Project Agreement

(Manila Third Sewerage Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

MANILA WATER COMPANY, INC.

Dated July 22, 2005
PROJECT AGREEMENT

AGREEMENT dated July 22, 2005, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and MANILA WATER COMPANY, INC. (MWCI).

WHEREAS (A) by the Loan Agreement of even date herewith between the Land Bank of the Philippines (the Borrower) and the Bank, the Bank has agreed to make a loan to the Borrower in the amount of six billion five hundred ninety two million Japanese Yen (¥ 6,592,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that MWCI agree to undertake such obligations toward the Bank as are set forth in this Agreement;

(B) by an agreement (the Guarantee Agreement) of even date herewith between the Guarantor and the Bank, the Guarantor has agreed to guarantee the obligations of the Borrower in respect of the Loan and to undertake such other obligations as set forth in the Guarantee Agreement;

(C) by a subsidiary loan agreement to be entered into between the Borrower and MWCI, the proceeds of the loan provided for under the Loan Agreement will be made available to MWCI on the terms and conditions set forth in said Subsidiary Loan Agreement; and

WHEREAS MWCI, in consideration of the Bank’s entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement, the Preamble to this Agreement and the General Conditions (as so defined) have the respective meanings therein set forth.
ARTICLE II

Execution of the Project

Section 2.01. (a) MWCI declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, and public utilities practices and social and environmental standards acceptable to the Bank, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Bank and MWCI shall otherwise agree, MWCI shall carry out the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. (a) Except as the Bank shall otherwise agree, procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 1 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) MWCI shall update the Procurement Plan in accordance with guidelines acceptable to the Bank, and furnish such update to the Bank not later than twelve (12) months after the date of the preceding Procurement Plan, for the Bank’s approval.

Section 2.03. (a) MWCI shall carry out the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement.

(b) For the purposes of Section 9.07 of the General Conditions and without limitation thereto, MWCI shall:

(i) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Bank and MWCI, a plan for the continued achievement of the objectives of the Project; and

(ii) afford the Bank a reasonable opportunity to exchange views with MWCI on said plan.
Section 2.04. MWCI shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Bank shall otherwise agree, MWCI shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Loan Agreement or any provision thereof.

Section 2.05. (a) MWCI shall, at the request of the Bank, exchange views with the Bank with regard to progress of the Project, the performance of its obligations under this Agreement and under the Subsidiary Loan Agreement, and other matters relating to the purposes of the Loan.

(b) MWCI shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of Loan, or the performance by MWCI of its obligations under this Agreement and under the Subsidiary Loan Agreement, including, but not limited to, any amendments to the MWCI Concession Agreement.

ARTICLE III

Management and Operations of MWCI

Section 3.01. MWCI shall carry on its operations and conduct its affairs in accordance with appropriate administrative, financial, engineering and public utilities practices and sound social and environmental standards acceptable to the Bank, under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. MWCI shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and public utilities practices.

Section 3.03. MWCI shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

ARTICLE IV

Financial Covenants

Section 4.01. (a) MWCI shall maintain a financial management system, including records and accounts, and prepare financial statements, in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect its
operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) MWCI shall:

(i) have its financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year (or other period agreed to by the Bank), audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each such year (or such other period agreed to by the Bank): (A) certified copies of the financial statements referred to in paragraph (a) of this Section, for such year (or such other period agreed to by the Bank), as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and

(iii) furnish to the Bank such other information concerning such records and accounts and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

Section 4.02. (a) Without limitation upon MWCI’s reporting obligations set out in paragraph 7 of Schedule 2 to this Agreement, MWCI shall prepare and furnish to the Bank a financial monitoring report, in form and substance satisfactory to the Bank, which:

(i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Loan, and explains variances between the actual and planned uses of such funds;

(ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and

(iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.
(b) The first financial monitoring report be furnished to the Bank not later than forty-five (45) days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each financial monitoring report shall be furnished to the Bank not later than forty-five (45) days after each subsequent calendar quarter, and shall cover the period not covered by the previous financial monitoring report until the end of such calendar quarter.

Section 4.03. Except as the Bank shall otherwise agree, MWCI shall take all such measures or actions within its jurisdiction as shall be necessary or required to ensure that its total liability to equity ratio does not exceed 2.0. For the purposes of this Section, the term "total liabilities" means the sum of all current and non-current obligations of MWCI; and the term "equity" means the sum of the total unimpaired paid-up capital, retained earnings, and reserves of MWCI.

Section 4.04. Except as the Bank shall otherwise agree, MWCI shall take such measures or actions within its jurisdictions as shall be necessary or required to ensure that MWCI's long-term debt service coverage ratio (including Concession Fees) should not be less than 1.2.

For the purposes of this Section:

(a) The long term debt service coverage ratio is obtained by dividing:

(i) the aggregate, for the previous four (4) quarter period most recently ended prior to the relevant date of calculation for which audited financial statements are available, of: (A) net income, after deduction of taxes payable on net income (whether or not actually paid); (B) Non-Cash Items; and (C) the amount of all payments that were due (whether or not actually paid) on account of interest and other charges on Long-term Debt;

(ii) the aggregate amount, for the same four (4) quarter period of: (A) all scheduled payments that fell due on account of principal, interest and other charges on Long-term Debt; (B) without double counting with respect to any payment already counted in the preceding sub-paragraph (A), any payment required to be made to any debt service account under the terms of any agreement providing for the Long-term Debt; (C) all Concession Fees that fell due to MWSS.
The term “Non-Cash Items” means non-cash items for any period, the net aggregate amount (which may be a positive or negative number) of all non-cash expenses and non-cash credits which have been subtracted or, as the case may be, added in calculating net income during that period, including, without limitation, depreciation, amortization, deferred taxes, provisions for severance pay of staff and workers, and credits resulting from revaluation of the assets’ book value;

The term “Long-term Debt” means that part of the Debt the final maturity of which, by its terms or the terms of any agreement relating to it, falls due more than one (1) year after the date of its incurrence; and

The term “Concession Fees” means the sum of fees payable by MWCI to MWSS under clauses (i), (ii), (iii) and (iv) of Section 6.4 of the MWCI Concession Agreement and the sum of fees payable to MWSS by MWCI to cover that portion of loans designated for projects for the benefit of MWCI’s service area which have been funded by the MWSS from bilateral and multilateral sources after the commencement date of the MWCI concession.

ARTICLE V

Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement and the Guarantee Agreement become effective.

Section 5.02. This Agreement and all obligations of the Bank and of MWCI thereunder shall terminate on the date on which the Loan Agreement and the Guarantee Agreement shall terminate in accordance with their terms, and the Bank shall promptly notify MWCI thereof.

Section 5.03. All these provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly
given or made when it shall be delivered by hand or by mail, telex or facsimile to the party to which it is required or permitted to be given or made at such party’s address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. Deliveries made by facsimile transmission shall also be confirmed by mail. The addresses so specified are:

For the Bank:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable address: INTBAFRAD
Telex: 248423 (MCI) or (202) 477-6391
Facsimile: 64145 (MCI)

For MWCI:

The Administration Building
MWSS Complex
Katipunan Road
Balara Quezon City
The Republic of the Philippines

Facsimile:

63(2)9822450

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of MWCI, may be taken or executed by its President or such other person or persons as said President shall designate in writing, and MWCI shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Manila, Republic of the Philippines, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Christopher Hoban

Authorized Representative

MANILA WATER COMPANY, INC.

By /s/ Antonio T. Aquino

Authorized Representative
SCHEDULE 1

Procurement and Consultants’ Services

Section I. General

A. All goods, works and services (other than consultants’ services) shall be procured in accordance with the provisions of Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants’ services shall be procured in accordance with Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods, Works and Services (other than Consultants’ Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding.

B. Other Procurement Procedures

1. Shopping. Goods estimated to cost less than $500,000 equivalent per contract and works estimated to cost less than $1,500,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.

2. Direct Contracting. Goods which the Bank agrees meet the requirements for Direct Contracting may be procured in accordance with the provisions of said procurement method.

Section III. Particular Methods of Procurement of Consultants’ Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant
Guidelines, the short list of consultants for services estimated to cost less than $200,000 equivalent per contract may comprise entirely national consultants.

B. Other Procedures

1. Quality-based Selection. Services for assignments which the Bank agrees meet the requirements set forth in paragraph 3.2 of the Consultant Guidelines may be procured under contracts awarded on the basis of Quality-based Selection in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

3. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis with the prior approval of the Bank.

Section IV. Review by the Bank of Procurement Decisions

Except as the Bank shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Bank:

(a) each contract for works procured pursuant to paragraph A of Section II of this Schedule estimated to cost the equivalent of $10,000,000 or more; and each contract for works procured pursuant to paragraph B.1 of Section II of this Schedule estimated to cost the equivalent of $1,000,000 or more;

(b) each contract for goods procured pursuant to paragraph A of Section II of this Schedule estimated to cost the equivalent of $1,000,000 or more; and each contract for goods procured pursuant to paragraph B.1 of Section II of this Schedule estimated to cost of the equivalent of $100,000 or more; and each contract for goods procured pursuant to paragraph B.2 of Section II of this Schedule, regardless of its contract value;

(c) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $750,000 or more;
(d) each contract for consultants’ services provided by an individual estimated to cost the equivalent of $200,000 or more; and

(e) each contract for consultants’ services procured based on single source and sole source basis pursuant to paragraphs B.2 and B.3 of Section III of this Schedule, regardless of its contract value.

All other contracts shall be subject to Post Review by the Bank.
SCHEDULE 2

Implementation Program

1. MWCI shall maintain, throughout the period of implementation of the Project, its Project Delivery Team, managed and staffed with personnel in adequate number, with functions and responsibilities satisfactory to the Bank, which shall be responsible for the overall implementation of the Project.

2. MWCI shall carry out the Project in accordance with the Financial Management Manual, acceptable to the Bank, which shall include reporting requirements and financial management procedures, including audit procedures, in accordance with Article IV of this Agreement. MWCI shall not assign, amend, abrogate or waive the Financial Management Manual, or any portion thereof, without the prior approval of the Bank.

3. MWCI shall:

(a) carry out the Project in accordance with the Environmental Management Plan, the Resettlement Action Plans, the Environmental and Social Assessment Framework, and the Land Acquisition, Resettlement and Rehabilitation Policy Framework, in a manner satisfactory to the Bank;

(b) furnish any proposed revision of the safeguards documents referred to in the sub-paragraph (a) above to the Bank for its prior approval;

(c) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis the carrying out of the safeguards measures set forth in the documents referred to in the sub-paragraph (a) above, in accordance with indicators acceptable to the Bank; and

(d) commencing June 30, 2006, furnish reports of annual audits performed by an independent agency, acceptable to the Bank, to monitor and evaluate compliance with the implementation of the safeguards measures set forth in the documents referred to in sub-paragraph (a) above, and take all actions necessary to ensure compliance with such measures taking into consideration the recommendations from such audits and the Bank’s comments thereon.

4. MWCI, shall, no later than December 31, 2007, carry out public information campaign on the environmental benefits of sewage and sanitation services and the best practices of proper disposal of sewage, in a manner, satisfactory to the Bank.
5. With respect to Part A. 1(i) of the Project: (a) MWCI shall not:

(i) commence construction of the sewage treatment plant in Tapayan, Labasan, Hagonoy, or Taguig under said Part of the Project according to the technical design approved by MWCI in December 2004, unless (A) the land tilting claims resulting from the construction of the dike, and the pond in each of the four above-mentioned localities implemented by DPWH, have been resolved in accordance with the applicable laws of the Guarantor and by the Guarantor’s relevant authorities; (B) a memorandum of understanding, satisfactory to the Bank, has been duly entered into between MWCI and the Metro Manila Development Authority (MMDA) for the operation of each flood retention pond mentioned above; and (C) MWCI has made appropriate arrangements according to the applicable laws of the Philippines, for securing public land necessary for construction of each of the sewage treatment plants mentioned above; and

(ii) Commence constructions of the sewage treatment plant in Tapayan according to the above-mentioned technical design, unless the Displaced Persons resulting from the construction by DPWH of the dike or of the realigned dike at the Lupang Arrienda (near the Tapayan Pond), in each case including the construction of the Tapayan Pond, have been compensated and rehabilitated in accordance with a resettlement action plan, satisfactory to the Bank, in conformity with the Land Acquisition, Resettlement, and Rehabilitation Policy Framework.

(b) Notwithstanding the provisions of paragraph (a) above, by January 1, 2008, MWCI may start the construction of any of the sewerage treatment plants under Part A(1)(i) of the Project, provided that, prior to commencing such construction:

(i) MWCI has presented to the Bank for its approval an alterative technical design for the construction of the concerned sewage treatment plant under said Part of the Project, and such alternative technical design has been found acceptable by the Bank;
(ii) MWCI has prepared an environmental management plan, satisfactory to the Bank, for the construction of the concerned sewage treatment plant under the above-mentioned alternative technical design, if the environmental screening carried out in accordance with principles set forth in the Environmental and Social Assessment Framework concludes that such environmental management plan is required. MWCI further undertakes to carry out said environmental management plan, during the construction of the concerned sewerage treatment plant, and furnish any proposed revisions of said plan to the Bank for its prior approval; and

(iii) MWCI has taken all measures necessary to ensure that all Displaced Persons have been resettled and compensated, in accordance with a resettlement action plan, satisfactory to the Bank, in conformity with the Land Acquisition, Resettlement and Rehabilitation Policy Framework, if the construction of the concerned sewerage treatment plant under the above-mentioned alternative technical design involves the involuntary resettlement of any persons. MWCI further undertakes to furnish any proposed revisions of said plan to the Bank for its prior approval.

6. With respect to Part A (1)(iv) of the Project, MWCI shall not commence construction of the sewage treatment plants under said Part of the Project, until MWCI has made appropriate arrangements with Taguig City and Taytay Municipality, according to the applicable laws of the Philippines, for securing public land necessary for implementation of Part A (1)(iv) of the Project.

7. MWCI shall:

(a) maintain policies and procedures, adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Bank, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, the following reports:

(i) semi-annual reports, not later than February 15 and August 15 in each calendar year, beginning on February 15, 2006: (A) integrating the results of the monitoring and evaluation activities, performed pursuant to sub-paragraph (a) of this paragraph, on the progress achieved in the carrying out of the Project by MWCI, during the six-month period preceding the date of said report; and (B) setting out the measures
recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(ii) a mid-term report, not later than January 1, 2008, or such later date as the Bank may have agreed, integrating the results of the monitoring and evaluation activities performed pursuant to subparagraphs (a) and (b)(i) of this paragraph, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof; and

(c) after furnishing:

(i) each report referred to in sub-paragraph (b)(i) of this paragraph, review, said report with the Bank, and promptly take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank’s views on the matter; and

(ii) the report referred to in sub-paragraph (b)(ii) of this paragraph, review, said report with the Bank, by March 1, 2008, or such later date as the Bank shall request, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank’s views on the matter.
### SCHEDULE 3

**Project Performance Indicators**

<table>
<thead>
<tr>
<th>Outcome Indicators</th>
<th>Target Values*</th>
<th>Data Collection and Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Baseline -2004</td>
<td>Frequency and Reports</td>
</tr>
<tr>
<td>Gradual increase in satisfaction of residents with sewerage/sanitation service delivery in participating areas, including health incidences of diarrhea</td>
<td>5,600</td>
<td>yes</td>
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<tr>
<td>BOD removed by septage and sewage treatment plants (cumulative ton/yr)</td>
<td>5,600</td>
<td>6,720</td>
</tr>
<tr>
<td>Percent increase in take-up rate of desludging service (% take-up rate/yr)</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Number of sewage treatment plants treating combined flows that comply with relevant discharge standards (cumulative #)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cost of operation of the new treatment plants in an acceptable range ($/ton)</td>
<td>Around 20%</td>
<td>Around 20%</td>
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<tr>
<td>Results Indicators for Each Component</td>
<td>Component One: Sewage management</td>
<td>Component Two: Septage management</td>
</tr>
<tr>
<td>--------------------------------------</td>
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<td>----------------------------------</td>
</tr>
<tr>
<td></td>
<td>Number of water connections in MWCI service area with sewage treatment service (cumulative # by end of yr) (#)</td>
<td>Number of septic tanks de-sludged in MWCI service area (cumulative # by end of yr)</td>
</tr>
<tr>
<td></td>
<td>46,350 46,350 46,350 46,350 79,430 95,980 117,000</td>
<td>17,000 35,000 54,000 84,240 129,600 190,080 250,560</td>
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<tr>
<td></td>
<td>Volume of sewage treated before disposal (cumulative 1000 m³/year)</td>
<td>Volume of septage treated before disposal (cumulative m³ by end of yr)</td>
</tr>
<tr>
<td></td>
<td>7,026 15,457 21,078 28,105 44,742 69,699 113,227</td>
<td>0 0 0 0 151,200 378,000 680,400 982,800</td>
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<td>Length of drainage lines installed/rehabilitated (cumulative km by end of yr) (km)**</td>
<td>Percentage of BOD reduction in septic tanks in a sample not smaller than 0.5%/year of septic tanks emptied (% average reduction)</td>
</tr>
<tr>
<td></td>
<td>0 0 0 0 26 52 120</td>
<td>~10% ~20% ~20%, ~20% ~20%</td>
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<tr>
<td></td>
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MWCI: Actual measurements/surveys
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<tr>
<th>Component Three: Technical assistance</th>
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<th>0</th>
<th>0</th>
<th>0</th>
<th>600,680</th>
<th>746,850</th>
<th>957,090</th>
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<tr>
<td>Number of people reached by public information campaign (#/yr)</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Percent increase in take-up rate of desludging service (% take-up rate/yr)</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
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<tr>
<td>Prepared follow-up wastewater and sanitation programs</td>
<td></td>
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<td></td>
<td>yes</td>
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*In accordance with the scheduled completion of projects as written in the Procurement Plan

**Subject to verification of surveyed length of drainage lines requiring rehabilitation

Other Assumptions:
1. Septage and Sewage Treatment Plants Capacity Build-up: 50%-1\textsuperscript{st} year of operation, 75%-2\textsuperscript{nd} year of operation, 100%-3\textsuperscript{rd} year of operation
3. Includes the calculated BOD reduction from the combined STP systems in the Taguig, Hagonoy and Labasan ponds
4. Includes the combined STP systems in the Taguig, Hagonoy and Labasan ponds