ul style="list-style-type: none"> • Phase 1 of PRDP is implemented by PRRC, MMDA and LGUs. 	Second tranche release: <ul style="list-style-type: none"> • At time of review, the activities to be financed by the investment loan were substantially started. This was considered to comply with the conditions for second tranche release. Complied with 2 years delay.
		Current status (see investment loan output status): <ul style="list-style-type: none"> • EPA's gave been completed; • URA's have been partially completed; • Vacuum trucks have been purchased and are in operation; • Septage Treatment Plant is not completed. No other 1 st phase PRDP activity than the above has been completed.	
2	Provide additional sanitation services beyond the targets in the MWSS concession agreement to provide sanitation service coverage for 185,000 households.	First tranche release: <ul style="list-style-type: none"> • The PRRC will advice ADB that he Government's policy for sanitation is for PRRC to provide additional sanitation coverage and deliver services; • PRRC and MWSS to enter into a MOA with the concessionaries binding the parties in good faith with the intention of entering into service contracts between MWSS and concessionaries to operate, manage, and maintain the sanitation facilities and deliver the services proposed under the program. 	First tranche release: <ul style="list-style-type: none"> • Condition for board submission, complied with on time.
		Second tranche release: <ul style="list-style-type: none"> • Issuance of an executive order authorizing PRRC to contract for sanitation services and set tariff structure; • Availability of first draft of FS for STP, site identification, environmental siting study, and draft contract documents. 	Second tranche release: <ul style="list-style-type: none"> • Acceptable alternative arrangements were made: The MWCI concession agreement was amended to include this in the MWCI service targets; • All documents have been submitted and approved by ADB. The site will be purchased by MWCI; • Complied with one year delay.
		Others: PRRC will award DBO contract on full turnkey basis for the STP	Others: This task was transferred to MWSS through a SLA. Supervision

		and supervise the construction.	to be carried out by MWCI.
		<p>Current status: The purpose of this condition was to accelerate the sanitation coverage targets by providing additional septic tank cleaning and disposal equipment and facilities. This responsibility was eventually given to MWSS and MWCI. Although the septic tank cleaning capacity was increased, it is not clear if overall capacity was improved, since the expansion of the treatment capacity was not achieved.</p>	
3	Establish for Metro Manila a wastewater discharge permit system with a progressive tariff structure based on the volume of water discharged and concentration of pollution loading for enterprises discharging effluents to the public system.	<p>Second tranche release:</p> <ul style="list-style-type: none"> • Issuance of DENR AO, authorizing a wastewater discharging and fee system. 	<p>Second tranche release:</p> <ul style="list-style-type: none"> • DENR issued AO 2002-16 was and implementing rules and regulations. Complied with one year delay.
		<p>Others:</p> <ul style="list-style-type: none"> • PRRC, DENR and LLDA will implement the wastewater discharge permit system within Metro Manila. 	<p>Others:</p> <ul style="list-style-type: none"> • It was agreed to make this system effective before the end of 2003. Fees collected should be utilized to strengthen pollution monitoring and enforce environmental standards and regulations pertaining to wastewater discharges.
		<p>Current status: The implementation of AO was contested since there is no provision in the Pollution control Law (PD984) that provides for this. The permit system was overtaken by the passage of the Philippine Clean Water Act or Republic Act 9275 on 22 March 2004. However, due to lack of guidelines. DENR is not in the position to retain the wastewater discharge fees. These are remitted to the National Treasury.</p>	
4	Improved domestic solid waste collection and recycling by riverside barangays.	<p>Second tranche release:</p> <ul style="list-style-type: none"> • The MMDA shall have developed and submitted to PRRC a time-bound action plan for mobilizing communities along Pasig River to improve domestic solid waste collection and garbage recycling. 	<p>Second tranche release:</p> <ul style="list-style-type: none"> • A solid waste management plan was prepared and endorsed by PRRC. LGUs involved were the cities of Manila, Makati, Mandaluyong and Pasig.
		<p>Current status: The solid waste management action plan submitted by MMDA included four components: setting up of ecological solid waste management system, capacity building, information, education and communication campaign, and documentation and evaluation. Community awareness on solid waste management was provided through training and clean-up campaigns. Capacity building and small equipment was provided. Although MMDA changed its focus from community based solid waste management to floating garbage clean up, several NGOs (i.e. Sagip Pasig Movement, ABS-CBN Foundation) continue with the community based approach through the introduction of the Clean River Zone approach.</p>	
5	Establish the 10 meter wide environmental preservation areas along the riverbanks, and undertake urban renewal in adjacent	<p>First tranche release:</p> <ul style="list-style-type: none"> • A resettlement plan in form and substance acceptable to ADB, for about 10,000 informal settler families along the Pasig River banks shall have been prepared, approved, released to the public, and a copy submitted to ADB. 	<p>First tranche release:</p> <ul style="list-style-type: none"> • Complied with

	urban regeneration areas.	<p>Second tranche release:</p> <ul style="list-style-type: none"> • The NHA and HUDCC will initiate resettlement of squatters living within the EPA; • A time bound development plan will be drawn up acceptable to ADB, for (i) development and improvement of EPAs; and (ii) two pilot URAs; • MMDA shall have jointly with each of any four LGUs (i) reviewed land-use plans and zoning classification for riverside land; and (ii) developed updated plans and classification, satisfactory to ADB, that will allow for development of EPAs along the river and mitigate the continued pollution of Pasig River. 	<p>Second tranche release:</p> <ul style="list-style-type: none"> • Resettlement preparation was initiated by tagging and relocating affected households; • Time bound development plans have been prepared; • Six LGUs have provided ordinances to implement development plans for EPAs; • Complied with.
		<p>Current status: The resettlement activities have been continued and substantially completed according to the resettlement action plan. EPAs have been completed but URAs have not been established as originally planned.</p>	
6	Review, strengthen, and unify the environmental regulations and discharge standards for new and existing developments	<p>Second tranche release:</p> <ul style="list-style-type: none"> • The interagency working group consisting of representatives from DENR, DOH, HLURB, HUDCC., MMDA and LLDA and chaired by PRRC, shall have (i) reviewed the existing environmental standards and regulations affecting wastewater discharge into the Pasig River and if necessary (ii) developed new and appropriate environmental regulations, and indicate the development of environmental standards, acceptable to ADB, relating to wastewater discharge disposal into the Pasig River by existing and new residential, commercial, institutional and industrial developments. 	<p>Second tranche release:</p> <ul style="list-style-type: none"> • Legislation was reviewed and MOA was signed by all agencies to develop new regulations. The MOA provided for an action plan, including PRRC funding for technical assistance. This action plan was developed with assistance of the project implementation assistance consultants. • Complied with.
		<p>Current status: The action plan identified specific actions to be implemented by the various agencies. Some of these activities have been implemented but most of them never started or were terminated, due to lack of funds.</p>	
7	Strengthen water quality monitoring in the Pasig River	<p>Second tranche release:</p> <ul style="list-style-type: none"> • The PRRC, DENR, and LLDA shall have developed and the PRRC shall have approved, a time bound action plan for the operation of monitoring stations to ensure frequent monitoring and regular sampling of the water quality of the Pasig River 	<p>Second tranche release:</p> <ul style="list-style-type: none"> • This action plan was developed with assistance of the project implementation assistance consultants. • Complied with.
		<p>Current status: Regular sampling is on-going</p>	

8	Enhance public awareness	<p>First tranche release:</p> <ul style="list-style-type: none"> The PRRC will prepare an information, education and advocacy plan. 	<p>First tranche release:</p> <ul style="list-style-type: none"> Complied with
		<p>Current status:</p> <p>The public-awareness raising campaign was implemented by the advocacy committee of the PRRC. Training was provided. Public awareness campaigns are still on-going, initiated by the various LGUs.</p>	
9	Strengthen the capability and capacity of the PRRC, DENR, LLDA and other relevant agencies to monitor and enforce environmental regulations and standards for the Pasig River	<p>Second tranche release:</p> <ul style="list-style-type: none"> The PRRC, DENR, LLDA shall have developed, and the PRRC shall have approved, a time bound action plan to strengthen their capacity to identify, quantify and monitor pollution sources, enforce environmental standards and regulations and impose and collect fees for waste water discharge permits. 	<p>Second tranche release:</p> <ul style="list-style-type: none"> Complied with
		<p>Current status:</p> <p>The capacity strengthening was the main aim of the TA provided under the program. The TCR (2003) concludes that the results were satisfactory but that continuing support was required. The envisaged enforcement of regulations and standards and fee collection is not achievable due to lack of means, which were to be provided under the other policy outputs.</p>	

PROGRAM FRAMEWORK ACHIEVEMENTS

Design Summary	Project Targets and Measurable Indicators	Monitoring Mechanisms	Assumptions & Risks
Goal/Impact			
<ul style="list-style-type: none"> Improved environmental management of the Pasig River basin within Metro Manila particularly for wastewater management 	<ul style="list-style-type: none"> Actual: In period 2002 to 2004, 2 of the upstream sampling stations passed the min. DO of 5 mg/l for Class C. From 2004 to 2006 no testing stations passed. The water quality condition in 2009 was not better than 2003 and 2004, and is unlikely to improve and pass class C standard in 2014. 	<ul style="list-style-type: none"> DENR to monitor Pasig River water quality by sampling, testing, and reporting the results. 	<ul style="list-style-type: none"> MWWS private concessionaires achieve and sustain the levels of sewerage and sanitation. Actual: May not be achieved with the non-completion of the STP and absence of sewer collectors pipes The PRRC expands the sanitation service coverage to LGUs in the Pasig River basin where the MWSS targets to zero. Actual: Expanded sanitation services still has to be put in place by PRRC and the LGUs
<ul style="list-style-type: none"> Promote urban regeneration and renewal in the vicinity of the Pasig River 	<ul style="list-style-type: none"> Actual: Since its launch on 14 Feb 2007, a total of six (6) ferry vessels are operational in providing alternative public transportation. This proves to be faster, safer and more convenient than most land-based transport service in Metro Manila 	<ul style="list-style-type: none"> Reports of the HUDCC and NHA on the relocation of squatters. Reports of the MMDA on the establishment & beneficial development of the EPAs. 	<ul style="list-style-type: none"> Squatters occupying the EPAs are relocated; the vacated areas are protected from further occupation, and are developed for beneficial environmental uses.
Purpose/Outcomes			
<ul style="list-style-type: none"> Improved water quality of the Pasig River. 	<ul style="list-style-type: none"> In 2008, only 3 water quality monitoring stations¹ passed the required level of biochemical Oxygen Demand (BOD) of 7mg/L (per DENR DAO 35), as compared to 7 stations and 5 stations in 2001 and 2004, respectively. 	<ul style="list-style-type: none"> The PRRC, DENR, and LLDA will monitor wastewater discharges, issue wastewater discharge permits, and collect the fees. 	<ul style="list-style-type: none"> The sanitation facilities are constructed and made operational in a timely. Actual: STP facilities not completed Wastewater discharges are monitored and environmental regulations and standards are enforced. Actual: Industrial wastewater management being undertaken through the EUF.
<ul style="list-style-type: none"> Upgrade adjacent urban regeneration areas to the 	<ul style="list-style-type: none"> increase private sector investments in real estate 	<ul style="list-style-type: none"> DENR will monitor the Pasig River water quality 	<ul style="list-style-type: none"> The MWSS concession operators meet the sewerage & sanitation coverage targets set out in

¹ The 3 stations which passed the BOD level are located in Laguna, Bambang and Guadalupe.

Design Summary	Project Targets and Measurable Indicators	Monitoring Mechanisms	Assumptions & Risks
EPAs	<ul style="list-style-type: none"> increased tourism (or ferry riders) better quality of life for those near linear parks (more open space) improve living conditions for those in relocation sites 	<p>through sampling and testing, and will report the results.</p> <ul style="list-style-type: none"> Project implementation report MMDA and LGU reports 	<p>the concession agreements.</p> <ul style="list-style-type: none"> Actual: Limited capacity of existing STP due to the non completion of the 600 cu.m./day STP under the Project The PRRC, DENR, & LLDA have the capability & capacity to monitor discharges & the political will to impose and collect polluter pays charges. Actual: EUF permitting system is already in place and being implemented by DENR and LLDA
<ul style="list-style-type: none"> Strengthen the operational & management capability & capacity of PRRC, MMDA, & the LGUs. 	<ul style="list-style-type: none"> The PRRC arranged & coordinated the implementation of the Sector Development Program (SDP) with revisions in the project design (inclusion of ferry stations, implementation schedule (with time extension), & budget (revision in cost sharing and reallocation). MMDA established, developed, and maintained the EPAs along the riverbanks with the support of LGUs. (for validation) Both sending and receiving LGUs² provided assistance with squatter relocation & development of the urban regeneration areas 	<ul style="list-style-type: none"> ADB review missions Technical assistance (TA) consultant reports 	<ul style="list-style-type: none"> DENR has the capacity to monitor the Pasig River water quality. Actual: DENR-EMB has 8 water quality monitoring stations The PRRC, MMDA, and LGUs cooperate with the TA consultants & provide sufficient counterpart staff & logistical support. Actual: Counterpart staff and logistical support provided to TA Consultants The selected TA consultants are competent & deliver adequate capability & capacity building inputs to the PRRC, MMDA, and LGUs. Actual: Satisfactory service provided by Consultants to PRRC, MMDA and LGUs
Components/ Outputs		Components/ Outputs	
<ul style="list-style-type: none"> Septage treatment & disposal facility established 	<ul style="list-style-type: none"> Actual: NTP issued 19 June 2006, 27% accomplishment; 	<ul style="list-style-type: none"> Project implementation reports 	<ul style="list-style-type: none"> The PRRC reaches agreement with MWSS & the concession operators on the provision of

² Sending LGUs are the point of origin of affected families while the receiving LGUs are those hosting the relocation sites and relocated families.

Design Summary	Project Targets and Measurable Indicators	Monitoring Mechanisms	Assumptions & Risks
	<p>work stoppage due to problem between MWSS and Contractor and case under arbitration.</p>	<ul style="list-style-type: none"> • ADB review missions 	<p>additional sanitation service coverage & capacity.</p> <ul style="list-style-type: none"> • Actual: Agreement reached on the provision of additional sanitation service coverage & capacity • The site for the septage treatment plant is made available & adequate counterpart funds are provided in a timely manner. • Actual: Provision of site was delayed and construction of STP was suspended and under arbitration.
<ul style="list-style-type: none"> • Septic tank cleaning & emptying service provided 	<ul style="list-style-type: none"> • Actual: 36 trucks delivered 6 trucks with 5 cu.m.capacity and 30 trucks with 10 cu.m. capacity • Actual: __ septic tanks serviced per year by December 2005 (data c/o Tony) 	<ul style="list-style-type: none"> • Project implementation reports • ADB review missions 	<ul style="list-style-type: none"> • The PRRC agrees with MWSS & MMDA on the institutional arrangements for the operation & maintenance of the septic tank cleaning & emptying service. • Actual: Institutional arrangements agreed by all parties • Adequate counterpart funds are available for procurement, & operation and maintenance of the vehicles in a timely manner. • Actual: Adequate funds available for procurement and maintenance
<ul style="list-style-type: none"> • Environmental preservation areas established 	<ul style="list-style-type: none"> • Actual: 6,184 households relocated to various relocation sites, and 5,979 housing units acquired in Metro Manila, Rizal, and Cavite, while 6 school buildings, 5 day care centers, 2 multi-purpose halls, 6 health centers, one public market were provided • Actual: Total length of 25.6 kms. of 10 m wide Environmental Preservation Areas (EPAs) inclusive of 12 ferry stations 	<ul style="list-style-type: none"> • Project implementation reports • HUDCC/NHA reports on the relocation of squatters • MMDA reports on the development of EPAs • ADB review missions 	<ul style="list-style-type: none"> • Squatters are willing to relocate & can afford the housing options offered. • Actual: Squatters relocated but collection of rental or payment of housing still being worked out • The vacated EPAs are protected from reoccupation, and are developed for beneficial environmental use.
<ul style="list-style-type: none"> • . Urban regeneration areas 	<ul style="list-style-type: none"> • Actual: Upgraded 5 Urban 	<ul style="list-style-type: none"> • Project implementation 	<ul style="list-style-type: none"> • Counterpart funds are provided in a timely

Design Summary	Project Targets and Measurable Indicators	Monitoring Mechanisms	Assumptions & Risks
established	Renewal Areas (URAs) ³ with a total area of 4.4 hectares out of target of 500 hectares • Actual: Provided ___ # of families with basic services (data c/o Sol/Beth)	reports • MMDA & LGU reports • ADB review missions	manner. • Local government units participate in the upgrading.
5. Project implementation assistance	• Approx 54 person-months of int'l consulting & 102 person-months of domestic consulting provided to the PRRC, as the Executing Agency, & the various implementing Agencies with tech'l guidance & assistance for project implementation.	• Project implementation reports • ADB review missions • Consultants' reports	• The Gov't is willing to borrow to finance consulting services. • The consultants are retained in a timely manner, are competent, and perform adequately. • The consultants' terms of reference are appropriate and adequate.
6. TA on institutional capacity building	• Approx 24 person-months of int'l consulting & 56 person-months of domestic consulting were provided through ADB TA to develop capability & capacity of PRRC, MMDA, DENR, LLDA, & LGUs.	• Project implementation reports • TA review missions • Consultants' reports	• The Commission, MMDA, & LGUs benefit from and accept the institutional capacity building delivered by the TA consultants. • The terms of reference are appropriate.

³ The improvements that were carried out in the 5 URAs were as follows: (a) Pineda - rehabilitation of revetment wall, establishment of linear park, construction of box culvert; (b) BASECO - construction of linear parks and revetment walls; (c) Punta - Construction of linear park , school building, and housing units ; (d) San Miguel - Construction of 123 housing units, drainage and water supply system; and (e) Joriz-Abella - Construction of 57 housing units, drainage and water supply system.

ENVIRONMENTAL ACTION PLAN ACHIEVMENTS

Agency Commitment	Status of Implementation
DENR	
<p>Review water quality monitoring reports and develop water quality studies subject to availability of funds from PRRC. The report shall consider:</p> <ul style="list-style-type: none"> • Effects of river pollutants to public health and ecosystem, biological diversity, aquatic life, productivity, including information on the factors affecting rates of eutrophication, organic and inorganic sedimentation, bio-accumulation of toxic and hazardous substances • Pollution load and concentration and dispersion of pollutants and their by-products • Best available and practicable technology for water pollution prevention and abatement 	<p>Work and financial plan submitted to PRRC. EMB reported during the EMC meeting that no funds were provided by PRRC.</p> <ul style="list-style-type: none"> • Not implemented • Modeling licensing fee discontinued • EMB implemented the Philippine Environment Partnership Program (PEPP) and Self-Regulation Policy to encourage self-regulation by industries.
Strengthen enforcement and control of point sources of pollution of Pasig River through implementation of EUFS	Being implemented based on CWA
Review DAO 34 and 35	Review was completed by DENR-EMB with Japan International Cooperation Agency (JICA) assistance but is still pending approval by DENR Secretary.
Establish a comprehensive list of point sources for domestic, commercial and industry sub-sectors	Database on Industrial Pollution from Point Sources (DIPPS) was developed under PRRC but was not sustained by DENR-EMB and LLDA. - funds
<p>Conduct a review and evaluation of non-point sources of pollution within Pasig River basin to include:</p> <ul style="list-style-type: none"> • Inventory of non-point sources of pollution • Estimate of pollution from non-point sources • Review of abatement procedures and methods • Review of available tools, approaches, and strategies • 	Mike 11 stopped operating in 2002 due to defective dongle.
Provide PRRC with status report of water quality condition of Pasig River	Water quality monitoring and reporting are being done by EMB on a regular basis with regular publications. Now with PRRC under Pasig River Uniform Monitoring program (EMB & LLDA) – avoid overlap.
Require development projects such as subdivisions, hotels, industrial estates and	Installation of Sewerage Treatment Plant (STP) is now a

Agency Commitment	Status of Implementation
other related establishments generating wastewater or domestic sewage to present plans for communal wastewater treatment facility in applying for Environmental Compliance Certificate (ECC)	requirement for development projects. Then DENR Secretary Elisea Gozun issued a Memorandum on 10 February 2004 requiring malls, restaurants, hotels, apartelles, and other residential buildings, subdivisions, hospitals, and similar establishments to set up sewage treatment facilities as a condition to the granting of ECC and Permit to Operate.
Study and make recommendations on the creation of the multi-partite monitoring of discharge compliance by point sources to include NGOs, academe, and other community-based organizations.	DENR required the creation of the Multi-Partite Monitoring Team (MMT) once it issues ECC to development projects. The MMT includes representatives from NGOs, schools or other organizations within the impact area of a project.
Identify a hazardous waste management program for waste generators within Pasig River in line with the master plan for Metro Manila.	A Master Plan for Hazardous Waste Management for Metro Manila was developed by EMB with assistance from JICA.
PCG	
Develop guidelines on the discharge of wastes by vessels and boats that will ensure compliance with existing environmental regulations within one year	Guidelines on discharge of bilge water from vessels and boats was developed by PCG.
Be the lead agency in all clean-up activities, including contingency planning, prevention, response, combat and abatement of all oil spill incidence in the river.	PCG conducted clean-up of Pasig River, particularly in Malacanang area. Reports were submitted to EMC.
Collaborate with EMB on regular water quality monitoring activities.	PCG is being tapped during water quality monitoring activities.
Act as law enforcement body in coordination with MMDA and LLDA as far as marine pollution is concerned.	PCG coordinates with MMDA and LLDA in river clean-up and monitoring.
DOH	
Review the provisions of the Sanitation Code on: <ul style="list-style-type: none"> • Mandatory connection of discharges into existing sewerage system; • Mandatory desludging of septic tanks; and • Maintenance and inspection of these facilities. 	DOH issued the “Rules and Regulations governing the collection, handling, transport, treatment and disposal of domestic sludge and septage”, a supplement to the implementing rules and regulations of Chapter XVII – “Sewage collection and disposal, and excreta disposal and drainage” of the Code of Sanitation of the Philippines.
Assist LGUs and MWSS in identifying necessary municipal sewerage improvements	DOH requested assistance from PRRC to support the conduct of orientation workshops for LGUs and stakeholders. However, funds for such activity were not

Agency Commitment	Status of Implementation
	provided.
Advocate to the LGUs in requiring connection to an existing sewerage improvements	-do-
Undertake studies and IEC on effects of river pollutants to public health in coordination with EMB and the LGUs	DENR submitted water quality monitoring data to DOH for dissemination, e.g., ban swimming in Manila Bay
Coordinate with DENR on water quality monitoring of Pasig River.	Continuing activity.
MWSS	
Develop sewerage compliance program that will identify the necessary city/municipal sewerage improvements to meet the objectives of the Pasig River program in coordination with PRRC, DOH, DENR, MMDA, LGUs, and MWSS concessionaires within a period of one (1) year from effectivity of this Agreement.	Sewer targets were developed by MWSS
Negotiate with the concession contractors for the implementation of the sewerage compliance plan upon completion and approval of the compliance program.	Manila Second Sewerage Project (MSSP) and Manila Third Sewerage Project (MTSP) were designed.
Conduct consultations and information education campaign purposely to encourage the public to tap into proposed sewerage treatment plants.	Ongoing by MWCI and MWSI
Participate in the review of the Sanitation Code by the DOH.	MWSS participated in the review of the IRR revision of the Sanitation Code.
MMDA	
Approve ordinances and pass resolutions to enhance the water quality of Pasig River; impose penalties from acts resulting to pollution of the river.	Not complied
Pass a resolution through the Metro Manila Council (MMC) that will require LGUs to secure clearances from Metro Manila Authority (MMA) prior to development of projects within the 10 meter easement of Pasig River.	Not complied
Pass a resolution through the MMC and in coordination with HUDCC requiring new subdivision and housing projects to construct sewage treatment facilities as pre-requisite to the issuance of Building Permit and Occupancy Permit.	Not complied
Strengthen solid waste collection on Pasig River system.	Continuing activity
Pass a resolution through the MMC prohibiting dumping of solid waste in the Pasig River.	Each LGU implements the solid waste management program as required in the Ecological Solid Waste Management Act (RA 9003).
Assist the DENR in the creation of the multi-partite monitoring of discharge compliance by point sources.	Not complied

Agency Commitment	Status of Implementation
Undertake regular dredging and clearing of esteros to prevent flooding	Continuing activity
LLDA	
Review, strengthen and expand the application of the EUFS taking into consideration DENR's wastewater charge system for industrial, commercial establishments and other sources.	EUFS expanded to include TSS since 2008. The EUFS formula of DENR and LLDA consider pollution load of an establishment.
Intensify the existing water quality monitoring program of LLDA for the Pasig River through regular testing of pollutants using established procedures as part of its monitoring programs for the Laguna de Bay Region.	LLDA currently conducts water quality monitoring in collaboration with EMB-NCR, PRRC, and EMB-Central.
Regularly check compliance of industries located within LLDA with effluent standards with a status of the pollution load.	Continuing activity. However, pollution load specific for Pasig River is not reported.
Require all development projects (subdivisions, condominiums, hotels, industrial estates, and other related projects) within the Laguna de Bay Region to present plans, management's commitment, and schedule of implementation for communal/centralized wastewater treatment facility in applying for the LLDA Clearance.	Requirement on provision of wastewater treatment facility and compliance with Effluent Standards are conditions in the granting of Discharge Permit.
HLURB	
Prepare/enhance the current CLUP/Zoning Ordinance guidelines on review and approval process to ensure that policies prescribed for the EPAs along Pasig River are integrated in the said guidelines.	Revised guidelines for the Review and Approval of Comprehensive Land Use Plans (CLUPs) of Metro Manila Cities and Municipalities was developed by HLURB.
Enhance the existing rules/guidelines governing processing and approval of subdivision-condominium projects incorporating therein the necessary clearance required for projects to be located along Pasig River.	Technical Working Group (TWG) discussions were made and field visit to STP was conducted. HLURB now requires developers to present an approved ECC prior to the issuance of the Development Permit and License to Sell.
Conduct appropriate consultation/information dissemination initiatives relative to the above amendments/requirements.	Forum on Pasig River Rehabilitation Program was held on 12 October 2004 to inform the subdivision and condominium owners/developers on the rehabilitation programs and policies on EPAs along Pasig River.

LIST OF PCSS CONTRACTS

PCSS No.	Description	Amount of Contract	Disbursed Amount	Date of PCSS	Contract Date	Supplier Name	Country of Proc.	Nature of Contract	Procurement Mode
A. Sanitation									
1. Septage Collection Equipment									
0015	Supply and Delivery of (i) 30 units of 10 Cu. M. Vacuum tankers and (ii) 6 units of 5 cu.m. vacuum Tankers	2610000	2610000	22-Mar-05	10-Mar-05	Scomi Sdn Bhd	MAL	Construction	ICB
2. Septage Treatment Plant									
0053	Design, Execution and completion of 600 Cu.M. Septage Treatment Plant	388347	388347	14-Jul-06	13-Jul-06	Salcon Pte. Ltd	PHI	Construction	NCB
0053	Design, Execution and completion of 600 Cu.M. Septage Treatment Plant	364282	364282	14-Jul-06	13-Jul-06	Salcon Pte. Ltd	PHI	Construction	NCB
0066	Supply and Delivery of Ductile Iron Pipes for KV1 water supply	630312	630312	07-Dec-06	07-Sep-06	Shin Nan Casting Factory Co. Ltd.	TAP	Supply of Goods	ICB
B. Environmental Preservation Areas									
1. Housing Units									
0035	Site Development and Construction of Standard Day Care Center in Bgy San Jose Rodriguez Rizal	25271	25271	15-Dec-05	05-Dec-05	R.S. Gatbonton Constrution	PHI	Construction	NCB
0037	Site Development and Consturction of sub urban Market, Sub Urban Village, Rodriguez	21691	21691	15-Dec-05	13-Dec-05	Henry S Oaminal Construction & Gen. Md.	PHI	Construction	NCB
0039	Site Development and Consturction of Standard Day Care Center and Health Center	25664	25664	15-Dec-05	13-Dec-05	J-Bros Construction	PHI	Construction	NCB
0040	Site Development and Consutrction of Standard Day Care Center in Kasiglahan Village 1, Rodriguez	21138	21138	15-Dec-05	02-Dec-05	Mechanics Construction Corp.	PHI	Construction	NCB
0041	Site Development and Consutrction of Standard Health Center and Multi Purpose Hall in Kasiglahan Village	25009	25009	15-Dec-05	05-Dec-05	R.S. Gatbonton Constrution	PHI	Construction	NCB
0042	Site Development and Construction of Standard Day Care Center in Kasiglahan Village 1, Rodriguez	6372	6372	15-Dec-05	15-Dec-05	Cager Construction	PHI	Construction	NCB
0043	Site Development and Construction of Standard Day Care Center in Kasiglahan Village 1, Rodriguez	7731	7731	15-Dec-05	02-Dec-05	Mechanics Construction Corp.	PHI	Construction	NCB
0007	Construction of 3-Story School Building for Elementary Level (Kasiglahan village I)	30929	30929	23-Apr-04	15-Dec-03	R.M. Pingol Construction	PHI	Construction	NCB
0057	Design, Site Devt. And Consturction of 1,000 units of socialized housing	6254879	6254878	15-Nov-06	29-Sep-06	J.V. of E.M. Cuerpo and J.D. Legaspi	PHI	Construction	NCB
0074	Site Development and Construction of 4-storey School Building project	966291	966290	27-Feb-07	04-Dec-06	E.M. Cuerpo Incorporated	PHI	Construction	NCB
0075	Punta Sta. ana URA Project: Linear/ Community Park Component	29306	29305	31-Jul-07	04-Dec-06	C.E. Padilla Construction	PHI	Construction	NCB
8803	Various small Contracts		180527	30-Jan-06	27-Jan-06	Various	PHI	Others	Others

2. Linear Parks/ Walkways

8804	Various Contracts	20851	20851	05-May-07	04-May-07	Various c/o EA	PHI	Others	Others Direct Contracting
8805	Various Small Civil Works Contracts	20026	20026	11-Dec-08	11-Dec-08	Various	PHI	Construction	
0002	Construction of West Rembo Linear Park	33806	33805	08-Nov-01	04-Oct-01	Financial Building corp	PHI	Construction	NCB
0003	Consturction of Muelle de Rio Park	663974	663974	23-Jan-03	04-Oct-01	B.S. Chang Builders	PHI	Construction	NCB
0004	Construction of San Agustin and Quinta Park	134716	134715	23-Jan-03	12-Dec-02	Financial Building corp	PHI	Construction	NCB
0005	Brgy. South Nagtahan Linear Park	73969	73968	17-Dec-03	01-Dec-03	EFC Enterprises	PHI	Construction	NCB
0009	Construction of Makati-Des Linear Park	228360	228360	27-Jan-04	30-Dec-03	Baque Corporation	PHI	Construction	NCB
0010	Construction of Brgy. Valenzuela	69498	69497	23-Apr-04	30-Dec-03	E.F.C. Enterprises	PHI	Construction	NCB
0012	Construction of Sta. Ana Market Linear Park	47953	47952	02-Jul-04	14-Jun-04	E.F.C. Enterprises	PHI	Construction	NCB
0013	Construction of Muelle del Banco Nacional Linear Park	192539	192538	02-Jul-04	04-Jun-04	B.S. Chang Builders	PHI	Construction	NCB
0014	Construction of the Peter and Paul Linear Park Pandacan, Manila	111372	111371	28-Jan-05	15-Dec-04	Cado Construction	PHI	Construction	NCB
0016	Construction of the Buting Linear Park	38341	38341	06-Apr-05	09-Mar-05	Mechanics Construction Corp.	PHI	Construction	NCB
0017	Construction of 4 Units 2-storey elementary School Buildings in KV4, Gen. Trias, Cavite	629387	629386	06-Apr-05	09-Mar-05	Various	PHI	Construction	NCB
0018	Construction of the Muelle dela Industria Linear Park	574900	574899	24-May-05	28-Apr-05	AKN Consutrction Corp.	PHI	Construction	NCB
0020	Construction of the Maestranza Linear Park	451788	451788	06-Jun-05	10-May-05	EFC Enterprises	PHI	Construction	NCB
0021	Construction of Guadalupe Nuevo Linear Park	285997	285996	10-Jun-05	18-May-05	Orani Builders & Supply	PHI	Construction	NCB
0022	Construction of fort Santiago Linear Park	268701	268700	10-Jun-05	26-May-05	R.R. Encabo Constructors and Traders	PHI	Construction	NCB
0023	Construction of the Hulo Linear Park	368210	368210	24-Jun-05	10-Jun-05	R.S. Construction	PHI	Construction	NCB
0024	Construction of the PUP Linear Park	385168	385167	11-Jul-05	29-Jun-05	CE Padilla Construction	PHI	Construction	NCB
0025	Construction of Brgy. Barangka Ibaba Linear Park	121027	121026	03-Aug-05	12-Jul-05	Alexa Trading and Construction	PHI	Construction	NCB
0026	Var. Order for Brgy.Mabini J.P. Rizal Linear Park (Ref 8801)	30983	30983	15-Aug-05	01-Dec-03	R.R. Encabo Constructors and Traders	PHI	Construction	NCB
0027	Repair/ Rehabilitation of collapsed Revetment Wall in Bgy. Pineda, Pasig city	2078318	2078317	15-Sep-05	12-Jul-05	Persan Construction	PHI	Construction	NCB
0028	Construction of DBM South Linear Park	134870	134869	19-Oct-05	23-Sep-05	B.S. Chang Builders	PHI	Construction	NCB
0029	Construction of the Malacanang PSG-Mabini Shrine Linear Park	383091	383091	19-Oct-05	23-Sep-05	B.S. Chang Builders	PHI	Construction	NCB

0030	Construction of the Earnshaw Linear Park	165409	165408	27-Oct-05	23-Sep-05	North Fairview Subdivision	PHI	Construction	NCB
0031	Construction of the DBM North Linear Park	118501	118501	15-Dec-05	10-Dec-05	Various	PHI	Construction	NCB
0032	Construction of Bgy. Barangka Ilaya Linear Park	310342	310342	15-Dec-05	30-Nov-05	Alexa Trading and Construction	PHI	Construction	NCB
0033	Construction of Napindan North Linear Park	1082514	1082514	15-Dec-05	25-Nov-05	R.R. Encabo Constructors and Traders	PHI	Construction	NCB
0034	Construction of Napindan South Linear Park	476769	476769	15-Dec-05	30-Nov-05	RS Construction	PHI	Construction	NCB
0044	Construction and Devt. Of Sta. Ana Ferry Station	320639	320638	15-Dec-05	05-Dec-05	E.M. Cuerpo Incorporated	PHI	Construction	NCB
0045	Construction and Development of Guadalupe and Valenzuela Ferry Stations	424572	424572	15-Dec-05	05-Dec-05	E.M. Cuerpo Incorporated	PHI	Construction	NCB
0046	Construction and Devt. Of Plaza Mexico and Escolta Ferry Station	294101	294101	20-Dec-05	16-Dec-05	J.D. Legaspi Construction	PHI	Construction	NCB
0047	Construction of Bgy. Pineda Linear Park cum Box Cvulvert/ Bridge component	558644	558644	22-Dec-05	21-Dec-05	Persan Construction	PHI	Construction	NCB
0048	Construction of Bgy Hulo revetment Wall	103081	103081	22-Dec-05	21-Dec-05	R.S. Construction	PHI	Construction	NCB
0050	Construction and Devt. Of the Parcel Linear Park	386389	386388	07-Apr-06	27-Feb-06	E.M. Cuerpo Incorporated	PHI	Construction	NCB
0054	Site Development and Consutrction of DBM South Linear Park 2 Cum Pilot Consutrcted Wetland Project	54874	54874	28-Jul-06	26-Jul-06	B.S. Chang Builders	PHI	Construction	NCB
0076	Makati Des to Makati- Mandaluyong Bridger Linear Park cum Revetment Wall Project	714993	714993	06-May-07	08-Mar-07	R.R. Encabo Constructors and Traders	PHI	Construction	NCB
0077	Makati Park to C5 Bridge Linear Park cum revetment Wall Project	1832978	1832978	06-May-07	08-Mar-07	J.D. Legaspi Construction/ E.M. Cuerpo	PHI	Construction	NCB
0080	Consutrction and Development of Makati Des Linear Park 2 cum revetment Wall	544448	544448	11-Dec-07	16-Jul-07	RCDG Construction Corporation	PHI	Construction	NCB
0082	Construction and Development of buting 2 Linear Park cum revetment Wall	5468080	5468079	20-Sep-07	11-Sep-07	Persan Construction	PHI	Construction	NCB
0083	Construction and Development of Fort Santiago Linear Park Linkup Catwalk Project	264909	264909	11-Nov-07	05-Nov-07	R.R. Encabo Constructors and Traders	PHI	Construction	NCB
0084	Consutrction of Brgy Barangka Itaas Linear Park	22450	22449	12-Nov-07	29-Dec-05	Alexa Trading and Construction	PHI	Construction	NCB
0085	Construction and Developmnt of Lambingan ferry Station	40913	40913	07-Dec-07	20-Nov-07	R.R. Encabo Constructors and Traders	PHI	Construction	NCB
0086	Consturction and Development of Sta. ana ferry Station	79285	79285	07-Dec-07	20-Nov-07	E.M. Cuerpo, Inc.	PHI	Construction	NCB
0087	Construction and Development of Brgy. Vergara Lniear Park	61759	61759	10-Dec-07	04-Dec-07	B.C. Cuerpo Construction Corporation	PHI	Construction	NCB
0088	Improvement and Restoration works for guadalupe and Valenzuela Fery Stations	230256	230255	11-Dec-07	04-Dec-07	E.M. Cuerpo, Inc.	PHI	Construction	NCB
0089	Additional Pontoon works for PUP Ferry Station	217560	217559	11-Dec-07	08-Dec-07	C.E. Padilla Construction	PHI	Construction	NCB
8802	Various small Contracts	33627	33627	07-Feb-04	30-Dec-03	Various	PHI	Others	Others
8803	Various small Contracts	329024	148496	30-Jan-06	27-Jan-06	Various	PHI	Others	Others

3. Community Facilities

0006	Site Devt. Of 2 School Building Construction of 3-Story School Building for Elementary Level (Kasiglahan village I)	191796	191796	07-Jan-04	15-Dec-03	R.M. Pingol Construction	PHI	Construction	NCB
0008	Construction of 4-Units, 2 Storey-School	709242	709242	23-Apr-04	15-Dec-03	Persan Construction	PHI	Construction	NCB
0011	Construction of Community Health/Day Care Center in Kasiglahan Village III	565028	565028	28-Jan-04	30-Dec-03	D.V. Salud Construction	PHI	Construction	NCB
0019		12578	12577	02-Jun-05	30-Dec-03	DQT Builders	PHI	Construction	NCB
0035		17783	17783	15-Dec-05	05-Dec-05	R.S. Gatbonton Constrution	PHI	Construction	NCB
0036	Site Development and Construction of Standard Day Care Center in Kasiglahan Village 1, Rodriguez	28528	28528	15-Dec-05	02-Dec-05	Cager Construction	PHI	Construction	NCB
0037	Site Development and Consturction of sub urban Market, Sub Urban Village, Rodriguez	43508	43508	15-Dec-05	13-Dec-05	Henry S Oaminal Construction & Gen. Md.	PHI	Construction	NCB
0038	Site Development and Consturction of Multi Purpose Hall in Sub urban Village, Rodriguez	51875	51875	15-Dec-05	13-Dec-05	J.D. Legaspi Construction	PHI	Construction	NCB
0039	Site Development and Consturction of Standard Day Care Center and Health Center	12266	12266	15-Dec-05	13-Dec-05	J-Bros Construction	PHI	Construction	NCB
0040	Site Development and Consturction of Standard Day Care Center in Kasiglahan Village 1, Rodriguez	8917	8917	15-Dec-05	02-Dec-05	Mechanics Construction Corp.	PHI	Construction	NCB
0041	Site Development and Consturction of Standard Health Center and Multi Purpose Hall in Kasiglahan Village	65121	65121	15-Dec-05	05-Dec-05	R.S. Gatbonton Constrution	PHI	Construction	NCB
0042	Site Development and Construction of Standard Day Care Center in Kasiglahan Village 1, Rodriguez	30861	30861	15-Dec-05	15-Dec-05	Cager Construction	PHI	Construction	NCB
0043	Site Development and Construction of Standard Day Care Center in Kasiglahan Village 1, Rodriguez	23591	23591	15-Dec-05	02-Dec-05	Mechanics Construction Corp.	PHI	Construction	NCB
0051	Site Development and Consturction of 2 Units 2-Storey School Buildings inKV4, Gen Trias	480319	480318	10-Apr-06	04-Mar-06	New Kanlaon Construction Inc	PHI	Construction	NCB
0055	Construction of Public Market in Trece Martirez	4167	4167	21-Aug-06	30-Dec-03	J.S. General Contractor	PHI	Construction	NCB
0056	Construction of multi-Purpose hall in KV3	3771	3771	21-Aug-06	30-Dec-03	J.S. General Contractor	PHI	Construction	NCB
8804	Various Contracts	153124	132271	05-May-07	04-May-07	Various c/o EA	PHI	Others	Others
8805	Various Small Civil Works Contracts	115189	115189	11-Dec-08	11-Dec-08	Various	PHI	Construction	Direct Contracting
0007	Construction of 3-Story School Building for Elementary Level (Kasiglahan village I)	706128	706128	23-Apr-04	15-Dec-03	R.M. Pingol Construction	PHI	Construction	NCB
C. Urban Renewal Areas									
0047	Construction of Bgy. Pineda Linear Park cum Box Cvulvert/ Bridge component	113751	113751	22-Dec-05	21-Dec-05	Persan Construction	PHI	Construction	NCB
0049	Construction and Devt. Of community/ Linear Park and Revertment Wall in Baseco Compound	3644855	3644855	13-Jan-06	22-Dec-05	J.D. Legaspi Construction	PHI	Construction	NCB
0052	Construction of Linear/ Community Park in Punta Sta. ana	146912	146911	21-Apr-06	17-Apr-06	C.E. Padilla Construction	PHI	Construction	NCB
0058	Construction and Development of Punta Sta. ana URA Housing Component	4544951	4544950	15-Nov-06	30-Sep-06	R.R. Encabo Constructors and Traders	PHI	Construction	NCB

0059	Construction and Development of Hulo Ferry Station	95102	95102	24-Nov-06	27-Sep-06	8R's Construction	PHI	Construction	NCB
0060	Construction and Development of Lambingan ferry Station	175829	175829	24-Nov-06	19-Oct-06	R.R. Encabo Constructors and Traders	PHI	Construction	NCB
0061	Construction of Brgy. Vergara Revetment Wall	835187	835187	24-Nov-06	25-Oct-06	RCDG Construction Corporation	PHI	Construction	NCB
0062	Construction and Development of Plaza Mexico and Escolta ferry Stations	206349	206349	24-Nov-06	17-Oct-06	J.D. Legaspi Construction	PHI	Construction	NCB
0063	Construction and Development of PUP Ferry Station	417950	417950	24-Nov-06	23-Oct-06	C.E. Padilla Construction	PHI	Construction	NCB
0064	Construction and Development of San Joaquin Linear Park cum ferry Station	669224	669223	24-Nov-06	23-Oct-06	E.M. Cuerpo Incorporated	PHI	Construction	NCB
0065	Construction and Development of guadalupe and Velenzuela Ferry Station	54093	54093	24-Nov-06	23-Oct-06	E.M. Cuerpo Incorporated	PHI	Construction	NCB
0067	Construction and Development of Quezon Bridge Ferry Station	372078	372077	16-Jan-07	29-Nov-06	B.S. Chang Builders	PHI	Construction	NCB
0068	Makati-Mandaluyong bridge to Brgy. Valenzuela Linear Park cum revetment Wall	1208700	1208699	16-Jan-07	19-Dec-06	E.M. Cuerpo Incorporated & J.D. Legaspi Construction	PHI	Construction	NCB
0069	guadalupe Viejo Linear Park cum revetment Wall	1239387	1239387	16-Jan-07	19-Dec-06	C.E. Padilla Construction	PHI	Construction	NCB
0070	San Agustin-Quinta Market Lniear Park cum Revetment Wall	3700669	3700668	16-Jan-07	19-Jan-06	E.M. Cuerpo Inc. & J.D. Legaspi	PHI	Construction	NCB
0071	Additional works for DBM South Linear Park	40449	40448	16-Jan-07	19-Dec-06	B.S. Chang Builders	PHI	Construction	NCB
0072	Construction and Development of Sta. Elena Ferry Station	94964	94963	27-Feb-07	94,963.00	Prismodial Construction Corporation	PHI	Construction	NCB
0073	Construction and Development of Riverbanks Ferry Station	230232	230231	27-Feb-07	14-Dec-06	B.C. Cuerpo Construction Corporation	PHI	Construction	NCB
0078	Abella-Joriz Renewal Area project	208525	208524	07-Jun-07	21-Mar-07	Tracsom Builders	PHI	Construction	NCB
0079	San Migeul Urban Renewal Area Project	461108	461108	07-Jun-07	07-Mar-07	Tracsom Builders	PHI	Construction	NCB
0081	Foundation works for the Punta Sta. ana Housing component	1368907	1368907	26-Oct-07	27-Jul-07	R.R. Encabo Constructors and Traders	PHI	Construction	NCB
D. Project Implementation Assistance									
0001	Project implementation Assistance	2053576 57997774	2053574 57976881	15-Oct-01	10-Sep-01	Sinclair Knight Merz	AUS	Consultancy	ICB

INVESTMENT PROJECT COSTS AND FINANCING PLAN (Appraisal and Actual)
(in \$ million)

Category	Appraisal										Revised										Actual													
	ADB			National Government/LGU			Total Cost		% ADB / % of	ADB			National Government/LGU			Total Cost		% ADB / % of	ADB			National Government/LGU			Total Cost		% ADB / % of							
	FX	LC	Total Cost	FX	LC	Total Cost	FX	LC		Cost	FX	LC	Cost	FX	LC	Cost	FX		LC	Cost	FX	LC	Cost	FX	LC	Cost		FX	LC	Cost				
A. Sanitation																															4.46	6		
1. Septage Collection Equipment	2.60	0.00	2.60	0.00	1.00	1.00	2.60	1.00	100/0				2.70	0.00	2.70	0.00	0.17	0.17	2.70	0.17	100/0				2.61	0.00	2.61	0.00	0.00	0.00	2.61	0.00	100/0	
2. Septage Treatment Plant - Civil Works	2.10	0.90	3.00	0.00	16.00	16.00	2.10	16.90	50/50*				2.52	1.08	3.60	0.00	3.56	3.56	2.52	4.64	50/50				0.28	0.12	0.40	0.00	0.00	0.00	0.28	0.12	50/50	
3. Septage Treatment Plant - Plant and Equipment	4.40	0.00	4.40	0.00	0.00	0.00	4.40	0.00	100/0				6.10	0.00	6.10	0.00	2.69	2.69	6.10	2.69	100/0				1.01	0.00	1.01	0.00	0.44	0.44	1.01	0.44	100/0	
4. Land Acquisition													0.00	0.00	0.00	0.00	0.23	0.23	0/100^							0.00	0.00	0.00	0.00	0.23	0.23	0.00	0.23	0/100^
Subtotal	9.10	0.90	10.00	0.00	17.00	17.00	9.10	17.90	27.00				11.32	1.08	12.40	0.00	6.65	6.65	11.32	7.73	19.05				3.90	0.12	4.02	0.00	0.44	0.44	3.90	0.56		
B. Environmental Preservation Areas																															68.91	58		
1. Apartments and housing units	10.67	5.33	16.00	0.00	36.00	36.00	10.67	41.33	60/40				4.50	2.63	7.13	0.00	7.90	7.90	4.50	10.53	100/0				8.13	4.01	12.14	0.00	1.70	1.70	8.13	5.70	100/0	
2. GOP acquisition of Housing Units													0.00	0.00	0.00	0.00	24.61	24.61	0.00	24.61	0/100^				0.00	0.00	0.00	0.00	24.61	24.61	0.00	24.61	0/100^	
3. Community Facilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					5.89	2.98	8.87	0.00	3.80	3.80	5.89	6.78	80/20				2.43	0.77	3.20	0.00	2.57	2.57	2.43	3.34	80/20	
4. Development of Parks / Walkways along EPAs	2.33	1.17	3.50	0.00	0.00	0.00	2.33	1.17	60/40				9.50	5.10	14.60	0.00	8.94	8.94	9.50	14.04	100/0				14.26	7.04	21.30	0.00	3.39	3.39	14.26	10.43	100/0	
Subtotal	13.00	6.50	19.50	0.00	36.00	36.00	13.00	42.50	55.50				19.89	10.71	30.60	0.00	45.26	45.26	19.89	55.97	75.86				24.82	11.82	36.65	0.00	32.26	32.26	24.82	44.09		
C. Urban Renewal Areas	10.45	12.55	23.00	0.00	21.00	21.00	10.45	33.55	44.00	55/45	31	10.12	12.88	23.00	0.00	1.46	1.46	10.12	14.34	24.46	100/0	31	8.41	6.88	15.28	0.00	1.96	1.96	8.41	8.84	17.25	100/0	24	
D. Project Implementation Assistance	2.00	1.00	3.00	0.00	1.00	1.00	2.00	2.00	4.00	FX: 50/50 LC	4	2.00	1.00	3.00	0.00	0.00	0.00	2.00	1.00	3.00	FX: 50/50 LC	4	1.73	0.33	2.05	0.00	0.37	0.37	1.73	0.70	2.42	FX: 50/50 LC	3	
E. Interest during Construction	9.50		9.50			0.00	9.50		9.50	100/0	13	5.00		5.00			0.00	5.00		5.00	100/0	7	5.00	0.00	5.00				5.00		5.00	100/0	8	
D. Unallocated	10.00		10.00			0.00	10.00		10.00	100/0	13	1.00		1.00			0.00	1.00		1.00	100/0	1	0.00	0.00	0.00				0.00		0.00	100/0		
Total	54.05	20.95	75.00	0.00	75.00	75.00	54.05	95.95	150.00		100	49.33	25.67	75.00	0.00	53.36	53.36	49.33	79.03	128.36		100	43.85	19.15	63.00	0.00	35.04	35.04	43.85	54.19	98.04		100	
Financing Ratio (%)			50			50	36.03	63.97	100.00	50/50				58			42	38.43	61.57	100.00	58/42				64			36	44.73	55.27	100.00	64/36		

Source: ADB Loan Financial Information system and PRRC

Currency Rate: 1\$=PHP48.92 (5 March 2009)

*Financing ratio may not match the Govt and ADB financing due to some items not allowed by ADB financing under the Loan (GOP portion inclusive of tax (10%) and land acquisition (A.2))

^ineligible for ADB financing (land acquisition, GOP housing acquisition)

INVESTMENT LOAN CONTRACT AWARDS AND DISBURSEMENTS
(Projections and Actual)
(\$ million)

Year	Contract Awards							Disbursements					
		Quarters				Cumulative		Quarters				Cumulative	
		I	II	III	IV	Subtotal	Total	I	II	III	IV	Subtotal	Total
2000	Projected	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	
	Actual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.30	0.30
2001	Projected	0.10	0.40	1.00	1.00	2.50		0.00	0.00	0.50	0.50	1.00	
	Actual	0.00	0.00	0.00	2.09	2.09	2.09	0.04	0.00	0.05	0.47	0.56	0.86
2002	Projected	0.00	0.60	0.50	0.50	1.60		0.20	0.30	0.40	0.40	1.30	
	Actual	0.00	0.00	0.00	0.00	0.00	2.09	0.22	0.15	0.22	0.06	0.64	1.51
2003	Projected	0.75	0.50	1.50	1.00	3.75		0.50	0.50	0.50	0.50	2.00	
	Actual	0.80	0.00	0.00	0.07	0.87	2.96	0.62	0.08	0.81	0.19	1.70	3.20
2004	Projected	1.00	4.00	4.00	1.00	10.00		0.50	2.50	2.50	1.50	7.00	
	Actual	1.02	1.52	0.24	0.00	2.78	5.74	0.41	0.49	1.47	0.41	2.77	5.97
2005	Projected	2.60	0.40	3.00	0.80	6.80		0.20	3.00	0.94	1.27	5.40	
	Actual	2.72	2.63	2.62	4.90	12.87	18.60	0.90	0.42	1.17	1.41	3.90	9.87
2006	Projected	1.70	9.00	1.50	1.80	14.00		1.00	1.50	2.00	3.50	8.00	
	Actual	3.97	1.01	0.84	13.88	19.71	38.31	3.94	2.34	2.01	4.49	12.79	22.65
2007	Projected	6.00	4.00	0.00	0.00	10.00		5.00	5.00	5.00	5.00	20.00	
	Actual	7.85	3.37	5.50	2.83	19.55	57.86	7.54	5.75	8.23	4.75	26.27	48.93
2008	Projected	0.00	0.00	0.00	0.00	0.00		2.50	8.50	1.00	0.00	12.00	
	Actual	0.00	0.00	0.00	0.14	0.14	58.00	4.72	7.14	1.43	0.81	14.10	63.03
2009	Projected	0.00	0.00	0.00	0.00	0.00		0.00				0.00	
	Actual	0.00	0.00	0.00	0.00	0.00	58.00	-0.03				-0.03	63.00

PLANNED AND ACTUAL IMPLEMENTATION SCHEDULE

Components	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Part A. Sanitation										
Septage Collection Equipment/ Vacuum Trucks			Planned	Planned	Planned	Planned	Planned			
Prepare Bid Documents				Actual						
Bidding, Evaluation and Contract Awards				Actual	Actual	Actual				
Delivery of Trucks						Actual	Actual			
Dislodgement of Septic Tanks								Actual	Actual	
Septage Treatment Plant										
Site Identification	Planned									
Prepare Bid Documents		Planned	Planned	Planned						
Bidding, Evaluation and Contract Awards		Planned	Planned	Planned						
Implementation of Sanitation Component			Planned	Planned	Planned	Planned	Planned			
							Actual	Actual		
Part B. Environmental Preservation Areas										
Resettlement of informal settlers	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned
Development Plan for EPAs	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned
Design	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned
Bidding, Evaluation, and Contract Award	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned
Implementation of EPAs	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned
	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned
Part C. Urban Renewal Areas										
Development Plan for URAs	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned
Design	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned
Bidding, Evaluation, and Contract Award	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned
Implementation of URAs	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned
	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned
D. Project Implementation Assistance										
Consultant Selection	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned
Consulting Services	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned	Planned

Planned Actual

**COMPLIANCE WITH LOAN COVENANTS
As of 30 September 2008**

Loan 1745-PHI

No.	Covenants and Specific Assurance	Ref.	Status of Compliance
01	The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, engineering and environmental practices.	Sec. 4.01(a)	Complied with
02	In the carrying out of the Program the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 of the Loan Agreement.	Sec. 4.01(b)	Complied with, see below.
03	The Borrower shall make available, promptly as needed, the funds, facilities, services, land, and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Program	Sec. 4.02	Complied with
04	The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Program are conducted and coordinated in accordance with sound administrative policies and procedures.	Sec. 4.03	Complied with
05	The Borrower shall maintain, or cause to be maintained, records and accounts adequate to identify the eligible items financed out of the proceeds of the Loan, and to indicate the progress of the Program.	Sec. 4.04(a)	Cannot be verified
06	The Borrower shall enable the Bank's representatives to inspect any relevant records and documents referred to in paragraph (a) of this section.	Sec. 4.04(b)	Cannot be verified
07	The Borrower shall furnish, or cause to be furnished, to the Bank all such reports and information as the bank shall reasonably request concerning (i) the Loan, and the expenditure of the proceeds and maintenance of the service thereof; (ii) the goods financed out of the proceeds of the Loan; (iii) the implementation of the program, including the accomplishment of the targets and carrying out of the actions set out in the Policy letter (iv) financial and economic conditions in the territory of the Borrower and the international balance-of-payment position of the Borrower; and (v) any other matters relating to the purpose of the Loan.	Sec. 4.05(a)	Complied with Reports indicate that information was made available upon request.
08	Without limiting the generality of the foregoing, the Borrower shall furnish, or cause to be furnished, to the Bank quarterly reports on the carrying out of the Program and on the accomplishment of the targets and carrying out of the actions set out in the Policy letter. Such reports shall be submitted in such form and in such detail and within such a period as the Bank shall reasonably request, and shall indicate, among other things, progress made and problems	Sec. 4.05(b)	Cannot be verified No records were found of quarterly report. Reports available are consultants reports.

	encountered during the quarter under review, steps taken or proposed to remedy these problems, and the proposed program of activities and expected progress during the following quarter.		
09	Promptly after the closing date for withdrawals from the Loan Account, but in any event not later than three (3) months thereafter or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the bank a report, in such form and in such detail as the Bank shall reasonably request, on the execution of the Program, including its cost, the performance by the Borrower of its obligations under this Loan Agreement and the accomplishment of the purposes of the Loan.	Sec. 4.05(c)	Not complied with No evaluation report was submitted.
10	It is the mutual intention of the Borrower and the Bank that no other external debt owed a creditor other than the Bank shall have any priority over the Loan by way of a lien on the assets of the Borrower. To that end, the Borrower undertakes (i) that, except as the Bank may otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will <u>ipso facto</u> equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan; (ii) that the Borrower, in creating or permitting the creation of any such lien, will make express provision to that effect; and (iii) if any statutory lien shall be created on any assets of the Borrower as security for any debt, the Borrower shall grant to the Bank an equivalent lien satisfactory to the Bank.	Sec. 4.06(a)	Cannot be assessed within context of the project
11	The provisions of paragraph (a) of this Section shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.	Sec. 4.06(b)	
12	The term "assets of the Borrower" as used in paragraph (a) of this Section includes assets of any political subdivision or any agency of the Borrower and assets of any agency of any such political subdivision, including Bangko Sentral ng Pilipinas and any other institution performing the functions of a central bank for the Borrower.	Sec. 4.06(c)	
13	The Borrower shall, within the limits of the laws in force in its territories, make the foregoing undertaking effective with respect to liens on the assets of its political subdivisions and their agencies; and to the extent that the Borrower is unable within the limits of the laws in force in its territories to make this undertaking effective, the Borrower shall give to the Bank an equivalent lien satisfactory to the Bank.	Sec. 4.06(d)	
14	DOF and the PRRC shall be the Program Executing Agencies and shall be jointly responsible for overall	LA Sch 5, para. 1	Partly complied with.

	supervision of Program implementation. DOF and the PRRC shall consult with concerned agencies to ensure that the reforms under the Program are undertaken in line with the agreed schedule. DOF shall be responsible for ensuring that the proceeds of the Loan are disbursed and utilized in accordance with this Loan Agreement. The PRRC shall be responsible for ensuring that all conditions for the release of the Second Tranche are met in a timely manner.		Conditions for second tranche release were met late.
15	The Project Management Office (PMO) established by the Borrower within the PRRC, to assist in the day-to-day implementation of the Investment Component, shall also assist the PRRC with the day-to-day implementation of the reforms under the Program.	LA Sch 5, para. 2	Complied with.
16	The Borrower shall (i) ensure that the policies adopted and actions taken as described in the Policy Letter prior to the date of this Loan Agreement continue in effect for the duration of the Program period, and (ii) promptly carry out the other policies and actions included in the Program as specified in the Policy Letter, including the Policy Matrix attached to the Policy Letter, and ensure that such policies and actions continue in effect for the duration of the Program period.	LA Sch. 5, para. 3	Partly complied with. Policy matrix was complied with but resulting action plans were not all implemented.
17	The Borrower shall ensure that the Counterpart Funds shall be used to support the reforms to be initiated or implemented under this Program. Without prejudice to Section 4.02 of the Investment Component Loan Agreement, the Borrower shall make available, as part of its budgetary allocations throughout the implementation period of the Investment Component, a total matching commitment of at least \$75,000,000 equivalent for purposes of implementing the Investment Component.	LA Sch. 5, para. 4	Complied with ADB approved change in financing arrangements that reduced counterpart fund levels.
18	The Borrower shall keep the Bank informed of, and the Borrower and the Bank shall from time to time exchange views on, the progress made in carrying out the Program.	LA Sch. 5, para. 5	Complied with
19	The Borrower shall continue policy dialogue with the Bank on problems and constraints encountered during implementation of the Program and on desirable changes to overcome or mitigate such problems and constraints.	LA Sch. 5, para. 6	Complied with
20	The Borrower shall keep the Bank informed of policy discussions concerning the Program undertaken with other international and bilateral agencies as the Bank may reasonably request, and shall provide the Bank with the opportunity to comment on any resulting policy proposals.	LA Sch. 5, para. 7	Complied with
21	Prior to release of the Second Tranche, a joint review shall be carried out concerning the Borrower's implementation of the policy reforms set	LA Sch. 5, para. 8	Complied with

	out in the Policy Letter, including, in particular, the fulfillment of the conditions listed in Attachment 2 to Schedule 3 to this Loan Agreement. To facilitate the review, the Program Executing Agencies shall provide the Bank with information, in addition to the reports and information referred to in Section 4.05 of the Loan Agreement, in such detail as the Bank may reasonably request. This review will form the basis for discussions between the Borrower and the Bank on further measures that may be considered necessary or desirable to promote the continued reforms and release of the Second Tranche.		
22	The PRRC shall design, coordinate, and implement a public awareness campaign to inform the public of the reforms to be undertaken under the Program.	LA Sch. 5, para. 9	Complied with Part of the investment loan.

Loan 1746-PHI

No.	Covenants and Specific Assurance	Ref.	Status of Compliance
01	The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, engineering and environmental practices.	Sec. 4.01(a)	Complied with
02	In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 6 of the Loan Agreement.	Sec. 4.01(b)	Complied with, see below.
03	The Borrower shall make available, promptly as needed, the funds, facilities, services, land, and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Project and for the operation and maintenance of the Project facilities.	Sec. 4.02	Complied with
04	In the carrying out of the Project, the Borrower shall cause competent and qualified consultants and contractors, acceptable to the Borrower and the Bank, to be employed to an extent and upon terms and conditions satisfactory to the Borrower and the Bank.	Sec. 4.03(a)	Complied with, although with delay
05	The Borrower shall cause the Project to be carried out in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to the Borrower and the Bank. The Borrower shall furnish, or cause to be furnished, to the bank, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as the bank shall reasonably request.	Sec. 4.03(b)	Complied with
06	The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in	Sec. 4.04	Complied with

	accordance with sound administrative policies and procedures.		
07	The Borrower shall make arrangements satisfactory to the Bank for insurance of the project facilities to such an extent and against such risk and in such amounts as shall be consistent with sound practices.	Sec. 4.05(a)	Complied with Project facilities (e.g, linear parks) have been handed over to LGUs. Assets are grouped with other municipal assets and managed following acceptable local standards.
08	Without limiting the generality of the foregoing, the Borrower undertakes to insure, or caused to be insured, any goods to be imported for the project and to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such goods.	Sec. 4.05(b)	Complied with Insurance cover was included in works contracts.
09	The Borrower shall maintain, or cause to be maintained, records and accounts adequate to identify the goods and services and other items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the project, to record the progress of the project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, the operation and financial condition of the agencies of the Borrower responsible for the carrying out of the Project and operation of the project facilities, or any part thereof.	Sec. 4.06(a)	Complied with
10	The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to the Bank; (iii) furnish to the bank, as soon as available but in any event not later than nine (9) months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the covenants of this Loan Agreement, all in the English language; and (iv) furnish to the Bank such other information concerning such accounts and financial statements and the audit thereof as the Bank shall from time to time reasonably request.	Sec. 4.06(b)	Complied with No qualifications issued by COA
11	The Borrower shall enable the Bank, upon the Bank's request, to discuss the Borrower's financial statements for the Project and its financial affairs related to the Project from time to time with the Borrower's auditors, and shall make necessary	Sec. 4.06(c)	No such consultations were requested by the bank

	arrangements for any representative of such auditors to participate in any such discussions requested by the Bank, provided that such discussion shall be conducted only in the presence of an authorized officer of the Borrower unless the Borrower shall otherwise agree.		
12	The Borrower shall furnish, or cause to be furnished, to the Bank all such reports and information as the bank shall reasonably request concerning (i) the Loan, and the expenditure of the proceeds and maintenance of the service thereof; (ii) the goods and services and other items of expenditure financed out of the proceeds of the Loan; (iii) the Project; (iv) the administration, operations and financial condition of the agencies of the Borrower responsible for the carrying out of the project and operation of the project facilities, or any part thereof; (v) financial and economic conditions in the territory of the Borrower and the international balance-of-payment position of the Borrower; and (vi) any other matters relating to the purpose of the Loan.	Sec. 4.07(a)	Complied with
13	Without limiting the generality of the foregoing, the Borrower shall furnish, or cause to be furnished, to the Bank quarterly reports on the carrying out of the Project and on the operation and management of the Project facilities.	Sec. 4.07(b)	Complied with, although sometimes with delay
14	Promptly after physical completion of the Project, but in any event not later than three (3) months thereafter or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the bank a report, in such form and in such detail as the Bank shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by the Borrower of its obligations under this Loan Agreement and the accomplishment of the purposes of the Loan.	Sec. 4.07(c)	Complied with, but with substantial delay.
15	The Borrower shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, and any relevant records and documents.	Sec. 4.08	Complied with
16	The Borrower shall ensure that the Project facilities are operated, maintained and repaired in accordance with sound administrative, financial, engineering, environmental, and maintenance and operational practices.	Sec. 4.09	Complied with Project facilities (e.g, linear parks) have been handed over to LGUs.
17	It is the mutual intention of the Borrower and the Bank that no other external debt owed a creditor other than the Bank shall have any priority over the Loan by way of a lien on the assets of the Borrower. To that end, the Borrower undertakes (i) that, except as the Bank may otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will <u>ipso facto</u> equally and ratably secure the payment of the principal of, and interest and other charges on, the	Sec. 4.10(a)	These conditions cannot be assessed within Project context

	Loan; (ii) that the Borrower, in creating or permitting the creation of any such lien, will make express provision to that effect; and (iii) if any statutory lien shall be created on any assets of the Borrower as security for any debt, the Borrower shall grant to the Bank an equivalent lien satisfactory to the Bank.		
18	The provisions of paragraph (a) of this Section shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.	Sec. 4.10(b)	
19	The term "assets of the Borrower" as used in paragraph (a) of this Section includes assets of any political subdivision or any agency of the Borrower and assets of any agency of any such political subdivision, including Bangko Sentral ng Pilipinas and any other institution performing the functions of a central bank for the Borrower.	Sec. 4.10(c)	
20	The Borrower shall, within the limits of the laws in force in its territories, make the foregoing undertaking effective with respect to liens on the assets of its political subdivisions and their agencies; and to the extent that the Borrower is unable within the limits of the laws in force in its territories to make this undertaking effective, the Borrower shall give to the Bank an equivalent lien satisfactory to the Bank.	Sec. 4.10(d)	
21	<u>Project Executing Agency</u> The PRRC, as Project Executing Agency, shall be responsible for overall management, coordination and monitoring of Project implementation. The Borrower shall ensure that the PMO is adequately staffed throughout Project implementation and shall have appropriate project management mechanisms and procedures for regular monitoring of Project implementation and problem-solving. The PRRC shall, with the assistance of the consultants, develop procedures for a compressive project performance monitoring system that systematically generates input and output data for each project component. The data shall include, among other things, the progress and impact of the resettlement process (up to one year after resettlement is completed), other socio-economic data and environmental indicators.	LA Sch 6, para. 1	Complied with Once consultants demobilized, project monitoring efforts decreased. Monitoring data was made available and discussed. during ADB's administrative review missions
22	<u>Fund Arrangements</u> The Borrower shall ensure that sufficient budgetary allocations are made to the PRRC and the implementing agencies in a timely manner so as to ensure that the Project is implemented efficiently and in accordance with the Project implementation period. The Borrower shall also ensure that the Loan proceeds are utilized in a manner acceptable to the Bank.	LA Sch 6, para. 2	Partly complied with. Counterpart funds were released late.
23	<u>Sanitation Services</u>	LA Sch. 6,	Complied with

	MWSS shall be responsible for the implementation of Parts A and D(ii) of the Project. MWSS in consultation with PRRC, shall negotiate in good faith with MWCI and MWSI with the intention of entering into agreements (the "Service Contracts") regarding the operation, management and maintenance of the vacuum trucks and the septage treatment plant, and the delivery of sanitation services under this component.	para. 3	
24	The Borrower shall ensure that the (i) septage treatment plant includes receiving facilities for the septage haulers, preliminary treatment of the sewerage (including mechanical screens and holding tanks with thickener mechanisms prior to dewatering), septage dewatering equipment, and chemical stabilization, (ii) treated liquid effluent from the plant meets DENR standards for discharge into the public drainage system, and (iii) pathogens are removed from the residual sludge cake, which in turn shall be stable and suitable for use as a soil conditioner.	LA Sch. 6, para. 4	Complied with Design was in compliance with requirements.
25	The Borrower shall ensure that a full environmental siting/impact study is conducted and the conditions thereto complied with, in accordance with Bank procedures and the requirements of the Borrower's environmental laws, for the site on which the septage plant is to be constructed and the areas where effluents are treated, stabilized, and discharged.	LA Sch. 6, para. 5	Complied with
26	The Borrower shall acquire or cause to be acquired in a timely manner and with due process of law all land, property rights, rights-of-way and easements required for the septage treatment plant, sanitation facilities and auxiliary facilities under Part A of the Project.	LA Sch. 6, para. 6	Complied with Acquisition of land for STP was considerably delayed
27	<u>Environmental Preservation Areas</u> The Borrower shall ensure that the relocation of the informal-settler families from the Pasig River banks is undertaken strictly in accordance with the Resettlement Action Plan and with due process of law. The Borrower shall ensure that no involuntary resettlement, relocation or movement is undertaken under this project, in relation to formal dwellers, commercial establishments, and small businesses along the Pasig River banks.	LA Sch. 6, para. 7	Complied with Change in scope and financing arrangements were required to achieve this.
28	The medium-rise apartment buildings and housing units procured under Part B(iii) of the Project shall be used solely for the informal-settler families relocated under Parts B(i) and B(ii) of the Project and shall be situated in developments, jointly undertaken by NHA, HUDCC and licenses private developers, that have a full range of community amenities. The amenities shall include primary and secondary schools, health centers, multipurpose halls, day-care centers, livelihood opportunities, and recreation facilities. Each housing unit shall be	LA Sch. 6, para. 8	Complied with Change in scope and financing arrangements were required to achieve this.

	situated in a lot of at least 30m ² . All apartment buildings and housing units shall have connections to water, sanitation, and electricity services.		
29	The Borrower shall ensure that after the relocation of the informal-settler families the EPAs thus vacated are promptly developed into parks, walkways, and greenbelts, and that the EPAs are not reoccupied. The development of the EPAs shall be undertaken by PRRC.	LA Sch. 6, para. 9	Partly complied with - some EPAs are re-occupied
30	<u>Urban Renewal Areas</u> Part C of the Project shall be implemented by MMDA and the participating LGUs, in consultation with the DENR. Such implementation shall be under the supervision of the PRRC and with the assistance of the PMO.	LA Sch. 6, para. 10	Complied with MMDA withdrew from program and responsibility was with LGUs
31	The Borrower shall ensure that subprojects under Part C of the Project are selected in accordance with selection criteria agreed upon by the Bank and the PRRC.	LA Sch. 6, para. 11	Complied with
32	<u>Environmental Protection</u> The Borrower shall ensure that the Project and all its components and subprojects are undertaken in compliance with all applicable rules and regulations relating to environmental protection, health and safety, and comply with applicable environment.	LA Sch. 6, para. 12	Complied with
33	<u>Project Reviews</u> The Bank and the Borrower shall undertake periodic reviews during Project implementation to evaluate the Project scope, implementation arrangements, progress of resettlement and its impact on the affected persons, achievement of scheduled targets, progress on the agenda for policy reform, and capacity-building measures. On or about the twelfth month after 17 August 2000, the Borrower and the Bank shall conduct a full review of the progress of Project implementation and the implementation of the Resettlement Action Plan.	LA Sch. 6, para. 13	Complied with Midterm review and periodic administrative reviews were carried out.
34	<u>Public Awareness Campaign</u> The PRRC shall develop, implement and coordinate a public awareness campaign to inform the public of the policy reforms under the Program, and the need for and benefits of stringent regulation of wastewater management, effluents standards, and enforcement of environment regulations.	LA Sch. 6, para. 14	Complied with