

PDAA 859

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**PROCESS EVALUATION**

**OF THE**

**BARANGAY WATER PROJECT II**

**PREPARED FOR**



**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**  
**MANILA, PHILIPPINES**

**MARCH 1985**

## ACKNOWLEDGEMENTS

The Evaluation Team wishes to acknowledge the cooperation and support of Mr. Carlos E. Crowe, Project Manager and the USAID/BWP and Sheladia engineers. Their willingness to provide data and documentation is greatly appreciated. Time and information given by other USAID Personnel is also gratefully acknowledged.

Sincere gratitude also goes to Mr. Gaspar E. Nepomuceno, his staff, and all the LGU staff who were so unfailingly willing to provide information. The team would also like to thank the word processors, Noemi Damito, Carol Duque, Gloria Edquiban and Mae Manalo whose overtime efforts enabled the team to complete the report in a timely manner.

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## ABBREVIATIONS

AA	-	Advice of Allotment
ADB	-	Asian Development Bank
A&E Firm	-	Refers to Techniks Group Corporation
ASTM	-	American Society of Testing Materials
AWWA	-	American Waterworks Association
BAC	-	Bidding and Award Committee
Barangay	-	Township equivalent to a city ward or rural village; smallest government unit
BWP	-	Barangay Water Project
BWP I	-	The First Barangay Water Project (1978-1980)
BWP II	-	The Second Barangay Water Project (1981-1985)
BWP/PMS	-	Barangay Water Project/Project Monitoring Staff
BW-10	-	Authority to Proceed with Construction
BTr	-	Bureau of Treasury
CDC	-	Cash Disbursement Ceiling
CFMU	-	Central Fund Management Unit
CPO	-	Central Project Office
COA	-	Commission on Audit
CD	-	Certificate of Deposit
CHO	-	City Health Office
DV	-	Disbursement Voucher
ERSD	-	Engineering Review and Supervision Division
ESF	-	Economic Support Fund
FAR	-	Fixed Amount Reimbursement
G.I.	-	Galvanized Iron
GOP	-	Government of the Philippines
HDPE	-	High Density Polyethylene Pipe
ICU	-	Internal Control Unit
JV	-	Journal Voucher
LGU	-	Local Government Unit
LWUA	-	Local Water Utilities Administration
MAF	-	Ministry of Agriculture and Food
MDF	-	Municipal Development Fund
MLG	-	Ministry of Local Government
MUF	-	Ministry of Finance
MOA	-	Memorandum of Agreement
MOH	-	Ministry of Health
MPWH	-	Ministry of Public Works and Highways
MWSS	-	Metropolitan Waterworks and Sewerage System
NEDA	-	National Economic Development Authority
NGO	-	Non-Governmental Office
NIA	-	National Irrigation Administration
OBM	-	Office of Budget and Management
OLD	-	Office of Capital Development, USAID
OLGF	-	Office of Local Government Finance

U&M	-	Operation and Maintenance
OPM	-	Office of Prime Minister
ORAD	-	Office of Rural and Agricultural Development, USAID
PB	-	Polybutylene Pipe
PESP	-	Philippine Business for Social Progress
P/CET	-	Provincial/City Evaluation Team
PDAP	-	Provincial Development Assistance Project
PDS	-	Provincial Development Staff
PDAP	-	Provincial Development Assistance Project
PE	-	Polyethylene Pipe
PEU	-	Provincial Engineers Office
PHO	-	Provincial Health Office
PM	-	Project Manager
PMs	-	Project Management Staff
PNB	-	Philippine National Bank
PSA	-	Philippine Standards Agency
PSC	-	Project Steering Committee
RAA	-	Request for Advice of Allotment
RCA	-	Request for Cash Advance
RDA	-	Request for Obligation of Allotment
RSC	-	Rural Service Center
RWDC	-	Rural Waterworks Development Corporation
RWSA	-	Rural Waterworks and Sanitation Association
RURBAN	-	Professional Rural and Urban Consultants
TW	-	Treasury Warrant
USAID	-	United States Agency for International Development Mission in the Philippines
WASH	-	Water and Sanitation for Health Project
WFP&B	-	Work and Financial Plan and Budget
WRS	-	Waterworks Repair Shop
WWS	-	Waterworks System

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## CHAPTER I

### EXECUTIVE SUMMARY

#### A. Overview of Evaluation

The purpose of this 2-month process evaluation of the Barangay Water Program was to determine outputs and accomplishments to date and to provide management with specific guidelines for addressing the identified problems. It is the first evaluation undertaken during the 4-year life of BWP II.

The scope of work included four basic objectives.

- 1) Determine the degree of competence which the provincial governments have gained with the BWP activities in planning and building rural water systems as well as in providing technical, financial and managerial support to the rural water and sanitation associations (RWSAs).
- 2) Verify the extent to which the RWSAs have received support and training from the MLG/BWP and Provincial governments, sufficient to operate, manage and maintain their water systems on a financially sustainable basis.
- 3) Determine, based on project outputs and accomplishments to date, whether or not project targets warrant any change or modification; for example, shifting more emphasis from construction to RWSA institutional development.
- 4) Determine the performance of RWSAs focussing on factors contributing to success or failure.

The evaluation team consisted of four professionals: Helen Espinar, Donna Flanagan (team leader), Diana Talbert and Edgardo Tolones. Their expertise covers the disciplines of community development, training, management, financial analysis and waterworks engineering. The team made a thorough review of existing BWP-related literature and an analysis of relevant USAID and GUP documents; they conducted



interviews with personnel from USAID, MLG, MOF, OBM, RWDC, LWUA as well as a number of other local institutions which have experience in providing engineering, training and community development services. In addition, they visited 37 sites, including investigation of the personnel capabilities at 10 LGUs. Their field work investigations covered a randomly chosen selection of completed water systems, (Level II, Level III and Level III-A), proposed systems, systems under construction, systems that had failed and systems that were operating reasonably well.

The team's conclusions and recommendations are based primarily on four investigations:

- 1) a study of the actual performance/accomplishments of the BWP.
- 2) an in-depth look at the experience, background, motivation, capabilities and limitations of:
  - a) the USAID support team;
  - b) the BWP project management staff;
  - c) the LGU staff who are assigned BWP responsibilities; and
  - d) the RWSA officers and staff.
- 3) a study of the project design, its objectives and its stipulations--in view of today's socio-economic conditions.
- 4) a study of GOP and NGO institutions and regulations which could have a bearing on a re-design of BWP.

B. FINDINGS RE: EVALUATION OBJECTIVES

The findings of the evaluation team are sufficient to draw conclusions regarding the issues raised in the team's scope of work.

- 1) The degree of competence which provincial governments have gained in planning and building rural water systems varies. However, only 11 of the 80 LGUs which have signed MOAs with BWP have actually completed at least 3 BWP water systems, which criteria the team regards as a minimum for demonstrating competence.

The degree to which they have gained competence in providing technical, financial and managerial support to RWSAs also varies. What is clear, however, is that despite a desire and willingness to provide such support, the LGUs rarely do so.

There are two main reasons.

- Lack of effective and appropriate training from BWP/PMS prevents the LGU from teaching RWSAs the skills and knowledge for technical, financial, and managerial self-reliance.
  - Lack of logistic support has made it virtually impossible for LGU staff to monitor and train RWSAs as frequently as is necessary in order to ensure RWSA success. RWSAs which are located close to the LGU center have received more support and are, consequently, often more successful.
- 2) The extent to which the RWSAs have received support and training from the BWP/PMS and Provincial governments is discussed at length in the Institution Building section of Chapter VI.

The BWP/PMS does not keep statistics about RWSAs - i.e., if amortization is being paid; if elections are held; if the Board of Directors meet; if monthly water rates are collected; etc. Therefore, the team's conclusion about the viability of RWSAs is based on those 37 that were visited.

Most are not yet operating and managing their water systems on a financially sustainable basis. None are maintaining their systems regularly. Where the RWSA is successful, the team concludes that it is so for a variety of reasons -- none of which are the training and support given by BWP.

- 3) The team was asked to determine whether the project targets warrant any change or modification. Their answer is an emphatic, yes.

The team feels strongly that BWP should emphasize its original intent - institution building, rather than construction. (See Major Recommendations, Chapter III and the recommendations in the Management and Institution Building sections of Chapter VI.)

Criteria should be determined to measure "successful" RWSAs and one revised project aim should be a dramatic increase of such RWSAs. (The reader is referred to page 13 for a discussion of BWP achievements. Successful and innovative RWSAs are illustrated.)

The team emphasizes the warning in the September 1984 Auditor's Report. "The BWP project could fail if user association personnel are not given adequate training and technical assistance for them to effectively manage the water supply systems."

- 4) The performance of RWSAs varies from location to location, from economic crisis to economic crisis, and from season to season. However, there are factors that make success more likely. These factors are listed in Chapter IV, Lessons Learned.

### C. Conclusions

BWP has definitely not met its original targets. To date, of the 507 systems targetted, only 96 (Level II and III) have been completed; and only \$4.7 M of the total (BWP II, 1980) loan and grant of \$22.1 M has been disbursed as of December 31, 1984.

At the sites visited, of the completed and accepted systems, only 41% were giving 18 to 24 hour service. Thirty-one percent give service for less than 4 hours a day. Seventeen percent have stopped operations altogether. Again, of the sites where information was available only 2 were serving (or ever had served) the 90% of the service area population which has been a pre-requisite for BWP site selection. (See Table I.)

TABLE I  
RMSA STATUS OF OPERATION

	COMPLETED BUT NOT ACCEPTED BY RMSA	STOPPED OPERATION	LESS THAN 4 HOURS	HOURS OF OPERATION			NO CONVERSION	LEVEL OF SERVICE	
				4 TO 12 HRS	12 TO 18 HRS	18 TO 24 HRS		PARTIAL CONVERSION TO LEVEL III	TOTAL CONVERSION TO LEVEL III
<b>A. COMPLETED SYSTEMS</b>									
Lucuhin			✓					✓	
Emanuel						✓			✓
Taytay						✓		✓	
Sinal			✓					✓	
Ginangpang						✓		✓	
Luyong-Bonbon				✓				✓	
Lunao						✓		✓	
Liburon		✓					✓		
Casay			✓				✓		
Tayud			✓					✓	
Buga						✓			✓
Agsalanan	✓					✓	✓		
Sinugbohan			✓				✓		
Tamekan		✓					✓		
Salatan				✓	✓			✓	
Loma			✓					✓	
Dagatan			✓					✓	
Cabezas			✓					✓	
Lapidario		✓					✓		
Bonga						✓	✓		
Dita	✓						✓		
Pawa	✓						✓		
Manga						✓	✓		
San Isidro		✓					✓		
San Juan						✓			✓
Lolomboy						✓			✓
Bulhan					✓			✓	
San Gabriel						✓		✓	
Tabing Ilog						✓		✓	
Bunsuran		✓					✓		✓
Camp I			✓				✓		
Urayong			✓				✓		
<b>TOTALS</b>	<b>3</b>	<b>5</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>12</b>	<b>11</b>	<b>16</b>	<b>5</b>

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If we generalize from these statistics, it is likely that even the low number of completed systems (96) gives an inflated view of the number of people and communities who have actually received a considerable benefit from the BWP.

There are five underlying causes for this performance.

1. Late financial disbursements (both seed money and reimbursements) by the GOP have caused substantial delays in implementation. The FAR reimbursement process, combined with the limited financial resources the LGUs have been experiencing since 1983, has made the start up of new projects almost impossible in some provinces. The slow and unreliable disbursement process also has contributed to an LGU loss of interest in the BWP.
2. The centralized management of BWP has compounded many problems.
  - a. PMS did not visit the provinces regularly to provide training, monitoring and evaluation services.
  - b. The sub-project approval process was held up (sometimes for more than a year) because of poor communication between BWP and the LGUs.
  - c. The various consultants see the problems in the field, but have no authority to take action. They can make recommendations to the PMS but there is no system of follow-up to the recommendations. Even within the PMS only the project manager admits to having the authority to make decisions or take actions. Other PMS members seem unclear as to what actions they can take on their own.
3. Poorly selected, poorly trained and poorly motivated personnel. Few, if any, of the project management staff have the required qualifications for their positions. Nor have they received professional training on the job. Their lack of knowledge, skills, confidence and sense of authority have filtered down to the provincial and barangay levels, jeopardizing the entire BWP.
4. Two basic weaknesses in the design of the project. The first weakness was underestimating the sustained effort and the logistic support that would be necessary to "develop the competence of the provincial governments to plan and build rural water systems and to provide technical, financial and managerial support to the RWSAs."

The second weakness of the design is the fact that although community participation is acknowledged to be a key to the success of the BWP, no clear mechanisms for achieving it were built into the project. The project designers apparently thought that community participation and community development would occur as the result of community meetings.

5. Despite trainings, and despite the presence of USAID engineers and both local and foreign engineering consultants, 31% of the sites visited suffered from design flaws, inadequate source development, poor construction and/or below standard materials.

#### D. Discussion of Alternatives

There are essentially three alternatives that can be considered for the BWP.

1. To continue the project more or less as it now stands until the current loan extension expires (December 1985) and then to entirely abandon the project.
2. To extend the loan until December 1986 and instigate some of the team's recommendations (e.g. a speedier reimbursement process through use of the MUF revolving fund); while at the same time making an intensive effort to rehabilitate and complete as many projects as possible by the end of 1986. This effort will be mainly construction - not institutional development.
3. To terminate the existing BWP and design a new program which will be more responsive to the real needs of the LGUs and RWSAs. This alternative would necessarily require USAID to deal with the following issues:
  - a. whether BWP should continue its apparent inadvertent change of emphasis to construction or return to its original intent of institution building;
  - b. where BWP should be placed within USAID;
  - c. where BWP should be placed within the GOP;

- d. the use of central management system vs. decentralization;
- e. the continued use of FAR;
- f. provision of transport.

The evaluation team finds no advantage in the first alternative. A clean water supply is a basic need of all people and USAID has a role to play in helping the GUP to meet that need for its rural population.

The second alternative represents a half-hearted measure. The team believes that the personnel who implement the program will not have the motivation or enthusiasm necessary to do so if they know the project is to end in 1986. Low morale and interest would prevent both innovative ideas and the necessary intensive push toward completion of more work. In addition, according to the Batasan Pambansa Blg. 697, no contract awards may be made 45 days before or 45 days after the 1986 provincial elections. Thus, during one-quarter of the year, new project work would be considerably slowed.

The evaluation team, therefore sees no advantage in prolonging BWP II by a year's loan extension.

The third alternative offers what the team thinks represents the best option. It offers the opportunity to replace a moribund project with a dynamic one. It offers the opportunity to establish realistic goals; it offers the opportunity to find the most efficient and effective GUP agency within which to place the BWP; it offers the opportunity to devise a responsive financial plan that is realistic in today's economic situation; it offers the opportunity to try a different organizational set-up (such as the de-centralized approach which is recommended by the team); it offers the opportunity to insist on qualified and professional BWP staff; it offers the opportunity to make provisions for expert community participation and community organization inputs.

The reader is referred to Chapter V for an in-depth discussion of the team's recommendations concerning such a BWP reorganization.

Chapter III is a list of other major recommendations. They are based on the findings, conclusions and detailed recommendations presented in Chapter VI.



## CHAPTER II

### PROJECT DESCRIPTION

#### A. Overview - Introduction to the BWP

To understand the BWP, it is helpful to review the history of its evolution as a "spin-off" project of the Provincial Development Assistance Program (PDAP).

When early efforts in rural development solely through central government mechanisms did not meet local needs or expectations, USAID decided on a new approach. Local governments were to be given more freedom to select and carry out their own projects and their capacity to implement and manage development activities was to be strengthened.

In 1966, Operation SPREAD (Systematic Programming for Rural Economic Assistance Development) was initiated on a pilot basis to develop basic LGU infrastructure. This assistance was supplied directly to the provinces.

The success of this pilot program led to the creation of PDAP in 1968. PDAP aimed to upgrade LGU administrative capabilities and project implementation capacity but through a central government mechanism, an agency in the National Economic Council.

By 1976 PDAP was operational in 28 provinces and to varying degrees was successful in:

- a) creating Provincial Development Councils, Provincial Development Staffs, the Capital Improvement Plan, and the Annual Implementation Plan;
- b) improving budgetary and fiscal management; and
- c) improving LGU capacity to plan and implement capital improvement projects.

In 1976 the administration of PDAP was transferred from NEC to the newly created Ministry of Local Government and Community Development.

As PDAP came to an end, special projects were designed to continue to build LGU capabilities but target specific needs or particular

groups of people. Rural Roads (1976), Rural Service Centers, and the BWP (1977), were three such follow on projects.

The Barangay Water Program (BWP) is a domestic water program designed to develop local government capacities to provide safe and plentiful water for household purposes to small rural farming and fishing communities with populations of 10,000 and under. Like the communities they serve, the water systems themselves are small, generally consisting of the development of springs or wells, storage facilities, and transmission lines and laterals. Water is delivered to the consumers through strategically placed public faucets or individual house connections. The type and size of the projects vary from community to community, but the following is true of all systems: they are owned, maintained, and managed by the users themselves through water service cooperatives (RWSAs).

The Barangay Water Program works through local officials and provincial and city governments in an effort to develop their capabilities to plan and install village owned water systems. A 47 person national project management staff (PMS), a unit within the Ministry of Local Government (MLG), sets the policies, standards, and guidelines and trains the local government planning and engineering offices to develop and implement the water systems.

To assist the Philippine Government in implementing the program the USAID authorized a \$19.6 M loan for BWP II to provide funds for the construction of water systems on a Fixed Amount Reimbursable (FAR) basis. USAID has also provided management and engineering advisory services and a \$2.5 M grant to be used for special training and specific engineering and office equipment.

The original concept and design of BWP was well conceived. BWP I was managed by USAID's Office of Rural and Agricultural Development (ORAD) as an institution building project. BWP II, managed out of the Office of Capital Development, became a much larger project in terms of provinces covered and funds available. The emphasis seemed to change to system construction. Elements such as training and community organization were not monitored.

#### B. Project Goal and Purposes

According to the BWP Logical-Framework, the overall project goal is to improve the general health of the residents in the service area of the BWP. The intent was that within 3 years after the installation of the water system there would be:

- 0 no cholera or typhoid outbreak directly traceable to the project water supply;
- 0 a 50% decrease in gastro-enteritis;
- 0 a 50% decrease in reported skin diseases.

There are two project purposes:

1. To provide safe, reliable, low-cost water systems or facilities to selected small rural communities (under 10,000 population). The conditions which were to indicate that this purpose had been achieved were:

- a. All installed systems will be collecting sufficient fees to assure continuing operations.
- b. The delivered cost of water does not exceed 5% of the average family income.
- c. Quality testing is being performed regularly on each system.
- d. At least 90% of the residents are using the installed system as their primary source of potable water.

2. The second project purpose was to develop national and local government capacity to plan, organize, finance, and install Barangay Cooperative Water Systems<sup>1/</sup> with an indigenous maintenance and management capacity. The conditions indicating the second purpose had been achieved were:

- a. The existence of an established and functional control office with at least 35 trained project management staff personnel.
- b. Existence of 59 Provincial/City Development Staffs that can identify potential barangay water systems and organize cooperatives to support and manage same.
- c. Existence of 59 Provincial/City Engineering Offices which are capable of designing and installing barangay water systems and providing technical assistance for the major repair of same.

<sup>1/</sup>This term has been changed to Rural Water and Sanitation Association. It is referred to as RWSA throughout this report.

C. Current Status of the BWP

There is no data available that can indicate progress toward achievement of the project goal. Although the Ministry of Health is a co-signer in the project Memorandum of Agreement, it has not been an active participant in the BWP.

Evidence does exist, however, that water quality tests are not performed on a regular basis and user-education regarding the relationship of health and water is not given. It is unlikely therefore, that much progress toward the BWP overall goal has been made. The installation of a water system alone is not the only necessary condition for improved health.

Neither can it be said that the two project purposes have been met.

As of January 10, 1985, a USAID document reports that during BWP II, 96 Level II or Level III water systems had been completed in 37 different LGUs. In addition, 44 were under construction, and 255 were in various stages of planning and design. These figures illustrate that the BWP is far from its original end-of-project (1984) output of constructing 507 water systems.

Other indicators of project status follow.

- 0 The anticipated output of conducting 57,760 person hours of training has been achieved.
- 0 80 LGUs have signed MOAs with the Government and of these 58 have initiated at least one project
- 0 The team was unable to obtain reliable records giving data about other expected project outputs, e.g., the number of provincial evaluation teams formed; the number of functioning waterworks repair shops; the number of Water Resource Inventories prepared etc.
- 0 A local consulting firm has been hired to provide engineering design and construction and monitoring services.
- 0 A local organization has been hired to provide community organization and training services.
- 0 A U.S. consulting firm has been hired to provide specialized waterworks engineering skills.
- 0 The requirement for the BWP project management staff to conduct annual recertification exercises for participating LGUs has not been complied with.

#### D. Achievements of the BWP

The BWP is a carefully designed project. It has produced some reliable rural water supply systems and some successful barangay water cooperatives (RWSAs). It has appealed to many LGU authorities--80 LGUs have signed MOAs and the project is "in effect" in 12 of the nation's 13 regions. It has also appealed to barangay residents--they like having convenient water; many like the fact that they can manage and control the system; many like the idea that the system is theirs.

The strength of the desire of the barangay people for owning their water system is witnessed in the highly successful RWSAs where memberships are growing and amortization rates are being paid. In less affluent areas, where rate collection is problematic, the dedication of the few who work harder, often for no remuneration, to keep the system working is proof of the need and viability of the barangay water program.

The following specific examples illustrate the benefits of the local barangay water projects.

- Before the project, San Pedro residents dug through the sand of the dry Tanauan River bed to get drinking water during the dry season. Iba-jay and Maloco-Capilhan residents depended on shallow and open-dug wells or rainwater collected from dusty roofs and stored in tanks which were often rusty. Lolomboy residents either bought their water from a neighboring barrio or obtained it from a shallow well which was not considered safe by medical authorities. Now, all communities have a safe, year-round, supply of piped water. Construction of water-sealed toilets has increased 30 percent; now between 80 percent and 95 percent of the households in these communities have water-sealed toilets.
- Whereas residents of Lolomboy used to pay an average of ₱45 per month for water brought in by motorized tricycle, now they pay an average of ₱35 for a continuous supply of piped water.
- Due to lack of water, families in San Pedro could not engage in backyard gardening during the dry season. Now, at least 70 percent have year-round backyard gardens. Household piggy banks have increased in San Pedro with about 60 percent of families now raising pigs.

Some successful RWSAs have reached beyond the BWP expectations with special fundraising efforts such as raffles, beauty contests, and

sales of piping. Efforts of community education are seen for example, in a quarterly newsletter which one RWSA produces for its membership.

The concept of federations has proven highly successful in the few provinces where they are active. Some federations have provided loans to RWSAs in urgent need. More experienced RWSAs have been able to advise newer ones through the forum for information exchange the federation meetings provide. In at least one province, staff from older RWSAs help train the new RWSA staff. Federations give the people a stronger voice and a feeling of pride in their efforts.

The BWP concept has proven a model for at least one LGU. In Bulacan, the PDS has completed, with its own funds, a level I system based on BWP principles. Two more are in the planning stages.

In addition, many provinces must be given credit for successful completion of projects. Not only have they implemented the BWP projects, they have also at times had to battle the sometimes somnolent bureaucracy of the central BWP which holds the key to final project approval and with it the release of the reimbursements.

The philosophy behind the BWP has been shown to be workable.

One of the primary achievements of the BWP is the thorough manual of operations and procedures that has been developed. This manual, although somewhat overwhelming because of its massiveness and complexity, is a good guide to program implementation.

LGU engineers have benefitted from BWP. Standard designs have been made available to them. Some, through their association with Sheladia engineers, are gaining an awareness of the importance of hydrogeological factors. If the proposed hydrogeological training center is established as anticipated, even more will be exposed to such knowledge.

Perhaps the most lasting benefit of the BWP is the lessons learned. BWP has shown that small-scale water systems can be developed effectively by LGU personnel and managed by barangay residents. Much has been learned that is relevant for future policy and program formulation. The Mission should examine successful sub-projects and design future projects to take advantage of the insights gained therein. (For a discussion of factors that make success more likely, see number 9 of Chapter VI, Lessons Learned.)

It must also be emphasized that, although aware of BWP shortcomings, all or almost all of the involved parties would like to see it continued and made more effective.

## CHAPTER III

### MAJOR RECOMMENDATIONS

NOTE: THE EVALUATION TEAM RECOMMENDS THAT BWP BE TERMINATED ON DECEMBER 31, 1985 AND A NEW PROJECT BE DESIGNED BASED ON THE LESSONS LEARNED FROM BWP. THE FOLLOWING RECOMMENDATIONS, HOWEVER, ARE APPLICABLE TO EITHER A NEWLY DESIGNED PROJECT OR AN EXTENDED BWP. THE TERM BWP, IS USED TO REFER TO EITHER A CONTINUATION OF THE PRESENT PROJECT OR A NEW RURAL WATER SUPPLY PROJECT.

1. USAID must be very clear about what kind of a water project is desired. A strong case can be made for using water systems as an instrument of LGU and barangay institutional development. A project with this orientation must emphasize training and community organization.

A strong case can also be made for a project with the primary aim of providing people with a basic need - water. In this case, the LGU emphasis should be on construction. RWSAs should be seen as businesses not as methods of initiating community development.

A decision must be made as to the preferred role and emphasis.

2. BWP must be revitalized. In order to do this, BWP management must become responsive to the needs of the LGUs. THE EVALUATION TEAM THEREFORE RECOMMENDS THAT THE BWP DECENTRALIZE ITS FUNCTION, CONSIDERABLY REDUCE ITS CENTRAL OFFICE PERSONNEL, AND INITIALLY SET UP ONLY 3 TO 4 SMALL REGIONAL DIVISIONS.

Regional personnel should be given the final authority to:

- a. approve plans, designs and construction; and,
- b. approve and make disbursements to the LGU.

The central Manila office should serve only as a monitor and conduit of funds.

3. THE EVALUATION TEAM RECOMMENDS THAT THE FIXED AMOUNT REIMBURSEMENT (FAR) METHOD BE MODIFIED. It is recommended that consideration be given to a 75% Cash Advance at the start of the construction; the remaining amount to be released after completion and acceptance of the project.

The team has two alternatives as to the life of the program and the recommended financial scheme for each option is:

- a. BWP II will end by December 1985.

The existing procedure of FAR method of fund release may be modified by a 75% Cash Advance and the remaining 25% to be released after final acceptance of the project (water system) by USAID Engineers.

- b. BWP II is to be extended up to December 1986.

If BWP II has to be extended to December 1986, it is recommended that USAID should consider the Municipal Development Fund (MDF) of the Ministry of Finance (MOF) as the conduit for its fund to the LGUs. The system of 75% cash advance is likewise recommended. Use of MDF for 1986 will serve as a test for the process which then may be used in a succeeding BWP program.

4. The implementing agency must be staffed by professionals as stipulated in the project document. Therefore, MONIES SHOULD BE RE-PROGRAMMED AND CONTRACTORS SHOULD BE HIRED TO GIVE TECHNICAL ASSISTANCE IN:

- a. COMMUNITY ORGANIZATION SKILLS;
- b. THE TECHNIQUES AND USES OF MONITORING;
- c. PROFESSIONAL TRAINING SKILLS; AND
- d. TECHNICAL SKILLS.

5. A COMPLETE MIS STUDY SHOULD BE UNDERTAKEN WITH THE AIM OF STREAMLINING THE DOCUMENTATION AND PROCEDURES OF THE BWP IMPLEMENTATION PROCESS.

Everyone who is affected by the BWP must be involved in the revision of the BWP. This will mean, for example, that seminars must be held in which PDS and PEO staff contribute to the re-design and streamlining of BWP documentation and procedures; and, RWSA



Officers would be co-designers of realistic regulations and procedures regarding the formation of RWSAs, the amortization regulations, etc.

In addition, A CONTRACTOR SHOULD BE HIRED TO ESTABLISH EFFICIENT RECORDS-KEEPING AND DATA PROCESSING PACKAGES.

6. USAID SHOULD MONITOR THE INSTITUTION BUILDING COMPONENTS OF THE PROJECT--NOT JUST THE TECHNICAL COMPONENTS AS IS BEING DONE NOW. Professional consultants (as opposed to the USAID funded team now working for BWP) should be hired.

7. TRANSPORTATION MUST BE MADE AVAILABLE FOR PERSONNEL WHOSE JOB REQUIRES TRAVEL TO MONITOR, SUPERVISE AND/OR SUPPORT PROJECTS. The evaluation team recommends that monies be re-programmed into grants in order that jeepneys can be purchased locally, be decorated with the project logo, and be used to provide the transportation that is necessary to the success of this project. (estimated cost: 100,000 pesos/jeepney). Other agencies such as UNICEF could also be approached to provide grants.

8. MAINTENANCE OF WATER SUPPLY SYSTEMS SHOULD BE STRESSED. A maintenance system must be developed that can ensure scheduling of preventive maintenance as well as timely repair work. The evaluation team recommends that those provinces which have satisfactorily completed at least 5 BWP Level II or Level III systems be provided with a mobile maintenance van. (estimated cost: 170,000 pesos/van including equipment and tools.)

A van would not only provide the physical means of transport to water works technicians, but would also give a measure of status to those technicians who traditionally have little incentive to do maintenance work.

In addition, the evaluation team stresses the need for rehabilitation and concurs and re-emphasizes the recommendation in the September, 1984 BWP Audit report:

"USAID/Philippines take action to ensure that the BWP agency and provincial government units:

- a. survey all existing Level II and III-A water supply systems to determine which ones are in economic difficulty, or in need of repair or technical assistance;
- b. provide appropriate managerial, financial, and technical assistance to the RWSAs for all "problem" water supply systems identified in the survey."

9. THE PROCESS OF SITE SELECTION THAT IS CLEARLY DEFINED IN THE BWP MANUAL MUST BE STRICTLY ADHERED TO.

- a. Level I projects are clearly more appropriate in some barangays than Level II or Level III. It is wrong, therefore, to saddle such communities with systems they can neither afford or maintain.
- b. It is now evident that at sites where there is an adequate alternative source of water RWSAs do not become financially viable.
- c. Political considerations have been responsible for a large number of poor site selections and consequent system failures. Some responsible non-political body must be given authority to make final determination of sites based solely on technical, social and financial factors.
- d. Site selection should not continue to be confined to only those areas that are served by an electric cooperative (or have the topography for a gravity system). Diesel pumps and alternative energy sources make it possible to consider all needy barangays.

10. A POLICY DECISION MUST BE MADE TO DETERMINE THE DEGREE OF COMMUNITY PARTICIPATION DESIRED IN THIS PROJECT. A study should be made of the levels and types of participation possible.

LGU staff who are involved in implementation of BWP projects must be trained and given experience in community organization and community development techniques. The evaluation team recommends that the services of successful local community organization experts be used for this training. Such expertise can be found through the staff of Project Compassion; through Ilaw International Center, Inc.; through Cooperatives Development staff at the Ministry of Agriculture and Food; the staff of Philippine Business for Social Progress, etc.

11. THE CONCEPT OF THE RWSA SHOULD BE BROADENED. A cooperative based solely on a water system is not likely to provide the community development improvements desired. Health, sanitation, nutrition, and income generating projects may be useful adjuncts to an RWSA.

12. WATER AND SANITATION ARE INSEPARABLE AND SHOULD BE INCORPORATED IN THE PROJECT WITH EQUAL EMPHASIS. USAID'S HEALTH OFFICE AND THE MOH SHOULD BE ACTIVE PARTNERS IN ANY RURAL WATER SUPPLY PROJECT.

The evaluation team recommends that a mass media campaign be undertaken to create the demand for potable water and a sanitary environment. A commercial marketing agency should be contracted to run a professional social marketing campaign.

13. Criteria which define "successful" RWSAs and "successful" LGUs should be set. BWP TARGETS SHOULD THEN BE REVISED TO FOCUS ON SUCH SUCCESSES RATHER THAN THE NUMBER OF SYSTEMS INSTALLED.

NOTE: The reader is referred to Chapter V for a discussion of recommendations dealing with decentralization and financing schemes.

## Chapter IV

### Lessons Learned

In its seven years of existence, the Barangay Water Program has accumulated vast amounts of experience. It is instructive to use that experience as a source of insights. What follows are some of the lessons that may have relevance for other projects and project designers.

1. Factors which seem to make success of an RWSA and the rural water system more likely include the following:

- a water system that is well-designed and well-constructed;
- community participation in the review of project plans and in some role of construction supervision;
- community residents with a regular source of income as opposed to seasonal income;
- RWSA members with a sound knowledge of the relationship between water and health;
- community residents who are small landowners, not tenant farmers;
- a clustered housing pattern, rather than dispersed housing;
- a community which is relatively homogenous both culturally and economically;
- a community that has a history of undertaking community projects;
- a community wherein the traditional water source is distant and/or scarce;
- a community whose members have some degree of education;
- a community which includes people who have previously lived in a city with a clear, convenient water supply;

- RWSAs that are active federation members;
- RWSA officers who have had previous business-related experience;
- RWSA activities that go beyond the mere provision of water and include, e.g., livelihood or health and nutrition activities.

2. Increasing the size of a project does not ensure that more beneficiaries are reached. In BWP there has been a negative correlation between the size and complexity of the project and the efficiency with which BWP business was undertaken. It would seem wise to concentrate efforts in fewer LGUs at a time and ensure that they receive all the training and support they require.

3. Projects will fail if they are based on the faulty assumption that anyone can conduct training. Project managers who wouldn't dream of hiring non-engineers to do engineering work, often think nothing of hiring non-trainers to do training work.

Project planners must be made aware that merely holding a "training" does not ensure that learning has taken place. Effective training requires skilled professional trainers.

4. Forms, guidelines and formulas which are intended as aids to institutional development may be self-defeating. If time and training has not been given to ensure that the users of the forms understand the concepts and objectives of these forms, the users may adhere blindly to the guidelines long after their usefulness is past. The forms may become an excuse for not thinking rather than an aid to thinking.

5. When a project is designed around a sector that may have political overtones, project planners should take those implications into consideration when defining project regulations. It is unrealistic, for example, to expect that provincial governments will close down water systems or enforce penalties for non-payment of RWSA amortization, when "water is votes."

6. Rural water supply systems do not always bring the political benefits hoped for by government officials. In those communities where because of poor design, poor maintenance, poor training or poor follow-up, the systems have deteriorated, the systems may, in fact, become political liabilities.

7. When a project requires great input from the LGU level (as does the BWP, which asks that LGUs do the planning, designing, implementing of the water system as well as the organizing and support of the water association), a top down, "don't question" management approach from the central level is not appropriate. It stifles LGU motivation and creativity.

8. The "poorest of the poor" will generally not be reached by a water system emphasizing house connections. Special considerations and efforts must be planned to reach those target beneficiaries.

9. USAID institution building programs, if they are to be effective, should be established in permanent agencies where skills will continue to be used after the end of a USAID project. Those central government agencies which have the lowest salary scales often have the least qualified and most transient staff. Yet, it is these very agencies where institutional building components are now housed.

10. Designers of projects which rely heavily on local participation should: a) have a clear and specific definition of the community participation, b) make sure counterparts share this understanding, and c) design specific means for achieving it.

11. In addition to these "Lessons Learned" the evaluation team submits for reconsideration, five lessons taken from Lessons Learned: Provincial Development Assistance Program, Philippines (1980). These same lessons could have been drawn from the experiences of the BWP. They are as relevant today as they were in 1980. It is hoped that this reiteration will bring them to the attention of project planners.

a. Development assistance projects whose objective is to strengthen localities so that they can on their own identify, initiate, and implement development programs must contain provision for a phased withdrawal of the project control agency. Otherwise, localities tend to become subordinates of a control agency, subject to operational constraints which suppress initiative and self-reliance, produce ritualistic compliance systems, prevent experimental responses to the differential character of local conditions, and inhibit the development of local organizational and managerial capacities. In the case of PDAP, it was the effective absence of a central control agency at a crucial point in its history that enabled the provinces to achieve "take-off".

b. External assistance should be provided in the form of tangible resources which can be directly deployed under the authority of the locality.

Real discretion as to allocation of resources provides local executives with policy and project alternatives, with agendas of their own and the opportunity to prevent visible accomplishment in their own right.

c. PDAP-Central's early assumption of responsibility for the national extension of the program displaced its original experimental emphasis. As line responsibilities took hold, experimental effort and "research and development" activities ceased, and "monitoring and evaluation" were reduced to pro-forma checklists. Its primary thrust became that of establishing control and compliance systems and monitoring clearance and accountability procedures. When line administration is allowed to overwhelm experimental effort, opportunities for systematic learning and error-correction are lost.

d. In projects designed to develop or strengthen local administrative capacity, care must be taken to select management techniques that stimulate local administrative development and to avoid those that tend to establish tight hierarchical control over localities.

e. Projects intended to build planning capacity at the level of local government must guard against overloading the structure of local administration with requirements that are at best marginal. Localities are saddled with numerous distinct planning responsibilities, many of which are of no value to them and cannot be justified on grounds of training or "learning by doing".

## CHAPTER V

### DISCUSSION OF ALTERNATIVE PROPOSALS

The request for water projects by LGUs is second only to roads. For barangay residents, water is often the number one concern. Given the need for potable water in rural areas, the Barangay Water Program will undoubtedly continue in one guise or another--with funding from one donor agency or another--for some time to come. Although the evaluation team recommends a revised rural water supply and sanitation project, options are given for several scenarios.

Section A of Chapter V outlines the essential components of either a new project or an extended BWP.

1. Decentralization and a cash advancement system.
2. Mass education campaign relating water and health.
3. Community Organization.
4. Training of Trainers.
5. Integrated Cooperative Approach.

Other common essentials include:

- 0 the establishment of management information systems;
- 0 revision and streamlining of the Manual of Operations specific to the needs of participating regions/provinces; and,
- 0 the reprogramming of loan and grant monies for community organization, health/sanitation, social marketing campaign, training of trainers, and transportation.

Section B describes the existing BWP II program implementation flow and the existing procedure for fund release to LGUs.

Section C discusses the Immediate Steps to be Taken.

- OPTION ONE: short term (until Dec. 1985)
- OPTION TWO: long term (with loan extension to Dec. 1986)



Section D is the discussion and recommendations for reorganization possibilities.

- OPTION ONE : Remain in MLG but decentralize
- OPTION TWO : Reorganize under RWDC
- OPTION THREE : Reorganize under another agency, such as, NEDA, Ministry of Agriculture and Food, or the Office of the Prime Minister.

A. ESSENTIAL COMPONENTS OF ANY NEW DESIGN FOR A REORGANIZED BWP

1. Decentralization and a cash advancement system.

A continued BWP should focus its efforts directly at the provincial/city LGU level, with minimal central staff. The evaluation team finds that the real incentives and commitment to BWP are at the LGU and barangay levels and it is there that both the human resources (for training and support) and the capital resources (e.g. vehicles) should be placed. The structural and organizational arrangement that will most efficiently get the finances and the human resources to the LGUs should be employed.

It is recommended that Fixed Amount Reimbursement (FAR) procedure be dropped or modified. The cash advance method should be considered at the rate of 75% of the costs to be released at the start of the construction; the remaining 25% to be paid after completion of the project.

2. Mass education campaign relating water and health.

According to the TAMS' Study of Infrastructure Investment and Maintenance in the Republic of the Philippines, December 1984, "waterborne diseases are among the leading causes of illness and death in the Philippines. Diarrhea was the second most important illness in 1979, dysentery was eighth, and infectious hepatitis was tenth. Among causes of the death of infants under one year, diarrhea was third."

The relationship between water, sanitation, and health is undeniable but barangay residents' desire for water is prioritized by the need for quantity, convenience, and taste. The general population is not sufficiently educated to the need for safe water.

To increase the demand for potable water and to encourage commitment to water, health and sanitation efforts, a mass education campaign--preferably a professionally organized social marketing campaign--can be used. It could include:

- an intensive radio campaign extolling the virtues of potable, convenient water supplies;
- video/slide shows of successful RWSAs;
- exchange visits between successful RWSA staff/Board members and potential barangay representatives;
- photonovellas/drama comics distributed in barangays demonstrating the value of clean water systems and good sanitation; and
- songs and folk dramas produced and performed.

### 3. Community Organization

One essential, but to date missing aspect of the Project, is a concentrated effort in community organization. Community organization is the key to successful formation and continuation of RWSAs. It requires manpower and a relatively long term, intensive commitment.

Community organizers must be included on a full time basis:

- a. LGUs can hire them or have them detailed from regional or municipal development staffs;
- b. Positions (on a contract basis) can be financed as technical assistance from project funds;
- c. Community development workers in each BWP barangay can be given responsibility and training for water and sanitation activities.

The RWDC now contracts the Philippine Businesses for Social Progress (PBSP) and Project Compassion to train their technical people in community organizing skills. PBSP is designing (for RWDC) an institutional development framework for developing community based organizations (co-ops) with defined terms, roles, and a process for attaining goals. PBSP then provides staff training. USAID's Local

Resources Management program also uses this firm and additionally, the International Institute for Rural Reconstruction; the Philippine Movement for Rural Reconstruction; and the University of the Philippines to provide training, community organization and management skills.

#### 4. Training of Trainers.

Any rural water project must have professional trainers of trainers who will train the LGU staff who in turn train the RWSA Board and staff. AID's Water and Sanitation for Health (WASH) Project based in Washington, D.C. is highly recommended to determine the training needs of BWP, establish a training program, and implement the training of trainers.

Project Compassion serves as an example of the type of effective training that BWP now lacks. Their training program for community organizers takes four to six months: one month training at their center in Bohol, Visayas followed by one month practicum in a nearby location; then another month of theory and feedback on practicum followed by a month's practicum in the trainee's own base site. With this type of training, the LGU community organizer and six or more municipal and/or barangay people could become skilled BWP resources. After qualifying, the LGU Community Organizer could act as lead trainer with assistance from the other six. Eventually, the contract firm would be phased out by these new trainers of trainers, and the institutional building of development skills would be firmly implanted in the province.

#### 5. Integrated Cooperative Approach

It has been pointed out by several experienced sources that RWSAs would have more chance for success if they were set up as a more comprehensive, integrated rural development cooperative. A cooperative, based on providing a water system alone, does not provide motivation for continued community involvement once the system is set up. A viable and active RWSA may need other related activities such as sanitation projects; livelihood projects such as piggeries, poultry, gardens, hollowbrick making, fish and duck raising; and/or environmental projects such as agro-forestry or reforestation.

The concept of establishing cooperatives (RWSAs) to operate, maintain, and manage water systems is a valid one. It should, however, be reconsidered from the standpoint of whether it must be solely for the purpose of providing water. Other approaches, such as using already existing community based groups may be more effective.

Setting up new cooperatives sometimes disrupts community equilibrium; whereas integrating with existing groups strengthens capacities. In communities where there is no existing organization, water can be the entry point for a cooperative but, in that case, encouragement must be given for activities which will sustain the cooperative after the water is provided. When nutrition or livelihood projects work together with water and sanitation, there can be tangible, quantifiable effects on a community.

To summarize, any reorganization scheme for BWP must address these factors:

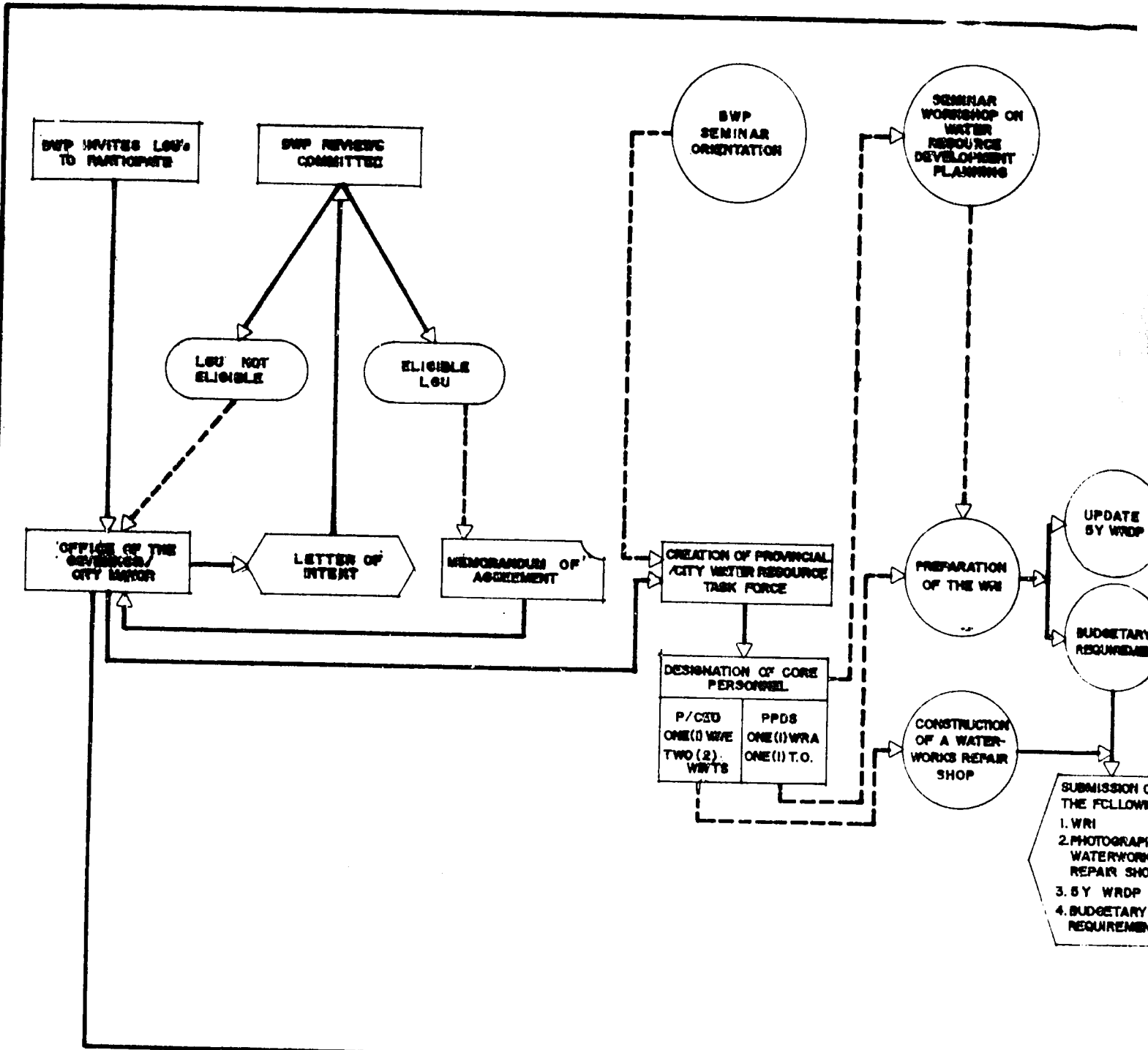
1. The need for decentralization and a cash advancement system;
2. The need for a mass education campaign relating water and health;
3. The need for improved community organization and community development work;
4. The need for professional trainers;
5. The need for an integrated cooperative approach.

#### B. PRESENT IMPLEMENTATION FLOW

The program implementation flow for BWP II is illustrated in Flow Chart I.

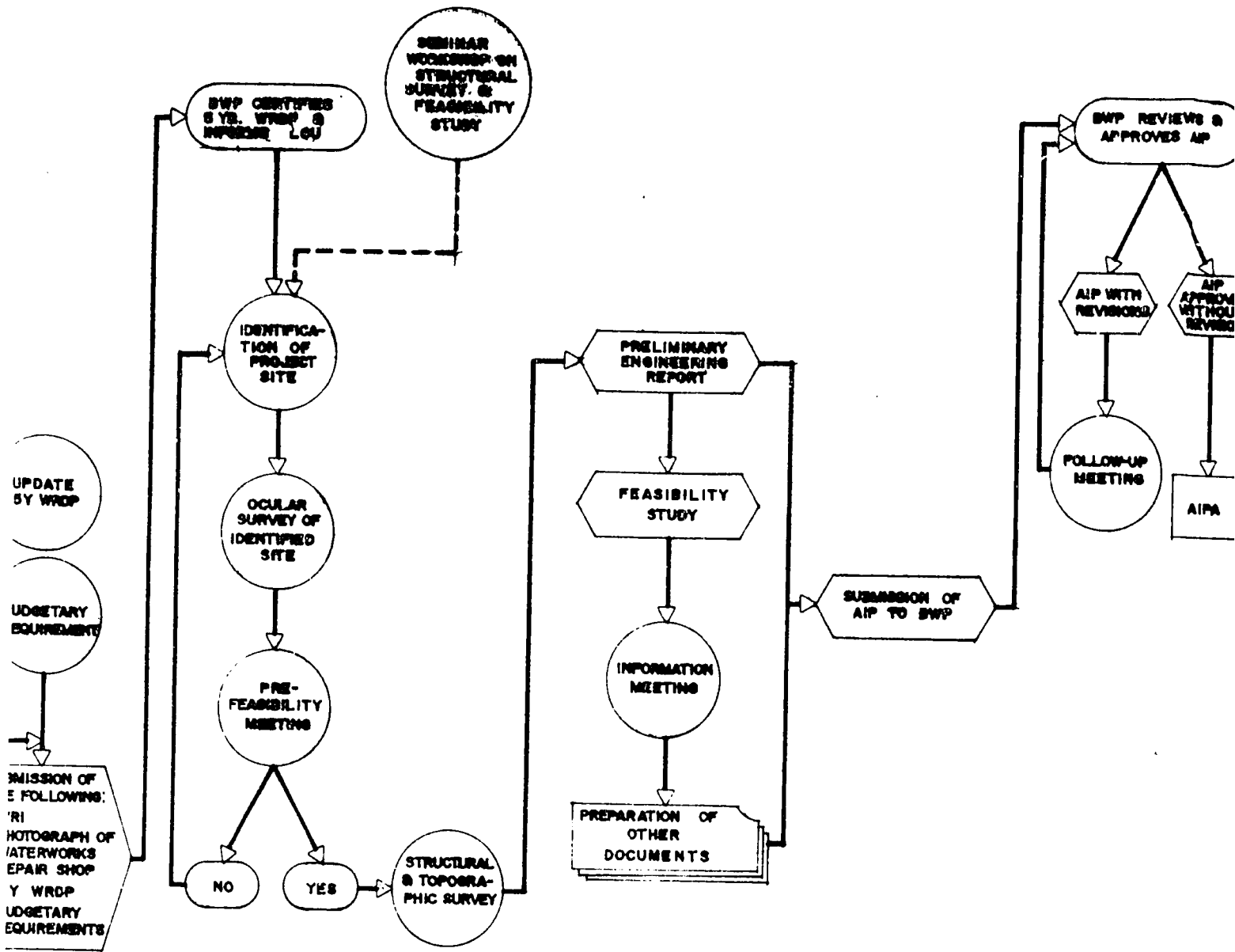
The existing procedure for fund release to LGUs is illustrated in Flow Chart II. The detailed explanation of this system is in Appendix A at the end of this chapter.

To complete the process for the release of funds to LGUs, the present procedure entails an average of eight months. BWP prepares Request for Advice of Allotment (RAA) to OBM on a quarterly basis instead of monthly. Claims for reimbursement received during the first month of a quarter have to wait for the end of the quarter to have these claims included in the RAA to be submitted to OBM.

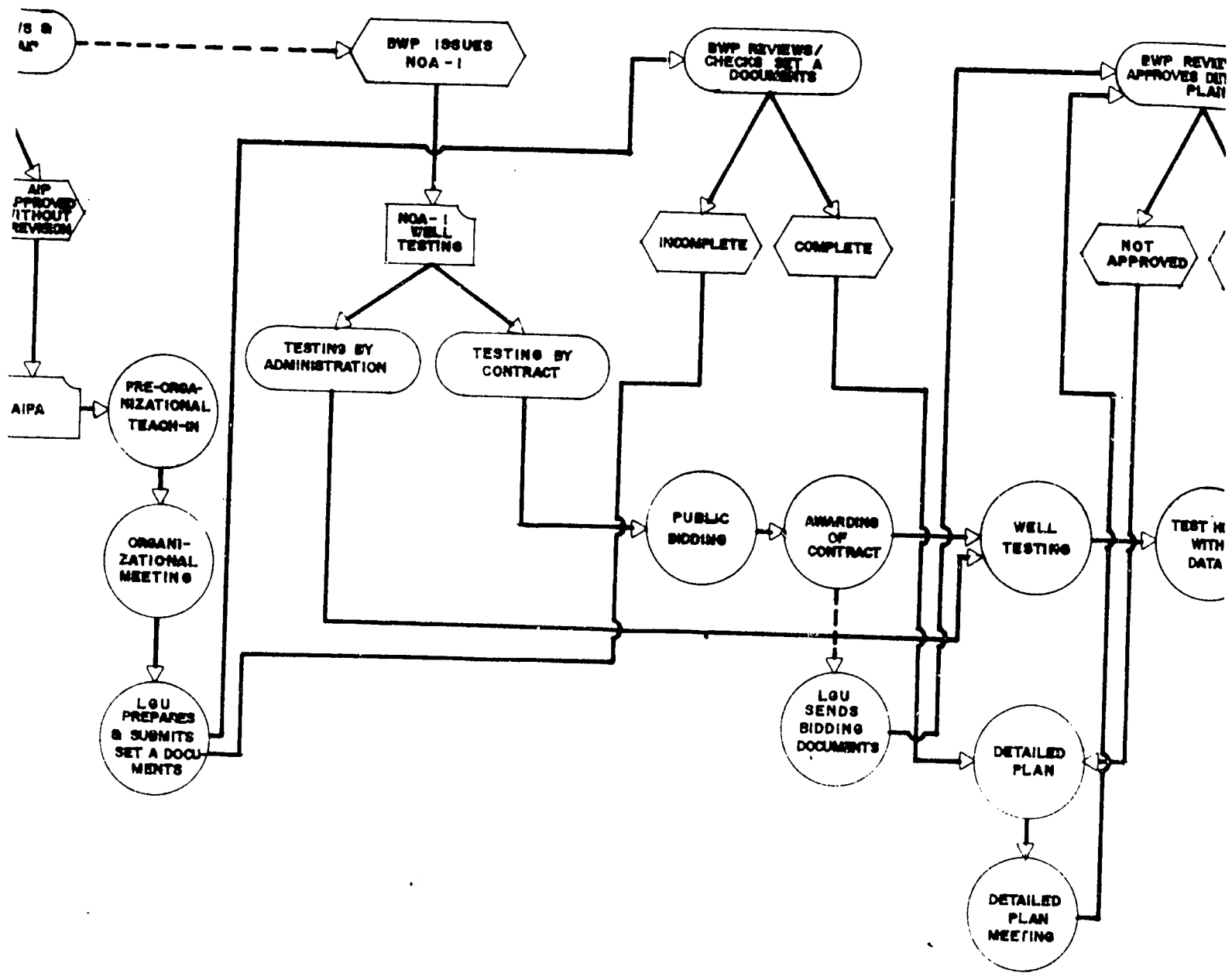


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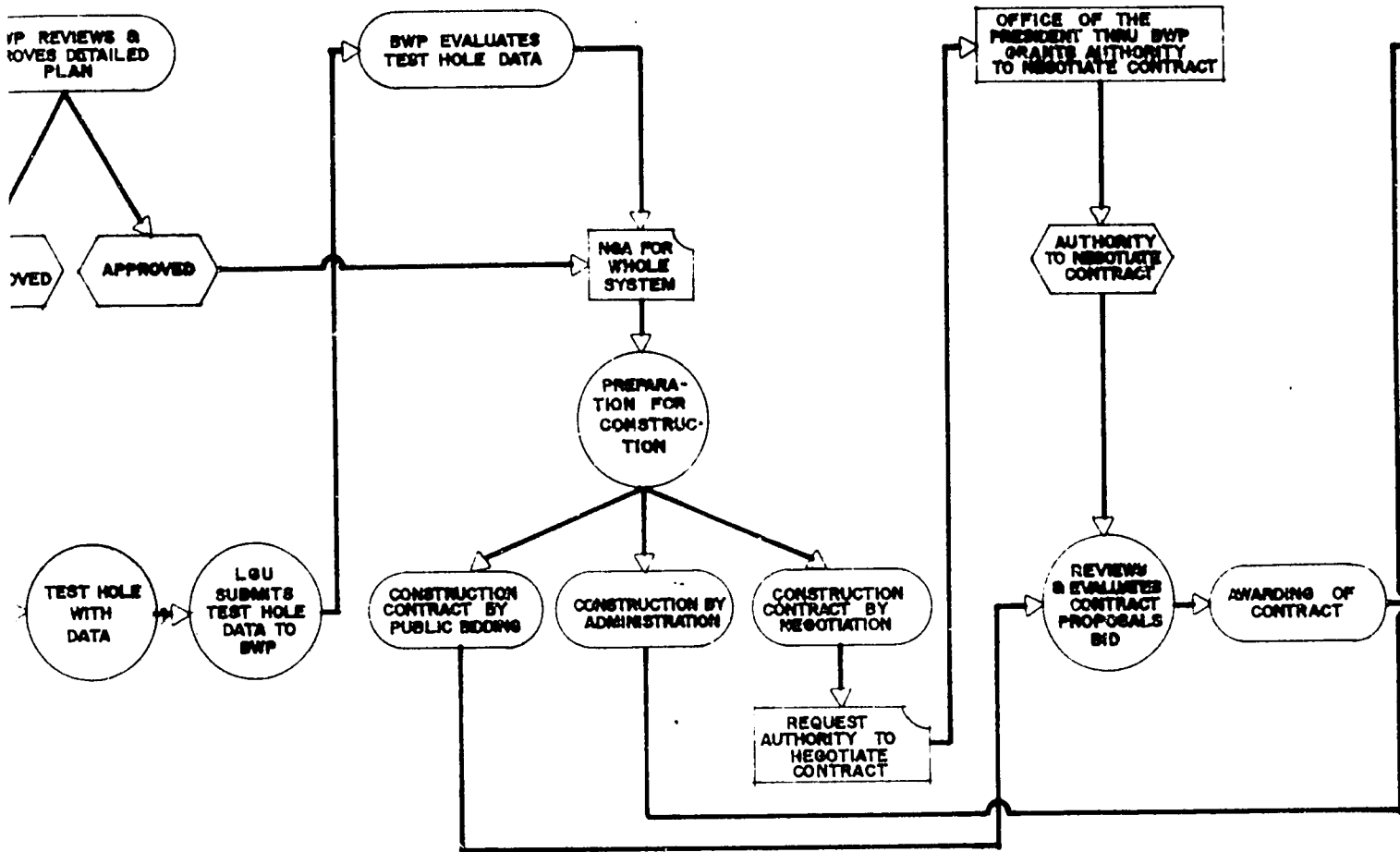
- OFFICE
- ACTIVITY
- DECISION
- OUTPUT
- DOCUMENT / S
- MAIN ACTIVITY
- AUXILIARY ACTIVITY



# BARANGAY WATER PROGRAM (FLOW CHART)



# PROJECT IMPLEMENTATION CHART





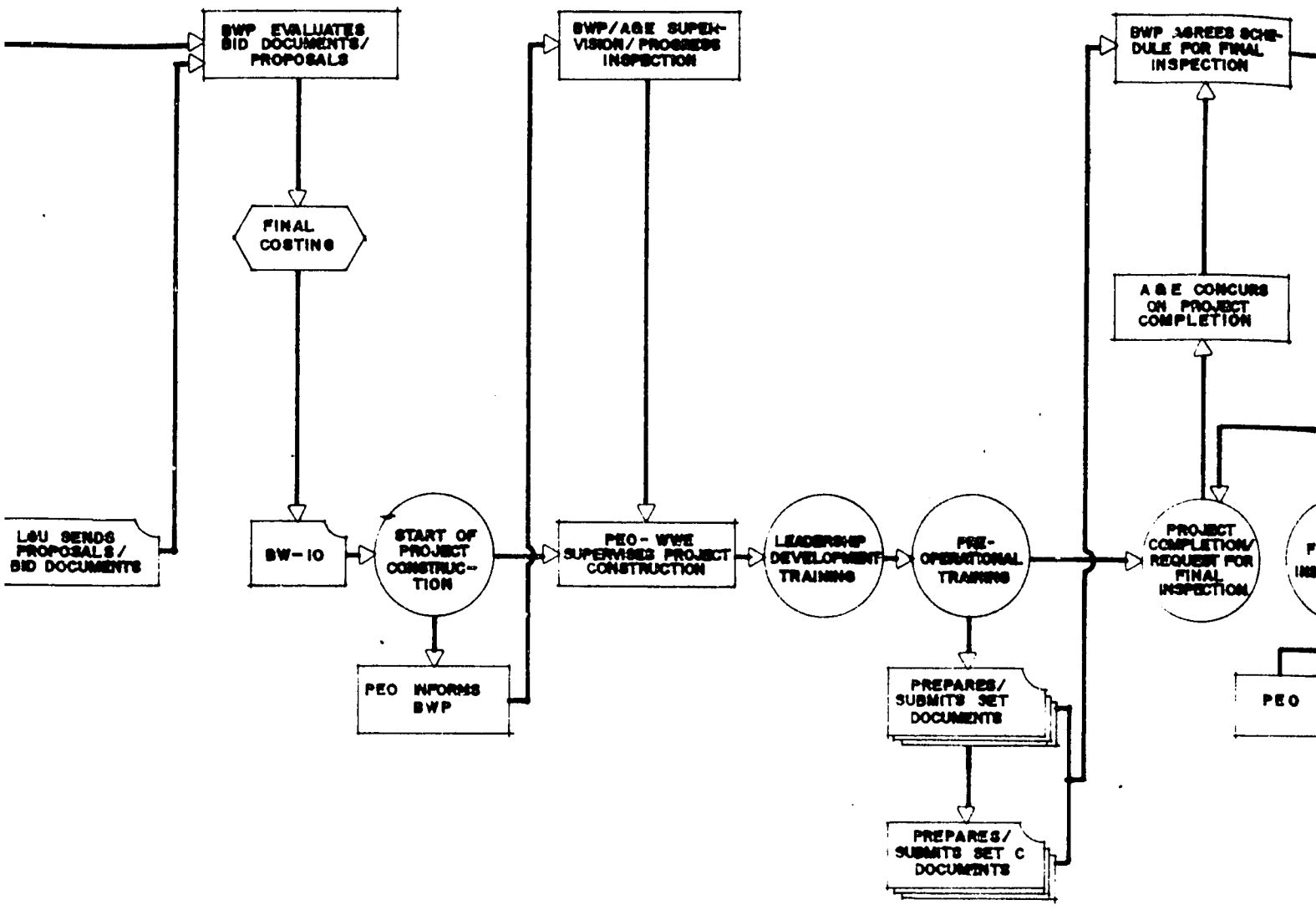
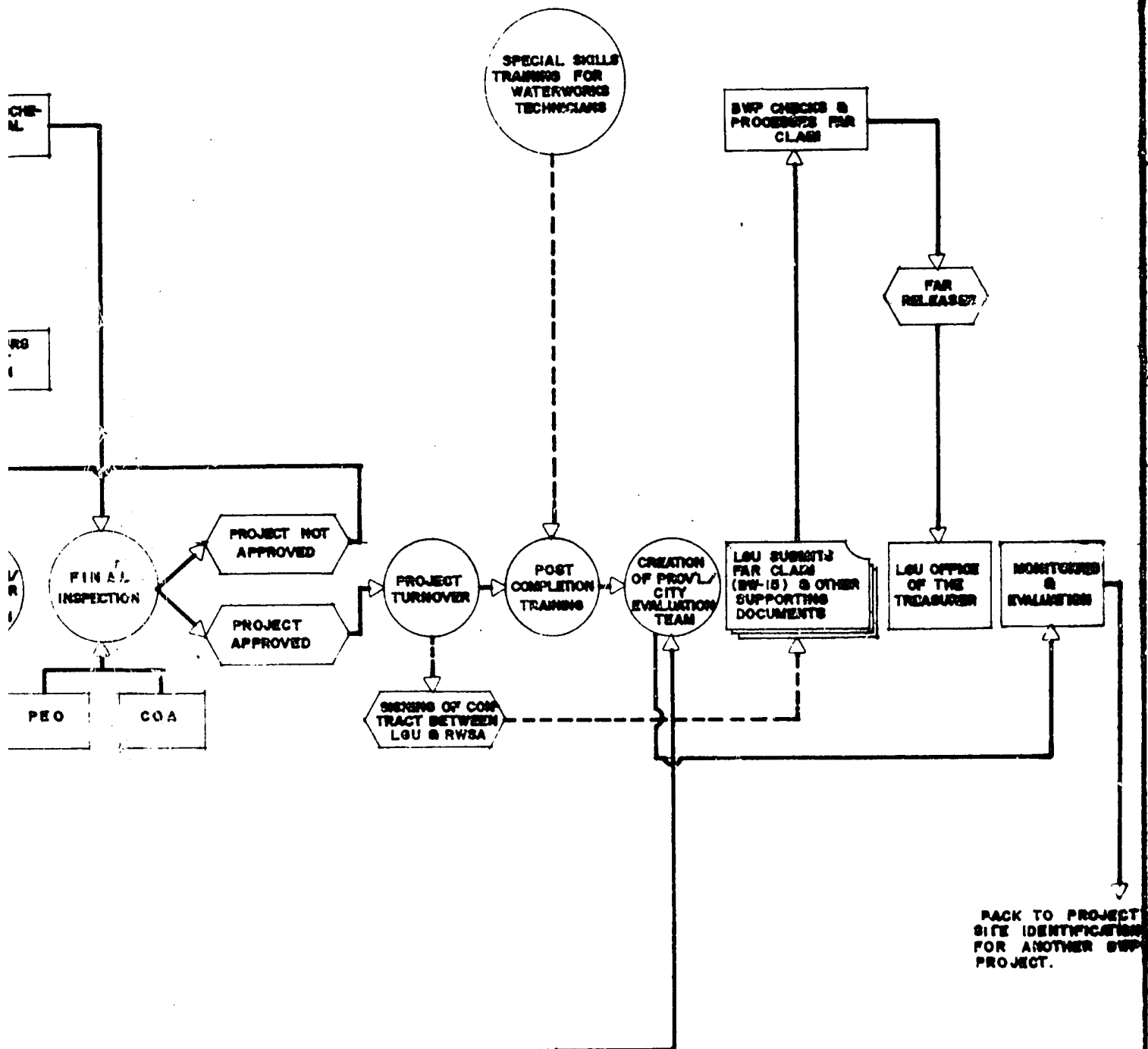


Chart I



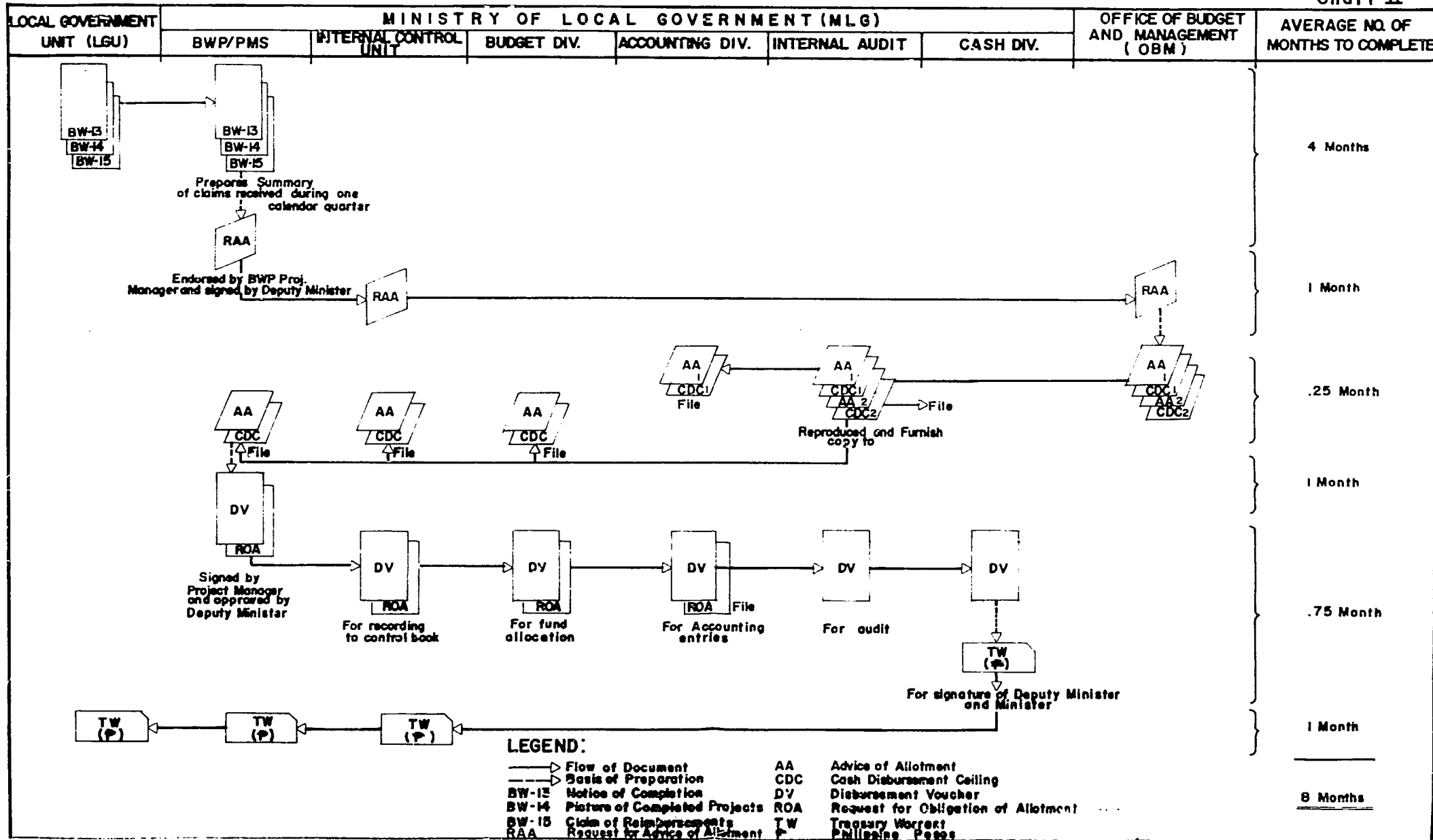
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## EXISTING PROCEDURE FOR FUNDS RELEASE TO LOCAL GOVERNMENT UNIT (LGU) ( FLOW CHART )

page 28b  
Chart II



All RAA and Disbursement Vouchers (DV) have to be coursed through the Internal Control Unit (ICU) of MLG. This unit is authorized by the Deputy Minister to do the liaison work between MLG and OBM. No DVs are processed by the other MLG divisions (Budget, Accounting, Internal Audit and Cash) without the signature of the Head of ICU. BWP relies on the ICU to attend to the flow of RAAs within OBM and DVs within MLG.

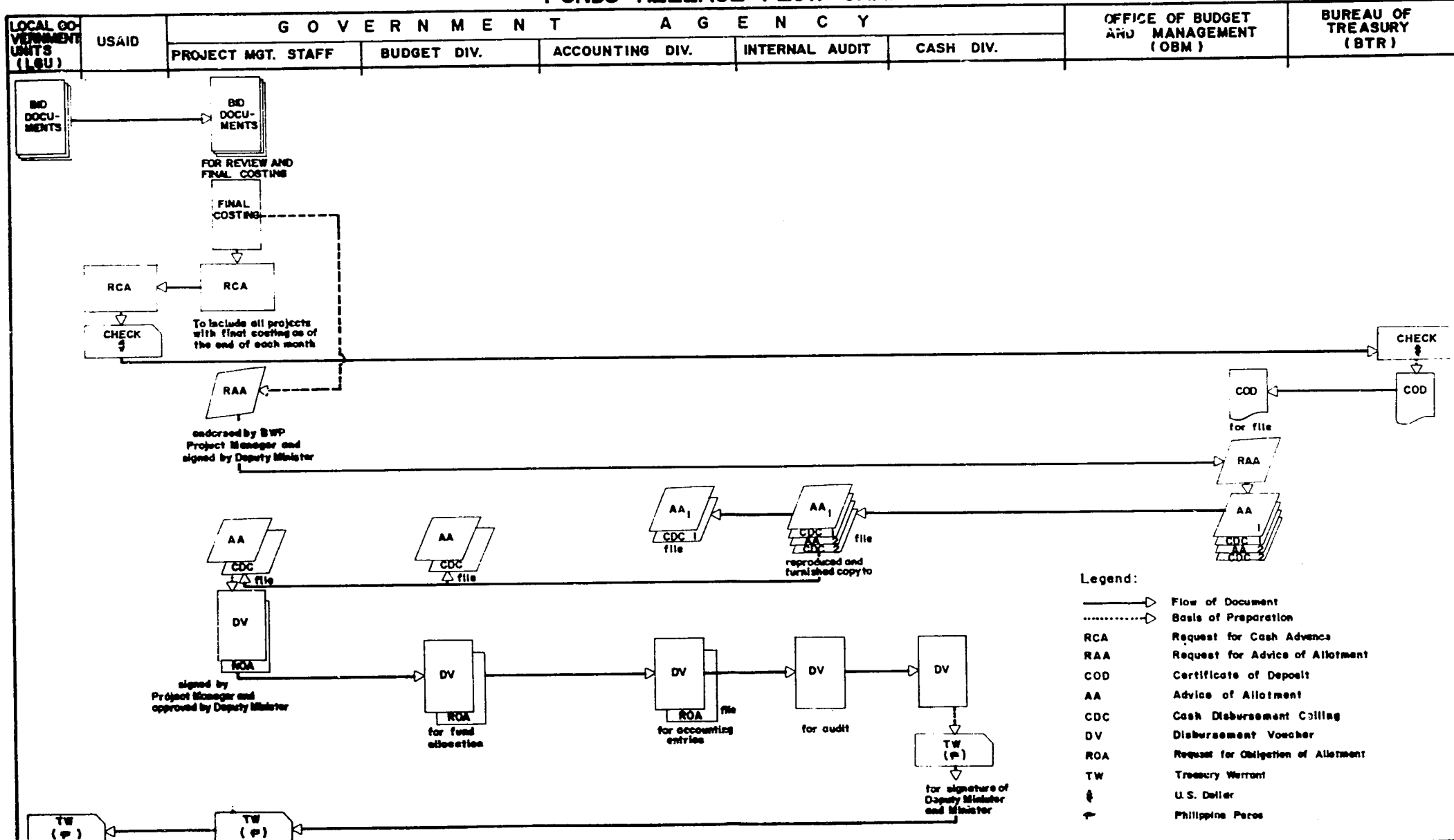
C. IMMEDIATE STEPS TO BE TAKEN (UNTIL BWP IS REORGANIZED)

C. OPTION ONE: Short Term (until December 1985)

The evaluation team recommends terminating the project loan on its completion date in December 1985, with the intention of continuation of BWP as a reorganized project in 1986. Whether in the MLG or elsewhere, these steps should be followed:

1. All inoperable systems should be rehabilitated and systems under construction completed.
2. Bring in a consulting firm to BWP-PMS to reinstate good management practices.
3. Hire a consulting firm, which in consultation with LGUs, will simplify and streamline the guidelines and forms used by BWP.
4. Contract professional trainers to reorganize BWP training.
5. Contract the setting up of systems for information management.
6. Contract a firm to begin training of trainers in community organization. The firm will work with LGU trainers or community organizers and selected barangay residents.
7. Contract a firm to create a social marketing campaign.
8. Phase out present PMS by end of the year.
9. Institute a modified FAR system of 75% advance and 25% paid on construction completion. (For a graphic description of this process, see Flow Chart III: Centralized Organization: Funds Released through Manila Office of Implementing Agency. For BWP-PMS financial personnel requirements and details of the simplified cash flow system see Appendix B at the end of this chapter.)

# CENTRALIZED ORGANIZATION FUNDS RELEASED THRU THE MANILA OFFICE OF THE IMPLEMENTING AGENCY FUNDS RELEASE FLOW CHART

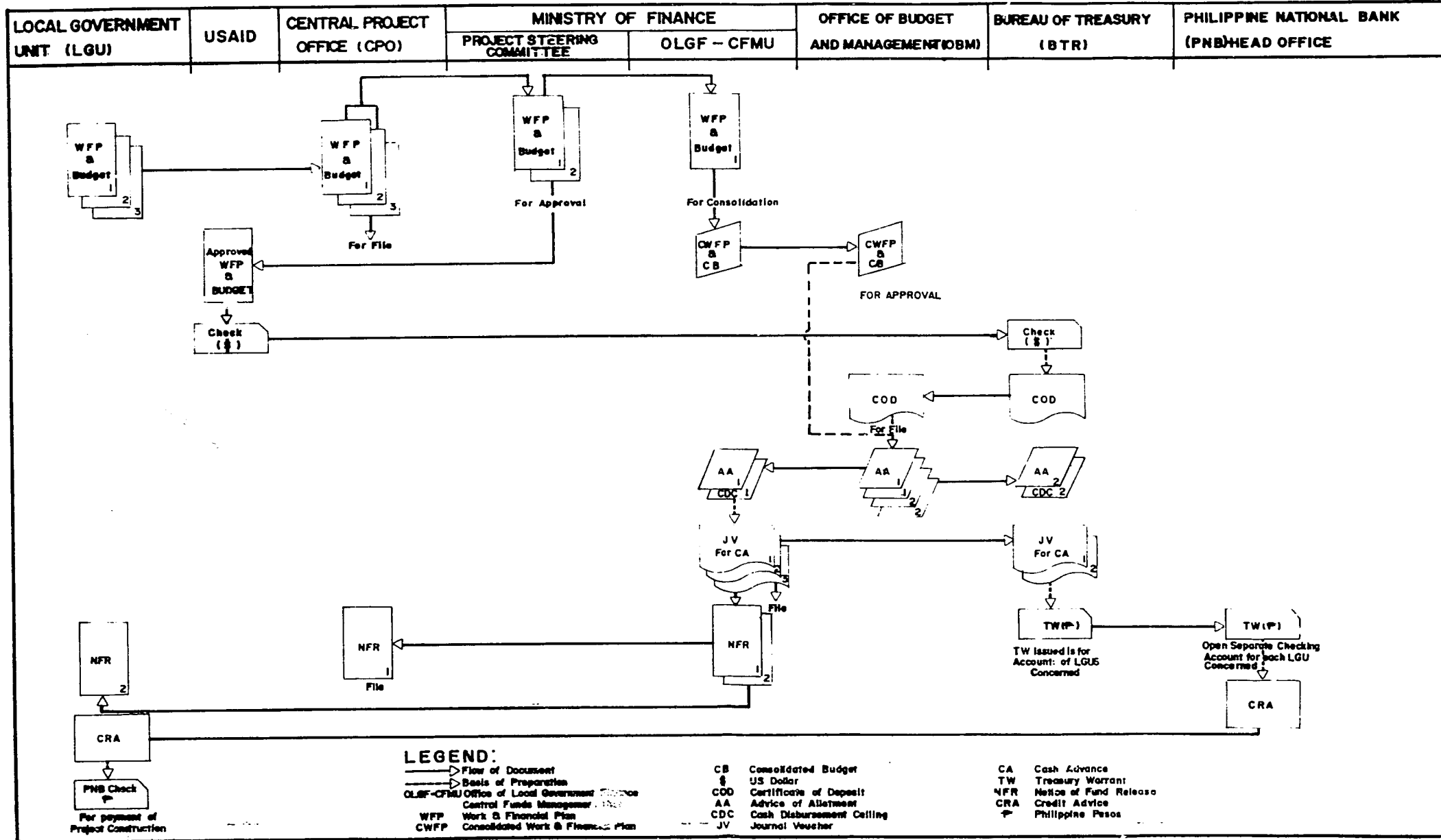


C. OPTION TWO: Long Term (with loan extension through December, 1986)

In the evaluation team's view, the only basis for extending the loan into 1986 is the intention of decentralizing within MLG, which the team advises against. (See D option one.) However if USAID chooses to extend the BWP II loan through 1986 with the intention of reorganizing BWP/MLG, the evaluation team recommends reducing the number of PMS, beginning decentralization and using a revolving fund such as the Municipal Development Fund. The following steps should be taken:

- 1-6 (the same as for C. OPTION I)
7. Contract a firm to create and begin implementation of a social marketing campaign regarding the relationship of water sanitation and health.
8. Reduce the number of PMS positions to a maximum of 8 qualified professionals: a new project manager, budget personnel, staff to coordinate and consolidate papers from LGUs and the management of information systems. Other necessary professional services should be contracted out.
9. Begin intensive effort to complete ongoing systems and implement planned ones. Bear in mind that for 45 days before and for 45 days following the election in 1986 no new construction contracts can be awarded.
10. Begin the decentralization process through MLG regional offices. (See below)
11. Consider the use of the Municipal Development Fund (MDF) for sub-project financing. The cash advance procedure could be used with 75% advance and 25% paid on construction completion. (See Flow Chart IV: Centralized Organization: Fund Release Through MDF. For explanation of financial procedures, see Appendix C at the end of this Chapter.)

## CENTRALIZED ORGANIZATION FUNDS RELEASED THRU THE MUNICIPAL DEVELOPMENT FUND (MDF) FUND RELEASE FLOWCHART



D. DISCUSSION AND RECOMMENDATIONS FOR REORGANIZATION

D. OPTION ONE: Remain in MLG but decentralize.

The evaluation team does not recommend continuing BWP within MLG even if activities can be decentralized to the MLG regional offices. However, for information of decision-makers, a brief description of MLG's history, including its steps toward decentralization follows.

In February 1982, through Executive Order No. 777 (See Annex H), the Ministry of Local Government and Community Development's Bureau of Community Development was transferred along with its functions and responsibilities to the Ministry of Human Settlements (MHS). The functions of community organizing shifted to MHS. The MLGCD became the MLG with fewer development activities in its portfolio.

The mechanisms for BWP decentralization were put in place through MLG Circular 83-2 of January 26, 1983 (see Annex I), signed by Minister Rono, which calls for the decentralization of special projects. "The responsibility of providing technical assistance, monitoring, evaluation, and supervision of special projects (BWP) shall be assumed by the regional and field officers of the Ministry."

Further, the guidelines on the implementation of decentralization, were laid out in MLG Circular 83-5, March 9, 1983 (see Annex J).

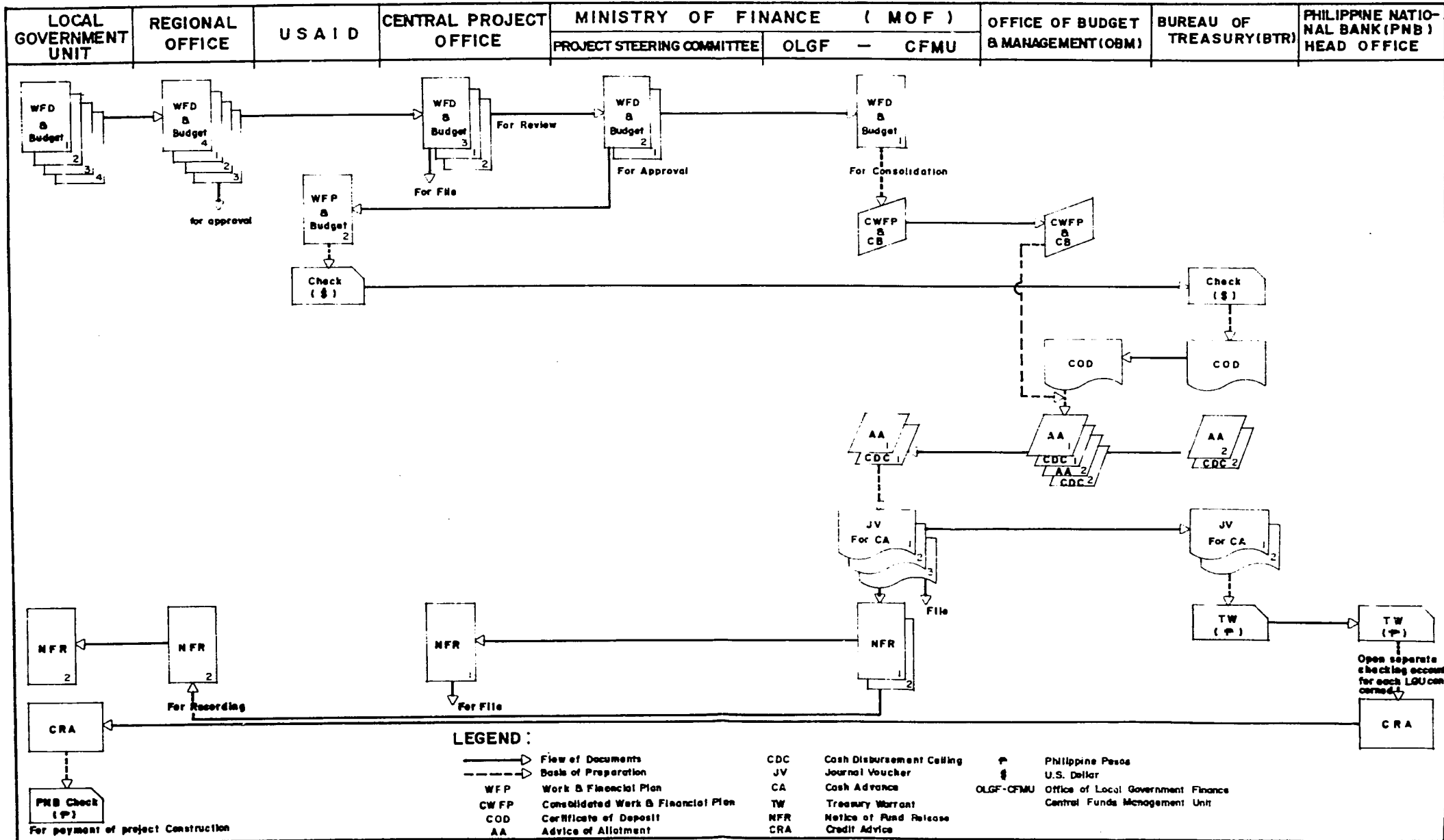
MLG Circular 83-27 dated December 6, 1983 calls for immediate development of procedures by BWP to bring all activities down to the level of regional and local offices, retaining at the Central Office minimum activities (see Annex K). However, despite this Circular, SWP remains the only USAID funded, PDAP-related project, still centralized in the MLG.

Conversations with MLG Officials have indicated a belief that the MLG regional officers would like a more active role in BWP. One official cites regional officers recent experience and capabilities with other decentralized projects and suggests USAID make decentralization a condition for extension of the BWP II loan or for a new project.

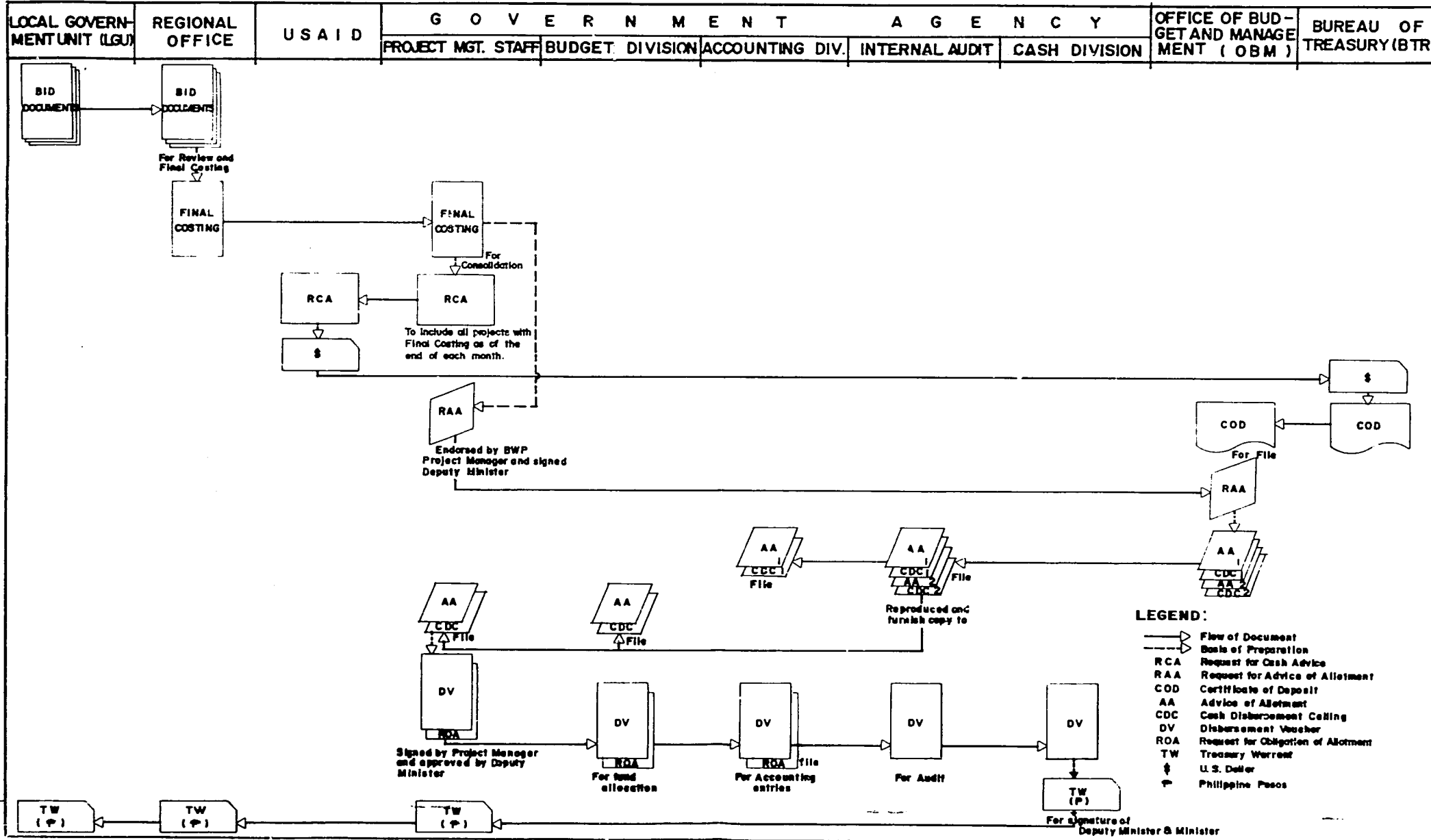
If this option of decentralization with MLG is chosen, the modified FAR system of cash flow could be implemented either using MDF procedure or funds released through the implementing agency. (Flow Charts V and VI)



## DECENTRALIZED ORGANIZATION FUNDS RELEASED THRU THE MUNICIPAL DEVELOPMENT FUND (MDF) FUNDS RELEASE FLOWCHART



# DECENTRALIZED ORGANIZATION FUNDS RELEASED THRU THE MANILA OFFICE OF THE IMPLEMENTING AGENCY FUNDS RELEASE FLOWCHART



D. OPTION TWO: Reorganization under RWDC.

The evaluation team considered the reorganization of BWP under the Rural Water Works Development Corporation (RWDC), as permanent planning agency for rural water supply (see Annex L).

The following discussion explains the RWDC operation, why the evaluation team considered it, and why it is not recommended.

The RWDC and BWP have the same mandate to develop water supply cooperatives in rural areas. Presently all RWSAs are incorporated under the RWDC. When the RWDC was established under the Ministry of Human Settlements in 1980, it borrowed many of BWP's concepts, including forms and procedures. The two agencies have undoubtedly remained separate because of different funding sources.

BWP is funded by USAID loan monies and LGUs are reimbursed 100% for systems built in this program. RWDC is a government controlled corporation, with shares of stock held by the GOP (i.e., the GOP provides equity, not a budget appropriation) with some additional assistance coming from UNICEF for training and from the World Bank for materials supply (World Bank monies are at too high a rate of interest (14%) for the RWDC so the loan monies are borrowed by the GOP and reloaned to the RWDC at 4%). Under RWDC terms, the community provides 10% of the cost of a system in labor or kind. RWDC provides 90% loan to the community through the management of the local electric cooperative which is responsible for collecting rates, including the amortization payments. The electric cooperative's incentive is a 10% share of the amortization collected. The General Manager (General Pedro G. Umol) of the RWDC is also the administrator of the National Electrification Administration

The RWDC is the funding agency. The LGU selects barangays, designs systems, and supervises construction. LGU incentive is the 50 pesos per household collected for design services. The provincial Water Works Committee sets policies and chooses the implementor within the LGU (whether PDS or PEO or other). The RWDC sends the cash and materials to the electric co-op. The barangay chooses the contractor to construct the system.

Although the RWDC "makes full use of existing regional, provincial, and/or local organizations" with the intent of strengthening their capabilities in planning, designing, and implementing rural water systems, little has apparently been accomplished in these areas. In over four years of operation, with a staff of 160, the RWDC has only 60 completed and operational Level II systems. There are only 4 Level IIIs under construction.

The 1984 equity from the GOP for RWDC was 5 million pesos. The salary for the staff was 9 million pesos. There was no money for project implementation last year. At present administrative costs, the RWDC would have to have loaned out 250 million pesos at 4% interest to break even. The RWDC is not yet a profit making corporation.

Recognizing the duplication and overlapping of roles, and the inefficient utilization of resources among LWJA, the Metropolitan Waterworks and Sewerage System (MWSS), RWDC, MCH and BWP, representatives from these agencies plus NEDA and the Ministry of Finance met in 1983 and agreed to clarify roles and streamline functions. It was agreed that with the end of the implementation of BWP in 1986 (assuming that USAID would stop funding BWP) BWP would join forces with this unified sector for water development and provide the institution building and training for RWSAs. This memorandum dated August 23, 1983 (See Annex M) was signed by MLG Deputy Minister Salvador Socrates. This effort was evidently in response to a request from the World Bank regarding the Rural Water Supply and Sanitation Project Loan No. 2206-PH. There seems to be some reluctance among the involved agencies to act on the memorandum.

Thus, although a contingency plan for BWP has been formulated by the GOP, the lack of funds (without USAID) for operating BWP leaves the plan unrealistic.

In addition, the team feels that RWDC lack of progress, lack of funds, lack of concern about amortization payments, its centralized organization and over-staffing disqualify it from consideration as a home for a vital new BWP.

#### D. OPTION THREE: Re-organization under another agency

The evaluation team recommends that USAID decentralize BWP through an agency such as: (1) NEDA, (2) the Ministry of Agriculture and Food, (3) the Office of the Prime Minister (National Council for Integrated Area Development NACIAU) or (4) the Ministry of Health.

With the reorganization, the team recommends an initial focus on only four regions, a few provinces in each. Regions and provinces vary in their strengths and capabilities in project planning, design, and implementation and the strongest should be developed first. "Graduation" criteria should be established in consultation with RDCs. When each of the first provinces/regions graduates, an adjoining province/region can be included drawing on the resources of the graduating province.

In those provinces not selected for these initial intensive efforts the focus should be on rehabilitation of inoperable BWP systems and strengthening of existing RWSAs.

The financial system recommended is either the MDF or a direct cash flow system (See Flow Charts V and VI.)

A brief description of two USAID programs, the Local Resources Management Project (LRM) and the Panay Unified Services for Health (PUSH) follows. Both projects use a decentralized approach through NEDA. They are presented as illustrations of how BWP or a new project might be organized.

#### NEDA/USAID's Local Resource Management Project

The LRM is an interesting model working through an ad hoc committee of the Regional Development Council (in three regions involving seven provinces). A description of LRM project components follows as a possible framework for a reorganized BWP.

LRM implementation procedures emphasize:

- 0 Working through existing organizational structures for planning and implementation.
- 0 Working in consonance with GOP regionalization policy.
- 0 Reliance on existing provincial capacities, which will be further strengthened by technical assistance and training as necessary.
- 0 Local mobilization of private sector assistance and local resources (human, material, financial and natural).
- 0 Continuous evaluation based on intensive monitoring.

#### a. The Lead Agency (NEDA Central and Region)

The Deputy Director-General of NEDA serves as Executive Director for implementation of LRM. The Assistant Director General for Regional Development in NEDA is the Deputy Executive Director for the project. He is assisted by an LRM project staff mostly drawn from existing NEDA offices, who serve as the central management and technical staff unit for LRM administration and coordination of all

activities across the three participating regions. The NEDA regional project management and technical staffs function in much the same manner as the central management unit but operating across provinces. (See LRM Organizational Diagram on preceding page.) NEDA project staffs work closely with the Regional Development Councils. NEDA coordinates field activities, including technical assistance, research, training, monitoring and evaluation.

A key function of NEDA as it works with the Regional Development Council is to assist provinces to coordinate actions of national agencies and local government institutions which cut horizontally and vertically. Another is to establish institutional arrangements, systems, and processes for encouraging private sector involvement in development activities.

b. Regional Development Council (RDC)

Regional Development Councils have been established to coordinate the implementation of policies, programs, and projects in the regions. The RDC is made up of all the governors of the provinces, mayors of the cities, and Regional Directors of the national line agencies. The RDC structure provides an important mechanism for linkages with all national line agencies, councils, boards, and authorities working at the subnational level. However, implementation of specific government programs and projects remains the responsibility of line agencies and local governments, i.e. provinces, cities, and municipalities. The NEDA Regional Offices serve as the technical staff of the RDC.

The RDC is the designated supervising and coordinating agency of subnational government activities. Under LRM, the RDC will:

- (1) assess and select provinces to participate in LRM based on their commitment to LRM goals and objectives, relative need for resources, and capacity to implement and maintain LRM systems and processes;
- (2) in consultation with NEDA and OBM, make budget allocations among participating provinces;
- (3) coordinate regional line agency activities in support of LRM field operations, including subproject design and implementation;
- (4) review provincial strategies and annual program plans leading to release of funds for provincial subprojects. In this regard, the RDC will:

- approve annual provincial LRM budget levels based on approved strategies and past LRM subproject implementation performance;
- request release of funds by the OBM based on favorable review of annual program plans and provincial subproject proposals;
- hold provinces accountable for proper and effective use of LRM funds based on monitoring and evaluation reporting.
- provide reports to OBM, COA, and other national agencies interested in LRM activities.

c. The Province

The province is the focal point for most LRM planning, implementation, monitoring, and evaluation activities. LRM/NEDA disburses funds through the MDF. See Flow Chart V: Decentralized Organization: Funds Released through MDF.

NEDA/USAID's Panay Unified Services for Health

The Panay Unified Services for Health (PUSH) Project of USAID has also successfully worked through NEDA on a decentralized basis, but with a direct cash flow system. PUSH may provide an alternate model for a reorganized BWP.

NEDA provides the RDC and provincial governments with advance funding for training, project support staff expenditures, and construction of sanitation facilities. NEDA also monitors the fiscal procedures.

The MDF establishes a regional trust fund and special provincial trust funds. The Commission on Audit audits these funds.

The Regional Development Council, with an executive committee of 14 Governors and Directors of line ministries have the responsibility to formulate program policies and implementation guidelines and provide the funds to LGUs. The RDC has no implementation responsibilities. The PDS of each province is responsible for implementation. Municipalities actually handle budgeting of funds.

The NEDA regional office is mandated to be the administrative and technical backstop for the RDC. The NEDA regional office already monitors and evaluates all development projects in Panay Region.

PUSH project staff works under the RDC Executive Council as resource support. This staff is directly involved in day to day project management. The five staff members are on annual contracts subject to civil service regulations and pay classifications. USAID has paid their salaries. (See following: Schematic Organizational Chart for PUSH Project.)

For a reorganized BWP along PUSH lines, technical assistance for training, management, monitoring, or support can be hired for the regions or provinces through organizations such as: the Asian Institute of Management (AIM), the Economic Development Foundation (EDF), the Philippine Businesses for Social Progress (PESP), or the Development Academy of the Philippines (DAP).

DAP is the management consultancy arm of the GOP and can be hired to monitor regional staff. DAP trains all GOP career executive services officers.

PUSH funds flow directly to the regions (see following "Funding and Reporting Flow Chart"). See Flow Chart VI: Decentralized Organization: Funds Released through Manila Office of Implementing Agency for detail of possible BWP procedure. Direct Cash Flow is the same as the simplified cash advance (II, Option One) except the regional office, rather than the central office, has authority to approve projects and release the funds to the LGU. The function of the Manila office is only to coordinate and consolidate subproject papers from the regions. A minimal staff is required.

## 2. Ministry of Agriculture and Food (MAF)

Decentralization of BWP might also be appropriate with the MAF which has already decentralized. It has experience in development of cooperatives, and has a qualified, experienced training staff. Potable water projects could--and do--tie in closely with on-going MAF nutrition projects. Efforts are being made to improve the nutritional status of farmers through rural improvement clubs which are connected to Mothers' clubs. This might be an ideal conduit through which to increase women's role in water, health and sanitation.



### 3. The Office of the Prime Minister

A decentralized BWP might also be housed in the Office of the Prime Minister, under the National Council for Integrated Area Development Programs. Experienced staff are in place in each region. Water projects would fit in with existing projects as another component of integrated development.

### 4. Ministry of Health (MOH)

The Ministry of Health has been decentralized and is building the capabilities of regional and provincial staff. Advantages to working with MOH include the relationship of health and water and the number of health personnel already in the barangays. Another major advantage is the existing financial structure wherein monies flow directly to the provinces without delays in the central agency. The innovation in this approach would be the coordination of health officers and the PDS in project planning, community organization, systems design, construction and monitoring.

APPENDIX A

Explanation of Flow Chart II: Existing Procedure for Fund Release to LGU

The Fixed Amount Reimbursement system prescribes that Local Government Units (LGUs) have to put up first the funds to finance the cost of the water system. The agreed estimated cost in the BW-10 (Notice of Approval) is designated as the agreed amount for reimbursement by the Government of the Philippines (GOP). The GOP reimburses the LGUs the agreed amount in Philippine currency when the subproject (water system) is completed in accordance with approved plans and specifications. After USAID acceptance of the subproject, completed as per approved plans and specifications, requests for reimbursement will be submitted by MLG to the NEDA with accompanying certificate of payment, certificate of final acceptance duly signed by the construction supervisor and pictures of the completed water system. Upon receipt by USAID of a formal request for direct reimbursement from NEDA with supporting documents, USAID will arrange to have the check issued to the Bureau of Treasury. Reimbursement is made in pesos.

The detailed procedure of funds release to LGUs is presented as follows:

a. LGUs submits to the BWP/PMS the required report of completion to include duly accomplished BW-13 (Notice of Completion) BW-14 (Picture of Completed Projects) and BW-15 (Claim for Reimbursement). BWP/PMS checks adequacy of paper requirements and prepares summary of claims received during one calendar quarter. A Request for Advice of Allotment (RAA) is prepared to cover all claims for reimbursement received during a preceding quarter. There are cases when the reimbursable amount for a soon to be completed project is included in the request for AA so BWP/PMS does not have to wait for the end of the next quarter for them to include the reimbursable cost in another request for AA. This practice is a case to case basis and is under the discretion of the Project Engineers and Project Manager.

b. The RAA is coursed thru the Internal Control Unit (ICU) of MLG. This unit is handling the liaison work with the Office of Budget and Management (OBM) of all MLG's special projects under the Deputy Minister. The head of the unit has the only authority to deal directly with the OBM, although in some extreme cases, he has an authorized representative to do the job in his absence.

c. OBM issues Advice of Allotment (AA) and notice of Cash Disbursement Ceiling (CDC) to the Internal Audit Division of MLG and a copy of the AA and CDC are furnished to MLG's Accounting Division, Budget Division, Internal Control Unit, and BWP/PMS.

d. On the basis of the AA and CDC, BWP/PMS prepares the Disbursement Voucher (DV) and Request for Obligation of Allotment (ROA) for each of the project and payable to the LGUs concerned. The DV is signed by the Project Manager and approved by the Deputy Minister.

e. DV and ROA are forwarded to Internal Control Unit (ICU) for recording to control book and signed by the head of the unit. DV is handcarried by an ICU staff to MLG'S Budget Division which office is located in another building about 6 kilometers away from BWP/PMS. Budget Division allocates funds to that particular expenditure as indicated in the voucher.

f. DV and ROA are submitted to Accounting Division for the checking of supporting documents and recording of accounting entries. DV and ROA are signed by MLG's Chief Accountant.

g. DV and ROA are forwarded to the Internal Audit Division of MLG for the necessary pre-audit of expenditures and signed by the Head of the Office.

h. On the basis of the audited DV and ROA, Cash Division prepares a Treasury Warrant (TW) (check) in favor of the LGUs concerned. TW is signed by the Deputy Minister and countersigned by the Minister.

i. Signed TW is released by the Cash Division to the Internal Control Unit who forwards the TW to the BWP/PMS.

j. BWP/PMS releases TW to the LGUs. In cases where LGUs have deficiency in the documentation requirements for the completed water system, BWP/PMS defers issuance of the TW until compliance of requirements.

APPENDIX B

Detailed explanation of simplified cash flow system supporting Flow Chart III: Centralized Organization: Funds Released through Manila Office of Implementing Agency.

a. LGU submits to BWP bid documents of project for evaluation and determination of final costing.

b. Upon determination and approval of project final costing, BWP prepares Request of Cash Advance (RCA) for all approved projects for that month with approved final costing and submits to USAID. Simultaneously BWP prepares Request of Advice of Allotment (RAA) and submits to the Office of Budget and Management (OBM) for the seed money and the 75% cash advance. (BWP should be authorized to assign a particular personnel from its own staff to do the direct liaison work with the OBM.)

c. RCA is the basis for USAID to release the cash advance to the OBM thru the Bureau of Treasury and after OBM submits Certificate of Appropriation to USAID as required by the Mission..

d. Upon release of the AA and CDC from OBM, BWP-PMS process voucher for the approval of the Project Manager and the Deputy Minister in charge.

e. The voucher should go directly to the Budget Division of MLG who will certify that the corresponding AA and CDC is in order and forward the voucher to the MLG Accounting Division for processing and recording of Accounting entries.

f. Voucher is signed by MLG's Chief Accountant and is forwarded to the Internal Audit.

g. Internal Audit makes verification and auditing functions and forwards voucher to Cash Division.

h. Cash Division prepares check in the form of Treasury Warrant (TW) and present the TW for signature of the authorized signatory (Deputy Minister or anyone authorized), and countersigned by the Minister.

i. When TW has been signed, check and voucher are forwarded to BWP for release to the LGU.

j. Release of BW-10 (Notice of Approval) may be done simultaneously with the MLG's 15% seed money and USAID 75% cash advance.

k. After completion of the project (water system), LGU who implemented the project should submit the required documentations to the Central Office (BWP/PMS) including the claim for the remaining 25% of the Project Direct Cost which has to be reimbursed from USAID. BWP/PMS has to submit the reports to USAID as required for the claims of payment. The procedural steps for the fund release are basically the same as that of the 75% cash advance.

APPENDIX C

NOTE: Basis for the following is Implementation Rules of Presidential Decree 1914.

Explanation of the Municipal Development Fund (MDF) of the Ministry of Finance (MOF) as the conduit of the funds to the LGUs. Accompaniment to Flow Chart IV: Fund Release through MDF.

Features of the Municipal Development Fund (MDF) as applied to the Barangay Water Program is presented in the succeeding discussions.

1. Rationale of the MDF

The Municipal Development Fund (MDF) was established thru a Presidential Decree (P.D.) 1914. The fund shall be capitalized and funded by proceeds of foreign loans, assistance or grants which are to be made available to the Local Government Units (LGUs) in the form of project loans, technical/commodity assistance and grants, performance payments and other incentives as set forth in international agreements, entered or to be entered into by the Government of the Philippines (GOP) with foreign governments and international institutions (IBRD, ADB, USAID, etc.). This fund shall be the principal mechanism for long-term financing available for urban/rural services to all eligible local government units (LGU).

The Ministry of Finance shall administer the MDF provided that the Land Bank, Development Bank of the Philippines or the Bureau of Treasury may be designated by the Minister of Finance as the depository, disbursing and collecting agent of the MDF subject to the terms, conditions and guidelines as the Minister of Finance may prescribe and in accordance with the provisions of international and other implementing agreements.

2. Project Organization Structure

a. Project Steering Committee (PSC)

Section 3 of P.D. 1914 provides that any foreign-assisted project shall have a Steering Committee which shall be composed of representatives of lead and implementing agencies. (In the case of BWP Project the lead and implementing agency is the

Ministry of Local Government (MLG). In all cases, the Ministry of Finance (MOF), Office of Budget and Management (OBM), Ministry of Local Government (MLG), Ministry of Public Works and Highways (MPWH) and the National Economic and Development Authority (NEDA) shall be represented in the Project Steering Committee. The representative of the lead agency (MLG) shall act as Chairman of the Project Steering Committee.

b. Central Project Office (CPO)

The Central Project Office shall be created and located within the lead agency. In the present set-up of the BWP project organization, the Barangay Water Program/Project Management Staff (BWP/PMS) may be considered as the Central Project Office. Personnel from the implementing and other agencies, including local government units (LGUs), may be seconded upon approval of the Project Steering Committee. Likewise, upon approval of the Project Steering Committee, the CPO may maintain extension units at the regional and/or Project City/LGU level.

3. Statement of Responsibilities

a. Ministry of Finance (MOF)

a.1 The MOF, thru the Office of Local Government Finance (OLGF) shall administer the MDF.

a.2 The OLGf shall be responsible for nationwide coordination and implementation of approved financial arrangements/operations of projects funded from the MDF. For the purpose, the MDF shall exercise a dual role: (a) the administration of the MDF; and (b) the execution of policies thru direct executive supervision over the local treasurers and assessors.

a.3 The OLGf shall render technical and consultative services to the Project Steering Committee, Central Project Office (BWP/PMS) and LGUs whenever necessary.

a.4 The OLGf shall be responsible for the review and evaluation of local government financial operations related to the implementation/execution of project components and activities.

a.5 In coordination with or upon due consultations with the BWP/PMS, the OLG shall call for periodic financial and physical reports from LGUs to determine if project commitments are met and accomplishments are matched by funds released.

a.6 For the purpose of administering the MDF, there shall be created within the OLG a Central Fund Management Unit (CFMU).

b. Central Fund Management Unit (CFMU)

The CFMU shall:

b.1 be responsible for maintaining budget proposals and financial and work plans submitted by the PSC/BWP/PMS within the limitation of available balances within MDF;

b.2 prepare cash flow requirements for the MDF and monitor flow of funds including availments and utilization;

b.3 maintain general and subsidiary accounts/records by LGUs and BWP/PMS for each foreign-assisted project.

b.4 have its own support services and keep the accounts of the CFMU and MDF as separate accounting entities distinct from the accounts of the MOF-proper;

b.5 request for separate agency and fund codes for the MOF/OLG-CFMU and MDF from the Office of Budget and Management;

b.6 coordinate with the Bureau of Treasury as depository bank of the MDF; and,

b.7 evaluate the impact of programs on local government finances.

c. Project Steering Committee

The Project Steering Committee shall:

c.1 formulate and prescribe implementing policies and instructions for the execution of foreign-assisted projects in accordance with Loan/Project Agreements and national laws and policies;



c.2 Provide policy direction and guidance to the BWP/PMS Manager and provide assistance on matters requiring high level intervention;

c.3 Review and approve the selection of projects proposed for inclusion in the program.

d. Barangay Water Program/Project Management Staff (BWP/PMS) as Central Project Office (CPO)

The BWP/PMS shall monitor and consolidate data from regional offices and do liaison work with UBM, MOF and USAID. They should also be responsible for quality control of materials.

e. Regional Office

e.1 pre-qualify LGUs to receive funds and/or assistance under the program;

e.2 assist LGUs in the preparation of their over-all plans and physical programs and the fiscal measures required to meet their development proposals;

e.3 appraise/evaluate projects and project revisions or reprogramming proposed by LGUs for funding purposes and submit corresponding recommendations to the Project Steering Committee for approval;

e.4 prepare/review annual budgetary proposals and cash flow requirements of LGUs and prepare appropriate recommendations or actions thereon;

e.5 Advise LGUs on problems of implementation and establish linkages with other local and national government agencies;

e.6 organize training programs for LGUs; and,

e.7 review/evaluate impact of projects and, with the assistance of LGUs, prepare evaluation and other terminal reports for submission to the Project Steering Committee.

f. Office of Budget and Management (OBM)

The OBM shall release the appropriate Advice of Allotment (AA), Notice of Cash Disbursement Ceiling (NCDC) pertaining to the MDF direct to MOF/OLGF-CFMU based on the approved Work and Financial Plan. It shall issue agency and fund codes for the MOF/OLGF-CFMU and MDF.

g. Bureau of the Treasury (BTR)

g.1 The BTR shall be responsible for recording the proceeds of foreign loans as well as repayments thereof. It shall notify the Office of Budget and Management (OBM) and the MOF/OLGF-CFMU of the availability of funds from loan proceeds.

g.2 It shall act as the principal depository of the MDF for purposes of the BWP Projects.

h. Local Government Units (LGUs)

The LGUs shall carry out programs and activities covered by Project Agreements with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices and shall provide promptly as needed, the funds, facilities, services and other resources required for the purpose. LGUs shall prepare and submit the physical, financial and other reports required by proper authorities in accordance with project agreements.

i. Commission on Audit (COA)

The COA shall audit the accounts and operations of the MDF including all projects undertaken by the LGUs in accordance with existing auditing rules and regulations, prepare and furnish reports of audit in the manner and frequency as may be required by USAID as indicated or expressly provided in the Project Agreement.

4. Procedural Guidelines for Fund Release Thru MDF (Flow Chart IV)

- a. LGUs shall submit their Work and Financial Plan and Budget (WFP & B) in three copies to the Central Project Office (CPO) for evaluation and endorsement to the Project Steering Committee (PSC). Third copy of WFP and Budget is retained by CPO for file.

PSC approves Work and Financial Plan and Budget. Duplicate copy of approved Work and Financial Plan and Budget (WFP & B) is forwarded to USAID as the basis for the release of loan funds to the Bureau of Treasury (BTr).

The original copy of WFP & B is forwarded to Ministry of Finance/Office of Local Government Finance-Central Fund Management Unit (MOF/OLGF-CFMU) for consolidation of approved WFP & B.

- b. USAID prepares check in U.S. dollar currency to be deposited with the Bureau of Treasury (BTr).
- c. BTr issues official receipt to USAID acknowledging receipt of funds and prepares Certificate of Deposit (COD) to be issued to the Office of Budget and Management (OBM).
- d. Consolidated approved WFP & B shall be submitted by MOF/OLGF-CFMU to OBM.
- e. On the basis of the consolidated approved WFP & B and COD, OBM shall release Advice of Allotment (AA) and the corresponding Cash Disbursement Ceiling (CDC) to the MOF/OLGF-CFMU, copy furnished the BTr.
- f. Based on the AA and CDC, the MOF/OLGF-CFMU shall release funds to the LGUs thru the BTr in the form of Cash Advance by means of a Journal Voucher (JV). The JV shall be prepared in three (3) copies to be distributed as follows:

Original and 1 copy  
Another copy

Bureau of the Treasury  
MOF-OLGF-CFMU file

Liquidation of Cash Advance shall be made upon the satisfaction of Project Completion requirements.

- g. The MOF/OLGF-CFMU shall advise or notify the CPO of the funds released. It shall likewise notify the participating LGUs of the funds released.
- n. The BTr shall issue a treasury warrant (TW) covering such fund releases payable to Philippine National Bank (PNB) Main Office (Manila Office) for the accounts of the LGUs concerned.
- i. Based on the deposit made by BTr, PNB shall open a separate checking account for each LGU and prepare and serve notice of the corresponding credit advice to the LGU concerned.
- j. Upon receipt of the credit advice from the bank, the local treasurer shall record the cash credited by the PNB in separate books of accounts.
- k. With the credit advice, LGU can issue a PNB check to finance the project. The check should be signed by the LGU's treasurer and countersigned by the Governor/City Mayor.

1. After completion of the project (water system), LGU who implemented the project should submit the required documentations to the Central Office (BWP/PMS) including the claim for the remaining 25% of the Project Direct Cost which has to be reimbursed from USAID. BWP/PMS has to submit the reports to USAID as required for the claims of payment. The procedural steps for the fund release are basically the same as that of the 75% cash advance.

CHAPTER VI

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The conclusions, findings and recommendations in this chapter are divided among three major topics: A. Institutional Development, B. Management, and C. Technical Concerns.

A. Institutional Development.

PROJECT INTENT

Institutional development is, according to the BWP II project paper, a primary aim of BWP II. It was intended that the project develop the capabilities of PDS and PEO personnel to plan, design, implement and support local water systems. It was also, intended that barangay residents feel a sense of ownership and responsibility for the system and that they develop the attitude and skills that would make it possible for them to manage and operate their water systems in a financially and technically sound manner.

The chief methods by which institutional development was to occur were four: A) required documentation (77 to 81 different forms are involved); B) required regulations; C) required training; and D) community participation.

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A. CONCLUSION RE: REQUIRED DOCUMENTATION

Solid institutional capabilities have not been built on this paper framework. Although the forms are very comprehensive, they are merely forms. Substantial growth requires understanding the process.

A. FINDINGS AND DISCUSSION RE: REQUIRED DOCUMENTATION

The evaluation team's investigations indicate that the BWP required documentation for planning is being substantially complied with. Investigation also shows, however, that other of the BWP forms--particularly monitoring and reporting forms--are often ignored, making BWP participants at all levels uncertain as to which forms are really important and required, which are only guidelines, and which are merely superfluous.

There are differences of opinion about much of the documentation that remains enforced. Some LGU staff feel that the paper work hampers their efficiency and slows the implementation process. They compare BWP unfavorably with RWDC and MPWH water projects which do not require such documentation. Some consultants have reported that the paperwork process is a disincentive and needs to be streamlined. What is clear, however, is that the purpose of much of the documentation is not well understood and, therefore, the carefully designed forms are not achieving their purposes--i.e., to help LGU staff establish methods of planning, monitoring and reporting.

A. RECOMMENDATIONS RE: REQUIRED DOCUMENTATION

- A.1 A complete MIS study of required documentation should be undertaken with the aim of determining which of the required forms are still necessary and which of those might be consolidated and streamlined.
- A.2 Future training must include sessions which teach users the rationale behind each form; and teach managers how to analyze and use the information.

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B. CONCLUSION RE: REQUIRED REGULATIONS

There is wide-spread non-compliance or selective compliance with some of the BWP regulations.

B. FINDINGS AND DISCUSSION RE: REQUIRED REGULATIONS

- O In the LGUs visited by the evaluation team, all have found it safe to ignore a number of BWP regulations, commonly including the requirements for: a functioning and staffed waterworks repair shop; a functioning provincial evaluation team; adequate monies in the training budget; and personnel filling the required positions.
- O At the RWSA level, the regulations for amortization payments are frequently ignored.
- O The BWP/PMS level ignores regulations with an equal freedom from sanction. For example, although Covenant G of the project paper reads, "The implementing agency covenants to conduct annual recertification of participating provinces", this was not done in 1982, 1983, or 1984.

B. RECOMMENDATIONS RE: REQUIRED REGULATIONS

It is not clear how seriously non-compliance jeopardizes the success of the BWP. These deviations do, however, suggest problem areas that should be studied by policy makers. At the very least, a decision should be made to enforce or to drop those requirements which are often ignored. The present lack of decisiveness and accountability only adds to an already considerable credibility gap.

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C. CONCLUSION RE: REQUIRED TRAINING

The third means envisioned to achieve institutional capabilities is training. The intent of BWP was to develop a cadre of well-trained people who could support, monitor, plan, design, implement, manage, operate and maintain rural water systems. In order to develop these capacities, the project intended that national, provincial and barangay level personnel would undergo effective training.

At the end of February, 1985, four years after BWP II began, the intended results of training have not been achieved. There has been superficial adherence to training principles, but very little substance in the actual training.

C. FINDINGS AND DISCUSSION RE: REQUIRED TRAINING

Records shows that 41 training courses have been given by the BWP/MS; 57,926 person hours of training have been conducted; and untold pounds of hand-outs have been disbursed. These figures do, in fact, compare well with intended project outputs for the end of 1984:

	<u>Intended Outputs</u>	<u>Actual Outputs</u>
Training programs conducted	36	41
LGU Personnel trained	1,596	1,901
Person hours of training conducted	57,760	57,926

If the intent of the BWP is judged not in terms of numbers, but rather in the more meaningful measurements of the amount learned by training participants, or changes in their behavior--e.g., more professional design work; more effective financial management; more effective communications, more effective monitoring; faster response to problems, etc.--then the effectiveness of the hours of training must be doubted.

A brief look at training-related conditions at national, provincial and barangay level follows. (NOTE: Recommendations Re: Required Training begin on page 61).

### The Training and Capability of BWP/PMS Trainers

There are serious weaknesses in the Training and Organization Division of the BWP/PMS. Most could have been remedied early in the project IF the training staff themselves had received proper training--i.e., IF they had learned to identify training needs; to formulate training objectives; to design a training curriculum; to develop training materials; to use innovative training techniques; to identify performance indicators and develop evaluation procedures; to administer training records to insure that the proper participants were trained at the proper time. IF, in other words, the recommendations from the BWP I Evaluation had been followed.

The following findings illustrate the weaknesses of BWP/PMS trainers.

- 0 Of the 12 people in the BWP/PMS Training and Organization only one has a degree in education. It is unclear what qualifications the BWP demanded when hiring trainers. Unlike the hiring of engineers for engineering work, however, it was apparently not a pre-requisite that professionals be hired for the job of training. (Note: Covenant A of the project paper requires that professionals must be hired).
- 0 The project paper recognizes the need for in-depth training of the PMS. It anticipates that the PMS members will receive a total of 1,750 hours of training during BWP II. To date, however, only one Staff Development Course has been given. For five days in 1982, the PMS staff gathered in Baguio for a series of lectures by University of the Philippines professors. The agenda shows topics such as: Use of Visible and Audible Codes for Communications, Speech Preparation; Sociometric Tests; and An Overview of Speech Communications. The course aimed at increasing knowledge--not at improving performance. Training which was intended to equip the PMS with the necessary organizational, engineering, training and planning expertise has not been conducted.



- 0 As envisioned in the project paper, on-the-job as well as formal training was to have been given by LWUA, MWSS, the Development Administration Training Program, USAID Consulting Engineers, and the A & E firm. Only USAID Consulting Engineers (Sheladia, Inc.) have provided any training.
- 0 None of the training staff seem to understand or have received professional training in: Needs Analysis, Task Analysis, Using Performance/Behavioral Objectives; Training Methods; Evaluation Techniques, etc.--the standard commonly accepted basic knowledge and skills of a professional trainer. Neither have they had training in Community Organization or Cooperatives Development. Instead, their specific training for trainers consists of rehearsals of their speeches/presentations, followed by group critiques.
- 0 No performance objectives exist for trainings offered by BWP. Their objectives are only general statements regarding the content of the course. The courses are, therefore, not performance-oriented--only knowledge oriented.
- 0 Because performance objectives are lacking, the BWP has no method of evaluating whether the trainee participants actually learn anything. Evaluation to the BWP trainers means asking participants to complete a questionnaire at the end of the training event. This questionnaire asks respondents to indicate whether they enjoyed the training; whether they approved of the lecturers; whether they liked the food and accommodations, etc. It does not in any way evaluate the effectiveness of the training because it does not examine what the trainee is able to do as a result of the training.
- 0 Curriculum design is not a part of the preparation for a training event. Instead, an agenda of speakers is considered to be a training design.
- 0 Although BWP trainers are familiar with the terms of participatory training--and sincerely believe that they practice participatory training--evidence suggests that their understanding is superficial. None interviewed could discuss how and when e.g., role playing might be an effective training technique: how discussions should be prepared or guided; how small group work should be employed; etc.

- 0 The expertise of the trainers must also be questioned. LGU staff who have been participants in BWP trainings regularly reported their frustration with the lack of knowledge of the BWP trainers. "They just give their prepared lectures. But if we ask them questions, they can't answer." "They tell us how to complete the documents--but they can't tell us why."
- 0 LGU participants in BWP trainings complain that every course they attend is a repeat of the same lectures. The BWP calls it a refresher but the participants call it a lack of innovation.
- 0 Because courses are not conducted on the basis of needs analysis, the training agendas show a distressingly similar series of course offerings year after year. Many of the training needs discovered by the evaluation team are not being addressed by BWP trainings. For example, no training deals with how to monitor; how to record monitoring information; and how to use monitoring data. There is no training for community development and community participation techniques. Management skills have not been taught, although information about management has been "imparted". Supervision of construction, which is a problem in many provinces, is "taught" only in a 1 hour lecture. Training for maintenance skills is seriously neglected.
- 0 Training for project planning, design and implementation is conducted by speakers from the BWP engineering division. Because we don't know the level of PDS and PEO capabilities before the BWP, we cannot now measure if these trainings have, in fact, increased the skills of the participants or not. What is known is that only 11 of the 80 LGUs which have signed MOAs with BWP have actually completed 3 or more water systems during BWP II. This would suggest that full competence (or perhaps interest) is not yet attained.
- 0 A fundamental problem in the technical training conducted by BWP is that the BWP engineers themselves have mostly academic experience. Thus, they have difficulty in training the more experienced provincial engineering staff. It should be noted that any growth in technical skills and knowledge may be a result of the on-the-job contact that PEO and PDS staff have with the technical consultants from Techniks and/or Sheladia.
- 0 Both senior trainers and training assistants interviewed expressed their belief that their job is dual-fold; first, and most importantly, to arrange the logistics of the training site and, secondly, to impart information. "Imparting information" is seen as merely telling people what to do. This belief in the efficacy of talking/lecturing is, perhaps the most indicative aspect of serious lack of professional attitudes, knowledge and skills in the training division of the BWP/PMS.

- 0 In addition to weakness of skills and knowledge, the BWP/PMS trainers have occasionally demonstrated such poor judgment that they have infected their trainees with an apathetic attitude. BWP/PMS trainers have been party to serious violations of training requirements. For example, in Sinogbuhan, Iloilo, a BWP staff member helped plan and teach a combined pre-completion and Post Completion training that took place 2 and 1/2 years BEFORE turnover. In another case, a BWP staff member approved and took part in a Post Completion training that not only did not take place at water system site (as required) but consisted only of a 1 hour lecture about maintenance. None of the prescribed "hands-on" training was done. Such obvious disregard for the timeliness and usability of the "information imparted" leaves some LGU staff with a cynical attitude both toward the trainings they receive and the BWP regulations.
- 0 Despite training programs which appear weak, ineffective and unprofessional to the evaluation team, it must be said that the BWP/PMS training staff itself appears to sincerely believe that they are doing an adequate job. They point with pride to their "dry runs" before a training; to the occasional revisions of lectures and to the number of persons-hours of training conducted. Given the fact that a professional trainer has never been a part of the training team, their weaknesses are somewhat understandable. (Note: The training consultant who has been on the staff for 5 years is not a trainer).

Many of the BWP/PMS training staff seem sincerely dedicated to the BWP and are enthusiastic about their work.

#### The Training and Capability of LGU Trainers

Trainers at the LGU level do not have sufficient experience, knowledge or skills to function as effective trainers or change agents. They should receive more effective training and become skilled experts in the following areas:

- \* community organization and cooperatives development techniques;
- \* communications support activities (including use of pamphlets, posters, cartoons, house-to-house visits, etc.);
- \* adult learning psychology and techniques;
- \* training design including using performance objectives, lesson plans and evaluation techniques;
- \* reinforcement and coaching methods;
- \* monitoring and follow-up skills; and
- \* RWSA organization and management skills.

The following findings illustrate the weaknesses of the LGU trainers.

- 0 Of the LGU training staff interviewed, none had professional education as a trainer. (Several had been school teachers, which is a related profession, but which does not necessarily imply that training techniques are used or understood). Fifteen percent had had previous experience with Community Organization and/or Cooperatives Development.
- 0 Most LGU personnel who function in the training role (the Water Resources Analyst, Fiscal Analyst and Training Officer) have attended a BWP Trainers' Training within the past 5 years. The purpose of that course is not to teach the skills of training, but only to impart knowledge about the BWP so that the LGU staff can, in turn, impart the same information to the RWSA membership. The mis-named Trainers' Training is, then, merely an overview of the BWP. The comments made in the BWP I Evaluation remain valid today:

"A new training for trainers should concentrate on the learning process: how to facilitate learning both through the development of the appropriate learning materials, plans, and strategies as well as their actual implementation through the effective use of training techniques and methodologies."

- 0 Other trainings the LGU staff receive from the BWP/PMS suffer from a similar lack of needs assessment. Most so-called trainings, are in fact, merely large meetings. The last Trainers' Training was planned for 105 participants!
- 0 Despite the poor training that they have received, many of the LGU training officers and assistant trainers say that they like to do training and are eager to do a good job. Conversations with them showed, however, that they lack knowledge about basic training concepts--and therefore, most likely also lack the skills to effectively train. For example, they consider resource speakers and lectures as their primary teaching tool; they confuse participant questionnaires with training evaluations; they equate a training agenda with a course curriculum; they are not entirely clear on exactly what their jobs entail.

"I don't plan for training," says a training officer, "I just coordinate."

"My job," says another trainer, "is to get speakers and vehicles and invite guest to the training."

"No," says a third, "I don't have objectives for the trainings. After all, these trainings are just for the barangay people."

- 0 Follow-up to training is considered to be monitoring--and thus is the duty of the monitoring personnel rather than trainers.
- 0 The picture of the LGU training teams is that of well meaning people who have neither the background and experience or useful BWP training to function as a trainer. In many cases, they seem to be going through the motions in order to satisfy a BWP requirement, but do not understand the rationale of the training activity.

#### Training for the RWSA

Conditions in the majority of RWSAs visited, lead the team to question the extent that community trainings have been useful in changing:

ATTITUDES (e.g., from dole-out mentality to one of pride and responsibility of ownership); or the

KNOWLEDGE of the membership (e.g., the relationship of health and water, proper water storage, proper drainage techniques, etc.); or the

SKILLS of the management staff (e.g., budget planning, preventive maintenance scheduling, etc.).

Although the quality of training and communications obviously varies from location to location, it still seems clear that many of the misunderstandings and much of the indifference to the RWSA must be blamed on ineffective training. Successful RWSAs seem to function well inspite of the "trainings"--not because of them.

The following discussion illustrates the weaknesses of training for the RWSAs.

The community trainings are the key to the understanding of the operation and use of the water supply system and the functioning of the RWSA. In the vast majority of RWSAs visited, however, the evaluation team found that misunderstandings and misinformation abound. Our conclusion, therefore, is that the community trainings are weak.

The LGU training staff is to conduct 9 different RWSA trainings. In addition to the prescribed informational and organizational meetings, there are: a techno-clinic; a specialized management course; a leadership development course and a specialized bookkeeping course.

- 0 The evaluation team has, however, been unable to satisfactorily determine which of the above courses have been given to which RWSAs. In addition to a LGU lack of records about titles, dates and participants of training, there is considerable confusion and lack of recall on the part of LGU trainers and RWSA trainees alike as to the exact differences between the specialized management training, the leadership development course, and the techno-clinic. RWSA officers may remember attending a course--but few can recall specifics about its content and even fewer can recall its title. The LGU staff who are, by BWP regulations, responsible for the training often claim ignorance of which courses have been given--saying that, they in fact, do not initiate the courses. They are given by BWP/PMS trainers. The national level trainers also say they do not have records of who has attended which courses.
- 0 It is clear, however, that the required trainings are not always conducted. For example, in November 1984, a BWP survey of 243 RWSAs showed that only 14 had received the Post Completion training which is designed to teach maintenance skills to the water system operator.
- 0 No training needs analysis or task analysis have ever been done to determine the specific training needs of RWSAs. Consequently, it is understandable (but not justifiable) why the content of the leadership course, for example, deals with topics such as Roberts Rules of Order and Public Speaking Techniques rather than issues which deal with actual identified problems of the RWSAs. Courses which better meet the needs of the RWSAs might concentrate on such topics as:

- \* methods of involving members in income-generating activities;  
OR,
- \* methods of anticipating annual expenses; or
- \* methods of dealing with malpractices in water usage; or
- \* health education activities; or
- \* methods of improving community sanitation practices.

- 0 Effective maintenance training had not been provided to any of the RWSAs visited. The Post Completion Course which deals with the "hows and whys" of maintenance is either not conducted or conducted haphazardly. The BWP Post Completion Training Manual was not familiar to any of the system superintendents or system operators interviewed.
- 0 The initial community training activities (information meetings and Pre-organizational Teach-In) can be considered successful in so far as they do, in fact, produce the documents, the organization and the Board of Directors that are necessary pre-requisites to the registration of the RWSA.
- 0 In many instances, however, it is doubtful whether the meetings were truly successful communications activities. Interviews with RWSA officers and barangay residents indicate many misunderstandings. The following sentiments are not uncommon:

"The system is not ours until we have finished paying the loan. Therefore, it is the responsibility of the province to take care of it."

"The Governor came to our first meeting and also to the turn-over ceremony. He said he gave us the water system--so why should we pay?"

"USAID donated the money for this project. We shouldn't have to pay it back."

"Why should we pay amortization? The money just goes into the pockets of the politicians."

"We can't save money for spare parts or a maintenance fund because we are forced to pay amortization, instead."

"I'm on the audit committee, but I don't know what we are supposed to do."

"We were told we were buying 24 hour service but we have water only 4 hours a day. They didn't keep their bargain - so why should we pay?"

"We don't want to have elections because the by-laws state that no officer can be re-elected. We want to keep the same officers."

- 0 LGU trainers report that the confusion stems from the fact that very few community members attend the informational meetings. Equally likely as a cause of the confusion, the evaluation team believes, is the fact that LGU trainers are not skilled in training or community organization or cooperatives development work.

The conclusion reached in the Evaluation of BWP 1 is valid today:

"There appears to be a big chasm between the purpose of training at the community level, that is, to develop viable barangay water systems, and the specific training approach being pursued to achieve such purpose. It is the impression of the study team that training at this level has been conceived more to fulfill certain necessary steps or procedural requirements than to, in fact, develop functional and viable water systems.

The training package and the manner in which it has been implemented does not seem to be consciously related to a concept of change in Philippine rural areas and how to bring it about."

#### C. RECOMMENDATIONS RE: REQUIRED TRAINING

- C.1 USAID should hire consultants to monitor and expedite the institution building components of the BWP. Training and management specialists should be included. These consultants would have a similar relationship with BWP and USAID as does Scheladia Associates in the technical area.
- C.2 The BWP training staff must be re-trained and re-vitalized. Professional training consultants should be hired who can train the BWP trainers in all aspects of effective training -- including adult learning theory, needs analysis, task analysis, performance objectives, evaluation techniques, use of training methodologies and development of training materials.
- C.3 The possibility of coordinating some technical training with the training offered by LWUA should be investigated. The high quality of LWUA trainings is acknowledged and they are in demand from a number of organizations in developing



countries throughout the world. LWUA expertise in water engineering could undoubtedly benefit the engineering staff in the LGUs -- most of whom have little formal training in the planning and design of community water systems.

- C.4 Professional trainers are needed to help BWP and LGU technical trainers develop an appreciation for maintenance activities. Unless they become quickly committed to the importance of maintenance, water systems will continue to deteriorate.
- C.5 Post-completion trainings must not only be held, but must be held at the site of the water system. Maintenance can not be taught by a classroom lecture.
- C.6 Professional engineer/trainers should be hired to develop a new system for teaching design work to the LGU staff. The large seminars that are currently held must be replaced by in-depth, one-on-one training combined with site visits and practical design work.
- C.7 A policy which makes LGU trainers accountable for the results of their trainings should be formed. If one LGU staff member was made responsible for overseeing a RWSA from its inception on through its first 2 or 3 years of functioning, there might be more incentive to visit, support and make it successful.

This LGU staff member could be appointed as an ex-officio member of the Board of Directors for the first two years of the RWSA operation. He/she should be paid per diem and transportation costs to attend monthly Board meetings.

- C.8 Officers and staff members from successful RWSAs have knowledge and experience that is very valuable to new and/or struggling RWSAs. LGU trainers should, therefore, tap this expertise and arrange for these local experts to be speakers/trainers for other RWSA trainings.
- C.9 The requirement that P30,000/year be set aside for BWP training purposes should be re-thought. In provinces with much BWP activity that amount may be inadequate; in others, it may be excessive.

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D. CONCLUSION RE: COMMUNITY PARTICIPATION AND COMMUNITY DEVELOPMENT

Throughout the life of the BWP, a basic assumption has been that the formation of an RWSA implies that the community is participating in the installation and management of the water system. Community participation was to somehow lead to community development and institution building. In fact, this appears not to be the case. Community participation has been minimal and in most cases has provided neither a basis for institution building nor skills that lead to further development. In addition, there is no evidence that the knowledge or ability exists in either the BWP-FMS or the LGU/PDS to implement community participation and community development activities.

D. FINDINGS AND DISCUSSION RE: COMMUNITY PARTICIPATION AND COMMUNITY DEVELOPMENT

- 0 In many RWSAs visited, the extent of community participation was simply the choice of whether or not to join the association.
- 0 Community participation generally implies that the members of the community have some say in the type of organization they choose to form and its rules and regulations. In the BWP however, the RWSA is designed and imposed by outsiders.
- 0 Even if community members pay for a portion of the system, they may still retain a dole-out mentality because outsiders do the planning for their water system and their water association.
- 0 In less than half of the sites visited did RWSA members recall being consulted about the placement of public standposts or the proposed water rates.
- 0 Several RWSAs report wanting to take a more active part in the installation of the water system--either through the contractor selection process, supervision of construction, or actual labor. They are generally not allowed to do so.
- 0 After the formation of the RWSA, the only community participation seems to be attendance at the RWSA annual general meeting and payment of water rates.
- 0 Only a very few RWSAs have served as a catalyst for other community activities.

- 0 The BWP has never really come to grips with the issues of community participation and community development. Although the project paper refers to the need for involved, knowledgeable and committed barangay residents, it does not make suitable provision for developing such people. And, although the BWP manual gives comprehensive instructions about technical and administrative matters, advice about community participation, and community development and sanitation is conspicuously missing.

In the section of the project paper entitled Human Resources, for example, the project planners acknowledge the need to help LGU staff develop technical skills. They do not acknowledge that LGU community organization skills may be equally crucial to the success of the BWP. It is the observation of the evaluation team that many of the problems evident in RWSAs today stem from this basic flaw in the project design. There is a lack of appreciation of the importance of community participation and community development and a consequent failure to build in adequate provisions for them. Such provisions might have included such things as:

- a. Community organization experts as consultants and trainers for LGU personnel.
- b. Enthusiastic enlistment of help from Provincial and Municipal Development Officers and Barangay Development workers.
- c. Trained and experienced community organization personnel (extension agents) who, using accepted community organization techniques, would stay in each barangay long enough to help residents determine their own needs regarding water and sanitation. They would also steer the community in the direction of involving health officials, disadvantaged groups, and women in water-related activities.
- d. Adequate monies (for transport and per diems) to allow community organizers and trainers to regularly visit RWSAs to provide follow-up support and reinforcement.

In the future, designers of projects which rely heavily on local participation should have a clear and specifically stated definition of the concept, make sure their counterparts share this understanding, and design specific means for achieving it.

D. RECOMMENDATIONS RE: COMMUNITY PARTICIPATION AND COMMUNITY DEVELOPMENT

- D.1 Skilled and experienced experts in community organization should be hired to re-educate BWP and LGU trainers about the techniques of community organization. PBSP (Philippine Businesses for Social Progress) and Project Compassion staff have experience in such training.
- D.2 Community participation should be clearly defined. Its definition should include reference to the optimal level of consultation, decision making, planning and labor desirable for BWP activities.
- D.3 Municipal and Provincial Development Officers and Barangay Development Workers are valuable resources for community participation and community development work. The BWP should investigate how their help could be enlisted for this project. More than training will probably be involved. They will need to be given authority to make decisions and funds to make their community visits possible.
- D.4 The RWSA, through its president, should be installed as a member of the Bidding and Award Committee (BAC) of the LGU for the selection of the contractor.

## B. Management and Financial Concerns

### PROJECT INTENT

Effective management is an obvious requirement for a project as complex as BWP. The project paper states, "With the experience and technology gained from BWP I, both the national and local levels of participating governments have already developed their respective administrative machineries and their organizational and technical skills to a level more than adequate to assure the success of a follow-on loan."

The evaluation team has found ample evidence that the optimistic opinion stated in the project paper was not well founded.

What follows is a discussion of the management and financial concerns of:

- A. USAID
- B. BWP/project management staff
- C. LGU/provincial development staff
- D. RWSA Board and staff

### A. USAID MANAGEMENT

#### Introduction:

What appears as a laissez-faire approach by USAID to monitoring and managing BWP II may, in reality, be symptomatic of a program designed for institution building--BWP I managed by ORAD--but reassigned as BWP II to OCD, where the focus became construction rather than institutional development.

For seven years, built-in flaws such as unrealistic targets, lack of community organizers, and lack of travel capability for PMS and LGU staff were compounded by a lack of performance and management at the BWP/PMS. In addition, BWP was hampered by its non-competitive status at the LGU level (BWP uses the FAR system, while roads and school projects were advancing 75% of costs).

Some of these problems were noted during the 1981 evaluation of BWP I. Others were described in "Lessons Learned: Provincial Development Assistance Program, Philippines" by Martin Landau and James Anderson (1980), but were not heeded. The evaluation team attributes much of the weakness of the present project to USAID's lack of accountability measures for BWP/PMS.

A. CONCLUSIONS AND FINDINGS RE: USAID MANAGEMENT

CONCLUSION: USAID apparently has had no accountability measures for BWP/PMS.

FINDINGS AND DISCUSSION:

- O Quarterly reviews have not noted that BWP training was ineffective, that no monitoring was being done, that field trips were practically non-existent by BWP-MLG, and that BWP/PMS management was slipping. Consequently no steps were taken to correct these deficiencies.
- O As of 1983, USAID stopped recording in quarterly reports the number of systems completed, ongoing and planned.
- O USAID's computer data on BWP is incomplete and so limited in scope that its meaningfulness or use is unclear.

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CONCLUSION: Not until 1984 did USAID take steps to address some of the program's weaknesses, in the financial area. Four major changes are being made.

FINDINGS AND DISCUSSIONS

- O Discussions between USAID, OBM, NEDA, and MOF have taken place in an effort to establish a revolving fund which would allow monies to be placed in advance in LGU budgets for projects to be completed in six months.
- O To address the GOP deficit, \$49M ESF grant monies were transferred to the Philippine National Treasury in 1984 for USAID, World Bank, and ADB development projects. Although USAID advised BWP/PMS to request some of these monies, there was no follow through. BWP received none of the windfall.
- O To alleviate problems with contractors due to delays in reimbursement, LGU reimbursement guidelines have been revised by Presidential Decree to allow for indirect costs such as contractor's profit, 3% tax, contingencies for unforeseen costs, and contractor overhead and administrative costs. These are in addition to the direct costs of labor and materials.

- 0 BWP-PMS can now get advice of allotment and CDC on a monthly, rather than a quarterly, basis which allows the PMS to request reimbursement for LGUs sooner.

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#### CONCLUSION

Despite the fact that the goal of the BWP is to improve the health of barangay residents, USAID has not addressed the health issue.

#### FINDINGS AND DISCUSSION:

- 0 The Ministry of Health was one of the 1978 MOA co-signers, accepting the responsibility for:
  - a. providing reviews of project plans and specifications, specifically on sanitation and health aspects of water systems;
  - b. conducting necessary water analysis, selection of water sources and determination of kinds of water treatment needed.
  - c. assisting in final inspection of completed projects and monitoring potability of water being delivered to consumers;
  - d. conducting periodic analysis of water from taps;
  - e. assisting BWP in health and sanitation training related to water use for RWSAs; and
  - f. making available Ministry of Health sanitary engineers and other technical personnel when requested at the national, provincial, and barangay levels.
- 0 USAID provided the MOH with some water test kits but has taken no other action to encourage MOH participation. According to the present USAID project officer, "It has more or less been assumed that MOH was doing its part "
- 0 A memorandum from the BWP Project Manager was sent to all Planning and Development Coordinators in September 1984

advising them that water quality control had "not been given sufficient attention." A number of recommendations were made to improve the situation, chiefly that planning and development staff consult with health offices, "to initiate a water quality control plan or program" and that these be "adopted by the Water Supply Development Task Force as guidelines for health improvement goals of waterworks projects."

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CONCLUSION: BWP turnover between USAID project managers was less than effective.

FINDINGS AND DISCUSSION:

Apparently turnover procedures were not followed when project management changed hands. Consequently, the new PM was not made familiar with many project records and files or with the status of the BWP I evaluation.

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CONCLUSION: AID is gaining a negative image for not getting money and vehicles to the LGUS.

FINDINGS AND DISCUSSION:

In both barangays and LGUs resentment was expressed (toward USAID, not BWP) for delays and unkept promises. (BWP-FMS makes no promises. USAID is expected to be accountable for its promises.) Even barangay residents interviewed knew USAID had \$15M to disburse. LGU staff had been told of the \$15 M at conferences in late 1984 and RWSA Board Members and staff heard of it in January 1985 meetings. Many, however, do not understand the mechanisms and regulations delaying the money from getting to them through the GOP. Many LGUs are still expecting promised surplus Vietnam vehicles even though the supply has run out.



## A. RECOMMENDATIONS RE: USAID MANAGEMENT

A.1 USAID should employ accountability measures to BWP/PMS. USAID program management should adopt more comprehensive quarterly program reviews and make annual target revisions to keep pace with changes in economy.

A.2 Consideration should be given to matching the management skills a project requires with those of the project officer selected. An institutional project, for example, may require different skills, knowledge and attitudes than does an infrastructure project.

A.3 USAID should take the lead in activating the sanitation and health education aspect of the BWP by insisting on and supporting an MOH program of water quality testing and a mass education campaign regarding the relationship of health, water and sanitation.

A contractor such as the Water and Sanitation for Health Project (WASH is an AID-funded consortium) should be hired to assess the needs and plan a program for implementation and training.

A firm should also be employed to create and implement a professional social marketing campaign.

## B. BWP/PMS MANAGEMENT

### Introduction

The role of BWP-PMS, the national level Project Management Staff, housed in MLG, is to manage and administer the Barangay Water Program. The PMS is to strengthen the capabilities of LGUs to plan, design, implement and monitor water systems. Equally important is training LGUs to organize barangay members into cooperatives i.e., Rural Water and Sanitation Associations (RWSAs), which can then manage, operate, and maintain their own water systems.

The PMS is to administer the BWP budget, planning and processing the finances of the program. They are to train and monitor the performance of LGU staff. The PMS is responsible for revision of the BWP guidelines and technical designs; the management of project documentation; and the flow of information throughout the project.

To carry out these duties and responsibilities, there is a staff of 47 under the Project Manager. The staff are divided into three divisions: the Engineering Review and Supervision Division, the Training and Organization Division, and the Monitoring and Evaluation Division. (See PMS organization chart on next page.)

The Engineering Review and Supervision Division exercises control over the technical aspects of project development and implementation. Responsibilities include: 1) developing and updating technical manuals that prescribe guidelines and procedures for the design, cost estimates, construction, and operation and maintenance of rural water systems; 2) receiving, reviewing, and approving subproject proposals; and 3) monitoring the construction and operation performance of installed systems. The Division collaborates with the Training Division in the development and execution of technical training programs.

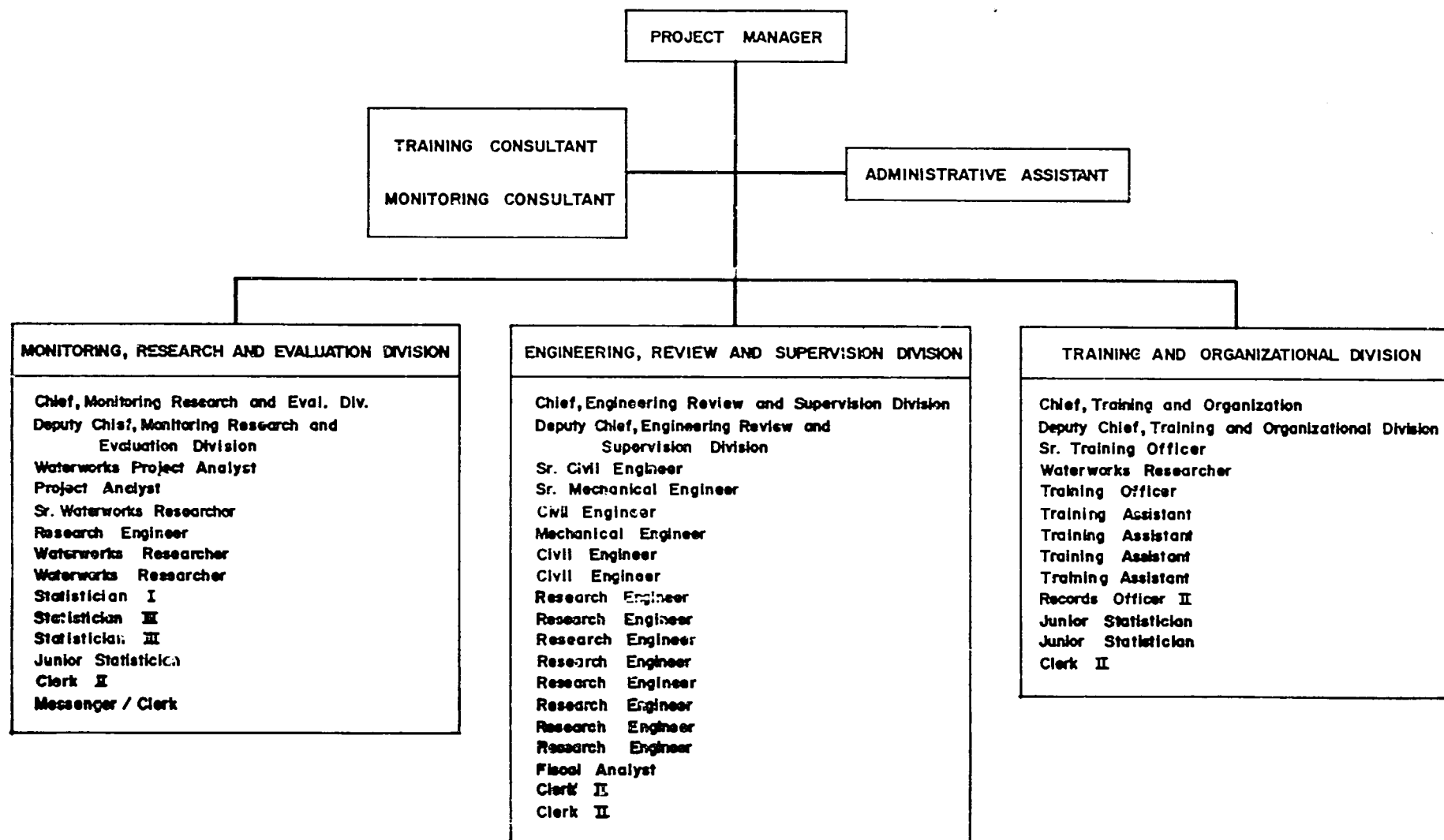
The Organization and Training Division focuses its efforts on the following: 1) developing, planning, and conducting multi-level training programs; 2) assisting and supervising LGUs and training them to train RWSA Board and staff; and 3) devising programs to promote staff development for both the central Project Management Staff and local government officials.

The Monitoring and Evaluation Division's responsibilities are to: 1) conduct continuing assessment of the appropriateness of the program's concept, approach, and implementation procedures and improve them when necessary; 2) establish and maintain a management information system with data gathering and data storage and retrieval procedures; 3) review subproject proposals and conduct program evaluations, both general and specific; and 4) monitor the accomplishment of all local government planning, training, construction, organization, and institutional requirements.

The PMS has under contract, three consulting companies to assist them in these efforts: TECHNIKS Group Corp. to support the Engineering Division and RURBAN and HEADS for training, monitoring, and evaluation support. Consultant advisors (Sheladia Associates, Inc.) and two direct hire engineers are provided by USAID to backup the Engineering Division. (See Annexes C,D,E for contracting company scopes of work.)

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# ORGANIZATIONAL CHART OF BARANGAY WATER PROGRAM



B. CONCLUSIONS AND FINDINGS RE: BWP/PMS MANAGEMENT

CONCLUSION: BWP/PMS is in essence not functioning.

FINDINGS AND DISCUSSION:

- 0 The total staff employed by MLG, contractors, and USAID to work from the central level is 77. Regardless of this large number of central level staff in 1982, only 4 level II systems were completed and 75 were ongoing. In 1983, 79 systems were completed and 42 were ongoing; in 1984, 13 systems were completed and 15 were ongoing.<sup>1/</sup> The evaluation team believes these statistics illustrates underemployment and lack of efficiency.
- 0 Little or no energy has been put into promoting BWP since 1981. Although 80 LGUs are "members" of BWP, only 45 have at least one system under construction and only 11 have three or more completed systems.
- 0 Essential to the accountability of BWP is the process of annual recertification of RWSAs. The first recertification was held in 1981. None were conducted in 1982, 1983, or 1984. One is in progress at the writing of this report.
- 0 Planning tools are not evident at the PMS. There are no flow charts for a year's planned activities. Recordkeeping is weak, office management is lax at best, and financial planning is inadequate.

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CONCLUSION: PMS financial/management is lacking.

FINDINGS AND DISCUSSION:

- 0 By mid February 1985, only the BWP operational budget had been submitted.
- 0 In January 1985, responsibility for the budget was turned over to a junior staff member who was given little if any financial training.

<sup>1/</sup> This information was provided by USAID engineers. BWP/PMS reports show different (and higher) figures.

- 0 BWP is exempt from the one-third of cash disbursement ceiling (CDC) forced savings but BWP staff handling budget matters is apparently not aware of this.
- 0 Monies can be drawn down monthly rather than on a quarterly basis--but this is not done. This aggravates LGU reimbursement delays.
- 0 \$49M ESF grant monies were made available to GOP for special projects in November 1984. All has been allocated as of February 1985. BWP received none because no request was made.
- 0 The Special Development Fund of the BWP/PMS keeps 10% of the FAR (from some provinces, not from others) for special LGU needs. It has never been used.
- 0 Many of the BWP/MLG financial difficulties relate to the Project Manager's admitted reluctance to communicate with the OBM or NEDA or MOF.

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CONCLUSION: PMS office management is lax.

FINDINGS AND DISCUSSION:

- 0 An organization chart listing job responsibilities exists. However, the staff with senior level qualifications to carry out these duties does not exist.
- 0 There are no performance evaluations and no attendance records.
- 0 There are lines of responsibility but no accountability. For example, although there are some field trip reports, there are no documented follow-up procedures.
- 0 For travel duties, staff request and take 10 days per diem (the maximum allowed), but because the GOP rate is so low (45 pesos/day), they can only afford to travel for 3 days. The remaining week of their "travel time" out of office is unaccounted for.
- 0 There was only one full staff meeting in 1984, and there are no minutes of that.

- 0 Each division reportedly has monthly staff meetings but minutes are not usually taken. Monthly meetings are held for Techniks, Sheladia, AID engineers, the BWP Project Manager and the BWP Engineering Division. There were minutes of only one of these meetings in 1984. In January of 1985, for the first time, the Training Division and Monitoring and Evaluation Division were invited to attend.

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CONCLUSION: The project management staff lacks credibility with the LGUs.

FINDINGS AND DISCUSSION:

Credibility is lacking because:

- 0 BWP/PMS engineers are often less qualified and experienced than LGU engineers;
- 0 Delays in approvals and reimbursements--e.g. the BW-10 approval (go ahead for construction) can take over a year;
- 0 There are no sanctions or any follow-through regarding deficiencies or recertification requirements;
- 0 There is a lack of support from BWP-PMS. Some LGUs told the evaluation team that they have had to send representatives (including Governors) to BWP/PMS to get necessary action.

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CONCLUSION: Contractors are actually performing the duties of the PMS.

FINDINGS AND DISCUSSION:

RURBAN (hired by BWP-MLG, to extend staff capabilities of the Monitoring and Evaluation Division--10 person staff plus project manager): This consulting firm is prolific with its monthly field reports and initiatives in trying to improve the program. In 1981 and 1982 they developed a manual for Techno-Clinics and Leadership Development Training (both of which are now incorporated in the BWP

Community Organization Manual). In 1983, "Water Supply Development: A Case Planning in the Philippines" was prepared and its pilot test in Bohol Province written up in 1985. In 1983 a Community Training module for RWSA development was written which included training materials for RWSA Education Committees. In 1984 the document, "Health and Sanitation Programs in Rural Water Supply Development" was prepared.

RURBAN is pleased their training modules are accepted and used by BWP/PMS but are unhappy at the complete lack of feedback on most of their reports and documents. Their writings are not seen by USAID personnel because their contract prohibits distribution outside of BWP/PMS; PMS does not pass them on, nor does USAID request to review them.

RURBAN staff do not have travel restrictions. Travel is reimbursed on a cost basis. In 1984 RURBAN staff visited 58 operational and 59 non-operational RWSAs in 36 LGUs.

RURBAN participated in or conducted 174 trainings/meetings in 1981, 256 in 1982, 25 in 1983, and 31 in 1984. They are disappointed that they are no longer invited to trainings by PMS.

There are no discussion meetings between BWP/PMS and RURBAN staff. The Project Manager and RURBAN's Project Manager meet only to discuss contractual issues.

TECHNIKS GROUP CORP. (hired by BWP-PMS, as an extension of staff capabilities for the Engineering Division--14 member staff plus Project Coordinator): TECHNIKS provides most of the engineering field trips because they, as contractors, do not have travel restrictions that BWP engineers do. However, TECHNIKS engineers have no authority to take follow up actions. They only note deficiencies and make recommendations. BWP/PMS has no system of noting the recommendations and ensuring verifiable follow up procedures. The same problems and recommendations are cited in successive monthly reports. When the same citations are no longer repeated, it is assumed the deficiency has been dealt with. Although monthly meetings are held with the BWP Engineering Division, there is no established or systematic procedure for follow up actions on recommendations .

HEADS, Inc. (hired by BWP-PMS, and paid by USAID, to provide professional expertise in training and monitoring--two person staff): HEADS coordinate and conduct national training sessions and perform some monitoring functions. They are credited with maintaining what energy remains in BWP-MLG. The professional relationship between HEADS and the BWP management, however, is cause for some concern.

Sheladia Associates, Inc. (hired by USAID to supplement and advise the Engineering Division--two staff members): The Sheladia contractors have no authority in implementation of procedures. One of the contractors, with the project for three years, has contributed most of the technical revisions to the BWP procedures manual. The other, is a hydrogeologist working on site testing and water resource surveying. This consultant is responsible for organizing the hydrogeological training center which is being established in Batangas.

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CONCLUSION: Management Information Systems need modernization.

FINDINGS AND DISCUSSION:

- 0 Forms: Forms and Guidelines make up a large part of the BWP Operations Manual. Begun as institution building blocks for the Provincial Development Assistance Project (PDAP), the guidelines were adapted and supplemented for the Barangay Water Program (BWP I) when it was created as a special project in 1978.

Unfortunately, in many cases, the process behind the forms seems to have been lost. The forms and guidelines are perfunctory yet treated as fixed and mandatory. Often the people using them do not understand the purpose behind the forms. The guides are adhered to literally even when the data produced are unrealistic.

- 0 Information Dissemination: No clear, systematic method exists for disseminating BWP policy changes or guideline revisions. Information is generally distributed at training sessions, usually verbally. Since training sessions are held regionally and at different times, information is disseminated in a haphazard, untimely manner. One example of the problems of word of mouth communication is illustrated by the confusion regarding the minimum monthly water fee established for RWSAs. Gingoog City PDS believes the new minimum rate is 21 pesos, Iloilo PDS believes it to be 30 pesos, while other PDS are not aware of a "minimum".
- 0 Recordkeeping: This responsibility belongs to the Monitoring and Evaluation Division. During the evaluation team investigations, no one could provide the 1985 budget, the 1983 and 1984 targets or annual plans, the LGU evaluation team reports, or figures on status of projects in all LGUs.



When asked to provide the following data for BWP systems implemented in 1983-84, none was provided:

- date of RWSA formation
- date of BW-10 release
- date of BW-11 (beginning of construction)
- date of construction completion
- date of system turnover.

Lack of this information is powerful indication of the state of monitoring, evaluation, information management and BWP planning.

The project management requested a microcomputer in 1981. USAID required a needs assessment first to determine the type of system appropriate. Proposals have been submitted by at least one firm to conduct a study in 1985. The evaluation team warns, however, that a computer is useful only if the staff has the time, the incentive, and the knowledge to collect relevant data.

## B. RECOMMENDATIONS RE: BWP/PMS MANAGEMENT

B.1 The original intent of BWP to have a well-trained national level management unit has not been realized. The intent of developing LGU capabilities remains valid and now it is clear that the most effective organizational structure for that purpose is closer to the target -- at regional or provincial levels. The evaluation team strongly recommends BWP decentralization.

B.2 If with decentralization, the PMS itself remains in a central GOP agency, the PMS should be reduced to a maximum of 8 people who will handle management information systems, process finances through the Office of Budget and Management and the Bureau of Treasury, coordinate contractors and consolidate paperwork of the decentralized program. Wherever the PMS is based, however, conditions must exist to employ qualified people and to provide the necessary transportation requirements.

B.3 The technical language and legal language of all forms should be simplified.

B.4 A systematic, accountable system for information dissemination should be established.

B.5 A contractor should be hired to establish appropriate software for recordkeeping. An appropriate microcomputer system should be determined. Monitoring personnel should be trained in data collecting and data analyzing techniques.

B.6 The system of granting approval for LGU sub-projects must be made more efficient. The process should be systematized and not allowed to take more than one month. This will be facilitated with decentralization.

B.7 The FAR procedure should be modified to become a more feasible system for today's economy.

B.8 BWP must take action and responsibility to see that seed money is appropriated at the correct time.

B.9 A BWP staff member should be assigned to handle the liaison work between BWP and MLG, BWP and OBM, BWP and USAID. This BWP staff should be authorized to deal directly with USAID, OBM and the MLG's Budget Division, Accounting Division and Cash Division to attend the papers of BWP. He must maintain separate books of account for all financial transactions of BWP.

## C. LGU MANAGEMENT

### INTRODUCTION

LGUs are the implementors of BWP. Subproject selection, planning, design, and implementation are the responsibilities of the LGU staff with the PDS responsible for all but system design and construction, which is carried out by the PEO.

The PDS is to budget the projects; select barangays; organize the community members into a RWSA which will be capable of managing, maintaining, operating its own water system; train the RWSA Board and staff; and keep the RWSA functioning after turnover. In order to do this, the LGU staff requires management, budgeting, community organizing, coordinating, and training skills.

The measure of the capabilities of the LGU and its staff to carry out their responsibilities is the number and successful functioning of RWSAs and their water systems. LGU capabilities and accomplishments in the Barangay Water Program vary.

The energy and desire to build water systems is in evidence at every LGU visited. What is needed is capital to get started (due to devaluation, a project costing P500,000 in early 1983 costs P1,200,000 in 1984); training in trainer's skills; readily available support in program management; and transportation to get to the barangays. Nevertheless, existing staff in most LGUs could handle the planning, management, and implementation of more BWP subprojects. Additional staff are needed, however, for training, monitoring, and community organizing.

Many LGU planning, management, and implementation difficulties are inherent in the fact that the controls are held by the central office in Manila.

One major problem for LGUs is money for BWP systems. Most LGUs visited had two million pesos allotted to BWP per year; thus, when it takes over a year to get reimbursed by BWP/PMS, there is more frustration than incentive. Most LGUs visited had plans for 8 to 15 systems but only submitted two at a time to BWP/PMS because of these limited budgets. These LGUs estimated six to seven months for project construction but PMS delays prevent start up of other projects. Some LGUs cannot afford even one system at present costs. Batangas had 15 million pesos in the 1984 budget for BWP but only constructed two systems due to delays in approvals from BWP/PMS.

Most LGUs receive seed money (15% of project cost) from the PMS months after the construction of the water system has been started. This defeats the purpose of the seed money.

To deal with the economic realities imposed by the FAR system and devaluation, LGUs are setting up turnkey arrangements, when possible, with local contractors. Contractors are charging an interest rate of 4% per month. Economic conditions, turnkey arrangements, and Planning Level III systems instead of Level II have pushed costs up in some cases to four million pesos.

Another major problem is the lack of coordination of rural water supply projects at the LGU level. There are three water project implementing agencies, the Ministry of Public Works and Highways (MPWH), the Rural Waterworks Development Corporation (RWDC) and the Barangay Water Program. Local planners from the P/CDS have minimal participation in these agencies' decision making. MPWH identifies its own target project sites, programs them for implementation, and constructs them with little involvement by the P/C planning body. RWDC and BWP do involve LGU planning and development offices in project selection, design, and implementation but each program has its own requirements, forms, and guidelines. Basically, LGU

planning bodies respond to the inputs of these agencies because they are funding sources. The LGU does not take the initiative in planning an overall water development program. To date, the planning units required to be set up by BWP and RWDC to meet this overall water development planning need have not functioned. BWP requires a Water Resource Development Task Force and RWDC requires a Waterworks Committee.

Professional Rural and Urban Consultants, Inc. (RURBAN), presently under contract to BWP/MLG, has designed a scheme for province-wide water development planning by an LGU which takes into account integration of water supply services with other social services such as housing, health, and livelihood projects. All agencies involved with provincial development activities participate in planning sessions identifying their priority areas. The LGU then draws up its overall plan, and the water supply projects are implemented by the agencies independently. This scheme is being pilot tested in Bohol Province in 1985 with an Integrated Water Supply Development Plan.

The Evaluation Team recommends investigation of this approach and its replication elsewhere. The LGUs need help in establishing a framework for planning, implementation, monitoring and evaluation. Resource agencies should plug into the LGU structure rather than the other way around.

#### C. CONCLUSIONS AND FUNDINGS RE: LGU MANAGEMENT

CONCLUSION: BWP has become a low priority program for LGUs.

#### FINDINGS AND DISCUSSION:

- 0 Roads and schools projects are preferred. ESF projects provide 75% advance capital as well as provide vehicles, honorariums, per diem, and transport money. BWP provides extra field work, lots of paperwork, and lots of frustration -- slow turnaround time on approvals and reimbursements.

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CONCLUSION: Logistical constraints prevent PDSs from performing as anticipated in the BWP II project paper.

#### FINDINGS AND DISCUSSIONS:

- 0 PDSs do not have vehicles or fuel for required monitoring, construction supervision, or onsite training and follow ups. They cannot, therefore, provide the services required of them.

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CONCLUSION: Neither sufficient nor trained LGU staff are in place for community organization work -- the key to successful RWSAs. Community organization is a full time requirement.

FINDINGS AND DISCUSSION:

- 0 The training officer is usually responsible for coordinating training for all development projects. Consequently, time for community organizing is limited. Many trainers do not have community organizing skills.

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CONCLUSION: The role of the Provincial/City Evaluation Team is to monitor and give help to the organizational, financial, and technical aspects of the RWSA. The team should be composed of a water resource analyst, fiscal analyst, a representative from the PEO and a representative from the Provincial Health Office. The valuable process and the resultant data of P/CETs are no longer in force.

FINDINGS AND DISCUSSIONS:

- 0 Copies of PET reports from 1981 demonstrate the capability and awareness of LGUs, e.g., the PET report from Misamis Oriental on Luyong Bonbon contains: a schedule of visits by the team for the year; clear, concise summaries of findings in the technical area; notes of actions taken; RWSA financial and organizational data; health-related data such as number of water sealed toilets and chlorination procedures.
- 0 However, in 1985, the team found no examples of the P/CET actually functioning as it was intended. In the two LGUs that had "active" evaluation teams, their role was only to perform an annual inspection - no monitoring, no training, no support.

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CONCLUSION: The PDS is expected to perform the most important institutional development role--developing, training, and monitoring RWSAs. However, most of the incentives are with the PEO.

FINDINGS AND DISCUSSIONS:

- 0 The PEO usually has the vehicles and budget money for construction as well as the perks that are part of dealing with contractors. The PDS on the other hand, often has fewer vehicles and less fuel which limits the work of the staff. The PEO sees tangible results from their construction work. The PDS sees few tangible results in their institutional development work.
- 0 In only one of the LGUs visited was there evidence of much cooperation between the PEO and PDS.

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CONCLUSION: Although some effective management techniques are practised at some PDS offices, there is room for much improvement.

FINDINGS AND DISCUSSIONS:

- 0 Unlike the BWP/PMS, at least half of the visited PDS offices had organization charts, performance evaluations, field reports, accessible and kept records, regular staff meetings (sometimes with minutes), annual reports (some in narrative form), annual plans and accomplishments.
- 0 However, no flow charts with timeframe for planned activities and accomplishments were found. Previous records of activities and expenditures were not used to plan and project for the future. Sometimes there are written field reports but no records of follow up actions were found.
- 0 PDS record keeping deficiencies are similar to those of BWP/PMS. For example, filing systems are not set up for quick access of a particular document. Related files are kept in different locations.

C. RECOMMENDATIONS RE: LGU MANAGEMENT

C.1 Jeeps should be provided to LGUs for BWP work. They are inexpensive, (approximately P100,000 pesos) locally produced, and easily and locally repairable. Lack of transportation is one of the most vital constraints at the LGU level because much of the essential BWP work requires spending time at the barangay sites.

C.2 Fuel, or money or coupons for fuel, should be provided. If vehicle use is to be monitored by BWP, mileage records could be kept which would have to coincide with monthly site visit reports and fuel consumed. It should be assumed that the jeepneys would be used for site visits for any number of development projects, however.

C.3 PDS roles must be strengthened and incentives provided. This may occur if some loan monies are reprogrammed into training and monitoring.

C.4 Provincial/City Evaluation Teams must be re-activated. They should function as described in the BWP Manual of Operations.

C.5 Each PDS should have full time community organizers on staff. These could be seconded from regional or municipal staff (e.g., municipal development workers). Alternately, BWP could pay for the first two years salary (as was done in the urban planning program of the past) or community organizers could be hired as contractors.

C.6 PDS officers would benefit from intensive training sessions in management practices.

C.7 A simple but efficient recordkeeping system should be devised and appropriate PDS staffs trained to use it.

C.8 Loan amortizations should be studied and possibly re-structured. LGUs should adopt policies and strategies to enable RWSAs to earn/save money and pay amortization.

C.9 New bookkeeper training should be designed and LGU staff must be trained to conduct the training for all RWSAs, hands-on, on site.

C.10 LGUs should conduct at least a semi-annual audit of the RWSAs Books of Accounts. This work should be done by the Provincial/City Evaluation Team or the Fiscal Analyst.

C.11 A flexible approach should be adopted for determining which level system is appropriate to which community, including whether Level I should have to be purchased by a community.

## D. RWSA MANAGEMENT

### INTRODUCTION

Rural Water and Sanitation Associations are cooperatives set up by barangay residents in order to legally own, manage, operate and maintain their water systems. These RWSAs are assisted in their organization by LGU staff under the Barangay Water Program.

Board members are elected by the membership; staff, such as systems superintendent, bookkeeper, and operator are appointed by the Board. Monthly fees for services, electricity, amortization, and salaries are initially determined during the RWSA organizational meeting. Thereafter it can be adjusted by the Board with a vote by the membership. Management skills, particularly in the financial area, are necessary as is the ability to plan ahead --e.g., for preventive maintenance and anticipating the need for repairs. RWSA Boards must have skills in leadership to keep members interested and active.

The evaluation team visited some successful RWSAs where the needed skills were in evidence. At most barangays, however, if the elected leadership did not already have the skills, the inadequate training did not provide them.

In some of the successful RWSAs, money-making activities supplement the rates. For example: Buga, Iloilo: the RWSA is buying plastic hose at bulk rates and selling it to members for a profit. In Emmanuel Cuenca, Batangas, dances and raffles bring in money. In Luyong BonBon, Misamis Oriental, cans of water are sold to non-members by "water sellers" posted at each public standpost. A coupon system is used.

For a general profile of RWSAs visited see Table II (next page) which tabulates the length of time from organizational meeting to turnover, length of time for system construction, potential and served households, type of system and whether in operation.

Table III (following page) presents the financial overview of the visited RWSAs with project costs, loan amount, status of amortization payments, utility costs, and monthly water rates.



TABLE II  
GENERAL PROFILE OF RNSAs

	INFO MEETING DATE	START OF CONST.	DATE CONST. COMPTD	TURNOVER DATE	CONTR/ ADMIN.	LEVEL	NO. OF HH SERVICEABLE/POTENTIAL	NO. OF ORIG. MEMBERS SIGNED UP	# OF HH SERVED	# OF PAYING MEMBERS
BATANGAS										
Emmanuel		10/1979	04/30/80	05/1980	Contr	II to III	200	156		
Lucuhin*	1977	11/26/79	07/31/80	06/1981	Contr	II		200		65
MISAMIS ORNTL										
Taytay		10/26/81	04/31/82	06/1982	Contr	II to III			85	35
Kibaghot*		01/15/83	05/11/84		Contr	II				224
Sinali		02/14/83	06/21/84	07/21/84	Admin	II	242			48 (com)
Ginangpang		01/15/83	11/10/83		Contr	II		110		18 (ind)
										65 (ind)
Luyong Bonbon		05/1979	02/1980	05/1980	Admin					5 (com)
GINGOGG										
Lunao	07/29/82	04/19/82	02/01/83	05/11/83	Admin	II	448	269	300	120
Anakan**					Contr	II	250			
Agay-ayan**					Contr	II				
CEBU										
Liboro.***	02/26/80	02/09/81	09/23/81	02/21/83	Contr	III-A	230			
Casay	02/22/81	02/1983	12/1983	02/1984	Contr		396	330		200
Tayud	12/03/80	08/25/81	01/18/82	03/24/82	Contr	II	200			38
CAVITE										
Tamakan***	10/22/81	07/23/82	11/10/82	12/30/82	Contr	III	116	92	115	109
Dagatan	10/22/81	07/23/82	11/10/82	12/30/82	Contr	II	140	73	120	80
Loma	10/22/81	08/22/82	05/20/84	08/05/84	Contr					
Selaban	10/22/81	08/06/82	01/18/84	08/05/84	Contr	III	167	154	199	
Trece Martires										
Lapidario***		08/10/84	01/07/82	02/08/82	Contr					
Cabezas	01/1981		04/25/82	04/30/82	Contr	III		110	115	89
BULACAN										
Tabing-Ilog	08/04/81		1981	08/20/83	Contr	II	275	261	197	
Bunsuran II	09/26/79	1960	1981	04/15/82	Contr	II	324	274	76	

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	INFO MEETING DATE	START OF CONST.	DATE CONST. COMPTD	TURNOVER DATE	CONTR/ ADMIN.	LEVEL	NO. OF HH SERVICEABLE/ POTENTIAL	NO. OF ORIG. MEMBERS SIGNED UP	# OF HH SERVED	# OF PAYING MEMBERS
San Gabriel	08/18/80		March	03/24/82	Contr	II to III	406	324	166	
Bulihan	09/15/80	12/1981		12/02/82	Contr	II to III	583	90	215	200
Lolomboy	07/28/77	05/1977	10/28/78	02/25/79	Contr		450 (goal)	99	439	439
San Juan	03/05/78			06/27/80	Contr	II to III	593 (1980) 700 (1985)	134 (orient) 246 (members)	463	463
ALBAY										
Manga	02/20/81	12/15/82	02/28/83	03/10/83	Contr	II to III	300	163		
San Isidro***	07/13/80	05/25/81		02/18/82	Admin		200			
LEGASPI CITY										
Dita*	01/22/83	10/02/84	01/22/85		Contr		240	219		
Bonga	11/12/81	06/1982	08/22/82	10/12/82	Contr		283	285		
Pawa*	02/26/83	08/10/84	01/22/85		Contr		269	252		
ILOILO										
Buga	05/12/80		05/1984	06/1984	Contr	II to III	300	152	116	116
Sinogbohan	06/07/80	07/1981		11/1984	Contr	III-A				
Agsalanan*	05/26/79				Contr	II to III	110		80	
LA UNION										
Urayong		01/1984	04/1984	12/1984	Contr	II	90	100	75	
Camp I		1982		02/1983	Contr	II	200		70	

- \* Not yet turned over
- \*\* Construction on-going
- \*\*\* Stopped Operation

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TABLE III  
FINANCIAL INDICATORS OF RWSAs

PROJECT COST	FAR	LOAN AMOUNT	% OF LOAN TO FAR	TOTAL LOAN PAID	AMOUNT OF LOAN ARREARS	MONTHLY MONTHLY WATER FEE (for 1st 10 cu m)	AVERAGE MONTHLY ELECT/POWER BILL	OPERATING W/ INCOME BREAK EVEN/ LOSS (before amortization)
<b>BATANGAS</b>								
Emmanuel	P265,000.00	P106,400.00		P 9,569.72	P26,709.16	P20.00	P 2,500.00	Income
Lucsuhin***	503,222.00	150,966.60	30.0%		44,433.68	20.65	1,400.00	Loss
<b>MISAMIS ORNTL</b>								
Taytay	P 410,000.00	295,000.00	78,051.00	26.5%	5,743.16	5,743.16	9.80	Break Even
Kibaghot*	482,000.00	376,000.00	30,200.00	8.0%		due 6/85****		
Sinai	359,680.00	291,000.00	23,000.00	7.9%			15.00	1,000.00
Gitangpang	574,720.00	449,000.00	70,000.00	15.6%		due 6/85****	15.00	Income
Luyong Babon	306,000.00	219,000.00	88,000.00	40.2%	11,916.89	8,287.95	15.00	Loss
<b>GINOOG</b>								
Lunao	932,000.00	894,000.00	279,133.48	31.2%		20,539.20	13.25	2,000.00
Anakan**	1,146,000.00	707,500.00	168,791.00	23.8%			14.00	Loss
Agay-ayan**		908,000.00						
<b>CEBU</b>								
Liburon***	666,580.00	463,000.00	402,000.00	86.8%		25,460.00		1,600.00
Casay	1,278,870.00	904,250.00	467,125.00	51.6%	1,523.75	6,905.00	20.00	2,800.00
Tayud	655,463.00	434,000.00	217,000.00	50.0%		18,083.25	500.00	Income
<b>CAVITE</b>								
Tamakan***		294,500.00	26,289.04	8.9%		1,934.40	15.00	
							20.00	
Dagatan		310,500.00	65,161.59	20.99%	4,794.72	399.66	20.00	Loss
							25.00 (1nd)	
Loma		350,000.00	29,576.80	8.4%		1,808.04	15.00	Break Even
							20.00 (1nd)	
Salaban		339,000.00	24,571.77	7.2%		2,176.32	15.00	Income
<b>Trece Martires</b>								
Lapidario***		181,500.00	26,532.08	13.9%	1,932.28		15.00	
Cabezas		224,500.00	48,499.36	21.6%			14.10	Income
<b>BULACAN</b>								
Tabing-Ilog	1,028,000.00	750,000.00	375,000.00	50.0%		29,279.60	30.00 (res) 40.00 (com)	5,800.00
Bunsuran II***	565,000.00	305,000.00	260,000.00	85.2%	4,800.00	12,000.00	30.00	1,500.00

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	PROJECT COST	FAR	LOAN AMOUNT	% OF LOAN TO FAR	TOTAL LOAN PAID	AMOUNT OF LOAN ARREARS	MONTHLY MONTHLY WATER FEE (for 1st 10 cu m)	AVERAGE MONTHLY ELECT/POWER BILL	OPERATING W/ INCOME BREAK EVEN/ LOSS (before amortization)
San Gabriel	770,000.00	560,000.00	280,000.00	50.0%	10,301.50	None	30.00 (res) 40.00 (con)	6,000.00	Break Even
Bulihan	916,350.00	745,000.00	218,738.00	29.4%		33,792.00	25.00	4,000.00	Break Even
Loloboy	652,000.00	484,000.00	242,000.00	50.0%	110,878.00	None	35.00	18,000.00	Income
San Juan		483,000.00	241,500.00	50.0%	50,295.00	None	27.00	6,500.00	Income
ALBAY									
Manga	562,000.00	479,000.00	85,284.00	17.8%		9,000.00	10.00 (con) 12.00 (ind)		Break Even
San Isidro***	366,000.00	284,000.00	Grant				5.00		
LEGASPI CITY									
Dita*	981,629.00	981,629.00							
Bunga		548,700.00	None				7.50	1,200.00	
Pawa*		959,920.00							
ILOILO									
Buga	300,000.00	300,000.00	75,000.00	25.0%		due 5/85****	20.00 10.00 10.00	1,200.00 Spring	Income
Sinugbohan									
Agsalaran*									
LA UNION									
Urayong		190,317.00					10.00	Spring	
Camp I		374,000.00					20.00	900.00	Loss

- \* Not yet turned over
- \*\* Construction on-going
- \*\*\* Stopped Operation
- \*\*\*\* Due date of first amortization

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D. CONCLUSIONS AND FINDINGS RE: RWSA MANAGEMENT

CONCLUSION: RWSA management is often unfairly blamed for technical problems because of lack of preventive measures or lack of maintenance.

FINDINGS AND DISCUSSION:

- 0 In a number of cases maintenance was lax, but usually due to untrained operators and/or lack of understanding of operations or cause and effect.
- 0 In the majority of sites, problems were due to poor design, construction faults, or materials defects. RWSAs were handed problems at turnover. Most of these problems appeared in the first two years when the RWSAs did not have money saved for replacement of burst or leaking pipes, burned out motors, caved in wells, or the drilling of new wells when their source went dry.

CONCLUSION: Almost all RWSA Committees (Education, Health, Audit) are inactive.

FINDINGS AND DISCUSSION:

- 0 No committee member could tell the evaluation team what the purpose of the committee was. Nor had they held any meetings.

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CONCLUSION: In a number of barangays the level of commitment to system ownership is high, if only by a few.

FINDINGS AND DISCUSSION:

- 0 In Lolomboy, Bulacan (a 1977 pilot project) the RWSA continues to meet its obligations in spite of overwhelming utility bills (P19,000/mo.) and threat of takeover by LWUA which was established three years after the RWSA. Lolomboy will be the first RWSA to own their system outright with only four more years of payments.

- 0 At a number of sites, a handful of Board Members and staff are working to keep their systems functioning with no remuneration.
- 0 In poorer communities, particularly with Level II systems, some members are bearing the financial burden for those who cannot or will not pay their rates.
- 0 Highly successful RWSAs can be found in Bulacan, Iloilo, and Batangas provinces. They have growing memberships, extra income-generating projects and a newsletter for their membership.

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CONCLUSION: In many cases barangay residents feel no particular sense of ownership or responsibility for their BWP water system.

FINDINGS AND DISCUSSION:

- 0 Sites have often been selected for political reasons and thus, new water systems have not necessarily filled a perceived need of the community.
- 0 Some communities have not been properly educated as to their ownership role or responsibilities. RWSA Board and Staff are not adequately trained. Barangay residents have nothing to say about how their cooperative will be organized or structured.

In some barangays RWSA members were not involved in system design or layout; were not party to the selection of the contractor; and sometimes were not involved in the construction. Frequently, the RWSA does not have a set of plans for follow up maintenance, repairs, or extension of systems. Discontent regarding placement of standposts in Level II systems is a common complaint.

- 0 Many RWSA members do not understand what costs are included in their monthly water rates though they "have been told". Many RWSA "lack of ownership" issues result from having been told what-is-what by the LGU instead of barangay residents thinking through/participating in decisions themselves.

- 0 Previous GOP "loan" programs in some areas did not require repayment; therefore, "loan" is a synonym for "dole", e.g., Maisagana 55, Masagana 99, and Biyayang Dagat.

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CONCLUSION: Almost no RWSA budget planning takes place. RWSA Board Members and staff are not skilled in budget planning nor are they trained to be by BWP.

FINDINGS AND DISCUSSION:

- 0 Only four systems visited had a positive cash flow. Neither was paying amortization. One, because it was saving for a new pump and had 57,000 pesos in the bank; the other had only been operating six months.
- 0 Many budget problems are the result of original rates that were too low and no adjustments made with the increase in electricity charges.
- 0 Many RWSAs have trouble collecting monthly water fees because the members do not understand what the rate pays for: salaries, repairs, electricity, and amortization. There is a direct relationship between previous accessibility to water and RWSA collection success.

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CONCLUSION: Bookkeepers are not properly trained and monitored, therefore the books are not properly maintained.

FINDINGS AND DISCUSSIONS:

- 0 In Casay, Cebu, for example, the cash receipts journal is not in the form prescribed by BWP; the bank book does not tally with the books; and the monthly report is not looked at by the RWSA board.
- 0 Techno clinics (diagnostic sessions) and special bookkeeping training course have been devised and implemented for dealing with long overdue corrective measures. So far, there has been no evidence of improvement.

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CONCLUSION: There is some difference of opinion as to how many RWSA staff members are needed.

FINDINGS AND DISCUSSION:

- 0 At only three of the 37 RWSAs visited was there a complete staff paid and functioning. At most RWSAs there was a bookkeeper (frequently doubling as systems supervisor) and there was an operator. Most RWSAs did not see the need for a systems supervisor. Some had plumbers as well as operators and systems supervisors. Salary costs are a major determining factor for how many staff will be employed.

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CONCLUSION: Active Federations can play a significant supportive role to RWSAs.

FINDINGS AND DISCUSSIONS:

- 0 There were four active federations in the LGUs visited.
- 0 Federations have already proven their worth by providing a forum for information exchange. For example, in Bulacan, the eleventh RWSA hired construction supervisors based on advice from more experienced RWSAs.
- 0 In stronger federations, staff of older RWSAs assist in training workshops for new RWSA staff.
- 0 Federations can loan member RWSAs funds and also have some ability to influence policies of LGU and electric supply companies.
- 0 The Batangas Governor gave the Federation 100,000 pesos in 1984. Another 100,000 pesos is promised when all RWSAs receive recertification.

D. RECOMMENDATIONS RE: RWSA MANAGEMENT

- D.1 RWSA presidents should be members of Provincial Bid and Award Committees.



- D.2 Existing systems should be rehabilitated.
- D.3 As per BWP project paper intentions, Barangay members, or their representatives, should be involved in the design, layout, construction, and rate setting of their water systems. Signing of the ownership agreement should take place at the beginning, not after constructive completion.
- D.4 In the reprogramming of BWP monies, a community organization program should be established. For examples of successful projects using community motivators look at USAID PVO-Cofinancing Projects such as FEED and MGLD. Municipal staff community organizers could also be used.
- D.5 Federations should be established with 3 or more RWSAs - not 10 or more as is now the case. The Federation should be supported by the LGU but remain independent.
- D.6 RWSA should be informed through community organizers and training of their rights and privileges in the BWP so they can take more initiative in handling problems and be more creative in their income generating activities.
- D.7 Bookkeeper and operator training are essential and must be developed by RWSAs.
- D.8 RWSA Boards should have established criteria for acceptance of systems, i.e., quality of construction and training received.

Technical Concerns

PROJECT INTENT:

According to the project paper, "all technical aspects of BWP are set forth in great detail in Section 5 of the BWP Administrative Procedures Manual entitled "Technical Manual".

The evaluation team, however, suggests that there are oversights in the manual and that the technical aspects of BWP can be strengthened.

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A. CONCLUSION: BWP has no policy for funding maintenance, rehabilitation, restoration, improvement, and expansion projects.

A FINDINGS AND DISCUSSION:

O After 7 years of the program, some projects have fallen into various stages of disrepair and require immediate rehabilitation. For example,

- a. In Lucsuhin RWSA, Calatagan, Batangas the well is not capable of delivering enough water. The membership has dropped drastically. Funds for a new well and incidental piping are required.
- b. In Agsalanan RWSA, Dingle, Iloilo, the system was completed more than three years ago but was not accepted by the RWSA. This system needs rehabilitation because the pipes are leaking, some connections are used for irrigation and meters are no longer working.
- c. In Taytay RWSA, El Salvador, Misamis Oriental, the well needs redevelopment because the RWSA has reported sand pumping problems. It is predicted that if this problem is not attended to immediately, the pump may encounter the problem of "choking" of the impellers which will lead to the breakdown of the unit.
- d. In Camp I RWSA, La Union, the well needs rehabilitation. It is suspected that the uncased open hole collapsed causing a very big reduction of well yield.

- e. In Pawa and Dita RWSAs, Legaspi City, the high iron content of the well may still be remedied by pulling up the casing to a shallower depth where soil samples and a thicker aquifer may yield a lower concentration of iron.
- f. In Urayong, La Union, there is a severe shortage of water. Other springs need to be tapped or a new well drilled.
- g. In Tamakon RWSA, Cavite, the well needs rehabilitation to rid it of unwanted silt.

0 Other existing non-BWP waterworks systems also need assistance for improvement or for expansion. Some municipal owned and operated systems do not qualify for LWUA participation. In some cases, these systems have fallen into various stages of disrepair because of lack of funding.

#### A. RECOMMENDATION

BWP funds should be made available for maintenance, rehabilitation, restoration, improvement and expansion projects. Perhaps first priority for funding should go to rehabilitation of existing (BWP or non BWP) functional water systems. Second priority should go for the activation of inactive water systems and last priority will go to new constructions.

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B. CONCLUSION: Design concepts need to be revised to arrive at the least costly system.

#### B. FINDINGS AND DISCUSSION

0 The design of reservoirs does not consider the operational and maintenance feasibility of the structure under stress conditions. Because of lack of maintenance at most RWSAs, ground level concrete reservoirs should be considered in place of steel reservoirs. The USAID consultant feels that the poor quality of concrete work will not allow the adoption of this alternative.

0 Storage reservoir locations are frequently dictated by the availability of donated land, which may prove to be a costly decision. Casay WWS is an example. The well and the elevated steel reservoir are located on high ground far from the load center or the service area. Water is conveyed through a long transmission line. The pipes are bigger than would be necessary if the elevated storage were located at or near the center.

0 Design has not considered the suitability of some materials. In Luyong-Bonbon, Opol, Misamis Oriental, the service area is subjected to sea water tidal fluctuations and GI pipe used for service connections is easily corroded.

0 Vertical turbine pumps with diesel drives are not considered as a major alternative. It is prescribed in the BWP manual that submersible pumps should be used and RWSAs will be formed only in areas where electricity is available. In Agdagao, Passi, the proposed project should not be delayed because of lack of power supply. The vertical turbine pump with diesel drive is very appropriate and is not hard to upgrade to dual drive. Also in the long run, this set up will pay for itself because the motor can be rewound locally. The expertise necessary for operation and maintenance of the diesel engine is available locally.

0 BWP guidelines show that spring sources and long transmission lines should be considered for a 20-year design. Wells are to be designed for 10 years and the expected life of the pumping equipment is 10 years. This guideline inhibits the LGU designer from considering the spring source if the flow is less than the 20 year population requirement for capacity.

0 BWP guidelines on expected life of pumping equipment is too optimistic.

## B. RECOMMENDATIONS

B.1 The LGU should be reminded that the tabulated approach to designs is only one among the many available approaches to designing water systems. Over all considerations should include comparison of alternatives in each step of the design. LGU design engineers should be trained on the financial aspect of evaluating alternatives.

B.2 Appropriate materials should be utilized. In a saline environment, metallic structures like steel tanks, steel pipes and G.I. service connection materials have no place. Technical assistance should be made available to encourage the use of plastic pipes that are cheap, durable and appropriate for specific applications.

B.3 A study should be made comparing steel and concrete ground level storage. The evaluation team believes that the concrete reservoir has a definite edge if construction supervision is maintained.

B.4 In wells with 8" diameter casing and above, the use of vertical turbine pump with diesel drive should be considered for the following reasons:

- a. In areas where power fluctuations occur, electric motor may suffer from motor overload due to low voltage, single phasing or phase reversal.
- b. Diesel engines are very appropriate for well sites that are far from the power firm's distribution lines.
- c. Diesel driven pumps are competitive in areas like Cebu where power costs are high. Vertical turbine pumps are also more efficient in areas where the depth of the pumping water level is not so deep.

B.5 Phased construction should be an alternative. For instance, a 10 year spring source plus a new well after 10 years should be evaluated using engineering economics of comparing alternatives.

Well design should not be limited to a 10 year design if the aquifer has shown a safe yield of more than 10 years. There is little cost difference between a 10 year and 15 or 20 year well. This should not apply in areas like Albay where the stability of the aquifer is not predictable due to volcanic activity.

Design life of pumping equipment should be based on local conditions such as water quality, design and construction of the well. A minimum of three and maximum of five years is recommended for submersible pumps. A study on industry average for life or submersible pumps could be made using RWSA data.

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C. CONCLUSION: Construction supervision is inadequate and faulty.

C. FINDINGS AND DISCUSSIONS

O Hydrotesting is not done. In interviews conducted with LGU project inspectors, it was confirmed that this vital testing of the installed pipe network is not performed as specified. What is

normally done in lieu of the hydrotest is to fill up the lines with water coming from the constructed well and observe for visible leaks for a 24-hour period. This method is partially effective when the ground is dry, however it is not satisfactory.

O Well development is very rarely done. Most premature failures of pumps are traceable to poor well development and cleaning. This is true for Tamakan RWSA, Amadeo, Cavite. The contractor used the pumping unit intended for the well to clean the well. BWP guidelines are clear on this point that the contractor should bring in separate equipment to develop the well.

O Disinfection and flushing procedures are not done. Although the BWP I project paper has a thorough discussion about these procedures, there are no BWP specifications on how it should be accomplished and verified by the construction supervisor.

O There many construction defects. The following are illustrations from some of the sites visited.

- a. In Anaka, Gingoog City the RWSA president told the team and the LGU officials that he will not accept the RWSA office building because the materials and quality of work is not acceptable. Some of the public faucets are not provided with rebars. The inspector is ineffective, and is, in fact, just a recorder of a days work.
- b. In Agay-ayan, Gingoog City, the GI pipes and valves at the reservoir are welded and a GI double elbow is not provided at the interconnection with the PVC lines. The plastic pipes are exposed. Padlocks for the public faucets are undersized.
- c. In Tayud, Consolacion, Cebu, the GI Piping at the reservoir is welded. The pressure gauge is undersized and not provided with a petcock. The roof frames at the RWSAs office are not treated wood and the paintwork is powdery because of inferior paint. Electrical wirings leading to the pump are not provided with conduits.
- d. In Taytay, El Salvador (Misamis Oriental), the pressure gauge is undersized a PE pipe which crosses an open canal has no G.I. pipe encasement.

- e. In Luyong-Bonbon Opol, Misamis Oriental, a long length of PE Pipe was laid in the canal without any protection. There is a leak in the pipe and canal water obviously enters the pipe when there is insufficient pressure in the line. Water service is intermittent in this RWSA and direct entry of canal water is a likely possibility. There is no pressure gauge provided for the pump station.

O A final inspection is a pre-requisite for FAR payment. However, this does not guarantee that defects are detected or corrected at this late stage.

### C. RECOMMENDATIONS

- C.1 The scope of work of the A & E firm requires them to give assistance to the LGU in the preparation of detailed design and the quality examination of work accomplishments. They should, therefore, take some responsibility for the defective design and lack of supervision of projects as well as the apparent lack of training of LGU project inspectors.
- C.2 BWP should conduct a training for its own staff on construction supervision. A regional training for project inspectors should also be conducted.
- C.3 A pre-construction seminar should be initiated between the LGU, the RWSA and the winning bidder. This is necessary to encourage the RWSA to participate in the supervision of the project and to ensure coordination between all parties.

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D. CONCLUSION: Most premature failures of RWSAs are caused by inadquacy of water sources and poor quality of water. This is traceable to faulty design and inadequate field verification by the A&E firm.

### D. FINDINGS AND DISCUSSION:

The A&E firm which is the authorized representative of MLG/BWP for engineering services is charged with the function of FS preparation and detailed review of plans and specifications. They are required to render technical assistance in field investigations related to acceptance of the sources of water as to discharge, water quality and the overall adequacy in design and operation. Shown below are systems that have failed because of inadequate site investigations:

1. Camp I, La Union - the well is capable of producing water for less than one hour. It is suspected that the open hole has collapsed. The RWSA president recalls that less than 120 ft. of the well is cased.
2. Urayong, La Union - the spring discharge is inadequate. Water availability is good for a few hours in the morning only.
3. Dita & Pawa RWSA, Legaspi City - the systems are completed however, the water is very high in iron and possibly manganese. The drilling logs show that the soil samples taken were indicative of high iron because of its black color and yet the chemical quality tests were not taken to compare with the Philippine standards before the well was completed.
4. Lucsuhin, Batangas - the well yield is inadequate. There is a need to refine the well capacity tests to assure the safe yield of the water sources.
5. San Isidro, Albay - the source facilities were destroyed by the volcanic eruption. Design has to consider the unpredictability of the sources due to the shifting and sliding of the earth surface. Springs disappear and re-appear in other places because of this phenomenon.

#### D. RECOMMENDATIONS:

D.1 Field investigations related to source determination should be comprehensive enough to confirm the yield of the sources.

a. For spring sources, actual flow tests should be conducted by more accurate methods. Other agencies should be tapped like NWRC, MPWH, wells and springs division, and NIA, LWUA who may have the data on the source being considered. The recharge area should be identified and the inhabitants should be exhaustively interviewed to determine the variations of discharge of the spring.

The LGU should also launch into a program to identify spring sources and to monitor the yield regularly to establish the safe yield of the source. The LGU also has to take necessary steps to protect the recharge area/s from encroachment by man and animals to safeguard the long term quality of the source.



b. The well capacity tests should be extended to 72 hours from the present 24 hours to increase the reliability of the source by excluding the possibility of tapping just a mere lens or cananate water. The capacity should be made as a basis for the size of the pumping unit.

D.2 Designers should consider local geology and design appropriate structures/facilities. Due to the unreliability of springs in a volcanic area, wells are appropriate but should be limited to a shorter design life.

D.3 The availability of the drilling log should be made a condition for payment of FAR. The LGU design engineers should be given training to interpret information contained in the log.

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E. CONCLUSION: Materials quality control at BWP is limited to pipes. Accreditation of suppliers has not been established.

#### E. FINDINGS AND DISCUSSIONS

0 Only PVC, PB and HDPE pipes are subject to quality control inspection. This is handled by a chemical engineer graduate. There has been no in-service training.

0 Suppliers of pipes are not required by BWP to submit their factory production schedules. There is no established control procedure to monitor production for BWP projects. Civil works contractors engaged in BWP projects order directly from the suppliers.

0 No factory inspections are conducted for pipeline fittings, valves, service connection materials and fittings; water meters, pumps, motors and motor controls. No shop drawings or BWP regulatory requirements have been adequately established.

0 There is no BWP policy on accreditation of suppliers of pipes, meters, fittings, etc.

0 BWP has not provided adequate support to BWP quality control inspectors in terms of transportation monies to factory sites. Frequently, the inspectors are fetched by the suppliers to install the BWP control stickers on the pipes.

0 Quality control guidelines regarding acceptance of pipes at project site has not been established. Shop drawings of pipes are not furnished for the LGU inspectors. The LGUs were made to understand that all pipes with stickers are acceptable.

#### E. RECOMMENDATIONS

- E.1 BWP should assign a mechanical engineer and inspectors to strengthen the quality control team. They should be trained regarding tests required for all materials employed in the BWP projects. Assistance of LWUA and MWSS could be solicited in developing the training program. Government laboratories like the UP laboratory at Diliman could also be of help. An AWWA and ASTM manual should be procured by BWP for the use of this unit.
- E.2 As soon as the quality control team is established and functional, the BWP should launch an accreditation program for suppliers and make a shortlist of materials/equipment under this regulation. The aim of accreditation is to exercise adequate control over the quality of materials employed in BWP projects, to achieve uniformity of equipment and to eliminate fly-by-night suppliers.
- E.3 Laboratory tests of pumps and motors should be conducted in the presence of a BWP representative. Legitimate pump suppliers should have a laboratory set up at their plants for this purpose to insure that the pump set delivered to the site is pretested at the plant before delivery. This is to pre-empt the possibility of the pump set re-shipped to Manila whenever the unit does not meet the field test.

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F. CONCLUSION: The Engineering Review and Supervision Division of BWP has not developed comprehensive technical manuals for construction, operation and maintenance of rural water systems.

#### F. FINDINGS AND DISCUSSION

0 The BWP manual on Revised Standard Plans and Specifications is not complete. For instance, for the RWSA Office, the specifications for the kind of wood to be used is not specified, the thickness of the cement plaster is not indicated, office furnishings have no isometric drawings. No specifications for paints or strength of rebars are indicated. The BWP specs on the RWSA office ends with a note that says "all works must be done properly and correctly."

O Some BWP specifications are unrealistic. For the roof wood frames, although the BWP specs do not identify the type of wood to be used, they do indicate that the wood should be treated. Considering the small volume of wood required for the RWSA office, it is not usually worthwhile to procure such a small quantity. As a result, the use of treated wood in BWP projects is very rare.

## F. RECOMMENDATIONS

- F.1 To properly guide the LGU design engineer and the project inspector on what is "acceptable" work and to provide a complete basis on which the contractor can base his bid, the following manuals should be prepared by a waterworks specialist familiar with local conditions and international standards like ASTM, PSA and the local building code.
- a. BWP Standard Drawings including shop drawings and drawings of acceptable products used in BWP project such as meters, pumps and motor controls. Shop drawings refer to fabrication and installation drawings of products like pipes, fittings and valves.
  - b. General Technical Specifications including BWP specifications on earthwork concrete, metalwork, piping, valves, pressure and leakage testing and disinfection; pumping, and electrical works, etc. These general specifications and the BWP standard drawings should form a two volume contract document.
  - c. A Special Provision document should be prepared if in the project there is a component that is not discussed in detail in the two documents referred to above. If there is any discrepancy, error or conflict between the contract drawings and the BWP standard drawings, the BWP drawings shall prevail because they have undergone a thorough review.
  - d. Because of the importance of the Basic Contract, BWP should devise a standard Basic Contract and Bid Document form to guide the LGU in this phase of project implementation.
  - e. BWP should provide such support as is necessary to the LGU so that it can devise an operation and manual for each RWSA. This manual should guide the operator of the system in the start up of the system and the detailed operation

and preventive/repair maintenance activities. It should also contain the detailed description of the system capabilities/limitations and a detailed spare parts and suppliers list.

- F.2 A start-up team to assist the contractor in testing the water system should be formed. The team will identify deficiencies that must be corrected. RWSA offices and staff should be involved with the start-up team.

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- G. CONCLUSION: The waterworks repair shops are not functioning as intended.

G. FINDINGS AND DISCUSSION:

O The LGU's believe this BWP requirement is a duplication of the functions of the equipment pool at the PEO.

O In most of the LGUs visited, the waterworks repair shop is only a space provided to store excess materials such as short pieces of pipes, parts of drilling tools and odds and ends.

O The waterworks repair shop has limited capability in terms of providing technical assistance to RWSAs because the technicians do not have the necessary tools, spare parts or mobility.

O The LGUs feel that after turnover of the project, an RWSA should fend for itself. There is no provision in the LGU budget for the maintenance of the completed systems.

G. RECOMMENDATIONS

- G.1 As a prerequisite for the LGU to be admitted to the BWP program for the current year, the LGU should show in their approved budget an item for the salary and per diems of the two (2) waterworks technicians. In addition, a trust fund should be created to support the maintenance requirement of the RWSA. The fund may come from loan amortization payments. The fund will be used to buy in bulk water meters, replacement parts, repair clamps, in-seals and double sockets for PVC pipes and other fast moving items that are used by the RWSA. The RWSA will be billed for the actual materials used in the repair plus some percentage to cover for labor and administrative cost.

G.2 A locally assembled van should be provided by GOP or USAID to each LGU which has at least five (5) completed systems and a trust fund budget. (Cost: approx. 100,000 pesos) Said van should be complete with the following set of tools and/or equipment:

Tools: amprobe, multi tester, hot plate, blow torch, flaring tools (3/8" to 1"), PB pipe cutter, two sets pipe wrenches (12", 18", 24", 36"), 10" half round file, adjustable wrench (8" and 12"), five ton chain block, set of screw drivers, calibrated water meter and special tools for meter repair. (Cost: Approx. 20,000 pesos)

Equipment: fabricated collapsible tripod, fabricated pipe bench vise, chlorine comparator and portable test kit for bacti-analysis (millipore filter test apparatus and portable incubator). (Cost: Approx. 50,000 pesos)

This van would be an incentive for the LGU to be active in the BWP program and for the repair shop to actively provide maintenance and training. Maintenance of the van including gasoline should be identified in the LGU budget.

G.3 Training for the waterworks technicians on the use of the equipment will be necessary to make sure that the special tools and components are optimized.

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H. CONCLUSION: Preventive maintenance is not practiced at the RWSA level

H. FINDINGS AND DISCUSSION

O RWSAs are not adequately trained on specific maintenance requirements of their system. In the 37 sites visited, only one RWSA was aware of the model of the pumping equipment. The catalogue for the pump, motor and motor control accessories are not given to the RWSA by the LGU.

O BWP regulations state that an operation and maintenance handbook is to be prepared jointly by the LGU Waterworks Engineer, Waterworks technicians, and the RWSA operator as part of the Post-Completion seminar activities. This is not done.

U LGUs are often slow to react to requests for assistance from RWSAs. In Luyong-Bonbon, Opol (Misamis Oriental) for example, the RWSA chairman requested assistance from the Provincial Waterworks Officer for the repair of the polyethelene pipe. Three months later, no one from the LGU has come to give assistance or advice. This RWSA is about 14 kilometers from the provincial capitol. In the past, the RWSA was told that any breakdown of equipment should be reported to the LGU and the repair and maintenance would be handled by the LGU. The RWSA was also told that their job was only to start and stop the pump. The job of the system superintendent was to report trouble to the LGU. Therefore, they have inadequate understanding of the pump station operation and maintenance.

O Maintenance of steel reservoirs consists mainly of cleaning the interior of the tank. No regular maintenance is done on the paintwork.

O The RWSAs are not trained on the maintenance of water meters. No regular cleaning/maintenance program for water meters is done.

#### H. RECOMMENDATION

The operations and maintenance handbook for each system must be prepared by the LGU training team. The manual must contain the schematic plan of the system; description of the system's capabilities; spare parts list; repair clamps and procedures for repair; short list of suppliers; and the detailed do's and don'ts of the systems operation and maintenance. It should also contain the routine daily, weekly, monthly reports the operator must accomplish.

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I. CONCLUSION: The RWSA Management does not actively participate in monitoring construction.

#### I. FINDINGS AND DISCUSSION

As per BWP guidelines, contract signing between the LGU and the RWSA occurs after the completion of the systems. Consequently, some RWSA presidents feel that they are not the owners of the water system being constructed. Their responsibility starts only after turnover.

I. RECOMMENDATIONS

I.1 The loan contract agreement with RWSA and LGU should be signed as soon as the BW-10 is released by BWP so that the RWSA will develop a sense of ownership even if the project is not yet implemented.

I.2 A pre-construction conference between the winning bidder, the RWSA and the PEO should be held. Discussion should include lines of communications, scope of the work, construction specifications, construction methods and schedule of work.

The meeting should be held at the project site with RWSA members encouraged to participate. The meeting's objectives are: to cultivate a sense of ownership on the part of the RWSA members; to make them aware of what to expect from the contractor in terms of quality of work; and also to allow the contractor to solicit labor from the community.

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J. CONCLUSION: Water quality monitoring of operating RWSA is rarely done.

J. FINDINGS AND DISCUSSION

0 Water quality monitoring on a monthly basis is never done. In only a few RWSAs are bacteriological tests conducted every quarter and the results are not generally furnished to the RWSA for their reference.

0 There is no evidence that chemical analysis of a project water source is done before a source is selected.

0 Most of the RWSAs visited claim that their well was tested but no RWSA can recollect that their water lines were subjected to bacteriological testing before turnover.

J. RECOMMENDATIONS

J.1 Before a potential water source is considered, BWP should insist that the water be tested and conforms with the Philippine standards for chemical, bacteriological and biological requirements. It would be worthwhile for BWP to acquire a HACH

portable test equipment (DREL<sub>2</sub> spectrophotometer) or its equivalent for rapid evaluation of a potential water source. If the chemical characteristic conforms with the standards, then the water should be tested for bacteriological quality.

- J.2 The LGUs should train the RWSA operator to collect water samples regularly. The training should include how to identify the right collection points, and how to conduct a sanitary survey, and how to solve water quality problems. Training should be on-site.
- J.3 Bacteriological tests could be done by the CHO/PHO or the Regional Laboratories of the MOH. The LGU should make arrangements that will allow the RWSA to pay the water test fees at a lower rate. The LGU and the laboratory analyst should interpret the laboratory findings and steps recommended. Results of the tests should be furnished to the RWSA by the laboratory.
- J.4 Although it is the MOH's task to monitor water quality and conformance to Philippines Drinking Water Standards, BWP should make it a policy that RWSAs must monitor their water supply on their own. The MOH is only mandated to do surveillance work.

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K. CONCLUSION: Many BWP water systems are providing only intermittent service in an effort to reduce electricity consumption.

K. FINDINGS AND DISCUSSIONS

Thirty six percent of the systems visited had service for less than 4 hours per day, and 53% had service for less than 18 hours a day.

K. RECOMMENDATION

USAID should hire consultants (e.g. WASH) to study alternative energy sources for BWP projects. The study should include a look at the water wheel system in Abra Province and the feasibility of windmills.



## BWP BACKGROUND AND IMPLEMENTATION PROCEDURES

### A. PROJECT BACKGROUND

The Barangay Water Program (BWP) is a domestic water program designed to provide safe, reliable, low cost water systems for the rural areas of the Philippines.

With 43,000 small rural communities, representing 20 million people having no access to community water systems, the Government of the Philippines (GOP) through the Ministry of Local Government (MLG) started a new program in 1976 to diminish this rural water supply problem. The Barangay Water Program (BWP) agency was established within the MLG, and this agency was charged with the task of developing and monitoring provincial and city government capabilities for planning, designing, constructing and operating small scale domestic water systems.

To assist the GOP in implementing the program, the United States Agency for International Development (USAID) has provided financial and managerial assistance through loans, (\$6 million for BWP I and \$19.6 million to BWP II) grants (\$2.5 million for BWP II) and US and local staff technical assistance.

Phase I of the project began in 1978; Phase II in 1981. It is scheduled for completion in December 1985.

BWP operates under the concept that in order for a project to be viable, the beneficiary community must pay for the cost of maintaining and operating the system. Also, the completed water system is owned by the community. The community pays, to the extent of its capability, for the construction cost of the project.

In advance of the first loan, the GOP undertook four pilot projects to test the concepts of village owned and managed water systems. Funding in the amount of US \$1.1 million was made available by the National Economic Development Authority (NEDA), an agency of GOP. Four provinces piloted the entire process from project selection through organization, training, and the turnover of projects to recipient communities.

The results from these pilot projects were very encouraging, and provinces and cities all over the country were encouraged to join the program. Under BWP I only Provincial Development Assistance

Project (PDAP) member provinces were admitted to the program on the premise that they already had a Provincial Development Staff and the Provincial Engineer's Office that could plan and implement the BWP systems.

Under BWP I more than 108 BWP systems and 364 handpumps were implemented; under BWP II it was expected that about 507 BWP systems would be completed.

#### B. PROJECT IMPLEMENTATION

NOTE: WHAT FOLLOWS IS A BRIEF DESCRIPTION OF HOW THE BWP WAS MEANT TO FUNCTION. THE LISTING OF THESE REQUIREMENTS AND PROCEDURES DOES NOT IMPLY THAT THEY ARE, IN FACT, FOLLOWED.

The LGU must first meet the following criteria before they can participate in the Program. There must be:

1. A functional Provincial/City Development Staff with 8 core positions capable of planning and coordinating development efforts within the local government. A development staff is presumed to have a training officer, but in cases where the province/city has none, one must be hired to handle organizational and training activities at the barangay level.
2. A functional Provincial/City Engineers Office with adequate number of engineers and other personnel capable of designing and implementing development projects.
3. A current Capital Improvement Plan or Local Development Investment Plan.
4. A current annual budget. In case funding for waterworks projects is not included, a supplemental budget must be executed.

In addition, a LGU that qualifies for participation in BWP must comply with other requirements.

--It must sign a Memorandum of Agreement signifying cooperation with the MLG.

--It must form an interdisciplinary Water Resource Development Task Force.

--It must fill staff positions for: a water resource analyst; a training officer; a waterworks engineer; and, two waterworks technicians.

- It must form an interdisciplinary evaluation team.
- It must provide a waterworks repair shop.
- It must make an up-dated 5-year water resource development plan each year.
- It must budget 30,000 pesos each year for training and staff development.
- It must budget funds each year in the amount of its tentative allocation for BWP projects plus 5%.
- It must submit an annual implementation plan.
- It must prepare a yearly cost standard booklet.
- It must prepare detailed plans, specifications, bills of materials, cost estimates and quality control plan for each project in the annual implementation plan.
- It must organize a water user's association in each project barangay and submit to BWP/PMS the Articles of Incorporation, the by-laws and other organization documents and certifications.
- It must agree to participate (and pay 50%) in the following required trainings: 1) Orientation Training; 2) Seminar on Water Resource Development Planning; 3) Seminar on Structural Survey and Feasibility Study; 4) Seminar on Design and Construction of Water Supply Systems; 5) Corps of Trainers Training; and, 6) Special Skills Training for Waterworks Technicians.

### C. INFRASTRUCTURE DEVELOPMENT APPROACH

NOTE: THE FOLLOWING SECTION IS TAKEN FROM A HAND OUT DISTRIBUTED TO PROVINCIAL AND CITY DEVELOPMENT COORDINATORS DURING A CONFERENCE HELD IN FEBRUARY, 1985. IT WAS WRITTEN BY THE BWP PROJECT MANAGER.

IN THE OPINION OF THE EVALUATION TEAM, IT DESCRIBES HOW BWP WOULD LIKE TO FUNCTION. IT DOES NOT RELATE CLOSELY TO THE SITUATIONS INVESTIGATED BY THE EVALUATION TEAM.

ITS INTEREST, THEREFORE, MAY LIE IN THE FACT THAT THESE ASPIRATIONS FOR BWP DO EXIST.

## 1. Local Government Development:

The infrastructure development aspect of BWP aims to strengthen capabilities of LGUs in the areas of planning, financing and engineering; and at the same time, to institutionalize a methodology for rural waterworks projects.

In aid of these 2 aims, BWP Infrastructure development must be supported by:

- a. A complete water resources inventory;
- b. A realistic 5-year water resource/supply development plan;  
and
- c. A relevant infrastructure budget.

These 3 documents involve actions on the part of virtually the whole administrative system of the LGU, but more specifically, these involve the development staff (the planning arm of the LGU), and the engineer's office (the construction arm). Institutionalizing this approach simply means making the methodology a part of the LGU's administrative system.

This approach also calls for the formation of a water resource task force, an interdisciplinary body composed of representatives of agencies directly involved in water supply and sanitation. Chaired by the Chief Executive of the LGU, the task force should formulate guidelines and policies on rural water supply and sanitation. The methodology, therefore, is directed towards strengthening the local government system.

## 2. Functional Waterworks Associations:

One of the basic ingredients for a viable RWSA (the community organization that operates and manages a rural waterworks project), is efficient infrastructure. This implies that the facility should provide the minimum amount of service for which it was designed. A badly engineered and/or improperly constructed waterworks project will give the RWSA a tremendous amount of problems in project operations.

The BWP infrastructure development includes the following features:

- a. Training and organization of RWSA for effective operation and maintenance;

b. Providing skills to waterworks technicians on repair and maintenance; and,

c. Continuous technical assistance to the RWSA.

### 3. Health and Sanitation Targets:

The rural waterworks facilities supported by BWP, are also aimed to support health objectives. One of the goals of rural waterworks is to improve the health conditions of communities, the rationale being the reduction in the incidence of water borne diseases through the provision of clean, potable water.

Among the health and sanitation targets of the rural waterworks program are:

a. Encourage the implementation of vigorous health education;

b. Reduce by at least 70% the incidence of water-related illnesses;

c. Support the initiation of health and sanitation activities, i.e., individual toilets/latrines; and,

d. Strengthen the primary health care program.

The water resource/supply task force could be the forum to determine and develop the policies and mechanics for health and sanitation activities. Health officers could recommend appropriate activities that would maximize the benefits derived from the water supply systems.

### 4. Development of Related Industries:

This infrastructure development is also engaged in the development of the quality of waterworks-related materials, to wit:

a. Handpump (for Level I projects);

b. Pipe materials

a. Cast iron

b. Polyvinyl Chloride (PVC)

c. High Density Polyethelene (HDPE)

d. Polybuthelene (PE);

- c. Well intake structure (screens);
- d. Valves and fittings; and
- e. Storage tanks.

#### 5. Hydrogeological Data Collection:

Infrastructure development in waterworks technology requires continuous data collection and analysis. In aid of this BWP requires of LGUs all available hydrogeologic data, and to collect these, LGUs should compile an inventory of water wells and well-drilling logs and information. BWP should be furnished these data, so that BWP can assist LGUs put together a compilation of data on local groundwater conditions.

BWP has established a hydrogeological investigation program, and within this approach, prescribed the drilling of test holes for all water supply systems proposed to get water from wells. Test holes are reimbursable items, under the Agreed Fixed Amount Reimbursement scheme (under BWP-USAID agreement).

Successful test holes are developed into production wells that will serve as the water sources of waterworks facilities. In the development of wells, the use of commercially fabricated screens are recommended for the intake structures; and torch-cut, or hacksawed perforations are discouraged by BWP because these are inefficient intake structures in wells.

All information on all water well-drilling operations shall be gathered, and these include types of rocks encountered; aquifer sizes and depths; water yield and quality; and other relevant drilling features. Rock samples shall be collected for every type of formation encountered during drilling, or after every 1 to 1.5 meters. The LGU shall submit this data to BWP, to support claims for reimbursements.

#### 6. Proposal Procedures:

BWP provides support for 3 levels of services: Level I is handpump; Level II is piped system with public faucets; and Level III is piped system with individual house connections.

When a proposed Level I project has been reviewed and finally approved for funding assistance by BWP, a Notice of Approval is issued. If the project is going to be done by Administration (force account), the LGU should notify BWP accordingly, in which case BWP shall cause to be issued Form BW-10 (Authority to Proceed), indicating the Fixed Amount Reimbursement equivalent to the direct cost plus 5% of the direct cost.

If the project is to be done by contract, the LGU undertakes the processes that lead to awarding the work contract in accordance with all applicable regulations. The BW-10 shall be issued upon the LGU's submission of the copy of the contract and the list of responsive bidders. This BW-10 shall indicate a FAR equivalent to the contract cost, provided that such cost was determined in accordance with the provisions of Presidential Decree No. 1594 as amended.

For Level II or III project, the source of which shall not be a water well, the procedure for issuance of the NOA and the BW-10 shall be similar to that of a Level I, as explained above.

For a water system that will use a well, BWP shall first issue a NOA for a test hole. A test hole to be done by force account shall have a FAR equivalent to direct cost plus 5%. A test hole to be done by contract shall have a FAR equivalent to the contract cost determined according to P.D. No. 1594 as amended.

After the drilling of a successful test hole, the NOA for the whole water system may be issued. The process that leads to the issuance of a BW-10 follows as explained above.

#### 7. Project Maintenance:

Infrastructure development in BWP include the institutionalization of the following maintenance features:

- a. Installation of a waterworks repair shop - a precondition for participation required by BWP to be installed within the LGU's equipment pool compound;
- b. Community organization - water service committee for Level I or waterworks association for Level II/III;
- c. Skills training for Waterworks Technicians on repair and maintenance;
- d. Creation of the Evaluation Team - a monitoring and supervisory unit of the LGU which provides technical assistance to communities; and

e. Recertification of LGU - one of the features of which is the verification that all BWP-assisted projects are operational.

8. Continuous Development:

Both LGU and BWP should join efforts to continue to improve the technical approaches to rural waterworks projects. The basic consideration, in this regard, is the development of a technology for rural water supply that is appropriate under local government conditions.



## EVALUATION METHODOLOGY

The evaluation team consisted of 2 Americans and 2 Filipinos: Donna Flanagan, team leader and community development specialist; Diana Talbert, Management and Training Specialist; Helen Espinar, Financial Analyst and Edgardo Tolones, Waterworks Engineer. Although each member has specific expertise, each also had a broad knowledge of water and sanitation in development projects. Their areas of interest overlapped and the final report represents their combined and mutual conclusions.

The evaluation took place from January 14 to March 15, 1985.

The first week of the evaluation was spent in Manila to:

- refine the evaluation design and orient the team;
- discuss the evaluation with USAID officials, BWP staff; and consultants to BWP;
- prepare the data collection forms/questionnaire/interview guides
- select project sites to visit.

The scope of work indicated that the team should visit 30-40 Rural Water and Sanitation Associations. They actually visited 37 RWSAs. Although sites were selected at random, the team did apply some selection criteria - i.e., they wanted a good cross section of RWSAs - some with completed systems, others with systems under construction; some with Level II systems, others with Level II or IIIA. Both successful and failing RWSAs were studied. The team also felt it was important to spend time talking to the implementors of the BWP, i.e., the staffs of the PDS and the PEO, and thus they visited 10 LGUs throughout the 3 major island groups: Mindanao, Visayas and Luzon. In addition, each team member attended a BWP "training" and also spent many hours interviewing project management staff in Manila. During the field work investigations, the team met frequently to reflect on the progress of the field work, to recapitulate & share information collected at each site, to collate data, and to continuously "fine-tune" interviewing and data collection techniques. At times the team divided into two groups to do site visits and interviews of officials at separate locations.

After approximately two-thirds of the required sites had been visited, the team returned to Manila to investigate possible solutions to some of the problems seen in the field. The evaluation team felt that it was not enough to point out weaknesses of the BWP. Where those weaknesses were a result of poorly-prepared human resources, the team wanted to offer suggestions on training and community organization. Where the weaknesses were a result of management or financial schemes, the team wanted to offer suggestions for strengthening those areas; where the weaknesses were technical, the team wanted to offer reasonable technical solutions.

Consequently, weeks five and six were spent conducting interviews with ministry officials, non-governmental organization leaders, trainees, financial analysts; USAID project officers, engineers; community development workers, construction supervisors; quality control inspectors; health and sanitation experts. The result was a wealth of information and a good feel for what is feasible in the Philippine situation.

During week seven, the team again worked in the field in order to verify earlier findings and conclusions. Week eight was spent finalizing the Evaluation Report.

SHELADIA ASSOCIATES INC. SCOPE OF WORK

The two engineers are to be assigned to a "zone of coverage, consisting of near-equal parts of the country, containing numbers of the BWP subprojects. The activities of those team members will entail the providing of advisory assistance, advice and guidance on matters relating to the planning, design, constructions, operations, maintenane-repair, and remedial work, as required for those BWP subprojects within each assigned zone.

Each of the engineers, with special experience and knowledge, may be called upon for performance of the advisory services in other zones as well.

The hydrogeologist will provide advisory services throughout the entire country, as required, and as requested by Provincial/Municipality technical officers, and as directed by the Manager, BWP, Manila. The services are to consist of hydrogeological investigations and, if required, the advisory services related to the selections of well sites.

In addition to the hydrogeological assistance, he is to provide guidance in the design and construction of water wells, including the procedures for aquifer development and pump-testing of the completed wells.

In accordance with the objectives of BWP, the advisory services of the contract-team are to be directed, primarily, through the BWP technical staff, to the technical staffs of the Local Government Units of the Provinces/Municipalities. The services are to consist of field visits to the various LGU's and to the BWP subprojects, as well as the preparations and presentations of technical papers to the LGU's, participating with the technical staff of BWP and, when possible, members of the local consultant group, Techniks.

Project Tasks

More specifically, the project tasks will consist of:

- a. The recommending of text-data and engineering drawings for the revisions to the technical sections of the BWP Operations Manual; the evaluating of the effectiveness of the revised manual; and the recommending of future improvements and/or designs.

- b. The initiating of the planning for, and the development of, a program-wide data base.
- c. The developing of suggested construction standards and construction-inspection checklists, for use in evaluating BWP subprojects.
- d. The continuing evaluation of design standards and criteria, toward recommendations for the improvement of the Preliminary-engineering-design procedures.
- e. The providing of advisory services to the staffs of BWP, the LGU's, and the local consultant group, as required.
- f. The providing of trouble-shooting services for the technical staffs of LGU's and/or Contractors engaged in the constructions of BWP subprojects.
- g. The assessing of additional training needs of, and the providing of technical assistance in the execution of training programs for, engineers, and other technical staffs of BWP, and the LGU's. Implementation of these activities is to include the writing of pertinent technical papers, for the review and preparation for presentations to staffs of BWP and the LGU's, by either the team-members or by the BWP engineers.
- h. The providing of evaluations of water-sources (wells, springs, and/or surface waters) utilized for BWP subprojects, and the developing of methods and procedures for more-efficient explorations and/or utilizations of the water-resources of the Philippines.
- i. The initiating of detailed procedures for the collection of hydrogeological information, and the required data-reduction for the mapping of groundwater resources in selected areas.
- j. The active participating in the training programs of BWP by providing technical papers and/or lectures for BWP-sponsored Conferences, as requested by the Manager, BWP.
- k. The providing of technical-advisory services in areas not covered by the above paragraphs, as requested by the Manager, BWP.

To clarify the month-by-month progress of the Contractor-team, a "Project Milestone Report" is to be presented as a normal part of the Contractor-monthly-report to the USAID Project Manager.

TECHNIKS GROUP CORP. SCOPE OF WORK

The Engineer shall act as the authorized representative of MLGCD in so far as essential engineering services for the Barangay Water Program of MLGCD is concerned, including but not limited to the following:

For New Provinces

1. Assist the local government in the preparation of Provincial or City Water Supply Resource Inventories and Five-Year Water Supply Resource Development Plans.
2. Assist in the selection of eligible projects and establishment of priorities in accordance with the criteria and processes established in the Barangay Water Program Administration Procedures.
3. Assist in the establishment of waterworks repair shops with emphasis on selection of location and size, training of personnel assigned thereto in the management and utilization of the tools or equipment stocked in the shops.

For All Provinces

A. Pre-Construction

1. Assist in the preparation and presentation of training programs in waterworks engineering design and construction, water-system management and operation, as well as, repair and maintenance.
2. Assist in the preparation of project feasibility studies with emphasis in the preparation of preliminary engineering reports, to conduct field investigation including site surveys to insure accuracy of technical data gathered, and acceptance of the sources of water as to estimated discharge or yield and water quality.
3. Review all detailed plans, specifications and bill of materials and recommend their approval as to adequacy in engineering design and system operation; in order to expedite the reviewing processes, the consultant shall be required to render technical assistance during the preparation on these plans and specifications in the provinces and cities.

4. Review the cost estimates of projects and recommend their approval as to reasonableness based on current cost standards; or whether costs are essentially comparable to the costs of similar work done in the vicinity of the project.
5. Establish and periodically update with the local governments standard unit costs on the various materials and work items in each major geographical area on the program.
6. Assist the local government in the preparation of the implementation schedules (PERT/CPM) for project construction activities and assist in the updating of said schedules.

1. Construction and Monitoring

1. Check and monitor construction activities through periodic inspections of the projects and through BW-12 reports to the extent necessary for certifying that the implemented work substantially conforms with agreed plans and specifications.
2. For work done by contracts, to assist the local governments in the pre-qualification of contract documents relative to the performance of specialized contract work items approved by MLGCD.
3. To assist the local governments in the performance of work through guidance in proper construction procedures; and to conduct quality examination of work performed either by Administration or by contract in order to insure compliance with the plans and specifications and quality of work agreed upon.
4. Check and report results of factory and laboratory tests of materials to be used in the projects, and verify frequency of tests conducted and completion of all required tests.
5. Assist the local government in recognizing and identifying technical obstructions, probable problems, and formulate the necessary recommendations and/or resolutions to effect the satisfactory prosecution of the construction work.
6. Devise and execute an efficient system of reporting concerning the status progress, delays and deficiencies project construction.
7. Prepare standard plans and designs, or shop drawings various water system components of typical BWP water project, to ensure local governments adherence to the BWP Technical Manual and assist in the revision of said manual when needed.

2. Acceptance of Work

1. Conduct pre-final inspection of work accomplishing and to assist the local governments in determining the defects which are to be corrected, in order to minimize repair and corrections during or after the final inspection.
2. Conduct final inspection jointly with MLGCD and USAID representatives. Auditor and MOH representative in order to execute certificates of acceptance of the project, and assist the local governments in accomplishing project documentations which are necessary for reimbursements.

H E A D S, INC. SCOPE OF WORK

The Consultant shall assist in strengthening the monitoring, research, and evaluation capability of BWP. This shall be done by recommending measures to develop the feedback or reporting system within the program and between LGUs and the BWPs management office. The field of inter-agency coordination shall also be explored, which could provide BWP with data to improve the strategies already employed. This work involves contact with LGU operating departments and representatives of other water supply-related agencies.

Relevant to monitoring and evaluation, the pre-conditions for participating that ensures the commitment of LGUs should constantly be examined for improvements. Regularly, assessment of the participation of LGUs should be undertaken to provide BWP with information on the problems encountered in complying with Program policies and standards. Annually, an in-house evaluation should be designed and conducted to measure the competence and capacity of BWP.

The Consultant shall assist in strengthening the training strategies of BWP. This shall involve recommendations to amend the training contents, approaches, devises, and even participants and timing of implementations. Manuals on the national training courses shall be developed and printed, as well as manuals and handbooks on the community level curricula. This work shall also involve working with training units and personnel of both BWP and the LGUs.

The approaches for organizing RWAs for developing the capability of this cooperative-type association should also be strengthened further. The community should know what the waterworks facility is all about, and what are involved in making it a viable enterprise. These approaches should lead to the formation of a functional society, at the same time they should involve activities that LGUs can effectively undertake. This work shall involve assisting in the organization of waterworks target communities and in conducting the training activities required.

Work Completion

The works specified under these Terms of Reference may be considered completed when the present reporting and monitoring forms in use in BWP effectively cover training activities, community organization activities, and infrastructure activities in the field. These forms should not be difficult for LGU personnel to accomplish. LGUs should be made familiar with the documents to be submitted to BWP and the Program phases to be covered by these documents.



At least one in-house evaluation shall be conducted in the year, and the Consultant should assist in the design and planning of this activity, and in the compilation and organization of the data gathered therefrom. Revisions should be introduced to the monitoring and evaluation manual of BWP in aid of developing the feedback and data banking system.

At least 7 national level training projects shall be pursued, and the Consultant should assist in the design, planning and conduct of these activities, after which evaluation of the training methodologies should be made. Assistance should be provided to various LGUs in the organization of RWAs and in providing management skills training for RWA officers and leaders. Assistance should be provided in developing and completing the LGU handbook for community organization.

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ANNEX G

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Wilfredo Barreiro, Manager, Water Supply Training  
Center  
Thomas Carlos, Chief of Certificatio and Evaluation  
Division

MINISTRY OF LOCAL GOVERNMENT (MLG)

Ben Conti, Asst Chief, Financial Management Services  
Rafael Barata, Ministry Budget Officer  
Leonardo Regala, Chief Accountant

LOCAL RESOURCES MANAGEMENT PROJECT (LRMP, NEDA)

Antonio Fernandez, Jr., Project Coordinator

January 22

BATANGAS/LGU

Norberto Sangalang, Provl. Development Coordinator  
Mateo Aranda, Provincial Engineer  
Jun Mendoza, Supervising Engineer Planning and  
Programming  
Filemon A. Ramos, Water Resource Analyst,  
Provincial Developemnt Staff  
Mr. Manalo, Training Officer, Provincial Development  
Staff  
Bayani Marasigan, Team Leader, Provincial Evaluation  
Team

RWSA

Cuenca Emmanuel  
Antonio Mantuano, RWSA President

RWSA/Luksuhin

Ricardo Caguimbal, Waterworks Supt. Operator, Bookkeeper  
Domingo Vivas, President

January 28

MISAMIS ORIENTAL (Cagayan de Oro)/LGU

Hon. Fernando B. Pacana, Jr., Governor  
Felipe Ondong, Provincial Development Coordinator  
Ruth de Leon, Monitor & Water Task Force  
Carmelino Derequeto, Training Officer  
Francisco Camacho, Jr., Asst. PDC  
Engr. Relio Acaro, Senior Development Project Analyst  
Eng. Demoslhenes Olario, Waterworks Officer;  
Head of Water Task Force  
Alberto Palma, Planning Waterworks Engineer  
Eleno Dosdos, Health Office: Sanitary Inspector  
Modesto Babaylon, Chairman, Committee for Infrastructure  
Engr. Aniano H. Paraguya, Provincial Engineer  
Engr. Rey Tolinero, Waterworks Resource Analyst,  
Provincial Development Staff

January 29

SINAI

Pedro Clarin, President, RWSA  
Esfracio Baillo, Sr., Stant Post Leader President  
Donato Paterno, Board member  
Luzminda Paculba, Bookkeeper  
Concordia Sumobay, Treasurer  
Virgilio Unson, Plumber  
Primitivo Bayong, Systems Superintendent  
Eufracio Baillo II, Collector

GIMANGPONG

Ermita Brasal, RWSA President  
William Malaran, Operator/Plumber  
Lources Batalla, Manager/Bookkeeper  
Bonifacio Bagas, Plumber/Collector  
Rogelio Malaran, Plumber/Collector

TAYTAY

Conchita Maglasang, Board Treasurer, Acting Bookkeeper  
Esteban Vicariato, Operators and System Supervisor  
Elpidio Valdez, President of Board of Collector

KIBAGHOT

Pio Ragma, President  
Andresa Cagampang, Treasurer



January 30

GINGOOG CITY/LGU

Miguel "Mike" Paderanga, Mayor  
Eleuterio Retuya, City Development Coordinator  
Joel Pontellas, CDS Management Specialist  
Feliciano Arocha, CDS Sociologist  
Emma Caingles, Senior Records clerk  
Nestor Palad, Economist  
Engr. Edwito Rana, City Engineer  
Engr. Godofredo Abuzo, Infrastructure Analyst/Waterworks  
Engineer in Task Force

ANAKAN

Alfonso Gulayao, RWSA President

LUNAU

Mrs. Virginia Nunez, Clerk/Collector  
Artemio Cruz, System Supervisor

AGAY-AYAN

Dioscoco Samporma, RWSA President  
Luciano Fajardo, Barangay Captain

January 31

LUYANG BOMBON UPOL (Mis. Oriental)

David Obias, Systems Superintendent/Past RWSA President  
Mr. Ocola, Collector  
Roselie Antique, Treasurer  
Emiliano Actub, Operator

February 1

CEBU/LGU

Lolita Sanchez, Training Officer  
Engr. Edgar Sibonga, Special Asst. to the Governor/PDC  
Hon. Eduardo Gullas, Governor

February 2

LIBURON (Level III-A)/RWSA

Maximino Yamyamin, Barangay Captain

CASAY (Level II)/RWSA

Leodegorio Montana, Treasurer

Estanislao Carusca, Bookkeeper  
Ernesto Beceril, President  
Jesus Sandoval, Operator  
Alberto Ang, Vice President

February 4

CEBU/LGU

Norma Zofra, Officer-in-Charge  
Patrocinio Bocay, Provincial Engineer  
Mr. Cariilla, Provincial Development Coordinator  
Connie Angus, Design Engineer

TAYOD CONSOLACION

Nestor Ruiz, RWSA President

February 5

ILOILO/LGU

Frederico de Guzman, Senior Development Project Analyst  
Mr. Ramos, Personnel Officer and Trng. Officer  
Evelina Sustento, Assistant Statistician & Trainee  
Hon. Conrado Norado, Governor

BUGA-LEON

Rufino Caduduan, Board Member & Ex. President  
Mrs. Teresita , Bookkeeper/Treasurer

February 6

AGDAYAO/PASSI

Ricardo Palmares, Mayor

AGSALANA, DINGLE

Milagros Dacula, Sec./Treasurer of RWSA  
Mansueto Maca & Felix Dona, Barangay Council members

February 7

SINOGBUHAN RWSA,

Paquito Alfeche, President  
Antonio Soquital, Vice President  
Elena Blanco, Secretary  
Tomas Gaquilon, Plumber  
Adriano Natinga, Jr., System Superintendent

OFFICE OF BUDGET & MANAGEMENT (OBM)  
Muhammad Tajaguinumbra, OIC Special Projects Budget

MINISTRY OF FINANCE  
Ellen D. Hernandez, . Asst. Director OLGf

ABRA  
Philip M. Tingonong, PDC Abra

February 27 & 28

CAVITE/LGU  
Adora Fijes, Training Officer  
Rodel Cruz, Water Resource Analyst  
Eddie Tirona, Provincial Development Coordinator  
Jimmie Mojica, Waterworks Engineer  
Luis Colada, Cabeza RWSA President  
Fely Ramos, Bookkeeper Cabeza RWSA  
Domingo Angcaya, Salaban RWSA President  
Cavite Prov. rwsa Federation President  
Mamerto Loyola, Systems Superintendent, Salaban  
Ernesto Ferrer, Systems Supt., Lapidario RWSA  
Ariel de los Santos, President, Tamakan RWSA  
Artemio Cortez, Systems Supt., Tamakan RWSA  
Virgilio Malabanan, President Dagatan RWSA  
Jose Legaspi, . President Loma RWSA  
Emeng Angcaya, Systems Supt., Loma RWSA

March 1

LEGASPI CITY/LGU  
Bletran A. Mejillano, City Engineer  
Dominica Lorbes, City Development Coordinator  
Joseph Esplana, Water Resource Analyst  
Nicetas Alavarado, Supervising Dev. Analyst  
Josephine Arana, Waterworks Engineer  
Elena Cabales, Fiscal Analyst

ALBAY/LGU  
Norma Navarro, Water Resource Analyst

BUNGA/RWSA  
Ester Fuenlabrada, RWSA Board Member

SAN ISIDRO/RWSA  
Antonio Rodriguez, RWSA President  
Domingo Valera, System Superintendent

March 2

MANGARWSA

Glorioso Rellama, RWSA President  
Feliciano Sinpolrabajante, System Superintendent

March 4

BULACAN/LGU

Norma Gamos, Dev. Project Analyst  
Mandy Centeno, Asst. Provincial Dev. Coordinator

SAN JUAN, BALAGTAS/RWSA

Fernando U. Santos, System Supt./Bookkeeper  
Paterno Reyes, Meter Reader/Collector  
Stanley Alcaraz., Operator/Plumber  
Yolanda Mendoza, Secretary/Cashier

LOLOMBOY

Rafael C. Victgor, System Superintendent  
Enrique Linsangan, Clerk

March 5

BULIHAN

Albino Panga, President  
Juan Bernal, Secretary

BUNSURAN II GITNA

Rodolfo Salazar, Board Member

SAN GABRIEL

Basilio Luciano, President  
Olivia Torres, Bookkeeper/Meter Reader  
Myrna Jose, Collector

TABING-ILOG

Prudencio Felipe, Acting System Superintendent  
Jesaida Punzal, Bookkeeper/Secretary

March 6

LA UNION/LGU

Henry Orejudos, Provincial Dev. Coordinator  
Rodrigo Tabora, Training Officer  
Arnulfo Delizo, Water Resource Analyst

CAMP 1/RWSA

Jose Alambra, System Superintendent  
Vicente Madarang, Operator



## MALACANANG

Manila

EXECUTIVE ORDER NO. 777

REORGANIZING THE MINISTRY OF LOCAL GOVERNMENT AND  
COMMUNITY DEVELOPMENT, RENAMING IT AS MINISTRY  
OF LOCAL GOVERNMENT AND TRANSFERRING ITS COM-  
MUNITY DEVELOPMENT FUNCTION TO THE MINISTRY  
OF HUMAN SETTLEMENTS AND FOR OTHER PURPOSES

WHEREAS, under the New Republic, national economic development shall be pursued with renewed vigor and greater determination;

WHEREAS, the Ministry of Local Government and Community Development shall be more effective instrument of development if it specializes in the functions specifically relating to local government development and supervision which will avoid overlapping and duplication of functions with other Ministries;

WHEREAS, the adoption by the government of the *Kalusugang Kabuhayan at Kaunlaran* as a priority program reinforces the approach taken by the Ministry of Human Settlements in the performance of its functions namely the strategy self-help and emphasize the need for a more integrated approach to community development; and

WHEREAS, under Presidential Decree No. 1416 as amended, the President is empowered to undertake such organizational and related improvements as may be appropriate in the light of changing circumstances and new developments;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution and the authority vested in me by Presidential Decree No. 1416, as amended, do hereby order and ordain:

- 2 -

SECTION 1. Declaration of Policy. - The state shall guarantee and promote the autonomy of local government units, especially the barangay, to ensure their fullest development as self-reliant communities. For this purpose, the national government shall provide the administrative machinery and leadership which shall foster the establishment of progressive and responsible local governments.

SEC. 2. Renaming of the Ministry of Local Government and Community Development as Ministry of Local Government. The Ministry of Local Government and Community Development is hereby renamed as Ministry of Local Government. The community development function of the Ministry of Local Government and Community Development as well as the appropriate records of the Bureau of Community Development are hereby transferred to the Ministry of Human Settlements. This shall be without prejudice to a realignment of the functions of the agencies and corporations under the Ministry of Human Settlements to prevent duplication of functions among them and the Ministry of Human Settlements proper.

The Bureau of Community Development is hereby renamed Bureau of Local Government Development, and its applicable appropriations, equipment, property and staff personnel shall remain with the Ministry of Local Government. Likewise, all the field officers and personnel at the regional, provincial, city, municipal and barangay levels of the Ministry of Local Government and Community Development shall be retained by the Ministry of Local Government, provided that their position designations and job descriptions shall be realigned or revised in accordance with the new program targets of the Ministry of Local Government in coordination with the Office of Budget and Management.

SEC. 3. Organization. - (1) The authority and responsibility for the exercise of the powers and the carrying of the functions of the Ministry of Local Government, hereinafter referred to as the Ministry, shall be vested in the Minister of Local Government, hereinafter referred to as the Minister. He shall be assisted by such Deputy Ministers as may be appointed by the President. The Minister is authorized to determine and assign the respective functional areas of responsibility of the Deputy Ministers, should there be more than one. Provided, That such allocation of responsibilities shall cover the substantive functions and operations of the Ministry; and Provided, Further, That no

Best Available Document

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Deputy Minister shall be assigned primarily administrative matters.

(2) The Ministry proper shall be composed of the immediate Office of the Minister including all the existing regular and special units under it, a Planning Service, a Financial Management Service, an Administrative Service, and a Legal Service.

(3) The Ministry shall have regional offices which shall be organized in accordance with Presidential Decree No. 1 (Integrated Reorganization Plan) as amended.

(4) The Ministry shall have two (2) bureaus, the Bureau of Local Government Development and the Bureau of Local Government Supervision. It shall exercise supervision and control over them.

SEC. 4. Functions of the Ministry. - The Ministry of Local Government shall perform development and regulatory functions. It shall develop the capability of local government officials and strengthen the administrative capability of local government units. It shall assist the President in exercising his power and general supervision over all local governments. It shall also assist in the administration of the Katarungang Pambarangay (barangay justice). The Ministry shall be responsible for the following functions:

- (1) Develop the capability of local government officials for development;
- (2) Strengthen the capability of local government units so that they can perform their functions under conditions of greater local autonomy and develop increasing capacity to govern and carry out development programs;
- (3) Assist the President in exercising general supervision over local government;
- (4) Assist in the administration of the Katarungang Pambarangay (barangay justice);
- (5) Administer training, research, technical and financial assistance programs and local government participation to improve the management of local government units;
- (6) Perform other functions provided by law.

SEC. 6. Functions of the Bureau of Local Government Development. - The Bureau shall be responsible for the following functions:

- (1) Formulate programs and undertake research designed to develop the capability of local government officials in managing local affairs;
- (2) Provide technical assistance designed to enhance the administrative and fiscal capabilities of local government in the financing and delivery of local public services;
- (3) Formulate and administer training programs for local government officials and personnel;
- (4) Assist local governments in the formulation, implementation and evaluation of local government plans;
- (5) Initiate and conduct in-depth studies and develop models and standards which shall serve as basis for formulating local government policies;
- (6) Formulate, develop and periodically evaluate policies, plans and strategies relative to the administration of technical assistance programs intended to enhance the administrative capacity of local government units;
- (7) Provide consultation and advice to improve local government management, including the preparation of manuals and primers on specific areas of local government administration;
- (8) Establish and administer special incentive funds for local development as well as provide financial assistance to local government institutions or associations;
- (9) Prescribe procedures and guidelines in the implementation of grant-in-aid and self-help assistance projects;
- (10) Perform other functions provided by law.

SEC. 7. Functions of the Bureau of Local Government Supervision. - The existing Bureau of Local Government is hereby renamed Bureau of Local Government Supervision, and shall be responsible for the following functions:

- (1) Advise and assist the Minister in connection with the exercise of the President of his power of general supervision over local governments, particularly among others with respect to: the implementation of laws and policies concerning local ~~governments~~ and their personnel; the ~~state~~



2. Local development plans and use of local development funds; the extension of financial assistance and budgetary aid to local government equitable; distribution of funds and obligations among local government units; expropriation and other forms of acquisition of lands; nominations and appointments of local officials and related matters.

(2) Formulate guidelines for and assist in the implementation of laws governing local government, local development plans and use of local funds;

(3) Exercise technical supervision on behalf of the Minister over local government program activities at the national, provincial, city, municipal and barangay levels;

(4) Perform other functions provided by law or assigned it by the Minister.

SEC. 8. Agencies and Offices under Administrative Supervision. - All agencies and offices under the administrative supervision of, or attached to and assisted by the Ministry shall remain under the Ministry, including the following:

1. National Secretariat Paglilingkod sa Bagong Lipunan
2. Katipunan ng mga Sanggunian National Secretariat and the Pambansang Katipunan ng mga Punong Bayan sa Pilipinas Office.
3. Inter-Agency Committee for National Government Aid to Local Government Units
4. Joint Commission on Local Government Personnel Administration Secretariat
5. Philippine Gamefowl Commission
6. Management Information Systems Office
7. Barangay Brigades Development Program Office
8. Lupong Tagapagpaganap Secretariat
9. Rural Roads Program
10. Rural Roads Improvement Program
11. Barangay Water Program

12. Rural Service Center
13. Barangay Roads Development Program
14. National Barangay Operations Office
15. Magelang-Angeles Task Force Development Project

SEC. 9. Conversion of Barangay National Coordinating Executive Secretariat into the Operations Monitoring and Support Office. The Barangay National Coordinating and Executive Secretariat (BNCEES) is hereby converted into the Operations Monitoring and Support Office which shall provide an effective linkage between the staff and line offices of the Ministry as it pertains to the planning and implementation phases of its programs, projects and activities.

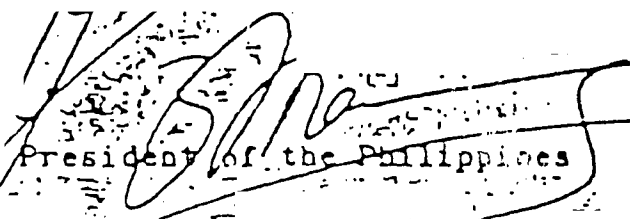
SEC. 10. Authority of the Minister of Local Government. The Minister is hereby authorized to issue such orders, rules and regulations as may be necessary to implement the provisions of this Executive Order; provided, that approval of the Office of Budget and Management is obtained relative to the new staffing pattern including appropriate salary rates, the organizational structure at divisional and lower levels, and the realignment of existing appropriations. The Minister may appoint qualified personnel of the bureaus, agencies and offices of the Ministry affected by the re-organization to appropriate positions in the Ministry, and those not so appointed are deemed laid off.

SEC. 11. Repealing Clause. All laws, orders, proclamations, rules and regulations, or parts thereof, which are inconsistent with any of the provisions of the Executive Order are hereby repealed or modified accordingly.

SEC. 12. Separability Clause. Any portion of provision of this Executive Order that may be declared unconstitutional shall not have the effect of terminating the other provisions thereof, provided that such remaining portion can still stand and be given effect in their entirety to accomplish the object of this Executive Order.

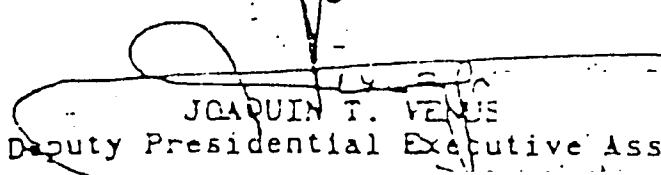
SEC. 13. Effectivity Clause. This Executive Order shall take effect immediately.

Done in the City of Manila, this 28th day of February  
in the year of Our Lord, Nineteen Hundred and Eighty-Two.



President of the Philippines

By the President:



JOAQUIN T. VENUS  
Deputy Presidential Executive Assistant



REPUBLIC OF THE PHILIPPINES  
MINISTRY OF LOCAL GOVERNMENT  
OFFICE OF THE MINISTER

26 January 1983

C I R C U L A R  
NO. 83 - 2

SUBJECT : DECENTRALIZATION OF SPECIAL PROJECT  
IMPLEMENTATION.

Pursuant to national policy and Presidential pronouncement on effective decentralization, the Ministry of Local Government hereby directs that all special projects, both Government of the Philippines (GOP) funded as well as foreign-assisted, shall be implemented by the recipient local government units. The responsibility of providing technical assistance, monitoring, evaluation, and supervision of special projects shall be assumed by the regional and field offices of the Ministry.

The purpose of this decentralization scheme is to build and strengthen the capabilities of local government units to administer, implement and manage projects for development. Essentially, it shall address itself toward developing administrative and technical capability for: a) planning, b) fiscal administration, c) organization and management, d) engineering and project implementation, e) local economic and entrepreneurial development, and f) for monitoring and evaluation. Hence, whenever possible and appropriate, the concepts and processes in capability building which were already developed through the Provincial Development Assistance Project (PDAP) shall be utilized.

For the initial year 1983, the MLG shall establish a classification scheme to determine the level of administrative capability of provinces, cities and municipalities. This shall be used as the basis for the formulation of programs, projects, and activities responsive to local government needs.

For the attainment of the above-stated objective, it is hereby directed:

1. That local government units shall implement all nationally assisted projects such as, Rural Roads

Program (RRP); the construction, rehabilitation, betterment and improvement of barangay roads (CRBI); the school building program, both repair and construction, including those administered by the MLG as well as those coming from the 50% of MPWH school building appropriations; and, the maintenance of all roads and other projects envisioned under Executive Order No. 767.

2. That in order to ensure continuity for nationwide implementation of foreign-assisted special projects such as: BWP, RSC, RRIP and TRIP, the Ministry shall develop appropriate financing schemes for their eventual transfer to GOP.

To hasten the decentralization process, it is hereby directed that:

1. The Special Projects Offices at the Central Office shall henceforth, devolve appropriate functional responsibilities to the regional and field offices.
2. The Ministry regional and field offices shall provide technical assistance, monitor and evaluate all special projects. Likewise, the regional offices shall identify and develop the appropriate units to handle such function. Meanwhile, the appropriate Central Special Projects Offices shall provide the necessary technical and financial assistance to regional and field offices to develop their capabilities.
3. All retained Central Special Projects Offices shall continue to be responsible directly to, and under the over-all supervision by the Office of the Deputy Minister for Local Government Development. In coordination with the Ministry Staff Services concerned, the Deputy Minister shall effect the adjustment of the appropriations in the authorized P/P/As to be apportioned to the Regional Offices on the basis of needs and activities.
4. The Provincial Development Assistance Project (PDAP) staff shall now be integrated with the Ministry and shall function as technical staff to the Deputy Minister for Local Government Development.



Page 3/

This Ministry Circular shall take effect immediately and detailed implementing guidelines and office orders shall be issued accordingly.

For compliance.

  
JOSE A. RONO  
Minister



REPUBLIC OF THE PHILIPPINES  
 MINISTRY OF LOCAL GOVERNMENT  
 OFFICE OF THE MINISTER

March 9, 1983

MINISTRY CIRCULAR

NO. 83-5

TO : ALL CONCERNED

SUBJECT : GUIDELINES ON THE IMPLEMENTATION OF  
 CIRCULAR NO. 83-2 DATED JANUARY 26,  
 1983 RELATIVE TO THE DECENTRALIZATION  
 OF SPECIAL PROJECTS

Pursuant to Circular No. 83-2 which provides for the decentralization of Special Projects and in order to attain efficient implementation thereof, the following guidelines are hereby defined and enunciated for the information, guidance and compliance of all concerned:


- A. Coverage: This Circular covers special projects particularly, RSC, BWP and RRP.
- B. Roles and Responsibilities:
  1. The Special Projects shall:
    - a. Through their staff and in consultation and coordination with the Regional Offices, conduct an orientation for field personnel on concepts and approaches in capability building during the second quarter of CY 1983.

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- b. Identify expertise/manpower and training requirements of their program/project at each level of implementation which shall serve as bases for designing and scheduling training programs.
- c. Unload the following activities/tasks to the concerned field personnel immediately after the training:
  - 1. Recertification for continued participation of provinces/cities in the program/project.
  - 2. Review of AIP and PDIP/LDIP/CDIP.
  - 3. Progress inspection.
- d. Provide/technical and consultative services to field offices for decentralized responsibilities.
- e. Undertake monitoring and evaluation of decentralized activities in support to program or project policy formulation and standards development.
- f. In appropriate cases, undertake final project inspection in coordination with responsible field personnel.
- g. In consultation and coordination with Regional Offices, undertake a continuing training program for concerned field personnel.
- h. Turn over to the Regional offices the specific Special Project decentralized activities before the second quarter, CY 1983.



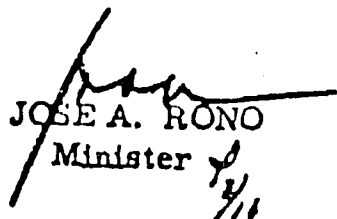


2. The Regional Directors shall:
    - a. Be responsible for providing technical assistance, monitoring, evaluation and supervision of decentralized special project/activities to LGUs.
    - b. In coordination with Special Projects concerned, identify the expertise/manpower requirements and training needs for such other activities/responsibilities where these are necessary for effective and efficient program/project implementation.
    - c. Identify the unit/personnel who shall be responsible in the technical supervision of the implementation of projects by local government units.
    - d. Cause the immediate implementation of decentralized functional responsibilities after turn-over by Special Projects to Regional Offices.
    - e. In appropriate case, review and approve:
      - a. recertification for continued participation of cities/provinces in Special Projects;
      - b. feasibility studies.
    - f. Review and recommend the approval of PDIP/LDIP CDIP/AIP to the Deputy Minister for Local Government Development.
    - g. Cause the immediate submission of inspection reports to the Deputy Minister for Local Government Development.
    - h. Submit periodic accomplishment reports to the Assistant Secretary for Planning, thru the Planning Service, for analysis and integration in the Ministry periodic accomplishment report; and
- 

1. Perform such other duties and functions as embodied in annexes "A, B, and C" which are hereby made as integral part of this Circular.
3. The Office of the Minister shall:
  - a. Retain responsibility over policy formulation, standards development and monitoring and evaluation of decentralized Special Projects/Activities through the Deputy Minister for Local Government Development. Support for these activities shall be provided by appropriate Special Project staff which are now integrated into the Ministry under the Deputy Minister for Local Government Development.
  - b. Determine the necessary financial support for decentralized activities and responsibilities, through the Deputy Minister for Local Government Development in coordination with the Regional Directors.
  - c. Cause the release of administrative and operational funds to regional offices in support of special projects/activities, through the Deputy Minister for Local Government Development.

This Circular shall take effect immediately.

For compliance.

  
JOSE A. RONO  
Minister

Encl: Annex A, B, and C

## DECENTRALIZATION OF BWP ACTIVITIES

<u>ASPECTS</u>	<u>CENTRAL RESPONSIBILITIES (PMO)</u>	<u>REGIONAL OFFICE RESPONSIBILITIES</u>
<b>1. TECHNICAL</b>	Capability building for Regional offices.	
1.1 Project Identification	Provides guidelines	Implement guidelines. Work with LGU and assist in completion of LDIP, Water Resource Inventory, 5-Year WRDP, AIP.
1.2 Technical Assistance	Project progress inspection jointly with Regional Office. Corrects infra deficiencies. Develops operations handbooks, manuals.	Project progress inspection in coordination with BWP office. Recommends correction to infra deficiencies.
1.3 Supervision of Local Evaluation Teams	Provide guidelines	Work with and monitor activities of the local evaluation teams that go about assessing the status of completed projects.
1.4 Operational Project Monitoring	Provide guidelines; consolidates reports.	Monitor status of operational projects and submit regular reports.
1.5 Recertification	Provide the procedures/policies	Conducts actual assessment of LGUs and recertifies eligibility for continuance of participation in the Program.
1.6 Completed Projects	Compiles turn-over certificates	Execute turn-over of completed projects.
<b>TRAINING &amp; INFORMATION</b>		
2.1 Initial orientation	Provide the mechanics	Conducts the orientation activity and certify to LGUs compliance with pre-conditions to participation.

ASPECTSCENTRAL RESPONSIBILITIES(PMO) REGIONAL OFFICE RESPONSIBILITIES

## 2.2 Nat'l. Level Trainings

Build capability of regional offices to plan and administer the activities, provide technical assistance.

Conduct trainings at the Regional level.

## 2.3 Community training

Provide guidelines; may assist regional offices.

Work with LGUs in planning and implementing training activities.

## 2.4 Coordination with Task Forces/Committees

Provide guidelines

Coordinate and work with LGU water Resources Dev't. TFs and Committees in formulating water supply initiatives.

## 3. FINANCIAL

## 3.1 Tech. Assistance activities

Provide technical assistance in the preparation of plans and budget.

Assist LGUs in the preparation of plans and budget.

## 3.2 Capital activities

Provides FAR funds, per USAID Loan No. 492-U-059

Administrative coordination at LGU levels and allocate funds to approved projects.

## 4. MONITORING &amp; EVALUATION

## 4.1 Documentation

Provide procedure and establish M & E system; collects/complies all documents.

Cause the prompt delivery by and response of all LGUs concerned; shall also establish a region based data bank.

## 4.2 Project/Program

Schedules & designs projects and

Assist in conduct of and data gather-



REPUBLIC OF THE PHILIPPINES  
MINISTRY OF LOCAL GOVERNMENT  
Quezon City

December 6, 1983

CIRCULAR  
NO. 83-27

T O : All Regional Directors  
All Special Project Managers, And  
All Others Concerned

SUBJECT : GUIDELINES ON THE DECENTRALIZATION OF THE  
SPECIAL PROJECTS

Pursuant to, and in conformity with, Ministry issuances for the decentralization of special projects, the following activities are to be undertaken by the various offices concerned:

1. All certification requirements for participation, and all recertification requirements for continuing participation, in the special projects shall now be submitted to and reviewed by the different regional offices. Regional Development Directors shall certify to the Central Office the participation eligibility of any province or city within his jurisdiction on the basis of the review of certification/recertification documents. For this purpose, the regional offices shall identify the different personnel or unit that will take charge of these activities. The PDAP Staff under the supervision of the Deputy Minister for Local Government Development, shall review all certifications/recertifications for confirmation by Central Office and allocate corresponding resources. The PDAP shall provide training and technical assistance to the Regional Office in relation to the review of the certification/recertification requirements.
2. Effective immediately, all project submission of provinces and cities for the Rural Roads Program shall be made to and accepted by the

-over-

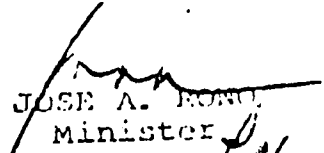
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Regional Offices. The review of the submitted plans, specifications, designs and cost estimates shall be done at the Regional Offices by the Regional Engineers or responsible regional officials assigned to do the same. In the meanwhile that the regions are in the process of building up their capability, the Rural Roads Program shall assign one RRP Engineer for each region to stay at the regional office for at least one week every month and assist the regional engineer or official concerned in the review of plans, specifications, designs, and cost estimates, transferring technology in the process.

3. All capital improvement programs (CIP's) or local government development investment plans, shall now be submitted to the regional offices, furnishing the special projects copies thereof. The review of said plans shall be done by the Regional Offices with assistance of technical personnel from the special projects, who shall provide training, briefing and/or technical assistance as are necessary to the regional offices. Approval of these plans shall be at the Ministry Level, upon recommendation of the RDD's. Annual implementation plans, however, shall be reviewed and approved, with technical assistance and support from the special projects, by the Regional Offices.
4. In the case of the Rural Roads Program, individual projects, costing ₱500,000.00 and below shall be approved by the Regional Director concerned and for the purpose Forms DL-06 and DL-10 shall be signed by him upon recommendation of the reviewing officer designated by him. The DL-06 and DL-10, however, shall be approved by the Deputy Minister for Local Government Development for amounts in excess of ₱500,000.00, upon the recommendation of the Regional Director. In all cases of approval of project by the Regional Offices, the Central Project Office shall be furnished copies of DL-06 and DL-10.
5. Barangay Water Program and the Rural Service Center shall develop procedures such that implementation of projects in CY 1984 shall

follow the pattern set by the Rural Roads Program. All activities which can be brought down to the level of regional and local offices in each individual or specific special project shall now be commenced by various levels, retaining at the Central Office minimum activities involving the field.

6. The monitoring of on-going special projects shall now be handled by the regional offices, relying upon their own technical personnel in the inspection, verification and validation of the various activities relative to the project implementation. In cases of problems however, requiring the assistance and support of Central Office technical personnel, the regional official shall immediately request assistance from Special Project Central Office concerned, which central office unit shall immediately, dispatch the personnel assigned to such region. Unless upon request of either or both the province/city and the regional office, central office engineers shall not go to the project site without first consulting the regional official concerned, and together shall act on the problem.
7. The Special Project concerned shall now review their budgets corresponding to the last two (2) quarters and on the basis of the number of projects that are approved and on-going in each region, taking into account, the number of provinces and cities participating in the respective program, shall allocate a portion of their current operating funds to support the activities that have been delegated to the regions by "cash advance" system which shall be programmed and liquidated in support of the activities in pursuit of the objectives of the special project concerned.
8. This Memorandum Circular shall take effect immediately and shall revoke, revise, amend or modify all prior issuances which are inconsistent or not in conformity herewith.

  
JOSE A. ROMO  
Minister

4/30



REPUBLIC OF THE PHILIPPINES  
 MINISTRY OF LOCAL GOVERNMENT  
 Quizon City

December 6, 1983

CIRCULAR  
 NO. 83-27

T O : All Regional Directors  
 All Special Project Managers, And  
 All Others Concerned

SUBJECT : GUIDELINES ON THE DECENTRALIZATION OF THE  
 SPECIAL PROJECTS

Pursuant to, and in conformity with, Ministry issuances for the decentralization of special projects, the following activities are to be undertaken by the various offices concerned:

1. All certification requirements for participation, and all recertification requirements for continuing participation, in the special projects shall now be submitted to and reviewed by the different regional offices. Regional Development Directors shall certify to the Central Office the participation eligibility of any province or city within his jurisdiction on the basis of the review of certification/recertification documents. For this purpose, the regional offices shall identify the different personnel or unit that will take charge of these activities. The PDAP Staff under the supervision of the Deputy Minister for Local Government Development, shall review all certifications/recertifications for confirmation by Central Office and allocate corresponding resources. The PDAP shall provide training and technical assistance to the Regional Office in relation to the review of the certification/recertification requirements.
2. Effective immediately, all project submissions of provinces and cities for the Rural Roads Program shall be made to and accepted by the

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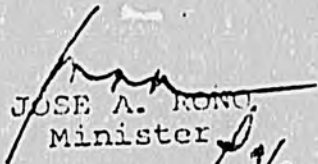


Regional Offices. The review of the submitted plans, specifications, designs and cost estimates shall be done at the Regional Offices by the Regional Engineers or responsible regional officials assigned to do the same. In the meanwhile that the regions are in the process of building up their capability, the Rural Roads Program shall assign one RRP Engineer for each region to stay at the regional office for at least one week every month and assist the regional engineer or official concerned in the review of plans, specifications, designs, and cost estimates, transferring technology in the process.

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JOSE A. RONO  
Minister

2/1/30

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MALACANANG

Manila

## EXECUTIVE ORDER NO. 577

**CREATING THE RURAL WATERWORKS DEVELOPMENT CORPORATION, PRESCRIBING ITS POWERS AND ACTIVITIES, APPROPRIATING THE NECESSARY FUNDS THEREFOR, AND FOR OTHER PURPOSES**

WHEREAS, it is a declared policy of the State to provide a complete coverage of water supply services for the whole country;

WHEREAS, the provision of water supply in Metropolitan Manila and in the larger municipalities and cities has been assigned to the Metropolitan Waterworks and Sewerage System (MWSS) and the Local Water Utilities Administration (LWUA), respectively;

WHEREAS, the other areas not covered by the MWSS and the LWUA are predominantly rural areas and the efforts of providing the water supply needs of the residents therein are fragmented among many different agencies; and

WHEREAS, under Presidential Decree No. 1416, the President is empowered to undertake such organizational and related improvements as may be appropriate in the light of changing circumstances and new developments.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution and the authority vested in me by Presidential Decree No. 1416, do hereby order and ordain:

CHAPTER I  
DECLARATION OF POLICY; CREATION OF RWDC

SECTION I. Declaration of Policy. - It is hereby declared to be the policy of the State to pursue in an orderly and vigorous manner the attainment of complete coverage of water supply services for the whole country. Complete coverage cannot be achieved unless service to the urban and densely populated areas is combined with service to the thinly settled rural areas. The rationalization of the water supply sector structure, shall therefore, be pursued in accordance with the following strategies:

- a) The National Water Resources Council shall be responsible for formulating policies and framework plans for water supply. Consistent with these policies and framework plans, the Ministry of Public Works shall be responsible for developing integrated national water supply plans and programs covering all sectors and agencies concerned:

- 0000 7
- b) The MWSS shall concentrate its operations in Metropolitan Manila and such contiguous areas as may be added to its area of jurisdiction in accordance with the provisions of its charter;
  - c) The LWUA shall promote water districts in cities and municipalities with a population of at least 20,000 each; and
  - d) A separate and permanent institution shall handle the rural water supply sector and areas not serviced by the above-mentioned agencies.

To attain the objective of water supply service coverage of rural areas, the Government shall encourage self-help and self-reliant water supply projects and promote the organization of non-profit, non-stock rural waterworks associations, or cooperatives hereinafter to be referred to as RWA's.

The heavy financial burdens that RWA's must sustain to become effectively established and operationally stable indisputably necessitate every tenable support and assistance by the National Government, its instrumentalities and agencies to the fullest extent possible.

SEC. 2. Creation of Rural Waterworks Development Corporation. - To implement the foregoing policy, there is hereby created a public corporation to be known as the Rural Waterworks Development Corporation hereinafter referred to as the Corporation, which shall be primarily responsible for the formation of RWA's that will construct, operate and maintain water supply systems in the rural areas. It shall likewise provide technical, institutional and financial assistance to the RWA's. The Corporation shall be directly under the Office of the President.

SEC. 3. Relationship with the Ministry of Public Works. - The Ministry of Public Works shall serve as the principal implementing agency of the Corporation for engineering and construction of water supply projects.

#### CORPORATE POWERS

SEC. 4. General Powers. - The Corporation shall have the following general powers:

- a) To have continuous succession under its corporate name until otherwise provided by law;
- b) To adopt, amend and/or repeal its by-laws;
- c) To adopt and use a seal and alter it at its pleasure;
- d) To sue and be sued;
- e) To enter into relevant contracts of every name and nature and to execute all pertinent instruments for their execution and implementation;

- f) To borrow funds from any source, private or public, foreign or domestic, and to issue bonds and other evidence of indebtedness, the payment of which shall be guaranteed by the National Government.
- g) To receive, take and hold by bequest, devise, gift, purchase or lease, either absolutely or in trust for any of its purposes, from foreign and domestic sources, any asset, grant or property, real or personal subject to such limitations as are provided in existing laws and regulations; and to convey such assets, grants or properties; invest and reinvest the same under this provision and deal with and expand its assets and income in such manner as will best promote its objectives;
- h) To exercise the right of eminent domain whenever the Corporation deems it necessary for the attainment of its objectives;
- i) To prescribe rules and regulations in the conduct of its general business as well as to fix and implement the terms and conditions of its related activities;
- j) To establish, operate and maintain branch or field offices when required by the exigencies of its business subject to the provisions of Section 24; ✓
- k) To determine its organizational structure and the number, positions and salaries of its personnel; and ✓
- l) To exercise such powers and do such things as may be necessary to carry out the business and purposes for which the Corporation was established or which from time to time may be declared by the Board of Directors to be necessary, useful, incidental or auxiliary to accomplish such purposes; and generally, to exercise all powers of a Corporation under the Corporation Law that are not inconsistent with the provisions of this Executive Order.

SEC. 5. Specific Powers. - The Corporation is hereby authorized and empowered to promote, encourage and assist RWA's to the end of making adequate water supply services available to residents of the rural areas not served nor covered by the LWUA and the MWSS and for this purpose it is hereby specifically authorized and directed:

- a) To prepare feasibility studies and development plans for water systems development including the procurement of necessary facilities, devices, and accessory equipment;
- b) To cooperate, coordinate and exchange such information, studies and reports with and to seek the cooperation of other agencies and instrumentalities of the National Government including government-owned or controlled corporations, as will be most effectively conducive to the achievement of the purposes of this Executive Order;

- c) To provide managerial or administrative expertise including the rendering of professional and training services for the development of the staff and employees of the RWA's;
- d) To have exclusive jurisdiction to receive from RWA's all articles of incorporation and by-laws and amendments thereof, consolidations, merger, conversion, dissolution, annual financial statements, changes in the location of principal offices, annual elections and other related documents and, upon determining that such are in conformity with this Executive Order and the pertinent provisions of related legislation, to certify the same, to file them in its records and maintain a registry of such filings;
- e) To make loans to RWA's for the construction and acquisition of facilities, related properties, and equipment for supplying water services and for the restoration, improvement or expansion of such facilities;
- f) To provide or arrange for grants to RWA's for point source development, under such terms and conditions as the Board may determine;
- g) To approve or disapprove any request for permission to acquire loans from other lenders to RWA's which at the time are borrowers of the Corporation; and
- h) To report annually to the President of the Philippines on the status of its operations, including a comprehensive report of loans extended, areas serviced as a result of such loans, and other activities.

### CHAPTER III

#### CAPITALIZATION AND FINANCING

SEC. 6. Capitalization. - The authorized capital stock of Corporation is one billion pesos divided into ten million shares with a par value of one hundred pesos per share which shall be wholly subscribed by the National Government and shall be appropriated, programmed and released upon consultation with the Minister of the Budget and in accordance with Presidential Decree No. 1177.

A standing annual sum of P20 million is hereby authorized to be appropriated out of any funds in the National Treasury not otherwise appropriated to cover grants, institutional development, manpower developmental training and technical assistance of the Corporation.

SEC. 7. Loan Standards. - Only RWA's shall be entitled to loans from the Corporation. In extending the loans authorized under Section 5 (e) hereof, the Board is hereby authorized empowered and directed:

- a) Prior to approving such loan to determine that:
- 1) The project is financially feasible for the purpose for which the loan is applied for;
  - 2) Funds are or will be imminently available for the total advancement of such loan to the borrower on the schedule contemplated under the loan agreement;
  - 3) The borrower is financially capable of complying with the terms and conditions of the loan;
- b) To require that the loan be self-liquidating within the terms and conditions specified;
- c) To require that the amount of loan applied for does not exceed ninety (90) percent of the total cost of the projects; ✓
- d) To impose reasonable interest rates;
- e) To fix schedules for repayment; and
- f) To require compliance with the pertinent procedures, rules and regulations promulgated by the Board of Directors of the Corporation to assure that the purposes of such loan will be timely achieved and that the loan agreement and the provisions of this Act shall be complied with.

**SEC. 8. Enforcement Powers.** - If any RWA with an outstanding loan(s) with the Corporation shall default in the payment of its principal and/or interest or shall fail to comply with any of the terms and conditions of the loan agreement or any rule or regulation promulgated in implementation of this Executive Order, the Board of Directors of the Corporation is hereby authorized to do any or any combination of the following:

- a) Refuse approval of any new loan to the borrower;
- b) Withhold without limitation the Corporation's advancement, or withhold its approval for any other lender with respect to which the Corporation has such approval power to make advancement of any funds pursuant to any loan already made to the borrower;
- c) Withhold any technical or professional assistance being furnished or that might be furnished to the borrower;
- d) Foreclose any mortgage or deed or trust or other security held by the Corporation on the properties of the borrower. In this connection, the Corporation may, subject to any superior or co-equal rights in such lien held by any other lender;
  - 1) Bid for and purchase or otherwise acquire such property(ies);
  - 2) Pay the purchase price thereof and any cost and expenses incurred in connection therewith out of the revolving fund;

- 3) Accept title to such properties in the name of the Republic; and
- 4) Even prior to the institution of foreclosure proceedings, operate or lease such properties for such period and in such manner as may be deemed necessary or advisable to protect the investment therein, including the improvement, maintenance and rehabilitation of facilities and systems to be foreclosed, but the Corporation shall, within three years from acquiring such properties in foreclosure proceedings, sell the same for such consideration as it determines most conducive to the purposes of this Executive Order; or
- e) Take any other remedial measures which the loan agreement may provide.

In addition to the foregoing, the Corporation may petition any court having jurisdiction for such purpose or any administrative agency possessing regulatory powers for such purpose to issue such order and afford such lawful relief as may be necessary.

SEC. 9. General Conditions of Loans. - All loans extended by the Corporation shall be subject to the following general conditions:

- a) No borrower shall, without the prior approval of the Board and of any other lender, holding and sharing a lien on such borrower's properties, sell or dispose of the whole or any part of the property, rights, franchise, permits or any other assets acquired and/or mortgaged pursuant to the provisions of this Executive Order until all the outstanding indebtedness including interest thereon to the Corporation and any other such lender shall have been fully paid; Provided, That the Corporation may by appropriate rule or regulation grant general permission to borrowers to dispose of incidental real and/or personal properties, rights, franchise, permits or other assets no longer deemed necessary or useful in conducting the borrower's operation.
- b) No association with an outstanding loan with the Corporation shall borrow money from any source without the prior written approval of the Corporation; Provided, That the Board of Directors of the Corporation may, by appropriate rules or regulations, grant general permission to such associations to secure short term loans not requiring the encumbering of their real properties or a substantial portion of other properties or assets.

The foregoing conditions shall be included by reference or incorporation in all loans approved by the Corporation.

SEC. 10. Foreign/Local Loans. - With the prior approval of the President, upon recommendation of the Minister of Finance the Corporation may borrow from local or foreign private or public institutions such amounts as may from time to time be required, by its operations or to issue bonds and other evi-



- f) To exercise all the general and specific powers of the Corporation unless otherwise provided in this Executive Order; and
- g) To delegate any of its powers to a duly designated representative.

SEC. 21. Secretary of the Board. - The Corporate Legal Counsel shall act as the Secretary of the Board and shall have such additional duties and functions as the Board may determine.

SEC. 22. General Manager. - The management of the Corporation shall be vested in the General Manager who shall be a person of known, integrity, competence and experience in technical and executive fields related to the objectives of this Executive Order. He shall be appointed by the President of the Philippines.

SEC. 23. Powers and Duties of the General Manager. - The powers and duties of the General Manager shall be as follows:

- a) To execute, administer and implement policies, measures, rules and regulations promulgated by the Board;
- b. To direct and supervise the operation and general administration of the Corporation;
- c. To represent the Corporation in all its dealings;
- d. To pass upon and approve the corporate papers submitted under Section 5(d) hereof;
- e. Subject to the guidelines established by the Board, to appoint and fix the number and compensation of subordinate officials and employees of the Corporation; and
- f. To exercise such other powers and duties as may be provided in the By-laws or delegated by the Board.

SEC. 24. Organization and Personnel. - The Board shall create such departments, divisions, sections, units and positions as may be conducive to the attainment of the objectives of this Executive Order and shall define their functions. Additional personnel may be hired on contract basis as the exigencies of the services may require. -The Corporation shall not establish its own regional and local organizations staffed with personnel of the Corporation but shall instead make full use of existing regional, provincial and/or local organizations of the Ministry of Public Works, the Ministry of Local Government and Community Development, the National Electrification Administration and such other government agencies as the Board may designate, provide that the supervision and control of such functions and responsibilities as may be delegated to these organizations shall remain with the Corporation.

SEC. 25. Merit System. - All officials and employees shall be selected, transferred, promoted and dismissed on the basis of merit and fitness in accordance with a comprehensive and progressive merit system to be established by the Board in conformity with the Civil Service Law.

**SEC. 26. Positions and Compensations.** - The positions and compensations of the officers and employees of the Corporation shall be in line with those of comparable positions in government corporations under the infrastructure and utilities sector.

**SEC. 27. Conflict of Interest.** - No member of the Board of officer, agent or employee of the Corporation shall in any manner directly or indirectly participate in the determination of any question affecting any entity in which he or any of his relatives within the third degree of consanguinity or affinity is directly or indirectly interested nor shall such member, officer, agent or employee become the guarantor or surety of any loans extended by the Corporation.

#### CHAPTER V

#### RURAL WATERWORKS ASSOCIATION

**SEC. 28. Organization.** - Cooperative, non-profit, non-stock associations to be known as Rural Waterworks Association (RWA) may be organized for the purpose of supplying water services in the rural areas.

**SEC. 29. Powers and Functions.** - Rural Waterworks Association, shall be vested with all the powers and functions provided for non-profit, non-stock corporations and cooperatives under the Corporation Law and other related laws, rules and regulations and such other powers and functions as may be provided in their Articles of Incorporation and By-Laws as approved by the Corporation.

**SEC. 30. Registration.** - Any provisions of law to the contrary notwithstanding RWA's organized under this Executive Order shall be under the exclusive jurisdiction of the Corporation. Articles of Incorporation and other incorporated papers enumerated in Section 5(d) herein shall be in effect on the date of the issuance of the certification by the Corporation that the same conform to the requirements of this Executive Order.

RWA's and the like already existing at the time of the effectivity of this Executive Order shall register with the Corporation to be entitled to the benefits extended by the Corporation to RWA's and be endowed with the powers, rights, and privileges accorded by this Executive Order to regular RWA's.

**SEC. 31. Rules and Regulations.** - The Corporation shall promulgate rules and regulations governing the registration of RWA's, their management, operation and resolution of conflicts between RWA's. Such rules and regulations shall take effect fifteen (15) days after publication in the Official Gazette.

**SEC. 32. Conflicts Between RWA's.** - In case of conflict between two or more RWA's the Corporation shall have the jurisdiction to settle such conflicts subject to such rules and regulations as the Board may promulgate.

## CHAPTER VI

### FRANCHISES

**SEC. 34. Applicability.** - This Chapter shall apply only to franchise to supply water in areas outside the coverage of the LWUA and the MWSS, with any question of jurisdiction to be settled by the National Water Resources Council in case of dispute.

**SEC. 35. Areas within LWUA or MWSS Coverage.** - Areas within a water district or falling within the coverage of the LWUA or the MWSS may avail themselves of the benefits under this Executive Order; Provided, That a written waiver shall first be secured from the LWUA or the MWSS, as the case may be and Provided, further, That for purposes of this Executive Order, the MWSS shall have the jurisdiction over water supply provisions in Metropolitan Manila; and the LWUA in larger municipalities and cities as well as in area having a population of at least 20,000. The RWDC shall have the jurisdiction over areas with a population of less than 20,000. The identification of the areas of jurisdiction of the LWUA and the RWDC shall be done by mutual agreement. However, notwithstanding the provisions of this Section, they may, by mutual arrangement, allow the entry of one into the territory of the other for purposes of pursuing their objectives.

**SEC. 36. Franchising Power.** - The power to grant and thereafter to repeal or alter franchises to supply water is hereby vested exclusively in the Corporation; Provided, That this Section shall not invalidate any franchise heretofore lawfully granted. The Corporation is hereby authorized to notify and require every person holding a water franchise to report to it, within 120 days after such notice, an accurate description of the area encompassed, the number of households therein serviced, the date the franchise was granted and such other information the Corporation may require.

**SEC. 37. Authority to Grant Certificates of Public Convenience (CPC) and/or Certificate of Public Convenience and Necessity (CPCN).** - Notwithstanding any provision of law to the contrary, the Corporation shall have the authority to grant Certificates of Public Convenience (CPC) or Certificates of Public Convenience and Necessity (CPCN), as the case may be, to persons or entities other than RWA's that wish to operate and maintain waterworks systems in areas within the territorial jurisdiction of the Corporation.

**SEC. 38. Preference to RWA's.** - Wherever two or more public service entities have competing interests with respect to the granting, repeal, alteration or conditioning of the same water franchise and one is a RWA duly organized under Chapter V herein, the Corporation shall accord preference to the latter over any other type of public service entity, unless the other one type of public service entity will, as found by the Corporation, result to the immediate furnishing of water supply service to (1) a greater number of households, and

(2) over a larger geographic area, on the comparative basis of same or lower rates and charges.

SEC. 39. Compliance with Presidential Decree No. 1067. - Any form of authorization granted under the provisions of these Chapter shall not exempt its holder from the provisions of Presidential Decree No. 1067, otherwise known as the Philippine Water Code, on water permits and registration.

SEC. 40. Furnishing Service Without a Valid CPC, CPCN or Franchise Prohibited. - No person or entity shall extend and charge for water supply service within any area for which such person or entity has not been granted a valid franchise, CPC, CPCN, or after such franchise CPC, CPCN has been cancelled or altered so as to prohibit service therein.

## CHAPTER VII

### FINAL PROVISIONS

SEC. 41. Existing Agencies. - The Task Force on Rural Water Supply of the National Water Resources Council is hereby abolished and its personnel shall constitute the nucleus of the Corporation. All other agencies of the government may undertake projects on rural water supply provided they are in accordance with the policies and guidelines of the Corporation.

SEC. 42. Separability of Provisions - If any provision of this Executive Order or the application of such provision to any person or circumstances is declared invalid, the remainder of the Executive Order or the application of such provision to other persons or circumstances shall not be affected by such declaration.

SEC. 43. Repealing Clause. - All laws, decrees, executive orders, rules and regulations, inconsistent, herewith are hereby repealed or modified accordingly.

SEC. 44. Effectivity. - This Executive Order shall take effect immediately.

DONE in the City of Manila, this 12th day of January, in the year of Our Lord, Nineteen Hundred and Eighty.

(SGD) FERDINAND E. MARCOS  
President of the Philippines

BY THE PRESIDENT:

(SGD) JACOBO C. CLAVE  
Presidential Executive Assistant

August 23, 1983

## MEMORANDUM

FOR : The Prime Minister

FROM : The Sector Review Committee for Water Supply

SUBJECT : Findings and Recommendations Regarding Institutional Responsibilities for Rural Water Supply and Sanitation

1. Per your directive, a copy of which is enclosed, and pursuant to the provisions of the loan agreement with World Bank for the Rural Water Supply and Sanitation Project (Loan No. 2206-PH), the Sector Review Committee for Water Supply has undertaken a study of the existing institutional responsibilities of agencies concerned with rural water supply and sanitation, and has come up with recommendations regarding the main issues affecting the sector.

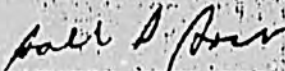
Attached herewith is the report of the Committee. Per agreement with the Bank, the recommendations contained therein are to be forwarded to them for their concurrence.

Respectfully,  
Your consideration and approval.



ANTONIO LOOSIN

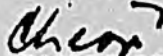
NLDA Deputy Director-General for Programs and Projects


SALVADOR SOCRATES  
MLG Deputy Minister


TEODORO ENCARNACION

MPWH Assistant Minister for Planning


ANTONIO ACOSTA, M.D.  
Deputy Minister of Health

PEDRO DUMOL  
RWDC General Manager

CARLOS LEANO  
LWUA General Manager

ANGEL ALEJANDRINO  
NWRC Executive Director


JANE TAMBANILLO  
MOF Planning Service Chief

## INSTITUTIONAL RESPONSIBILITIES FOR RURAL WATER SUPPLY AND SANITATION

### BACKGROUND

The agencies involved in the rural water supply sector construct facilities which provide one of three possible levels of service, depending on what is feasible for a given service area. These levels of service are:

Level I - a point source which is either a well or a spring;

Level II - a communal faucet system composed of a source and a piped distribution system with a faucet for every 4-6 households;

Level III - an individual house connection system composed of a source and a piped distribution system with at least one faucet per household.

2. In areas where houses are dispersed and the population is poor, only a Level I service is feasible. Where houses are clustered and electricity is available for pumping or a gravity-fed system is possible, a Level II service becomes feasible. For larger communities of at least 500 households, a Level III service is feasible if houses are densely clustered provided that water is available in sufficiently large quantities and can be distributed by electrically pumped or gravity-fed systems.

3. Level I and Level II services are normally provided to rural areas. In many cases, the cost of extending water lines from a densely populated urban core to widely dispersed rural areas becomes prohibitive for consumers to be able to afford such a system.

### SECTOR ORGANIZATIONS AND PROGRAMS

4. The Metropolitan Waterworks and Sewerage System (MWSS) is responsible for water supply and sewerage in the Metropolitan Manila Area and its contiguous areas, which is composed of 28 cities and municipalities. There are about 1,940 urban barangays and 38 rural barangays under the MWSS area of responsibility.

The Local Water Utilities Administration (LWUA) is responsible for the development of water supply facilities in cities and municipalities outside the Metropolitan Manila Area with a population of at least 20,000. These areas cover about 3,300 urban barangays and about 19,600 rural barangays. Each city or municipality under LWUA covers an average of about 5 urban barangays and 28 rural barangays. The water district systems developed through LWUA's support provide a Level III service which is generally limited to the urban barangays of the city or municipality concerned where its population is concentrated. Extending the systems to the dispersed households in the mostly rural outlying barangays will make the systems expensive to construct, maintain and operate. To deal with the needs of these rural communities within its area of responsibility, LWUA has formed a Special Projects Group which undertakes the design and implementation of rural water supply projects using the design criteria, operating procedures and funds of the Rural Waterworks Development Corporation (RWDC).

RWDC, which has been designated as the lead agency in the rural water supply subsector since 1980, is currently responsible for all other barangays not covered by the Metropolitan Waterworks and Sewerage System (MWSS) and LWUA programs. It has about 1,200 urban barangays and 13,000 rural barangays with roughly 50 percent of the total rural population in its area of responsibility. Its activities are directed at creating self-sufficiency at the local level by utilizing the services of local government units through the provincial and municipal waterworks committees and task forces. These units are made responsible for planning and implementing the water supply programs in their area of jurisdiction. RWDC provides technical, financial and management assistance to local governments in the implementation of these programs. RWDC requires the active involvement of the community to be served through the formation of a local Rural Waterworks and Sanitation Association (RWSA) which is responsible for the management, operation and maintenance of the completed system.

7. The Ministry of Public Works and Highways (MPWH) and the Ministry of Local Government (MLG) are also implementing separate rural water supply programs. Previous to the establishment of RWDC, MPWH was principally responsible for rural water supply development. It has drilled about 31,800 public wells and has developed about 1,600 springs. In addition, MPWH has established about 2,750 waterworks systems for communities serving populations of 2,000 to 20,000. Although in theory the MPWH water supply program has been integrated under that of the RWDC, MPWH continues to have direct responsibility for water supply development, utilizing funds provided under the Public Works Acts and the General Appropriations Acts. Since 1982, these funds have been used mainly for the construction and development of point sources (Level I) in rural areas. MPWH has also been

implementing foreign-assisted rural water supply projects like the drilling and construction of deepwells funded by the International Development Association (IDA), the Asian Development Bank (ADB), the Overseas Economic Cooperation Fund (OECF), the Australian Government, and the United Nations Children's Fund (UNICEF).

The Ministry of Local Government has been implementing the Barangay Water Program (BWP) with the assistance of the United States Agency for International Development (USAID). Like RWIS, BWP encourages local government units to implement local water supply projects. Much of its efforts are directed towards the development of the institutional capability of local governments. As such, it follows a built-in phase-out strategy. The BWP, now in its second phase, is scheduled to be completed in 1986. Local government units trained under the program are then expected to implement their own water supply projects, utilizing the resources provided by government agencies.

The Ministry of Health (MOH) is responsible for rural sanitation and water quality surveillance. It is involved in the promotion of environmental sanitation through the provision of sanitary toilets and health education to rural communities. The present thrust of the MOH sanitation program gives priority to the provision of sanitary facilities in areas where water-borne and water-related diseases like schistosomiasis, gastroenteritis, dysentery, cholera and typhoid are endemic. Implementation of the sanitation program is carried out by health officers, sanitary engineers and inspectors, and health workers at the barangay level, with the active participation of the community. MOH personnel are also involved in water quality monitoring and surveillance of water from public and private water facilities, which they undertake by collecting samples on which they conduct physical, chemical, and bacteriological tests at the regional or provincial laboratories.

The formation of a Rural Waterworks and Sanitation Association (RWASA) among the users of water supply or sanitary facilities is encouraged by RWIS to promote community participation and the concept of self-help and self-reliance particularly in the operation and maintenance of the facilities. MPWF and BWP also require the formation of similar associations which are registered with RWIS. To help strengthen the sanitation program and to encourage the integration of rural water supply and sanitation development at the barangay level, Executive Order No. 577, which defined the functions and role of a Rural Waterworks Association (RWA), was recently amended to include sanitation among its functions and rename the RWA as the Rural Waterworks and Sanitation Association (RWSA).

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## FINANCING ARRANGEMENTS

11. Financing arrangements vary among the above agencies. LWUA provides loans to water districts for Level III systems at an interest rate of 9 percent per annum with a repayment period of 30 years. The funds which LWUA lends to water districts are taken from the government equity contribution to LWUA and foreign borrowings from IBRD, ADB, USAID, and DANIDA. LWUA normally finances the cost of projects, including interest during construction. Where appropriate, the national government provides a grant of 20 to 25 percent of project cost and the water district provides up to 10 percent as local equity. The cost of feasibility studies and detailed engineering is usually initially carried by LWUA in the form of deferred charges.
12. RWDC extends loans for Level II and Level III projects to cover up to 90 percent of project cost, while for Level I projects it provides grants which can also amount to as much as 90 percent of project cost. In all cases, the RWSAs provide the remaining 10 percent as local equity. RWDC derives its funds from the equity contribution of the national government and from foreign borrowings. These are lent to the RWSAs at soft terms of 4 percent per annum with a repayment period of 20 years.
13. MCG through BWP provides funds to local government units for institutional development and the cost of constructing Level II and Level III projects. The local government units provide RWSAs with project financing which can vary anywhere between being a total loan or a total grant. Loans provided to the RWSAs have interest rates of 4 percent per annum and repayment periods of 10-20 years. Sources of funds for the BWP projects are national government appropriations and USAID loans.
14. MPWH provides funds for the construction of Level I systems and the development of sources for Levels II and III facilities on a grant basis covering up to 90 percent of the project cost. These funds are derived from the national government as provided by the Public Works Acts and the General Appropriations Acts and from Government foreign borrowings.
15. Given the above situation, the key issues that have to be resolved in order to rationalize the development of the rural water supply

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with the overall rural water supply plan, given that it already has the equipment and personnel capability to undertake such a program. In addition to water sources development, the MPWH shall render technical assistance to local government units in the preparation of designs and feasibility studies and in construction supervision of facilities which are financed by the national government.

The project implementation aspect of the Parangay Water Project shall be phased out upon the completion of BWP by 1986. The MLC shall assist in the community organization aspect of the rural water supply program. It shall provide assistance in the institutional development work of strengthening local government units as well as in the formation and training of WWSAs and their members, respectively.

1. The MDR shall be responsible for sanitation planning and program implementation inasmuch as it is mandated under PD 856 and the Philippine Drinking Water Standards to promote and protect the health of the people. In relation to rural water supply projects, MDR units at the local level should coordinate with local government units with respect to planning, project development, design, project selection and priority-setting in order to integrate the delivery of rural water supply and sanitation services, particularly in areas where water-borne and water-related diseases are endemic.

The terms and conditions of government financial assistance to WWSAs and Water Districts shall be standardized for each level of service. The design of the appropriate terms and conditions shall consider the average cost of funds of the implementing agency, the cost of operations of the agency, the extent of subsidy granted by the National Government, and affordability from the point of view of majority of the targetted beneficiary communities.

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