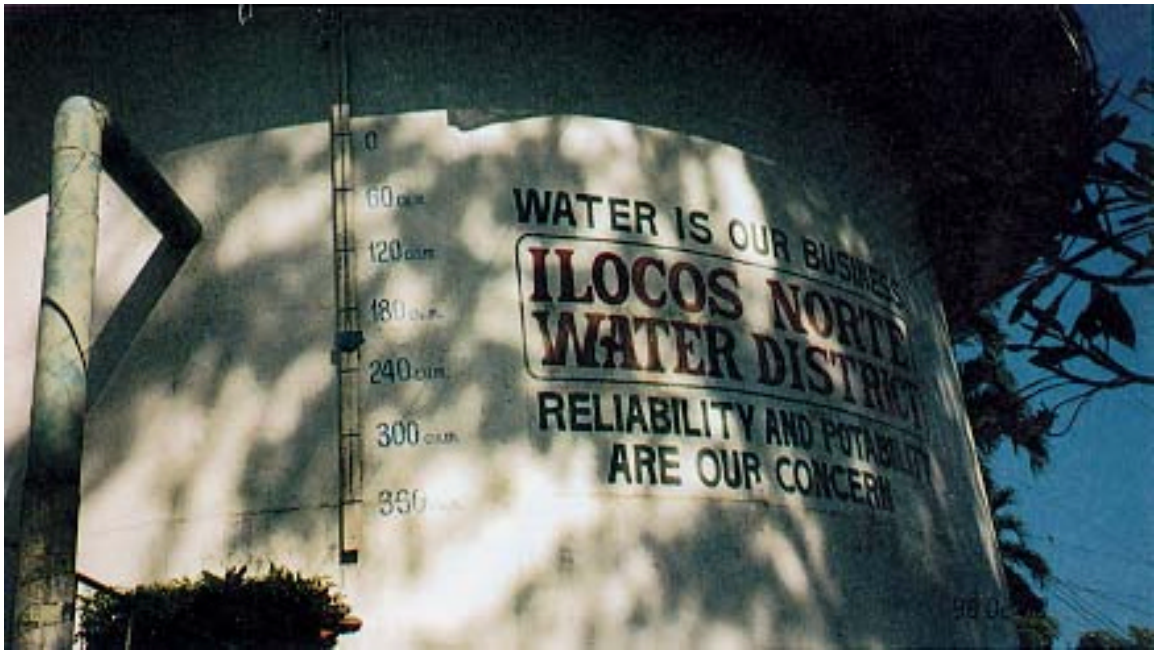
Country	: Republic of the Philippines
Project	: Provincial Cities Water Supply Projects (I) and (II)
Borrower	: The Government of the Republic of the Philippines
Executing Agency	: Local Water Utilities Administration (LWUA)
Date of Loan Agreement	: (I)January 1988, (II)May 1992
Loan Amount	: (I)¥1,272 million, (II)¥1,094 million
Local Currency	: Peso
Report Date	: March 1998 (Field Survey: February 1998)



Reservoir with Slogan

A Third Party
Post-Evaluation

Republic of the Philippines
Provincial Cities Water Supply Projects (I) and (II)

The International Development Journal Co., Ltd.

Project Location

* This is an evaluation report by a third party.

1. Background

1.1 Political and Economic Background

Dissatisfaction with the Marcos administration in the Philippines peaked in the 1980s and the dictatorship was eventually done away with, replaced by the democratic rule of the Aquino administration. The common people, long oppressed by the Marcos administration, was at the center of this dramatic shift in politics, which acted as a powerful internal and external reminder that the Filipino people was still alive.

The Aquino administration, boosted by popular support, marked a smooth start in 1986 and the Filipino economy grew satisfactorily until 1989. The GDP growth rate (annual), which remained stable during the Medium-Term Development Plan (1987-1992), was 4.6% in 1987, 7.7% in 1988, and 5.9% in 1989. However, social unrest, an aborted coup, the eruption of Mt. Pinatubo, and other factors contributed to economic stagnation, with the economic growth rate falling to 0.1% between 1990 and 1991, and -0.6% between 1991 and 1992.

The Ramos administration that followed set political stabilization, economic reconstruction, and the restoration of peace and order as its priorities, and designated infrastructure improvements such as solving electric power shortages, as well as deregulation and shoring up public finances as main issues to be addressed. The GDP growth rate steadily rose between 1992 and 1995, from 0.3% in 1992 to 2.1% in 1993, to 4.4.% in 1994, and 4.8% in 1995. (However, the growth rate for fiscal 1997 is projected to decline due to the influence of the devaluation of Asian currencies in the second half of 1997.)

Uneven income distribution has long been a problem in the Philippines. While the top 10% and 20% households in income represented 39% and 55% of total household income in the Philippines in 1991, the lowest 10% and 20% households in income accounted only for 2% and 5%, respectively. The majority of households with an even lower income live in the countryside. The provinces were basically lagging in terms of social infrastructure, and water-related problems were a major concern in daily life. The main sources of water in provincial cities were wells, and urgent measures were needed regarding the reduction of labor for water drawing and the improvement of the water quality.

Against this backdrop, the Filipino government set the target of raising the national average water supply ratio from 64% to 79% during the Medium-Term Development Plan (1987-1992), making this a top priority. As part of the latest field survey, we interviewed the mayor of Laoag City, who commented that "water supply is being addressed as an urgent issue by the local government and we are hoping to obtain the support of OECF regarding waterworks projects."

While the supply of ODA loan was appropriate based on the above data, addressing the urgent needs of residents was a high-priority item from the viewpoint of basic human needs.

1.2 Philippines' Provincial Water Supply System

The government organization for the Philippines' provincial water supply has a unique form. First, three levels of waterworks are defined in the Philippines. Level I supplies water to communities of 15 to 50 families through one well or spring, Level II supplies water to 4 or 5 families through one public water faucet, and Level III supplies water to each household through a waterworks line. Provincial Cities Water Supply Projects (I) and (II) that were the objects of this survey all belong to Level III. Levels I and II are under the supervision of the local government, while Level III projects are under the supervision of the local government or local Water District. The Water District is established by the municipality, and is responsible for the performance of fine end-user level tasks such as the construction and management of waterworks in its area, and setting and collecting water charges. The Water District is completely independent from the municipality both financially and organizationally, and operates on a so-called self-supporting accounting system. A board consisting of representatives from various fields in the region is in charge of setting policies for the administration of the Water District management.

An organization called the Local Water Utilities Administration (LWUA) exists to support the establishment of these local Water Districts and the construction and management of waterworks. LWUA provides not only financial support, but also support in "soft" aspects such as the training of Water District workers.

As described above, the organization of provincial waterworks in the Philippines are highly developed and are fully qualified for ODA loans. (See Chapter 2 for details.)

1.3 Project Scope and Objectives

Provincial Cities Water Supply Projects (I) applies to Laoag City and its environs in Ilocos Norte Province, and to Dagupan City in Pangasinan Province. Provincial Cities Water Supply Projects (II) applies to Angeles City in Pampanga Province. Each project will repair and extend old waterworks systems belonging to the Water District of each city, and provide sufficient and hygienic water supplies to beneficiaries.

2. Operations/Maintenance and Sustainability

2.1 Project Funding Procedure

The funding procedure of this project is as follows: ① F/S for the construction of waterworks are to be performed by the Water District of each province, and the results are to be submitted to LWUA, and ② LWUA is to study the F/S submitted from each Water District. Projects with high feasibility are to be selected, and the Japanese government/OECF are to be requested to provide the loans for these projects; ③ The Japanese government/OECF are to study the requests and, if appropriate, provide the loans, to LWUA (for the 2 projects evaluated in this report, the Filipino government used to be between OECF and LWUA, but currently ODA loans are directly provided to LWUA); ④ LWUA lends the OECF loaned money to each Water District. Moreover, the loan refunding procedure is as follows: ⑤ The provincial residents pay water charges to the Water District, ⑥ each Water District pays money back to LWUA, and ⑦ LWUA refunds to OECF. The loan condition from the OECF to LWUA are 3.0% interest p.a., with a repayment period of 30 years (10 years for the grace period). The loan conditions from LWUA to the Water Districts are 8.5% interest p.a. for the first 2,000,000 pesos, and for above, 12.5% with a repayment period of 26 years maximum, a flexible solution to match the situation of each Water District. (However, repayment is deferred during the implementation of the project, and starts within one year following completion.) (See Figure 1.)

This system is an indirect financing system with the intermediary of LWUA, and an effective method that reaches all the way to the end-level Water Districts. The following three additional important effects should be mentioned.

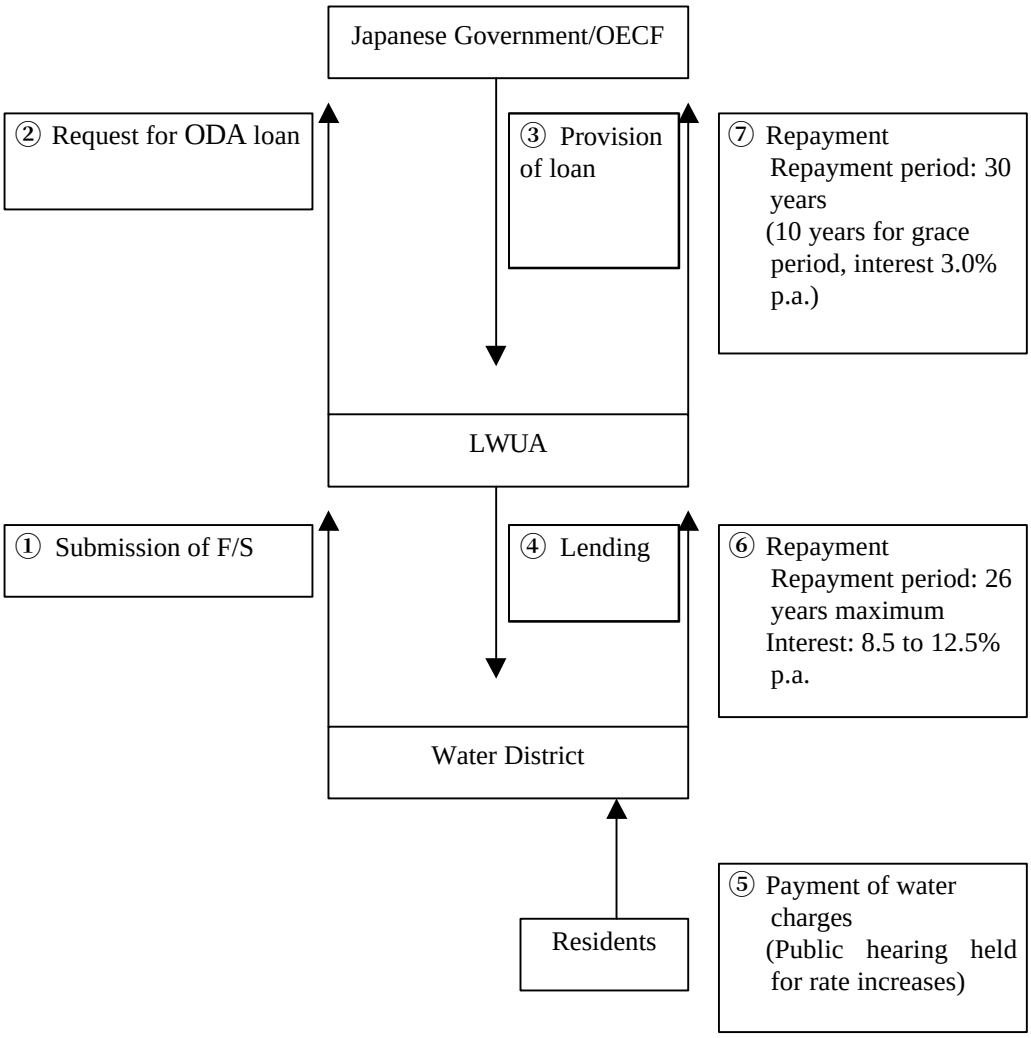
(1) Improvement in plan feasibility: Having each Water District submit an F/S to LWUA, which then assesses it ensures that roughly designed project plans are not employed, and having each Water District pour its energies into preparing a detailed plan leads to a higher planning ability.

(2) Higher LWUA capability: LWUA, in order to appraise the F/S submitted by each Water District, requires a specialist viewpoint, and therefore implements training related to the specialties that are involved.

(3) Autonomous promotion of management ability of Water Districts: Operations funds are provided in the form of an ODA loan, and as mentioned before, each Water District is independent from the local government in financial terms, so that it is responsible for systematic repayment to LWUA. For this reason, each Water District has to set water charges to an adequate level, duly collect payments from residents, and finely plan and manage the portion of payments that should be used for loan repayment. From this viewpoint, each Water District is to ensure that it has sufficient management ability in the area of finance.

Given the above, from the viewpoint of sustainable development (meaning local staff being able to operate projects on an autonomous basis), this is an extremely effective system.

【Figure 1　Project System and Flow of ODA Loans】



This project is to be implemented in a two-stage system through the intermediary of LWUA, as follows. ① Each Water District submits a F/S to LWUA; ② LWUA appraises the F/S submitted by each provincial Water District (especially to check whether financial independence is possible), and requests an ODA loan only for the applicable projects.
③ OECF examines the request, and if suitable, provides a loan to LWUA. ④ LWUA lends the OECF loaned money to the Water District to perform the proposed project. ⑤ The residents who receive the waterworks services pay water charges to the Water District. ⑥ The Water District repays LWUA. ⑦ LWUA repays OECF.

2.2 Operational Status of LWUA, Water District

2.2.1 LWUA (Local Water Utilization Administration)

LWUA is a governmental agency that was established in 1973 to provide financial and technical support for the establishment of Water Districts in the provinces (328 Water Districts had been established by 1986; LWUA aimed to build 665 Water Districts by 1988.) and the construction of provincial waterworks performed by these Water Districts. LWUA is the executing agency for this project, and financially, fulfills the role of a financial institution that serves as the conduit for loans to the Water Districts.

LWUA appraises the F/S's submitted by each Water District, and must perform training for its own staff so that they have the financial management capability required to repay the ODA loan without fail. In this regard, we received comments from LWUA staff members to the effect that LWUA performed adequate training of its own. LWUA performs training throughout the year in technology, finance, economics, management, etc., in order to develop the skills of workers.

Furthermore, LWUA also performs training for the Water Districts. Fifty training seminars are planned for fiscal 1998, and along with many financial management seminars, a very broad range of subjects are covered, from basic policy making to gender (social difference in sex), health, computers (how to use Windows Excel, believed to be linked to financial management), and technical subjects. Such personnel development by LWUA is the key to continuing the project after the completion of the ODA loan, and in this sense, it is a useful activity (see Appendix).

2.2.2 Water Districts

The Water Districts are organizations formed of local residents that are independent from the local government both financially and organizationally. Water Districts are managed by a board that consists of the representatives from various fields, including NGOs, women's associations, education, business, professionals and LWUA representatives. (Water Districts are quasi-public organizations that are endowed with a juridical personality based on the Provincial Water Utilities Act established in 1973. Metro Ilocos Norte Water District and Angeles City Water District in Pampanga Province were established in 1982 and 1970, respectively. In the case of the Dagupan City Water District in Pangasinan Province, water facilities existed since the 1930s, before the Provincial Water Utilities Act was passed, but the official Water District is believed to have been established in 1973.)

Water Districts are responsible for the improvement of water supply system, maintenance, setting and collecting water charges, and other user-level tasks. According to LWUA regulations, water charges are set so that they do not exceed 5% of the monthly income of residents. By way of reference, water charges for the first $10m^3$ are 104 pesos in Metro Ilocos Norte, 64 pesos in Dagupan City in Pangasinan Province, and 100 pesos in Angeles City in Pampanga Province (raised from 79 pesos to 100 pesos from January 1998). Any amount exceeding 10 m^3 is charged incrementally according to the amount used.

Since, as mentioned before, the Water Districts are organizationally independent from the local government, the water charges collected from residents must be efficiently apportioned among repayment to LWUA, system maintenance, workers' wages, etc. Raising such financial management capability is essential for the Water District to be independent. For this reason, the Water Districts aim to steadily raise the skills of their workers by having them actively participate in training seminars sponsored by LWUA. There is particularly a lot of training for officers of Water Districts, and when we interviewed such officers, they told us that the training menu is very varied so that there are always interesting programs, and that they believe the training offered by LWUA matches the needs of Water Districts. One of the common problems to all the Water Districts is that of expanding service areas. However, it is extremely difficult to use ODA loans again for this purpose once improving water supply facilities with ODA loans. This is due to the fact that in the Philippines, many provincial cities remain without Water District water supply system, and LWUA is swamped with loan requests. Therefore, expansion work must be performed with the Water Districts' own funds. This requires that water charges be raised. Water Districts are extremely scrupulous in this respect. When they consider raising water charges, they hold a public hearing to which they invite the beneficiary residents of the Water District, and ask for their agreement to the raise, using a system to widely incorporate the views of residents. As noted above, organizationally, the officers of each Water District are representatives of NGOs, women's associations, education, business, and professionals of the Water District's area, reflecting the care that is being taken to incorporate the views of residents. Efforts by these Water Districts to raise the rate of return and expand and improve services are extremely effective measures to ensure the continuation of projects.

2.3 Conclusions

Based on the above data, it was confirmed that LWUA and the Water Districts aim for an organic cooperation, and that they each seek to train personnel and establish organizational functions to ensure the continuation of projects. ODA is designed solely to enable countries to help themselves, and in the case of this project, the Philippines have fully demonstrated such self-help efforts, and this ODA loan can be said to have meshed in well with the systems and organizations of the recipient country.

ODA loans for a given project is not provided for an unlimited time. In 1998, ODA entered a difficult phase by being cut by 10%, and this will naturally affect ODA loans. As the budget for ODA loans declines, such loans will be to be used even more efficiently. That is why the responsible organizations in the recipient countries will have to manage and expand the projects on their own, following the completion of ODA loans. Surveyed from this perspective, the ODA loan for this project is considered to have been a temporary big push in helping Water Districts continue by themselves the construction of provincial waterworks. This success can largely be attributed to the unique system used in the Philippines, and the experience that was gained can be profitably applied to future projects in similar sectors.

3. Project Effects and Impacts

3.1 Interview Methods

As explained earlier, this project took full advantage of the unique system used in the Philippines, and was implemented efficiently and sustainably. While it is of course important whether this project was implemented according to the plan, the question of whether it has helped improve the living conditions of residents is even more important, and is considered to be capital regarding any aid. To make sure that this point was fully covered, residents who actually use the constructed waterworks were interviewed as part of this survey. The residents were selected at random, and we went directly to their residence or workplace to interview them (the interviewed residents consisted of 4 persons in Metro Ilocos Norte, 7 persons in Pangasinan Province, and 3 persons in Angeles City, Pampanga Province.) The breakdown of this group by sex was 8 men and 6 women. The respondents were various, including a district leader (farmer by profession), a retired woman, a fish farm manager, and a woman who had lost her husband and was raising her eight children working as a seamstress. The questions asked included mainly the family composition, income, the water charges paid, changes in living conditions through the project, and whether they knew that this was the aid from Japan.

The residents who were interviewed represent only a handful of all the beneficiary residents, but even so, we were still able to fully establish that this project has benefited the residents.

3.2 Interviews to Residents

Before laying out our conclusions, we reprint the interviews to the residents. While there is some variation in the questions, the above-mentioned points were all covered. (The term "system" in the interviews refers to "waterworks facilities".)

- Interviews to Metro Ilocos Norte Water District residents

  (1) Mr. Gilbert A. Buduan

  - Family Composition: Myself and wife, 4 children
  - Occupation: I am the Barangay Captain1 of this area. Personally, I am a farmer. Since I have a plant, I use a lot of water, but it's not from the system, I get it from the neighboring lake.
  - Income: Basically, 4,500 to 5,000 pesos per month.
  - Water charges: Since we are a family of six and our children are still small, we pay the minimum charge of 104 pesos.

[1] Barangay: The smallest administrative unit in the Philippines. Cities (with population larger than 200,000) or Municipalities are further divided into a number of Barangays. A Barangay captain is chosen by residents through elections.

- Would your water charges increase if your family got bigger?
  Actually, my parents use 30m^3, so they pay more than the minimum charge we pay (104 pesos for 10m^3).
- What payment method do you use for water charges?
  In this area, water charge collectors from the Water District come around, so we pay them.
- How has your life changed through this project?
  We became able to drink clean and safe water, so that our environment has become very much better. Before we used to drink water drawn from a well, and the quality of the water was not that good. In addition to drinking it, we also use the water to do our laundry and for the animals. There's been an improvement in hygiene (particularly for the kids).
- Do you find the water charges expensive or inexpensive?
  I think they are reasonable for the service we get.
- Did you know that this project used Japanese aid?
  Yes. Because a survey team from Japan came around here in 1978 (“A Survey Team” mentioned here is probably the F/S team from JICA).

(2) Mr. Cesar Espoli (Age: 61)

- Family Composition: Myself and wife, 6 children
- Occupation: Farmer (garlic, beans, rice, etc.)
- Income: About 3,000 to 4,000 pesos per month.
- How has your life changed through this project?
  It has become extremely convenient. The water in the former system was dirty, and the project has enabled us to receive clean water. Also, water now goes directly from the house to the laundry machine.
- Water charges: We pay 104 peso/month (minimum charge). I think this is a reasonable charge. If the water charges were cheaper, we probably would use more.
- Where did you get your water before the project?
  We used a well.
- What would you do if the system broke down?
  There is a well nearby, so we would use it. Therefore, it wouldn't be a problem if the system were to break down.
- What payment method do you use for water charges?
  A collector comes by once a month, so we pay him directly.
- Did you know that this project used Japanese aid?
  No, I didn't.

(3) Ms. Feresa D. Jhonson (Age: 72)

- Family Composition: Myself, younger sister, elder sister, and live-in helper
- Occupation: Until three years ago I worked in the U.S., in California, and I am now retired.
- Income: I receive $900 every month from the U.S. This is rent income and my deceased husband's pension.
- Water charges: They vary depending on how much water we use. We had a Christmas party last year, so we used a lot of water that month, about 400 pesos.
- Since when do you use the system?
  We began using it from October 1997. Before the project, we would draw water from a well in our house (using a motor pump).
- Has your life changed through this project?
  Of course it has changed. Water is now easy to obtain. But since water charges have become high, I don't use this water for the laundry. I mainly use well water instead, and water from the system for drinking. My elder sister is also quite old, and she cannot go out of the house any more. Thus this system to get water inside the house is really convenient. It's also convenient to flush the toilet.
- Do you find the water charges expensive or inexpensive?
  I think they are reasonable.
- What payment method do you use for water charges?
  A collector comes by every month. Their coming to collect payments is convenient for somebody old like me, since having to go all the way to the Water District office is tiring, and dangerous too.
- What would you do if the system broke down?
  I would call the Water District to have them come and fix it. But one time before, when the water pipe burst, I called the office, but it was Sunday and nobody was in, so that nobody came to fix the problem that day.
- How is the water quality?
  It's good enough to drink. It's OK even without boiling.
- Did you know that this project used Japanese aid?
  No. But, regardless of past history, the fact that Japan is providing help is really wonderful.

(4) Mr. Aloysius A. Balesteros (Age: 54)

- Family Composition: Myself and my wife, plus one daughter.
- Occupation: Farmer
- Income: 5,000 pesos/month
- Water Charges: 200 to 300 pesos per month.
- Do you find the water charges expensive or inexpensive?

I think they are reasonable.

- How has your life changed through this project?
  It's very convenient because we no longer have to draw water from a well. Hygiene has also improved. The fact that we don't have to pump water for the washing machine is also convenient. I received the washing machine from my elder brother after the project was completed.
- What payment method do you use for water charges?
  LWUA employee comes by to collect, and I pay him then.
- What would you do if the system broke down?
  I have a well, so I would draw water from it. I would also ask them to fix the problem.
- Did you know that this project used Japanese aid?
  No, I didn't.

● Interviews to Dagupan City Water District residents

(5) Ms. Vujnia R. Ibey

- Family Composition: Myself and my husband, plus two children.
- Occupation: Housewife (husband is a fish farm manager)
- Income: 6,000 pesos/month
- Water Charges: 64 pesos/month (minimum charge)
- How has your life changed through this project?
  It has become easy to get clean water. We don't have a washing machine, but we also use water from the system for laundry.
- Do you find the water charges expensive or inexpensive?
  I think they are normal.
- How did you learn about the water service?
  A worker from the Water District came to explain the system and how to use it.
- What payment method do you use for water charges?
  I go pay directly to the Water District. (This house is extremely close to the Water District Office).
- What would you do if the system broke down?
  I would go directly to the Water District office and ask them to repair it.
- Did you know that this project used Japanese aid?
  No, I didn't.

(6) Mr. Felipe M. Dalaten (Age: 41)

- Family composition: Myself and my wife, plus 7 children
- Occupation: Manager at a fish farm
- Income: 6,000 pesos/month

- Water Charges: 200 pesos/month
- Do you find the water charges expensive or inexpensive?
  I think they are a little expensive.
- How has your life changed through this project?
  Before we could not drink fresh water. But now it has become easy to drink fresh water. From the viewpoint of hygiene, we've had a great improvement in health.
- How did you get water before the project?
  We used to draw water from a well. It was a communal well shared by 20 households.
- What payment method do you use for water charges?
  A person came to collect only once, and ever since we have gone to the office to pay.
- What would you do if the service broke down?
  I would go to the Water District to complain, and get them to send a person over to perform repairs.
- Since when do you use the system?
  Since 1997.
- How long did it take to be able to use the service after applying?
  Two weeks.
- How is the water quality?
  A hygiene inspector used to come from the city, so it wasn't bad.
- Did you know that this project used Japanese aid?
  No, I didn't.

(7) Ms. Nancy J. Divera (Age: 59)

- Family Composition: 3 daughters, 5 sons, plus myself
- Occupation: Seamstress
- Income: 5,000 pesos/month
- Since when have you used the service?
  1995 (right after completion)
- How many hours in a day can you get water? (from the tap)
  24 hours. Our water charges are 600 to 700 pesos per month.
- Do you find the water charges expensive or inexpensive?
  Water charges vary depending on the amount used, so it is not possible to generalize, but I believe that the charges are reasonable.
- How has your life changed through this project?
  It's changed. First, it has become easy to get water. I grow plants as a hobby, and thanks to the project, now I can water them with a hose. The fact that I can use a hose is extremely convenient. Also, now we can drink clean water, and we can freely use water for house-cleaning.

- Where did you get your water before?
  We drew it from a well. We own the well, but three families used it.
- How did you learn about the system?
  A manager from the Water District held a meeting at a nearby church and explained how residents could get linked to the system. Many attended this meeting.
- Is the well water safe?
  Yes, even for drinking.
- Did you know that this project used Japanese aid?
  No, I didn't.
- Until now there has been no increase in water charges, but there are now plans at the Water District to implement a raise. What do you think about that?
  If possible, I would like them to give up the idea of raising prices. I plan to voice my views on this matter at the public hearing that will be held by the Water District.

(8) Ms. Nenita M. Quariz (Age: 62)

- Family Composition: Myself and my niece
- Occupation: Public servant (Ministry of Agriculture)
- Income: 9,000 to 10,000 pesos/month
- Water charges: 64 pesos, which is the minimum charge.
- Do you find the water charges expensive or inexpensive?
  I think that the water charges are reasonable.
- When did you start using the service?
  From 1995 (the year the Water District was established).
- How did you get your water before?
  I used to draw it from a well, using a hand pump.
- How has your life changed through this project?
  It has become extremely convenient. We use water particularly in the kitchen, for the laundry, and the bath.
- What payment method do you use for the water charges?
  We directly go pay at the Water District office.
- Did you know that this project used Japanese aid?
  No, I didn't.
- Additional Comments:
  Until December 1996, the water pressure was high, but since then the number of persons receiving this service has increased, so that the water pressure has dropped, and sometimes we only get a trickle. Sometimes I don't get any water, particularly between 4:00 a.m. and 6:00 a.m., and between 6:00 p.m. and 8:00 p.m., when everybody draws water.

(9) Ms. Deresita M. Dee (Age: 49)

- Occupation: Owner of RSD Marketing Company (concrete block maker, interview was conducted at the plant)
- How many persons work at your sales office?: 5 persons.
- Water charges: We pay 128 pesos/month at our sales office[2] in the city (the lowest charge for businesses). At home, I pay 568 pesos.
- Has anything changed through the system?
  Since we used to draw water out of a well at home, it hasn't changed that much. However, we now have to pay a water charge. But formerly, we used a motorized pump to draw water from the well, and thus had fairly large electricity payments. The fact that we don't have this electric cost is a good thing. However, I feel that water charges are quite expensive.
- When did you start using the service?
  In the sales office, we've been using the old system since 1972. I've started using the new system (ODA loan project) at the office and at home from 1996.
- Did you know that this project used Japanese aid?
  No, I didn't.

(10) Pharmacy owner (Had just moved because his town office had become too small. He had just started using the system on the day of the interview.)

- Number of Employees: 10
- Company Sales: 4 million pesos/year
- Water Charges: 4,500 pesos (including 4,000 pesos for connection charge). Before moving, paid 200 pesos/month.)
- Do you find the water charges expensive or inexpensive?
  I think that they are inexpensive.
- What do you use the water for?
  I use it for the kitchen, the toilet, and so on.
- Did you know that this project used Japanese aid?
  No, I didn't.
- Do you have any requests to make to the Water District?
  The water pressure sometimes gets low in the morning when many people use water. However, the water quality is good, you can drink it directly from the tap.

(11) Ms. Amani Jabanes

- Occupation: Owner of a fast-food store
- Number of employees: 12

[2] The sales office is located down town, and also uses the system.

- Company earnings: It depends on the season, so it's hard to say (didn't seem too eager to tell).
- Water Charges: 2,000 to 3,000 pesos/month
- What do you use the water for?
  For the drinks we serve, cleaning, dishwashing, toilets, etc.
- Since when do you use the water service?
  We started using it from 1995 (three years before).
- Do you have any other comments?
  The water pressure is not such a problem. Plus, we can get water 24 hours a day. But sometimes it looks like the water contains impurities.
- Did you know that this project used Japanese aid?
  No, I had no idea.

● Interviews to Angeles City Water District residents

(12) Mr. Jose A. Aquind

- Family Composition: 6 members in all.
- Occupation: I am retired, but I drive a jeepney to earn some income. My wife works as a teacher.
- Income: 18,000 pesos/month (combined income of husband and wife)
- Water Charges: 300 pesos/month
- Do you find the water charges expensive or inexpensive?
  I think that they are normal.
- How did you get your water before?
  From a well.
- How many hours can you get water from the system?
  24 hours a day.
- Did you know that this project used Japanese aid?
  No, I didn't.
- What payment method do you use for water charges?
  Sometimes I go to the Water District office, but usually somebody from the Water District comes to collect.

(13) Mr. Quirino B. Gowez (Age: 69)

- Family Composition: My wife and two children.
- Occupation: House painter
- Income: 7,000 pesos/month
- Water Charges: 79 pesos/month

- How did you get your water before the project?
  From a well.
- How many hours in a day can you get water?
  24 hours. I think that the water quality is extremely high.
- What payment method do you use for water charges?
  I go to the Water District office and pay them directly.
- Did you know that this project used Japanese aid?
  No, I didn't.

(14) Mr. Emery Santos (Age: 32)

- Family Composition: We are a family of four, living together with 8 employees.
- Occupation: Soft drink dealer
- What do you principally use the water for?
  I use it mainly for business purposes. We use large amounts of water.
- Water Charges: 300 pesos/month
- How has your life changed through this project?
  Before we could get water only at night, but now we can get it all day long.
- Did you know that this project used Japanese aid?
  No, I didn't.

3.3 Conclusions

The awareness about the impact of the Provincial Cities Water Supply Project, as determined through interviews of 14 persons, is that it has raised convenience at the end-user level, and contributed to a remarkable improvement in hygiene. Before this project was implemented, the large majority of residents were afflicted by the low water pressure of the then existing system, and had to draw water from wells using hand pumps, with the accompanying hygiene problems, so that the new system, which delivers clean water by simply turning a faucet, is a substantial benefit for residents. Since water charges are kept at a level that does not exceed 5% of the income of residents in compliance with LWUA regulations, the great majority of residents deem charges to be reasonable. The basic charge for the first 10 m^3 being fixed, a large number of households make do with this amount.

Moreover, the most common payment method is to pay water charges to collectors from the Water District. A large number of provincial city residents said that they think this is extremely convenient given the bad traffic conditions. A large number of the respondents were relatively advanced in age, and for them to have to go all the way to the Water District office in the city to pay their water charges, despite the heat and bad traffic conditions, would not be very efficient. For this reason, almost all residents highly praised this collection system.

On the other hand, the problem of low water pressure came up in several interviews. This problem is due to the fact that the number of users is increasing, and thus the number of morning and evening users has shot up. Since this is a problem of the water system, the Water Districts should take prompt action to remedy this problem. A number of Water Districts are thinking of expanding their service area, but in order to do this they would have to raise water charges, and when they relay this fact to residents, the majority say that they are opposed to such a raise. While such a response is to be expected, a public relations system should be established to obtain the understanding of residents beforehand (When Water Districts think of raising water charges, they hold a public hearing at which residents are given the opportunity to express their opinions. However, less than half of the residents knew about such public hearings at the time of the interviews).

Of the 14 persons who were interviewed, only one knew that Japanese aid was used for this project, and of course not a single person knew that an ODA loan was used. The expression "aid that has a face" is not a clearly defined rule, and it does not mean to simply straightforwardly announce that the aid is from Japan. However, it is a fact that Japanese ODA in the form of ODA loans is of service to developing countries. Therefore informing the residents of the beneficiary areas about this fact should be an indispensable element to loan projects. It is therefore thought necessary to provide some form of advice regarding PR to the local OECF office to LWUA and each Water District.

4. Overall Observations

"Sustainable development" is an expression that was first advocated by the World Commission on Environment and Development (WCED) established by the United Nations in 1984 in its report entitled "Our Common Future". The meaning of "sustainable development" at the time was "to seek development while preserving the limited resources of the earth". While the meaning of this expression continues to endure to this day, the expression "sustainable development" has come to be used various additional meanings. Some of these meanings are the points mentioned in this report of "whether this project, after completion of the ODA loan, will be sustainable" and "whether, once the aid is over, the people of the recipient country will be able to continue the project solely through its own capabilities." Until now, it was a definite possibility that the facilities used in assistance projects would become disused (incapable of being used) once aid was over, and this was not limited to ODA loans. What then could be done to prevent this? One answer is to provide aid forever. However, this is an unrealistic hypothesis given the severe situation created by ODA budget cuts and the fact that this would make developing countries entirely dependent on aid. While really basic and fundamental, the straightforward tactic of "providing aid for projects that help beneficiaries help themselves" is effective in such a case. But assisting self-help efforts requires power on the part of the people of the recipient country, and it is difficult to suddenly require such performance from the individuals of developing countries.

The initial conditions of the Provincial Cities Water Supply Projects (I) and (II) were highly advantageous in this regard. The Philippines has established a system in which Water Districts that are independent of the local government of their area are responsible for how they repay loans to LWUA and expand their service area. This system encourages them to think by themselves and increase their profitability. Furthermore, by training the staff of Water Districts, LWUA aims to develop the personnel of Water Districts. We could even go so far as to say that "personnel development is effectively and autonomously performed through the obligation of repaying ODA loans." Actually as observed in this project, the construction funded by the ODA loan proper was already completed, but each Water District was functioning in a well organized fashion and the project had entirely been taken over by the recipient country and being "continued."

Next there is the aspect of the benefits to the beneficiary residents. While data for only 14 residents was obtained through interviews, our evaluation is that the project was overall beneficial. The common points mentioned by the respondents were "convenience" and "improved hygiene". When one considers that prior to the implementation of the project almost all residents had to draw water of poor quality from wells using a hand pump, the new system, which enables residents to get clean water simply by turning a faucet, is extremely useful. While the interviewed residents included a disproportionate number of aged persons (this is supposed to be due to the fact that the interviews were conducted during the day, when most young persons were gone to work), it may be that it is aged persons who are the greatest beneficiaries of this project, as they are weaker physically and must be much more careful about hygiene.

Attachment

LWUA

WRRTC

WATER UTILITY MANAGEMENT

TRAINING PROGRAMS 1998

WATER RESOURCES RESEARCH AND TRAINING CENTER, LOCAL WATER UTILITIES ADMINISTRATION

Training Seminars, 1998

	Date	Seminar	Venue	Implementor
FEBRUARY	Feb 17-20	Plumbing Techniques	Davao	Davao RTC
	Feb 23-25	Secretarial Enhancement	San Pablo	San Pablo RTC
	Feb 23-26	Water Resources Facilities Operators Course	Cag de Oro	Cag de Oro RTC
	Feb 24-27	Technical Seminar for Board	Baguio	Baguio RTC
MARCH	Mar 02-05	Health, Hygiene and Water Conservation Seminar	Luzon	WRRTC
	Mar 10-13	Technical Seminar for Board	Davao	Davao RTC
	Mar 11-13	Safety Planning	Zamboanga	Zamboanga RTC
	Mar 17-19	Tellers and Cashiers	Cag de Oro	Cag de Oro RTC
	Mar 23-26	Basic Policy Makers'	Baguio	WRRTC
	Mar 26-27	COA's Unnecessary Exp/GSIS Retirement Law	Cag de Oro	Cag de Oro RTC
APRIL	Apr 13-16	Water Resources Facilities Operator's Course	Visayas	WRRTC
	Apr 20-22	Customer Relations Seminar	Baguio	WRRTC
	Apr 21-24	Supervisory Development Course Track II	Luzon	WRRTC
	Apr 21-25	Technical Seminar for Board	San Pablo	San Pablo RTC
	Apr 22-24	Advanced Policy Makers' Seminar	Cag de Oro	Cag de Oro RTC
	Apr 23-24	COA's Unnecessary Exp/GSIS Retirement Law	Baguio	Baguio RTC
MAY	May 04-06	Values Orientation Workshop for Water Districts	Bigulo	WRRTC
	May 18-21	Gender and Development Seminar	Baguio	WRRTC
	May 19-22	Water Resources Facilities Operators' Course	Davao	Davao RTC
	May 25-28	Water Resources and Watershed Management Seminar	Visayas	WRRTC
	May 26-29	Advanced Policy Makers' Seminar	Baguio	Baguio RTC
JUNE	Jun 02-05	Supervisory Development Course Track II	Visayas	WRRTC
	Jun 15-19	Commercial Practices Systems	Zamboanga	Zamboanga RTC
	Jun 22-25	Water Supply Operators' Course	Luzon	WRRTC
	Jun 22-25	Water Quality Monitoring and Management Seminar	San Pablo	San Pablo RTC
	Jun 22-26	Water Resources and Watershed Management Seminar	Davao	Davao RTC
	Jun 23-26	Safety Planning	Cag de Oro	Cag de Oro RTC
	Jun 23-26	Supervisory Development Course Track I	Baguio	Baguio RTC
JULY	Jul 06-09	Supervisory Development Course Track I	Visayas	WRRTC
	Jul 06-09	Advanced Policy Makers' Seminar	Davao	WRRTC
	Jul 13-16	Reduction of Non-Revenue Water Seminar	Luzon	WRRTC
	Jul 20-23	Water Supply Operations and Maintenance	Visayas	WRRTC
	Jul 22-24	Management Development Course	Cag de Oro	Cag de Oro RTC
	Jul 27-30	Health, Hygiene and Water Conservation Seminar	Visayas	WRRTC
AUGUST	Aug 10-14	Water Quality Monitoring and Management Seminar	Zamboanga	Zamboanga RTC
	Aug 11-13	Values Orientation Workshop for Water Districts	Visayas	WRRTC
	Aug 17-21	Meter Reading and Maintenance	San Pablo	San Pablo RTC
	Aug 18-21	Effective Receipt Management	Cag de Oro	Cag de Oro RTC
	Aug 18-21	Windows95 with Excel	Davao	Davao RTC
SEPTEMBER	Sep 14-17	Gender and Development Seminar	Visayas	WRRTC
	Sep 14-17	Financial Management and Control Seminar	Visayas	WRRTC
	Sep 22-25	Water Resources Facilities Operators' Course	Baguio	Baguio RTC
	Sep 22-25	Corporate Planning Seminar	Davao	Davao RTC
OCTOBER	Oct 05-08	Basic Policy Makers' Seminar	Visayas	WRRTC
	Oct 06-08	Tellers and Cashiers	Baguio	Baguio RTC
	Oct 12-15	Health, Hygiene and Water Conservation Seminar	Mindanao	WRRTC
	Oct 19-22	Advanced Policy Makers' Seminar	San Pablo	San Pablo RTC
	Oct 20-23	Property and Inventory Management Seminar	Davao	Davao RTC
	Oct 26-30	Meter Reading and Maintenance	Cag de Oro	Cag de Oro RTC
NOVEMBER	Nov 10-13	Water Resources Facilities Operators Course	Zamboanga	Zamboanga RTC

All training and development programs of the Water Resources Research and Training Center are accredited with the Civil Service Commission and may be used to satisfy the training requirements for qualifying in Civil Service positions.

From the combination of the organization of the Philippines and the residents' interviews, it is thought that this ODA loan project has used to full advantage the organization of the recipient country, stimulated the development of the domestic workforce, and brought significant benefits to the beneficiary residents. The provincial waterworks organization of the Philippines, primarily involved in this project, represents an extraordinary case, and constitutes a good example fully demonstrating the possibility of indirect funding through ODA loans, and the possibility of applying it in other countries and other sectors ought to be fully considered. However, the fact that all but one of the 14 persons who were interviewed were not aware that this waterworks construction project used ODA (a Japanese loan) deserves some discussion. The expression "aid that has a face" is still not clearly defined and seems to be evolving on its own. The "face" in the expression is variously interpreted to mean "technical cooperation that provides Japanese technology to developing countries through Japanese engineers," "building facilities and providing equipment through Japanese corporations," or" erecting a monument that tells people that it was done thanks to Japan." Debating the "face" of Japanese aid is far from being the purport of this report, but when Japan provides aid to the Philippines, it is not thought to be particularly "wrong" or "patronizing" to hope that the beneficiary residents be aware of this fact. During the interviews, an old woman who clearly remembered the Japanese invasion of the Philippines, upon learning that Japanese aid had been used in this project, commented that it was truly wonderful that Japan provided such help, regardless of what happened in the past. Another woman told of her daughter who had married a Japanese and was living in Japan. While these are only minor details at the level of the people, making common people aware of this small aspect of Japan's presence should probably be part of the function of ODA in the form of ODA loans, as one of the means of international cooperation. Moreover, improving the image of Japan among common people could be considered in a sense the national interest of Japan and a major role of ODA in the form of ODA loans. Shouldn't the OECF consider how to appeal to the recipient country? One effective way in which this could be done would be to utilize local offices to perform public relations activities.

The basic premise of ODA is that it will be used to perform projects that benefit the people of developing countries. The significance of "water" as a basic human need was strong in this project, which had a direct impact on the lives of residents. Considered from the opposite angle, consideration of the living environment related to water for residents who do not or cannot use water supply system is present in many aspects throughout this project.

Grant aid and grassroots grant aid schemes are extremely useful in assisting such residents. Considering the environment related to water of the residents in the recipient country, the establishment of water supply plan package that combines loan aid and grant aid is likely to become necessary.

Comparison of Original Plan and Actual Result

1. Project Scope

	Plan (at the time of appraisal)	Actual Result
Phase I		
1) Metro Ilocos Norte Water District		
1 Source facilities	7	14
2 Transmission lines	11.6km	3.6km
3 Distribution lines	43.4km	53.4km
4 Reservoir	7	Same as left
2) Dagupan City Water District		
1 Source facilities	25	15
2 Transmission lines	12.7km	2.1km
3 Distribution lines	38.0km	23.5km
4 Reservoir	1	Same as left
3) Consulting service	146 M/M	154 M/M
Phase II		
4) Angeles City Water District		
1 Source facilities	12	7
2 Transmission lines	2.5km	1.2km
3 Distribution lines	14.1km	173.2km
4 Reservoir	1	Same as left
5 Consulting service	93 M/M [1) + 2)]	Same as left

2. Implementation Schedule (selection of consultant ~ completion of construction)

	Plan (at the time of appraisal)	Actual Result
Phase I	1987.9 - 1993.5	1988.9 - 1994.7
(Period)	(69 months)	(71 months)
Phase II	1992.5 - 1996.3	1992.9 - 1997.8
(Period)	(59 months)	(60 months)

4. Project Cost

(Unit: ¥1 million)

	Plan (at the time of appraisal)			Actual Result		
	OECF portion	To be borne by the Philippines	Total project cost	OECF portion	To be borne by the Philippines	Total project cost
Phase 1	891	621	1,512	944	4	948
Phase 2	1,094	434	1,528	788	236	1,024

(Exchange rate) Phase 1
Plan: 1 peso = ¥7.14 (1987)
Actual result: 1 peso = ¥4.77 (Weighted arithmetic average)
Phase 2
Plan: 1 peso = ¥5.15 (1992)
Actual result: 1 peso = ¥4.19 (Weighted arithmetic average)

Muddy Water from Well (Metro Ilocos Norte Water District)

Interviews to Beneficiaries by the Author (Dagpan City Water District)