



Republic of the Philippines  
**DEPARTMENT OF FINANCE**  
Roxas Blvd. corner P. Ocampo St., 1004 Manila



June 13, 2024

**Ms. MA. CRISTINA P. FERNANDEZ-MILLAN**  
Consultant

**Subject: NOTICE TO PROCEED**

**Dear Ms. Millan:**

In view of the award of the Contract for the engagement of Services of Technical Consultant as Economic Regulations Specialist ("the Contract"), you are hereby given Notice to Proceed to render said consultancy services for this Department.

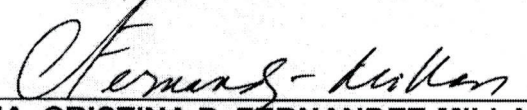
This Contract shall be effective from July 1, 2024 to December 31, 2024.

Thank you.

Very truly yours,

  
**BAYANI H. AGABIN**  
Undersecretary

CONFORME:

  
**MA. CRISTINA P. FERNANDEZ-MILLAN**

Date: 6/19/2024

**CONTRACT AGREEMENT FOR THE ENGAGEMENT OF SERVICES OF  
TECHNICAL CONSULTANT AS ECONOMIC REGULATIONS SPECIALIST FOR THE  
PRIVATIZATION AND PARTNERSHIPS GROUP IN THE  
DEPARTMENT OF FINANCE**

**KNOW ALL MEN BY THESE PRESENTS:**

This CONTRACT entered into this   JUN 19   day of   2024   2024 in the City of Manila, Philippines, by and between:

The **DEPARTMENT OF FINANCE**, a government agency of the Republic of the Philippines with principal office at the 6<sup>th</sup> Floor, DOF Building, Roxas Boulevard, Manila, herein represented by **Undersecretary BAYANI H. AGABIN**, hereinafter referred to as the "**DEPARTMENT**";

-and-

**Ms. MA. CRISTINA P. FERNANDEZ-MILLAN**, of legal age, Filipino and a resident of \_\_\_\_\_  
hereinafter referred to as the "**CONSULTANT**".

The Department and the Consultant shall be collectively referred herein as the **PARTIES.**"

**WITNESSETH That:**

WHEREAS, infrastructure and quality of service access gaps in the water supply and sanitation (WSS) sector present serious water risks that have far reaching effects in the Philippine economy. Now, climate change even poses a bigger risk. It is estimated that the Philippines will experience an average annual economic decline of 0.7 percent in annual GDP in the years up to 2050 because of water risks. Water risks from flooding, droughts, and poor water quality also represent a threat to food security. It will compound existing malnutrition and spatial inequities in the country. Due to its cross-sectoral impacts, water security is a socio-economic priority in the Philippines. Climate change makes it urgent;

WHEREAS, as integrated approach to water security is needed to adapt to climate change sustainably and inclusively and securing adequate water and sanitation is its prerequisite. To achieve this, the Philippines will need to speed up and scale up its efforts around the "three Is" – Institutions, Incentives and Investments;

WHEREAS, on institutions: It is important to have clear policies and institutional arrangements with effective coordination, planning and management across sectors and levels of government, development, and enforcement of regulation. On incentives: Policy reforms need to be combined with a push in terms of regulation to better value and price water. On investments, sector funding, and financing are needed to close the current gaps;

WHEREAS, the DEPARTMENT needs to engage the services of Technical Consultant;

WHEREAS, as provided under Section 53.7 of the 2016 Revised Implementing Rules and Regulations (2016 Revised-IRR) of Republic Act (RA) No. 9184, negotiated procurement is allowed in the case of individual consultants hired to do work that is: (i) highly technical or proprietary; or (ii) primarily confidential or policy determining, where



trust and confidence are the primary consideration for the hiring of the consultant; Provided, That the term of the individual consultants shall, at the most, be on a six month basis renewable at the option of the appointing Head of the Procuring Entity (HoPE), but in no case shall exceed the term of the latter;

WHEREAS, the engagement of the services of Ms. Ma. Cristina P. Hernandez-Millan is necessary where her technical expertise can be fully tapped;

WHEREAS, under the DEPARTMENT's Bids and Awards Committee (BAC) Resolution No. 013-2024 dated May 21, 2024, it was resolved to recommend the engagement of the consulting services of Ms. Ma. Cristina P. Hernandez-Millan through negotiated procurement because the work to be performed is highly technical in nature;

WHEREAS, the DEPARTMENT shall engage the services of the CONSULTANT for the provision of the Services for the period of July 1, 2024 to December 31, 2024;

WHEREAS, the CONSULTANT is willing to provide the services and technical assistance to the DEPARTMENT;

WHEREAS, the DEPARTMENT has issued Obligation Request and Status No. 011011012024-06-001193 dated June 7, 2024 certifying that adequate funds have been duly appropriated for this procurement in accordance with existing accounting and auditing rules and regulations;

NOW THEREFORE, for and in consideration of the foregoing premises, the parties hereto have agreed as follows:

**1. SCOPE OF SERVICES**

The CONSULTANT shall have the following duties and functions:

- A. Review of Existing Policies and Determination of Areas for Policy Reform:
  1. Conduct desk review of
    - i) existing sector documents;
    - ii) financial models; and
    - ii) existing practices/models used by various bulk water and water service providers
  2. Draft inception note and work plan summarizing existing policies and identifying key areas for policy reform.
- B. Pricing Strategies/Tariff Methodology for Bulk Water and Water Service Providers
  1. Determine pricing strategies based on the findings from the desk review, including recommendations on pro-poor tariff setting policies;
  2. Deliver a comprehensive analysis in the application of the pricing strategies, benchmarking from international standards and practices, to at least one of the different kinds of bulk water and water service providers;
  3. Develop recommendations/identify necessary policy reforms on the tariff methodology for each of the different kinds of bulk water and water service providers;
  4. Draft Interim Report on the proposed tariff methodology for the different kinds of bulk water/water service providers and present this to the DOF representatives;
  5. Compare proposed pricing strategies with current tariffs with due consideration to existing laws and policies (i.e. maximum



12% rate of return, maximum tariff of 5% of the monthly salary of lowest income bracket, etc.) to aid policymakers and utility regulators in making informed decisions about pricing strategies that balance the needs of consumers, financial sustainability of water utilities, and compliance with relevant laws and policies.

- C. Determine the appropriate regulatory framework for water service providers
1. Develop recommendations/identify necessary policy reforms on the economic regulation of bulk water/water service providers;
  2. Draft Final Report on the proposed economic regulatory framework for different types of bulk water/water service providers;
  3. Develop guidelines setting out framework, process, procedures and methodology to advise the executive order and/or republic act on the Department of Water and/or the Water Regulatory Commission; and
  4. Support the drafting and development of the executive order and/or republic act on the Department of Water and/or Water Regulatory Commission through policy research, legal analysis, and verifying best practices from successful Department and/or Commissions overseas that are applicable to the Philippines.

## 2. **CONSULTANCY FEE**

For and in consideration of the Services rendered by the CONSULTANT, the DEPARTMENT hereby agrees to pay the former a monthly fee of ONE HUNDRED FIFTY THOUSAND PESOS (₱150,000.00) for six (6) months or an aggregate amount of NINE HUNDRED THOUSAND PESOS (₱900,000.00), subject to withholding tax and any and all taxes payable to the government. All payments made under this CONTRACT shall be subject to applicable government accounting and auditing rules and regulations. The CONSULTANT shall not be entitled to fringe benefits, representation and transportation allowance, and other allowances and incentives given to DEPARTMENT employees.

## 3. **CONFLICT OF INTEREST**

The CONSULTANT commits to provide technical, objective and impartial services to the DEPARTMENT and at all times uphold its paramount interests without consideration for future work assignments that may place the CONSULTANT in a position of not being able to carry out the assignments in the best interest of the DEPARTMENT.

## 4. **CONFIDENTIALITY CLAUSE/NON-DISCLOSURE**

Except with the prior written consent of the DEPARTMENT, the CONSULTANT shall not at any time communicate to any person or entity any confidential information acquired in the course of the performance of the Services, nor shall the CONSULTANT make public the recommendations formulated in the course of, or as a result of, the Services. For purposes of this clause, "Confidential Information" means any information or knowledge acquired by the CONSULTANT arising out of, or in connection with, the performance of the Services under this CONTRACT that is not otherwise available to the public.



**5. NO EMPLOYER – EMPLOYEE RELATIONSHIP**

It is expressly understood and agreed that the CONSULTANT assigned to the DEPARTMENT is not an employee of the DEPARTMENT. It is further understood and agreed that any personal injury, death or damage sustained by the CONSULTANT during the performance of her duties or while within premises of the DEPARTMENT attributable to the acts, omissions, or fault of the DEPARTMENT shall be the liability of the official, employee or agent concerned.

**6. CONSULTANT'S LIABILITY**

The CONSULTANT shall indemnify the DEPARTMENT for any and all damages that the DEPARTMENT may incur due to the fault, negligence, error or omission of the CONSULTANT, without prejudice to other legal remedies available to the DEPARTMENT.

**7. EFFECTIVITY DATE AND DURATION OF CONTRACT**

This CONTRACT shall be in force for the period July 1, 2024 to December 31, 2024.

**8. AMENDMENT AND MODIFICATION**

No addendum or amendment to this CONTRACT shall be valid and binding between the PARTIES, unless it is in writing and signed by the PARTIES or their authorized representatives.

**9. VENUE**

In case of any litigation arising from this CONTRACT, the PARTIES agree that the competent courts of Manila shall be the exclusive venue, to the exclusion of all other courts or tribunals.

**10. TERMINATION OF CONTRACT**

Either the DEPARTMENT or the CONSULTANT may terminate this CONTRACT no less than thirty (30) days upon service of prior written notice to the other party.

**11. SEPARABILITY**

If any one or more of the provisions contained in this CONTRACT or any documents executed in connections herewith shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired.

**12. DATA PRIVACY COMPLIANCE**

The PARTIES shall comply with the provisions of Republic Act (RA) No. 10173, otherwise known as the "Data Privacy Act of 2012", its Implementing Rules and Regulations (IRR), issuances of the National Privacy Commission (NPC), and other applicable laws on processing of personal information. These shall include compliance with all relevant data protection policies of the DEPARTMENT and other measures reasonably necessary



to prevent any use or disclosure of personal data other than as allowed under this CONTRACT.

The PARTIES shall implement security measures aimed at maintaining the availability, integrity, and confidentiality of personal data including the protection of personal data against any accidental or unlawful destruction, alteration, and disclosure, as well as against any other unlawful processing.

**13. CONSENT TO THE PROCESSING OF PERSONAL INFORMATION**

As part of the data privacy compliance, the CONSULTANT hereby grants his consent to the DEPARTMENT's processing of her personal information collected under this CONTRACT, which may include the disclosure of such information to third parties, to comply with requirements of law in relation to the implementation of this CONTRACT.

IN WITNESS WHEREOF, the parties have hereto set their hands this \_\_\_\_\_ day of JUN 19 2024 2024 at Manila, Philippines.

**CONSULTANT**

By:

  
**MA. CRISTINA P. FERNANDEZ-MILLAN**  
Consultant

**DEPARTMENT OF FINANCE**

By:

  
**BAYANI H. AGABIN**  
Undersecretary

**SIGNED IN THE PRESENCE OF**

\_\_\_\_\_

\_\_\_\_\_

