

Summary of Evaluation Result (After Extension)

1. Outline of the Project		
Country: The Republic of the Philippines		Project Title: The Small Water Districts Improvement Project
Issue/ Sector: Water Resources, Disaster Risk Management		Cooperation Scheme: Technical Cooperation Project
Division in Charge: JICA Philippine Office		Total Cost: 1,019 million Yen (including original and extended period)
Cooperation Period	August 2005 to Jul 2010 (original period)	Partner Country's Implementation Organization: Local Water Utilities Administration [LWUA]
	and Aug 2010 to March 2012 (extended period)	Supporting Organization in Japan: None
		Other Supporting Organization: None
1-1 Background of the Project		
<p>In the Philippines, until the 1960s, water supply services were provided mainly by Local Government Units (LGUs) but beginning in 1973, water districts (WDs) were created through Presidential Decree 198. The act also established the Local Water Utilities Administration (LWUA), a national level, government-owned and controlled corporation to provide water districts with financial and technical assistance and to serve as their regulator.</p> <p>In 2004, Executive Order (EO) 279 was approved to provide for comprehensive reform of the financing policies of the water supply sector and to streamline LWUA's organization structure. EO 279 mandates that LWUA focus its lending operation and assistance on less creditworthy water districts, with the aim of graduating them to more creditworthy and financially sustainable status.</p> <p>However, capacities of many small WDs remained low due to such problems as lack of financial resources, weaknesses in technical, institutional and managerial capabilities, as well as inadequate water supply, poor water quality and high non-revenue water. Many small water districts were also suffering from excessive debt needed for initial investment and inadequate capability of operation and maintenance and rehabilitation of facilities, resulting in decrease in number of customers.</p> <p>Under this circumstance, the Government of the Philippines (GOP) requested the Government of Japan (GOJ) for implementing "Small Water Districts Improvement Project (SWDIP)" to be implemented under JICA's Technical Cooperation Program (TCP) to financially and technically support the small water districts. The SWDIP commenced in August 2005 and was originally supposed to complete in July 2010. The project originally covered 54 WDs, 20 of which were selected to receive technical assistance for the preparation of improvement plans with financial grants for facilities improvement.</p> <p>The Terminal Evaluation conducted in March 2010, however, recommended for the extension of the project cooperation by pointing out that although the WDs are applying the skills and knowledge learned from the Project, they need to improve their way of actual application. Additionally, 10 WDs were selected mainly for the formulation of Improvement Plans for services and financial viability, two of which were selected from the target WDs covered by the Japan's Grant Aid program in 2002-2003 and eight selected from the remaining 34 of the 54 target WDs by the project. The criteria of the selection included the availability of potential water sources and the approval of a financial source. Following this recommendation, the GOP and GOJ authorities, as represented by LWUA and JICA, signed the Minutes of Meeting (M/M) on June 15, 2010 concerning the project's extension period from August 2010 to March 2012.</p>		

1-2 Cooperation Overview

(1) Overall Goal:

Water supply services and management of target water districts are improved.

(2) Project Purpose:

[1] Water supply services and management of selected water districts are improved.

[2] Guideline for improvement of water supply services and financial viability of the target WDs (excluding 20 selected WDs) are prepared.

(3) Outputs:

1. Profiles of target WDs are prepared and the WDs to be improved by the Project are selected.

2. Improvement Plans for services and financial viability of selected WDs are prepared, updated and implemented as scheduled.

3. Water supply facilities of selected WDs are improved.

4. Overall Management Capacity of Target WDs Personnel is strengthened.

5. LWUA's technical support for target WDs is enhanced and this experience is disseminated to other water districts.

(4) Inputs:

1) Japanese Side (1,019 million yen in total including original and extended period)

- a) Dispatch of Experts: 2 Long-term Experts (original), 2 Long-term Experts (extension); 7 Short-term Experts (original), 2 Short-term Experts (extension)
- b) Training in Japan: 4 LWUA C/Ps (original), 1 LWUA C/P (extension)
- c) Provision of Equipment: 25 million yen (original)
- d) Local Cost (Facilities Improvement): 230 million yen (original); 2.291 million (Php, extension)
- e) Local Consultants: 10 (original), 2 (extension)
- f) Local Contractors: 3 (original), 1 (extension)

2) Philippine Side

- a) Project Counterparts: 11
- b) Local Cost: 4.5 million php (900 thousand php/year x 5 years)
- c) Land and Facilities: Lot for Reservoir/Pump Stations in each WD
- d) Others: Software & Installation (including training) of the Computerized Billing & Collection System

(4) Activities undertaken during the Extension Period;

Activities undertaken during the Extension Period were mainly focused on Outputs 2 and 5. The following table summarizes the activities relevant to each Output.

Output	Target and relevant Activities
Output 1	Formulating selection criteria to identify 10 WDs to be approved by LWUA
Output 2	Assisting for the newly selected 10 WDs in formulating and updating improvement plans (also assisting the 20 WDs in updating their improvement plans by adjusting financial projections, population coverage, among others)
Output 3	Providing managerial assistance to two WDs and on-the-job training on operation and maintenance for Water Treatment Plant (WTP) to remaining 4 WDs, all of which were covered under the Grant Aid Follow-Up cooperation. Assisting Abuyog WD in

	preparing procurement plans, detailed design and bidding documents etc.
Output 4	No additional activities during the extension period
Output 5	Formulating recommendations on transferring effective technologies to LWUA counterparts for the improving services and management of the target WDs; and on effective policy or program for the strengthening of the target WDs

The following table summarizes the original plan of activities:

Category of WDs	Planned Activities					
	Output 1	Output 2	Output 3	Output 4	Output 5	Project Purpose
20 Selected WDs	Y	Y	Y	Y	Y	Indicator 1-1 and 1-2
34 Target WDs	Y	N	N	Y	Y	Indicator 2-1

Note: “Y” indicates activities are planned in relation to each Output while “N” shows no activity is targeted under the SWDIP.

The following table summarizes the plan of activities during the extension period:

Category of WDs		Planned Activities					
		Output 1	Output 2	Output 3	Output 4	Output 5	Project Purpose
20 Selected WDs		F	Y (only updating of implementation plan)	F	F	Y	Indicator 1-1 and 1-2
26 target WDs (remaining out of 34 target WDs)	34 target WDs	F	N	N	F	Y	Indicator 2-1
Newly selected 10 WDs		8 WDs from target 34 WDs	Y	Y	Y (only providing managerial assistance etc.)	F	
	2 WDs from Grant Aid Follow-up				N		
Remaining 4 WDs under Grant Aid Follow-up	Aid Follow-up	N	N	Y (only providing O&M training)	N		N

Note: “F” indicates the activity was finished in the original period. Also see above note.

2. Evaluation Team

Team Members	<p>(Japanese side)</p> <ul style="list-style-type: none"> - Team Leader: Ms. Sachiko Takeda, Senior Representative, JICA Philippine Office - Cooperation Planning: Ms. Etsuko Taneda, Representative, JICA Philippine Office - Cooperation Planning: Mr. Kessy A. Reyes, Program Officer, JICA Philippine Office - Evaluation Analysis and Report Writing: Mr. Rey Gerona, In-house Consultant, JICA Philippine Office - Counselor: Mr. Katsuyoshi Tomono, NPO Terra corporation <p>(Philippine side)</p> <ul style="list-style-type: none"> - Mr. Oscar M. Jusi, Technical Specialist, Local Water Utilities Administration
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	- Ms. Myrra Montano, Financial Specialist, Local Water Utilities Administration	
Period	20 February, 2012 – 1 March, 2012	Type of Evaluation: Terminal Evaluation
3. Summary of Evaluation		
3-1 Result of Cooperation		
(1) Activities		
Project activities were implemented almost as scheduled based on the Project Design Matrix (PDM).		
(1) Achievement at the Output level		
The states of achievements are summarized as follows.		
Output 1: Profiles of target WDs are prepared and the WDs to be improved by the project are selected.		
<ul style="list-style-type: none"> • Indicator 1-1: Profiles of target WDs prepared by Jan. 2006 • Indicator 1-2: Selection criteria of WDs to be improved prepared by Feb. 2006 • Indicator 1-3: Final list of selected WDs agreed upon by LWUA by Mar. 2006 		
<p><u>Output 1 was fully achieved.</u> Profiles of all 60 WDs targeted for project coverage were prepared in February 2006. The criteria for selecting the 20 WDs for facilities improvement were formulated in March 2006 and the final list of the WDs for facilities improvement was agreed upon by LWUA during the JCC Meeting in May 2006.</p> <p>During the extension period, the project formulated the criteria for selecting the “additional” WDs (8 WDs from the remaining 34 of the 54 WDs and two out of the Grant Aid Follow-up cooperation project) in August 2010 and the final list of the 10 additional WDs were agreed upon with LWUA on September 2010.</p>		
Output 2: Improvement plans for services and financial viability of selected WDs are prepared, updated and implemented as scheduled.		
<ul style="list-style-type: none"> • Indicator 2-1: Improvement plans of the first 10 WDs agreed upon with WDs by July 2006 and of the second 10 WDs by July 2007 		
<p><u>Output 2 was fully achieved.</u> Improvement plans of 20 WDs were prepared in July 2006 (for the first 10 WDs) and July 2007 (for the other 10 WDs). In addition, the project also assisted the preparation of improvement plans for the 4 WDs assisted by the Follow-up Cooperation of the Japan’s Grant Aid (Improvement of Water Quality in Local Areas).</p> <p>During the extension period, improvement plans were prepared for 10 WDs, 8 of which belong to the remaining 34 of the 54 WDs, and 2 WDs from the 6 WDs covered by the F/U Cooperation. Improvement plans were agreed upon by the respective WDs one at a time between 2010 and 2011.</p> <p>Also during the extension period, the project monitored and visited the 20 WDs that received facilities improvement during the original period and assisted them in updating their improvement plans. As of the time of evaluation, 19 of the 20 WDs implement activities based on the updated improvement plans.</p>		
Output 3: Water supply facilities selected WDs are improved.		
<ul style="list-style-type: none"> • Indicator 3-1: Detailed design and tender documents for the facility improvement of the first 10 WDs prepared by Mar. 2007 and of the second 10 WDs prepared by Mar. 2008. • Indicator 3-2: Facility improvement works of the first 10 WDs completed by Mar. 2008 and of the second 10 WDs completed by Mar. 2009. 		
<p><u>Output 3 was fully achieved.</u> The detailed designs and tender documents for facility improvement of</p>		

20 WDs were prepared in 2006 for the first 10 WDs and in 2007 for the remaining 10 WDs. During the extension period, the project likewise prepared the detailed design and tender documents for Abuyog WD.

The construction works for the 20 WDs were completed at one time or another between 2008 and 2009. During the extension period, the project started the rehabilitation of existing pumping station of Abuyog WD (part of the 6 WDs covered by the F/U Cooperation of the Grant Aid Program) in October 2011 and completed the works in December 2011.

Output 4: Overall management capacity of target WD personnel is strengthened.

- Indicator 4-1: Knowledge on management and O/M of the personnel of target WDs are strengthened.
- Indicator 4-2: Knowledge and skills on management and O/M of the personnel of selected WDs are strengthened.

Output 4 is achieved to a large extent, but the achievement process found to be continuing as evidence by testimonies of some staff of WDs visited by the evaluation team. Moreover, according the End Line Survey Report (conducted by Local Consultant), most WD personnel are now able to prepare improvement plans, water demand, and financial projections that will guide the future development programs of the WDs.

Also, based on the Terminal Evaluation conducted in March 2010, in terms of the performance of the WDs in the training program, the WDs had an average of 70% rating from results of evaluation every after each training conducted by the project. All 34 WDs (target WDs) sent their personnel to seminars and workshops organized and conducted by the project. Attending WD personnel learned basic knowledge and acquired basic skills from seminars and workshops on such fields as financial and organizational management, proper operations and maintenance (O&M) and planning. Personnel of target WDs who attended seminars and workshops were able to strengthen knowledge and skills by actually applying such knowledge and skills in their preparation of improvement plans and in their preparation of project proposals. In fact, 6 target WDs had their project proposals for Non-LWUA Initiated Funds (NLIF) approved by LWUA and 6 more target WDs received regular LWUA loan.

The selected WDs (20 out of the 54 WDs) received various trainings and also participated in seminars and workshops conducted by the project. Through these trainings, seminars and workshops, knowledge and skills related to various aspects of managing Water Districts (WDs) were acquired. Japanese experts together with LWUA counterparts also conducted follow up visits and on-the-job trainings (OJT) which paved the way for the WD personnel to strengthen management skills. 14 of the 20 selected WDs were able to get their project proposals for NLIF funding approved by LWUA.

Output 5: LWUA's technical support for target WDs is enhanced and this experience is disseminated to other WDs.

- Indicator 5-1: Knowledge of LWUA counterpart personnel on the financial and technical condition and on water supply system improvement of target WDs are strengthened.
- Indicator 5-2: Knowledge of LWUA on the effective improvement methodology for target WDs is enhanced.

Knowledge of LWUA counterpart personnel on the target WDs specified by Indicators 5-1 and 5-2 are enhanced as planned. But the process of achieving Output 5 is found to be continuing, since dissemination of this project experience by LWUA personnel is to be done from now on by aggressively implementing a set of advisory activities attempted by the Project in other WDs. Accordingly, the evaluation team concludes that Output 5 is achieved to a large extent. The Terminal Evaluation in March 2010 found out that LWUA counterparts had already sufficient

knowledge and experience even before the project, but the project activities had given LWUA counterparts the opportunity to gain more knowledge particularly on hydrological analysis and on more practical approaches such as community meetings. LWUA counterparts were involved in all activities of Japanese experts such as conducting survey and profiling of WDs, formulation of selection criteria, lectures and practical advice to WD personnel, formulation of improvement plans, administration of procurement of services, inspection of construction works; and financial analysis, among others. In addition to LWUA counterparts assigned to the project, 37 other LWUA personnel participated in seminars and workshops conducted by the project, which additionally, enhanced their knowledge on methodologies for improving WDs.

(2) Achievement at the Project Purpose level

The project is expected to improve the water supply services and management of the 20 selected WDs. It is also expected to prepare a guideline for the improvement of water supply services and financial viability of the 34 WDs which did not receive facilities improvement from the project.

According to the PDM (June 2010), the achievement of the project purpose is evidenced by three indicators. The achievement of each indicator is discussed below.

Indicator 1-1: Operation and financial indicators of all the selected WDs are improved

Each of the selected WDs has been faced with a different set of issues such as limitation of water resources and problem in water quality, poor facility, financial difficulty, lack of technical and managerial capacity and knowledge, etc. Since the project could not solve all such issues at one time, prioritization of the issues to be tackled in this project was done for each of the selected WDs with assistance of the Project team. In fact, the project made several attempts to enable WDs learn how to develop and implement a feasible improvement plan amidst various constraints. The project successfully improved operation and financial conditions in the prioritized areas. Some of the selected WDs have been making continuous efforts for further facility improvement and expanding service area by seeking for additional finance.

Improvement of operation and management of WDs are evidenced by operational and financial indicators below. However, it is also important to note that the WDs have various issues which are not easily solved. It is shown in indicators that WDs started the improvement, even though the speed of improvement differs depending on the peculiarities of problems and situation of particular WD. At the time of evaluation, the operational and financial indicators of 19 of the 20 selected WDs show a general trend towards improvement. Project records show significant improvements of the operational and financial aspects of the selected WDs except for Balatan WD which ceased operating in 2010 because of the legal dispute concerning ownership of the water source.

Because of the facility improvement supported by the project, nineteen (19) of the 20 selected WDs achieved increased service coverage and served population, increased number of active service connections, reduction in non-revenue water (NRW), and increased gross receipts in water sales. These improvements were realized immediately after the facilities of selected WDs were improved. The significant improvements achieved by the 19 WDs were also attained by Balatan WD until it halted its operations in 2010.

Operational Indicators

1) Number of Active Service Connections (ASC)

Before the project started, WDs were facing decrease in the number of ASCs. However, after implementation of the project, all WDs have successfully increased their number of ASCs and have achieved their target additional ASCs. Average increase rate from 2005 to 2011 for 19 WDs (excluding Balatan) is at 152%. Two WDs have successfully increased more than double (Metro Siargao: 255% and Wao: 204%) and 7 more WDs reached more than 150%.

Facility improvement with the grant fund, NLIF and other sources, for improvement of facilities such as expansion of distribution lines, water resources development and reduction of NRW, and active

marketing schemes including community meetings with stakeholders have contributed to the remarkable increase in the number of ASCs. However, some WDs show relatively slow increase because of limitation in areas such as water resources, water quality, area of further expansion, etc. Even the increase rate is rather small, the indicator shows slow but steady growth in the number of ASCs. However still some WDs face disconnections due to poor water quality during the rainy season, non-payment of concessionaires, etc. that has resulted to decrease in number of ASCs.

2) Non-Revenue Water (NRW)

In general, as water mains become defective over time, NRW tends to increase every year especially without rehabilitation interventions. Therefore, the only means of significantly reducing NRW is to replace old mains, which requires a big investment especially for those WDs which have high NRW. In this Project, some WDs with limited water resources chose to invest in facility improvement mainly to reduce NRW. Decreasing NRW is an effective measure to ensure expansion of the service area.

At the start of the Project in 2005, although the average NRW of 19 WDs was 41%, it was significantly reduced to 34% in 2011. Out of 12 WDs whose NRW were more than 25% in 2005, 10 WDs have reduced the NRW by 2011. Especially for those WDs that focused its facility improvement mainly for the reduction of NRW such as Masinloc and Hinatuan WDs, significant decrease in NRW was achieved. In Masinloc WD, NRW was reduced from 70% to 23% while NRW was reduced from 49% to 25% in Hinatuan WD.

From 2005 to 2011, improvement is shown as the number of WDs with high NRW decreased and the number of WDs with lower NRW (less than 45% which is at credit and semi-credit worthy level) increased from 10 WDs (50%) to 15WDs (79%).

Financial Indicators

Towards the end of 2011, the Project Team conducted a survey on financial performance of selected 19 WDs for the period from end 2005 to end 2011 based on 3 financial indicators set by the project.

1) Gross Receipt from Water Sales

All WDs have increased gross receipts from 2005 up to 2011. The increase in gross receipts can be attributed to the increase of additional ASCs generated after the completion of physical improvement in each WD.

Note: The Evaluation Team also observed some improvement in other operational and financial indicators, however, more time is needed to conclude such improvements. Moreover, the team also made assessments using LWUA's credit-worthiness indicators on other financial parameters to further identify significant changes and important points. However, data gathered is only limited at the time of evaluation.

Indicator 1-2: Satisfaction of the selected WDs' water users are elevated...

At the time of evaluation, majority of the water users in 19 of the selected WDs are found to be satisfied with the water supply quality and services of WDs. The results of the focus group discussions (FGD) with water users conducted by the evaluation team in four WDs reveal that water users' satisfaction of the overall services of WDs is changed from dissatisfied to satisfied. Only 3 of the 25 FGD participants in different WD areas expressed dissatisfaction of WD services.

Moreover, results of the End-line Survey conducted by the project in January-February 2012 also revealed the same facts in 19 WDs. The survey covered 50 households which were connected to the WDs a long time ago (old concessioners) and another 50 households which are newly connected to WDs (direct ASCs gained by project intervention).

The findings of the End-line Survey for old concessioners reveal that in average, 85% are satisfied with water availability, 86% are satisfied with accessibility to water, 81% are satisfied with water

quality, 89% are satisfied with adequacy of water pressure, 81% are satisfied with water fees affordability, and 87% are satisfied with the WDs' customer service and response. The overall satisfaction rating given by old concessionaires for the WDs is 86%.

On the other hand, findings of the End-line Survey for new concessionaires in average reveal that 94% are satisfied with water availability, 92% are satisfied with accessibility to water, 89% are satisfied with water quality, 93% are satisfied with adequacy of water pressure, 88% are satisfied with water fees affordability and 93 % are satisfied with WDs' customer service and response. The overall satisfaction rating given by new concessionaires for the WDs is 93%.

With above, Indicator 1-2 has been successfully achieved by the Project.

Indicator 2-1: Improvement plans of the target WDs (34 WDs) are prepared

This indicator is achieved. All the remaining 34 WDs which did not receive project assistance for facilities improvement had prepared their improvement plans. In addition, the project also facilitated the preparation of improvement plans for 6 WDs covered by the F/U Grant Aid cooperation.

3-2 Summary of Evaluation Results

(1) Relevance:

The project is highly relevant. With the growing Philippine population, the need to access potable water, especially in the provinces, need not be overemphasized. Roughly, four of every 10 families in the Philippines do not have access to drinking water. Under this circumstance, the Government of the Philippines accorded priority status to the water sector, particularly access to drinking water by Filipino families in the countryside, in its current Philippine Development Plan (PDP) 2010-2016. Along this line, the present Aquino administration bravely announced last year its national target of achieving 86% of Filipino families having access to potable water by the end of its term in 2016.

The water sector and the project fall under the second pillar of JICA's Country Assistance Strategy for the Philippines, which pertains to poverty alleviation and basic human development. This pillar will likely remain as one of the priorities of the Japan's ODA policy for the Philippines in the medium-term.

As such, the project remains valid and consistent with the needs of the target beneficiaries particularly in the countryside, with the water sector policy and national development priorities of the Philippine government consistent with the development aid policy of the Japanese government.

(2) Effectiveness:

The project produced its expected outputs that effectively resulted to the project's achievement of its purpose. It can be said that the provision of facilities to 20 selected WDs contributed to the improvement operations thru the increase of number of service connections resulting to increase in gross sales; and the transfer of technologies on operations and management of WDs to WD personnel from the project team through trainings, workshops, seminars and problem-solving type advices. With the improved water service delivery, satisfaction level of water users is elevated in a majority of the WDs interviewed by the terminal evaluation team.

There are several aspects in this project which contributed to enhancement of the effectiveness.

Firstly, direct assistance to the 20 small WDs by hands-on and problem solving approach was very effective to improve the technical, operational, managerial and financial capacity of small and weak WDs which were in difficult condition having limited capacity and resources. In addition to providing knowledge and skills, the project also helped enhance the confidence and willingness of the people in WDs.

Secondly, the selection process of WDs has ensured commitment of WDs and potential for improvement.

Thirdly, the project's strategy of combining technical assistance and physical development of WDs was effective as the physical development provided incentive and encouraged WDs in achieving the project's objectives. The selection of facility improvement was made in the course of developing improvement plans. Necessary equipment were selected to meet the needs of each WD. Moreover, the transfer of knowledge and skills was made easier and expeditious because there was opportunity for hands-on and experiential on-the-job-trainings through the actual physical improvement of facilities of the 20 WDs.

However, at the time of evaluation, the evaluation team could not ascertain whether all selected WDs could solve operational and financial problems on their own in the future. This should be assessed at the time of ex-post evaluation. Nonetheless, it can be assumed that the level of knowledge of LWUA counterparts is improved through their frequent exposure in delivering lectures during trainings and workshops as well as on providing direct practical advice to WD personnel.

(3) Efficiency:

The inputs were generally implemented as planned.

According to the Terminal Evaluation Report conducted in March 2010, the provision of office management equipment to WDs had efficiently contributed to the improvement in managerial operations of the target WDs.

(4) Impact:

The project's achievement in improving the operational and financial status of 20 selected WDs seems to have encouraged the other 34 WDs to mobilize resource organizations using their improvement plans as basis for asking assistance. The Rosario WD is one of the many WDs that utilized the improvement plans for making and presenting project proposals to LWUA, local government units and other resource agencies for assistance.

The project had also positively made impact on the awareness level of community residents on hygiene and sanitation matters. This was observed by the project team during community meetings and was confirmed by the evaluation team through the results of the focus group discussions (FGD) with concessionaires and non-concessionaires in four WDs visited during the evaluation. With potable water flowing into the house, clean food preparation is better done, time is saved from fetching water and money is likewise saved from buying and boiling water. The results of the FGDs reveal that women family members benefit most from having clean water connected to the house such that women family members have more time to rest because they do not have to spend time fetching water for drinking and washing.

(5) Sustainability:

The sustainability of the project is primarily challenged by the LWUA-WD corporate relationships such that LWUA could not provide WDs free trainings, seminars or workshops like what the project did. Small WDs are financially, technically, and institutionally unstable and therefore require a combined technical and financial assistance. The present disposition of LWUA however does not guarantee that grant funding be provided to small WDs for improving their facilities as well as their technical and managerial capacity.

However, the project had successfully laid down the foundation for sustainability. These are discussed in details below:

Technically, the utilization of knowledge and skills transferred to LWUA counterparts is likely to continue because most of the counterparts are still working with LWUA on matters concerning the improvement of small WDs. At the level of WDs, based on test results, 70% of the trained managers and O&M staff acquired basic skills and techniques that effectively improved self-confidence levels. As such, the likelihood of utilizing learned skills and techniques in the daily work by both LWUA and

WD personnel is high.

Organizationally, basic management techniques are already in place in most of the WDs assisted by the project, such as financial recording and computerization of some of the aspects of the WD operations, among others. With the improvement plans, WDs can be guided in implementing improvement measures not only on the financial aspect but human resource management as well.

Institutionally, the project was able to strengthen the relationship between WDs and LWUA, not only through the project team, but also through the existing consultation mechanism between WDs and LWUA Area Advisers. At least 2 LWUA Area Advisers are assigned to the project as counterparts. Through community meetings and improvement plan formulation processes, relationship between WDs and most of the municipal governments in the project areas were strengthened. Good relationship allows cooperative undertakings, which in many instances municipal governments provide funding to WDs. This is very evident in San Marcelino and Masinloc WDs where the evaluation team visited and had interviews.

Financially, the project had successfully led 19 selected WDs to improve the financial situations by providing grant assistance even though the level of improvement differs from one WD to another. Sustaining these situations however also partly lies on the sustained utilization and upgrading of the skills and techniques by WD personnel learned from the project and availability of funds. As such, continued technical and managerial assistance to WDs is deemed indispensable.

Policy-wise, the guidelines prepared by the project for improving small WDs can be utilized by LWUA to advance policies and regulations concerning government's support to small WDs.

3-3 Facilitation Factors

Security risk conditions in project areas were low, paving the way for the timely execution of project activities, such as conducting survey and making profiles of WDs; and in conducting on-the job trainings to formulate the improvement plans, among others. Accessibility and proximity of selected WDs to construction equipment and materials were factors that also contributed to the completion of civil works of the facility improvement generally as scheduled.

The results of the meetings and interviews conducted by the evaluation team with WD officers in San Marcelino, Masinloc, Binmaley and Rosario gave an impression that cooperative local politicians are also keys to achieving the project objectives. This is evident in San Marcelino and Masinloc WDs where the municipal governments give priority status in its local development plans the improvement of the water supply services of WDs such that provision of grant funding to WDs are actually programmed by the municipal governments.

3-4 Impeding Factors

Although the case of Balatan WD can be considered isolated, it may be worth learning to mention that ownership of the water source is an important factor that planning process should not miss to examine and analyze. Because the water source ownership was overlooked, the operations of Balatan WD had been stopped after the project invested some 5.6 million pesos for improving its facilities. Meanwhile, LWUA and Balatan WD spent some more funds looking for other water sources in the locality.

With a government-owned and controlled corporation (GOCC) status, LWUA is expected by the government to generate incomes through trainings and other similar services. As such, LWUA could not provide free trainings to WDs neither give grants to improve WD facilities. Access to LWUA's services therefore may not be easy for small WDs. Had it not for the project, LWUA could not have provided facility improvement to 20 selected WDs as well as continued technical assistance to all 54 small WDs.

3-5 Results

The project overall produced its expected outputs that effectively resulted to the achievement of its project purpose. It was shown by the project that the provision of facilities to the 20 selected WDs contributed to the improvement operations thru the increase of number of service connections resulting to increase in gross sales; and the transfer of technologies on operations and management of WDs to WD personnel from the project team through trainings, workshops, seminars and problem-solving type advices was very effective. Then, satisfaction level of water users was elevated in a majority of the WDs. As the project overall achieved its project's outputs and project purpose throughout the project period (original and extension periods), no further extension of the project would not be recommended.

However, the sustainability of the project is primarily challenged by the LWUA-WD corporate relationships such that LWUA could not provide WDs free trainings, seminars or workshops like what the project did. Although the present disposition of LWUA however does not guarantee that grant funding be provided to small WDs for improving their facilities as well as their technical and managerial capacity, small WDs require a continuous assistance from LWUA as they are still financially, technically, and institutionally unstable and therefore require a combined technical and financial assistance.

3-6 Recommendations

(1) In order to enhance prospects for project sustainability, the evaluation team recommends that LWUA strengthens the existing consultation mechanism between WDs and LWUA through the Management Advisors. Through this mechanism, technology transfer process is continued through the services of Management Advisors free of charge. The two Management Advisors assigned as counterparts in this project may initiate organizational discussions to develop a framework for strengthening such mechanism.

(2) It is also recommended that LWUA studies possibilities of establishing a guide for “big brother-small brother” or “sisterhood” relationships among small WDs.

(3) For the purpose of disseminating further the good practices produced by the project, it is likewise recommended that LWUA studies the possibilities of inviting “improved” WD managers and O&M staff to deliver lectures during training and seminars organized by LWUA.

(4) In line with LWUA's social responsibility, it is suggested that LWUA continue providing mixed grant and loan assistance to small WDs and study the possibility of giving incentives and institutional advices to small WDs with demonstrated commitment to achieve better services and more efficient and effective management. Also in relation to this, it is recommended that LWUA study the possibility of providing missionary or concessional loans with lower interest rates and more liberal terms e.g., longer period of repayment.

3-7 Lessons Learned

(1) For planning similar projects in the future

It is important that ownership of water sources be studied carefully in formulating improvement plans

of small WDs. In this project, a WD was forced to cease operations because of legal disputes over the ownership of the only main water source the WD largely depend on for its water supply services.

(2) For implementing similar projects in the future

It is likewise important that indicators for “improved capability” of project counterparts and institutions be defined jointly at the inception stage of the project in order to objectively measure outcomes of project interventions in later stages of project implementation. Along this line, it is necessary to incorporate the “graduation strategy” (e.g., the “hows” of handing over the tasks of the Japanese experts to LWUA) and the envisaged policy recommendations in reviewing the project design at the beginning and at the middle of project implementation. Dialogues between JICA and the Implementing Agency (e.g., LWUA, and when necessary with oversight agencies) on such policy recommendations can be conducted continuously in the course of project implementation.