**Summary**

The objective of the assignment is to assist the Government in making the Water Cell in the Policy Support Unit (PSU) of the Local Government Division (LGD) functional by developing necessary rules and standards for regulating water utilities operating in the urban sector and starting performance monitoring of major water utilities. Specific outputs will include: (i) drafting rules and standards for regulating water utilities, including financial management regulations, tariff setting methodology, service standards and performance indicators, and customer service regulations; (ii) preparing monitoring reports on the performance of major water utilities by using the approved rules and standards by reviewing the reports submitted by water utilities; (iii) preparation for the establishment of Water Economic Regulatory Commission (WERC), including the preparation of a road map; and (iv) capacity building of the government officers, particularly those of the Water Cell, to perform their obligations.