I. Outline of the Project

Country: Lao People's Democratic Republic (PDR)

Project title: The Capacity Development Project for Improvement of Management Ability of Water Supply Authorities

Issue/Sector: Water and sanitation

Cooperation scheme: Technical Cooperation

Division in charge: JICA Global Environment Department

Total cost: 237 million Japanese Yen (as of Jan. 2015)

Partner Country’s Implementing Organization: DHUP and WASRO/MPWT, WSD/DHUP, DPWT (Vientiane Capital, Luang Prabang, Khmmouane Provincial), WSSEs (NPNL, NP-LB and NP-KM)


1. Background of the Project

In Lao PDR, the Prime Minister Decision issued in 1999 targets to provide 24-hour access to safe water for the 80% of urban population by 2020. In order to respond the above Minister Decision, a technical cooperation project was implemented supported by JICA from 2003 to 2006, targeting human resource development especially engineers and technicians who had been able to work for the expansion of the water service facilities. As a result, main water facilities are able to be operated smoothly to some extent. However, the current situation of water supply is still far from the target coverage rate; only 56% in urban areas in 2010.

In order to achieve the target, development partners have supported the Ministry of Public Works and Transport (MPWT) and Water Supply State Enterprises (WSSEs) to supply sufficient, reliable and safe water to urban people by provision of finance for the construction of water supply facilities, and strengthening the capacity of the related people. For the efficient business operations, the Minister Decision in 1999 has obligated WSSEs to secure necessary budget for maintenance of their facilities, and carried out efficient and self-supporting management based on the short-term plan (three-year rolling Corporate Plan). MPWT and Water Supply Regulatory Office (WASRO) have promoted since 2010 the water supply services aiming to achieve national target such as water coverage rate etc. through imposing WSSEs to set annual targets and implement monitoring and reporting based on the Performance Indicator (PI) which quantifies the service status of WSSEs.

Although the framework for the short-term Corporate Plan and monitoring has been developed, i. still some WSSEs have not sufficient ability to develop the short-term plan by themselves, ii. even they are able to develop the short-term plan by donor supports, WSSEs have a difficulty to revise it, and iii. some WSSEs do not develop a short-term plan and even an annual plan. The framework is also not fully feasible due that in some case, PIs and their monitoring system are not related to the developed short-term plan.

For promoting facility expansion and efficient management of water supply business in the appropriate way in Laos, the introduction of the Corporate Plan based on the mid and long-term water demand and financial balance forecasted by WSSEs is essential. MPWT and DPWT are also needed to build a technical and management support systems based on assessing the current management status of WSSEs through the monitoring by MPWT, and Department of Public Works and Transport (DPWT)
in each province.

To improve the above situation, the Government of Lao PDR requested to the Government of Japan for the technical cooperation.

2. Project Overview
(1) Project Purpose
The System of strengthening the capacity for management of WSSEs with mid-term and Long-term view is established in Lao PDR.

(2) Outputs
Output 1: Data necessary for Long-term, Mid-term and Short-term corporate planning at each pilot WSSE is available on an ongoing basis.
Output 2: The pilot WSSEs are managed based on Long-term, Mid-term, and Short-term Corporate Plans (CPs) through Plan-Do-Check-Action (PDCA) cycle.
Output 3: Monitoring of the CPs, including PIs, is strengthened.
Output 4: Technical Guidelines on corporate planning is developed, utilizing the results of Output 1 to 3.
Output 5: A mechanism to disseminate techniques and knowledge relevant to the new Technical Guidelines to other WSSEs and private enterprises is developed, utilizing the results of Output 1 to 4.

(3) Inputs (at the time of evaluation)
Japanese side: Total cost 237 million yen (as of Jan. 2015)
   Japanese Experts: 22 persons, total 29 times
   Equipment: 6 items (Portable ultrasonic flowmeter, Portable pressure recorder etc.)
   Local cost: 375,367.68 USD (Approx. 44.6 million Yen)
   Training in Japan: 25 persons

Lao side:
   Counterparts: 63 persons from Department of Housing and Urban Planning (DHUP), WASRO, Water Supply Division (WSD), DPWT and WSSEs
   Land/buildings: project office/facilities and running expenses

II. Evaluation Team

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<tr>
<th>Members of Evaluation Team</th>
<th>Yukihiko Ejiri</th>
<th>Team Leader (JICA)</th>
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<tr>
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<td>Mina Yariuchi</td>
<td>Cooperation Planning (JICA)</td>
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<td>Haruo ITO</td>
<td>Evaluation Analysis (ICONS Inc.)</td>
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<th>Period of Evaluation</th>
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Type of Evaluation: Mid-term review

III. Results of Evaluation
1. Project Performance
1-1. Input and Activities
The most of activities of the Project have been implemented as an original plan in the middle of the project period. In this timing, activities for the Output 1, 2 and 3 have been implemented, and activities for Output 4 and 5 will be carried out hereinafter. Although dispatch of some short-term experts was delay, it is not a major obstacle for the implementation of the activity.

1-2. Outputs
   Output 1: Data necessary for Long-term, Mid-term and Short-term corporate planning at each pilot...

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4 Exchange rate 1USD = 118.64 Yen (as of 7th January 2015)
WSSE is available on an ongoing basis.

For the achievement of the Output 1, the most of necessary data for the Long-term, Mid-term and Annual Plans (hereinafter “the Plans”) has been collected by each pilot WSSE based on the Data Management Manual (Indicator 1a). WSSEs collected data each year and the results have been compiled in the Water Supply Guideline Report (Indicator 1b). The Data Management Manual which has been rolled out will be approved by MPWT (DHUP) after its revision by the end of 2015 (Indicator 1c). Therefore the Output 1 is highly expected to be achieved by the project ends.

Output 2: The pilot WSSEs are managed based on Long-term, Mid-term, and Short-term CPs through Plan-Do-Check-Action (PDCA) cycle

For Output 2, each pilot WSSE developed the first version of the Long-term, Mid-term, and Annual Plans (Indicators 2a, 2b, 2c), and those Plans are being rolled out. Though each Plan has left remaining issues as refinement data and improvement of accuracy of the financial plan, those plans will be constantly revised through rolling out and approved. The Planning Manual which will be completed by March 2016 was also drafted in this time (Indicator 2e). Therefore the possibility of the achievement of Output 2 is also high.

Output 3: Monitoring of the CPs, including PIs, is strengthened

For the achievement of Output 3, currently each pilot WSSE carries out internal monitoring based on draft of the Water Supply Guideline, and the results of the monitoring are planned to be compiled in the Water supply Guideline Report (Indicator 3a). In parallel, WASRO also started to compile the Water Supply Guideline Reports from each WSSE and develop the Water Supply Guideline Report (the Annual Report) for external monitoring (Indicator 3b). The Water Supply Guideline will be approved by Water Supply Regulatory Committee (WSRC) in 2016 after its one year rolling out in all WSSEs. Above all, the Output 3, establishment of the new monitoring system by using the Water Supply Guideline, is highly expected to be achieved.

Output 4: Technical Guidelines on corporate planning is developed, utilizing the results of Output 1 to 3

Based on the results of Output from 1 to 3, the development of the Technical Guidelines on the Plans was initiated by sub-committee (Indicator 4a). In early 2015, the Guideline Committee consisted of the main counterparts is planned to be established by upgrading the existing sub-committee.

Output 5: A mechanism to disseminate techniques and knowledge relevant to the new Technical Guidelines to other WSSEs and private enterprises is developed, utilizing the results of Output 1 to 4

As the most of activities for Output 5 are planned in the latter half of the project period, the achievement of each indicator is not able to be estimated by now. On the other hand, the results of Mid-term review questionnaire and interview show that counterparts who have a responsibility in the future dissemination to the other WSSEs, have improved their capacity (Indicator 5a). However, The Project members pointed out the necessity of securing financial and human resources to realize the Training and Dissemination Plans.

1-3. Project Purpose

The System of strengthening the capacity for management of WSSEs with mid-term and long-term view is established in Lao PDR

As results of Mid-term review questionnaire, it is confirmed that counterparts have gained sufficient capacity of developing/revising their Plans continuously (Indicator a). In parallel, because 50.7% of PIs in the comparison between 2012 and 2014 has been improved, PIs,

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5 The Project upgraded from 9 KPIs to 23 PIs to manage the performance of water supply service in WSSEs. Improved PIs was 35 among 69 PIs (50.7%) in total of 3 WSSEs in comparison of 2012 and 2014.
especially those are not necessary vast investment, are expected to be improved by the end of the Project period\(^6\) (Indicator b). Moreover, development of the Technical Guidelines on the Plans (Indicator c) and the Training Implementation Plan (Indicator d) is also planned by the project ends. Therefore the future possibility of achievement of the Project Purpose is evaluated as high.

1-4. Overall Goal

The system for sustainable and stable development of the water supply sector in Lao PDR is strengthened

The achievement of the Overall Goal indicator is too early to be evaluated at this time. For the achievement of the Indicator “all WSSEs develop and approve the Plans by the end of 2020 (Indicator a)”, it is indispensable to develop the Technical Guidelines and the Dissemination Plan, including the Training Plan and the technical transfer system by counterparts. On the other hand, for “the achievement of PI targets by 2020 in each pilot WSSEs,” (Indicator b), the continuous efforts by pilot WSSEs are expected because the target PIs have already been set in their Long-term Plan. To achieve the Overall Goal, it is necessary for the achievement of the Overall Goal to coordinate with other donors which also provide technical supports including the development of the CPs in other WSSEs, and secure a sufficient financial resource especially for materialize the Plans which require a large amount of investment.

2. Summary of Evaluation Results

2-1. Relevance: Fairly High

- The purpose of the Project remains relevant in line with the Strategy of the Urban Water Supply and Sanitation Sector (2013-2030) and one of the essential areas of Japan’s Country Assistance Program for Lao PDR (2012).
- The needs to improve the capacity of pilot WSSEs were apparent as the achievement level of target water supply coverage ratio was low (68% in NPNL, 76.9% in NP-LB and 58% in NP-KM: Thakhek). WSSEs need to provide water supply service with the facility expansion, finance and human resource plans based on the long and mid-term forecasts of water demand. However, WSSEs did not have experience to develop long and mid-term plans for water supply.
- The Project is supported by the Waterworks Bureaus of Japanese local government which have abundant experiences, expertise and mission in improving capacities to supply safe and stable water in both Laos and other developing countries that gives the Project high relevance from the point of view of appropriate experience and expertise of Japan.

2-2. Effectiveness: Fairly High

- For the Project Purpose, while it was confirmed that the counterparts have increased capacity in developing and revising the Plans and certain PIs in WSSEs have also been improved, the Project Purpose is expected to be achieved in the future.
- Logical relations between the Project Purpose and all Outputs are appropriate, because if all five Outputs were fulfilled, the Project Purpose is expected to be achieved.
- For the achievement of the Project Purpose, some contributing factors were identified, namely i. supporting counterpart’s daily operations, ii. providing opportunities for sharing information among counterparts in regular meetings such as monthly meetings, sub-committee meetings and workshops, and iii. fostering counterpart’s initiative through setting own Mid-term and Long-term Plans by each responding department.

2-3. Efficiency: Fair

- Most Inputs from both Los and Japanese sides have been provided as in an original plan and are

\(^6\) Certain PIs such as Water supply service complaints and resolved complaints ratio etc. have deteriorated due that the Project promoted the communication with customers. This shows the deterioration of PIs does not mean of deterioration of water supply service in WSSEs.
appropriate in both quality and quantity. Besides the original planned activities, the Project additionally implements activities such as developing the Water Supply Guideline, the Water Supply Statistics, the Water Supply Vision, the Guideline for Promoting Public-Private Partnership (PPP) and supporting establishment of the Lao Water Works Association, by responding to the needs and priority emerged.

- Many experts dispatched to the Project had experiences in technical cooperation in Laos and different countries. The project key persons of Lao side also have a long experience in working with Japanese technical cooperation. By using such human resources, the project has been implemented smoothly.

- Both experts and counterparts revealed that they could not spend sufficient time with each other to fully transfer the necessary knowledge and skills. The delay in dispatching experts in finance management hinders the Project in capacity development in this field.

- The equipment has been procured in each pilot WSSE. On the other hand, the frequency of usage of the equipment is varied in each WSSE due to the different progress of planning and implementation.

2-4. Impact: Too early to evaluate at this time

- The Impact is too early to be evaluated at the mid-term of the project period. The future possibility of Overall Goal achievement, the possibility of the dissemination to all WSSEs in Laos, will be evaluated based on the future achievements of dissemination activities which are planned in the other half of the project period.

- As other positive impacts, the synergy effects with other JICA schemes (Grant and Loan) in pilot WSSEs have been identified. Moreover, “the Water School” for school children seems to attribute school children to promote understanding not only on the water supply system but on environment and sanitation.

2-5. Sustainability: Relatively high

- In the policy aspect, as the achievement of 80% of urban water coverage ratio by 2020 has still been aiming in the “Strategy of the Urban Water Supply and Sanitation Sector (2013-2030)” issued in July 2013, the political importance will be remain in the future.

- In the organizational and institutional aspects, for the risk of personnel changes due to government reorganization etc., the Project tries to accumulate outcomes in organizations by developing guidelines and manuals. In addition, the Project also promotes cooperation within and among organizations by setting the mid and long term objectives to achieve common goals.

- In the technical aspect, the Project aims to facilitate the anchoring skill and knowledge by improving counterparts’ daily operations and implementing the PDCA cycle. Besides, certain level of capacity development has been achieved, as all counterparts answered that they have improved necessary capacity to disseminate techniques and knowledge to other WSSEs in the future.

- In the financial aspect, while there is no concrete resources of budget to implement Plans developed in the pilot WEESs and disseminate project outcomes in Laos. On the other hand development of the accurate Long and Mid-term Plans including financial plans supported by the Project will increase the possibility to receive financial supports from national and provincial governments, donors and private sectors in the future.

3. Factors that Promoted Realization of Effects

3-1. Factors concerning the Planning

(1) Utilization of long-term experience in technical cooperation

The Japanese implementation agencies of Japanese local governmental units have long experience in technical cooperation for the water sector in Laos. The Project has effectively utilized experienced Japanese experts and training methods and materials accumulated in past technical
cooperation. As the project key person of Lao side have also a long experience in working with Japanese technical cooperation, the Project has been implemented smoothly with their initiatives.

3-2. Factors concerning the Implementation Process

(1) Support daily operations of counterparts

The Project supports daily operation of counterparts rather than independed project activities. The results of the interview shows that the most of counterparts are now aware that project activities and supports from experts are useful for their daily works that encourages the improvement of their daily operations and the motivation in participation in the Project.

(2) Awareness raising on the customer-focused water supply service

The Project has been continuously trying to build an awareness of counterparts on the customer-focused water supply service by being flexible to revise the Project activities (customer questionnaire survey, “Water School” and establishing call centre etc.). Those activities promote counterparts to understand opinions of customers and strengthen counterparts’ ownership toward the improvement of water supply services.

(3) Opportunities on sharing information and solving daily issues

The Project facilitated the creation of a support network among pilot WSSEs through the monthly, sub-committee meeting. The provision of those opportunities to share information and acquired knowledge among members from other pilot WSSEs who have same roles has contributed to figuring out solutions to the problems in their daily operations and difficulties occurred in the OJT by the Japanese experts.

4. Factors that Impeded Realization of Effects

4-1. Factors concerning the Planning

Non

4-2. Factors concerning the Implementation Process

(1) Duration of technical transfer from Short-term experts

Although experts’ knowledge and skills are highly appropriated, the durations of their assignment period and timing of dispatch were deemed slightly inappropriate. Both experts and counterparts revealed that they could not spend sufficient time with each other to fully transfer the necessary knowledge and skills.

(2) Necessary budget for Plan implementation

Securing necessary budget to meet the financial requirement of the Plans developed by each pilot WSSE is one of the project issues. The MPWT, DPWT and WSSEs are required to secure necessary budgets from state/local budget, donors, PPP, adjustment of water tariff etc. for the implementation of the developed Plans.

5. Conclusion

The Project has been smoothly implemented to strengthen the capacity of counterparts for developing and revising the Plans in a short period (two and half years since the Project started). As results of the evaluation, the relevance of the Project was evaluated as high, since the Project Purpose were fully aligned with Lao Government’s national strategies in water supply, Japanese aid policies and the needs of target groups. The effectiveness of the Project is also evaluated as high, as the future achievement of the Project Purpose is expected, and all Outputs are fully linked for the maximum contribution to achieving the Project Purpose. The efficiency is evaluated as fair because the durations of assignment period and timing of dispatch of short-term experts and the usage of some equipment were deemed slightly inappropriate. The impact of the Project is too early to evaluate at the timing of this Mid-term review. Though some positive impacts have been identified, it is still unclear to what extent the project Overall Goal will be attained. Lastly, the sustainability
of the Project is evaluated to be relatively high (future prospective) as though it is unpredictable to secure future financial resource for the implementation of the developed Plans, development of the accurate Long and Mid-term Plans by the Project will increase the possibility to receive future financial supports from governmental agencies, donors and private sectors.

6. Recommendations

6-1. Recommendation to the Project

(1) Modification of the PDM based on the actual operations of the Project
(2) Sharing progress and achievement of project activities and feedback project members’ capacity development by the expert team
(3) Involvement of other WSSEs into project activities for preparation for the dissemination of outputs of the Project.

6-2. Recommendation to MPWT/DHUP/WASRO/WSSEs

(1) Secure financial resources for the implementation of the developed Plans
(2) Promote participation of DPWTs in project activities and strengthening their roles for developing the provincial Water Supply Vision
(3) Promote information sharing and coordination with other donors which deals with similar supports to other WSSEs, for the future dissemination
(4) Promote appropriate application of PFI with emphasis on public interest through the development of the PPP Guideline
(5) Apply and develop private sectors as a measure of shortage of WSSE staff based on the PPP Guideline

6-3. Recommendation to JICA

(1) Dispatch experts with an appropriate duration and timing by recruiting experts from various resources, if Japanese local government has a difficulty
(2) Consider to support implementation of the Plans by JICA schemes (Grant or Loan)

7. Lessons Learned

(1) Foster motivation by supporting daily operations and sharing visions
   The Project tries to reduce the burdens of counterparts and foster their motivation toward participation in activities by supporting daily operations of counterparts rather than imposing specific burdens of the Project. Moreover, effective capacity development and sustainable implementation of activities are expected, because the Project shares necessary points of views, visions and awareness of issues on the water service management.

(2) Customize approaches to suit the situation of Laos
   It is identified that customization of approaches is more important rather than imposing the approaches in Japan, through understanding background of Laos and differences between Laos and Japan. By knowing Japanese backgrounds of introduction and abolition of various technical and administrative systems, the project should carry out an appropriate selection and consider suitable transferring methods.

(3) Provide strategic contents of training in Japan
   The training courses in Japan have been designed with long-term view with focusing practice on the ground rather than giving specific knowledge useful in short term, so that the counterparts are able to improve capacity to develop and revise long and mid-term plans which requires the wide range of knowledge on water service. The training participants are able to reinforce a sense of purpose by explanation of visit places and objectives before the training. Moreover, the Japanese local government units which both dispatch experts and receive trainees attribute to the provision of consistent training and follow-up of ex-trainees.
(4) Use the “OJT record” to transfer the progress of capacity development

Though dispatch period and the number of short-term experts by local government units have some limits, the Project utilizes the OJT record (OJT Karte) to transfer efficiently the progress of counterparts’ capacity development to incoming short-term experts and long-term experts.

(5) Smooth communication among project members

The Project has many members and is varied in their positions as members from 2 departments in the national government, 3 WSSEs and DHUPs in 3 provinces. For maintaining the smooth communication with counterparts, the Project sets regular meeting such as the weekly meeting in WSSEs, monthly meeting with main counterparts and sub-committee meeting by subjects. Those meetings effectively have contributed counterparts to sharing progress and information about the Project and promoting their cooperation and competition.