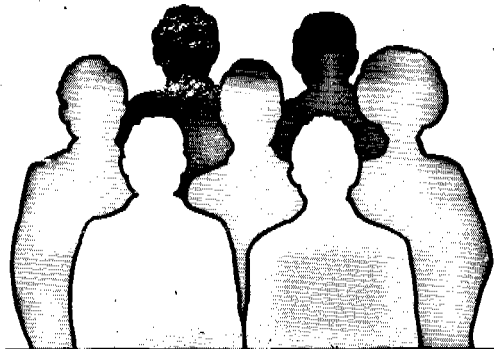


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Human Resources Development

**CASE STUDY**

**1**

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# Managing the managers

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# Managing the managers

**How the Philippines Local Water  
Utilities Administration monitors and  
supports General Managers of 350  
Water Districts scattered  
all over the country**

A Human  
Resources  
Development  
Case Study  
Nº 1 in a series

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# Foreword

The World Health Organization (WHO) and the Swedish International Development Authority (SIDA) are jointly producing a thematic series of case studies focussing on Human Resources Development.

Our intention is to both illustrate and document various methods, used in different parts of the world, which aim at improving human performance.

Activities and projects selected for this series are all of an innovative character. They show that there are usually a variety of methods other than classical classroom training to help people do their jobs better.

While country reports and project descriptions are common, one seldom finds detailed descriptions of techniques used. "What was done?" is answered more often than "How was it done?" In this case studies series we aim to provide the reader with a total perspective of what was done, how it was done, why it was done and the effectiveness.

These collected experiences should give the reader ideas, which can be adapted to improve other activities and projects in his or her own environment. We believe this series will be a source of inspiration for action and deliberate change.

This specific case was selected by the International Labour Organization (ILO), which submitted a text written by Wilfredo Barreiro, formerly at the Philippines' Local Water Utilities Administration (LWUA). Additional information was collected during a field visit to the Philippines in February 1988. Interviews with LWUA staff, visits to several Water Districts and other written material also form the basis for this case study. We thank LWUA in particular for their assistance.

Alice Petren, 29 November 1988

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Summary

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# Managing a taxing job

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Advice and link

**M**anaging a local water enterprise remote from central control is a taxing job. What do you do when your customers do not pay their bills? What do you do when the amount of unaccounted for water remains high? How do you handle problems among the staff?

Training helps, but cannot prepare the manager for all possible situations. One manager may be good on technical issues but know little about financial management; for another the reverse may be true. Experience will equip the manager to solve or anticipate many of the problems which arise in individual enterprises. But experience comes only with time.

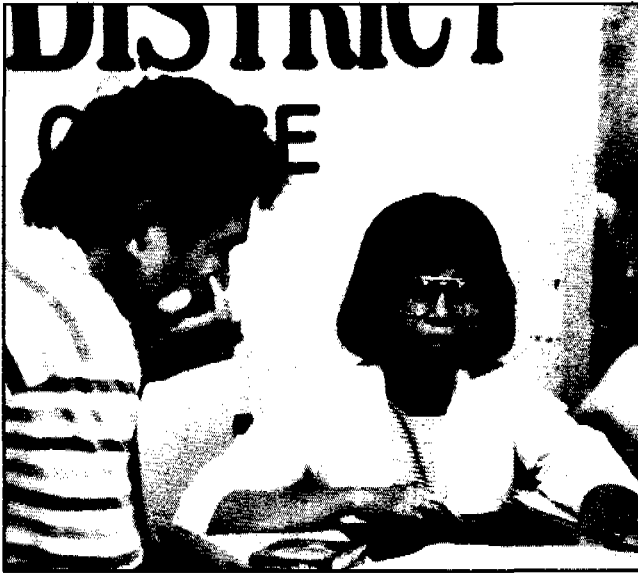
That is what the Philippines' Local Water Utilities Administration (LWUA) recognized when it started to create local independently operating Water Districts around the country in 1973.

LWUA realized that the General Managers, though trained, would need support to perform their tasks, to be efficient, and to keep up morale. LWUA therefore decided to set up a system to provide all General Managers with personal assistance in management. It called the concept **Management Advisory Services**.

A core of 36 **Management Advisers** forms the heart of the system. Chosen for their qualifications in engineering or business administration and their experience of LWUA operations, the Management Advisers provide advice and assistance and a link between the Manager and other LWUA departments. They help the General Manager in a number of different ways, but they do not do the Manager's job.

Organized on an area basis, a Management Adviser visits each Water District monthly and helps the General Manager to evaluate the status of the Water District, analyze the problems and arrive at solutions. This input helps Managers gain the self confidence necessary to perform effectively.

Management Advisers use a set of standardized **Development Indicators**, and have a



*To make objective evaluations, the Management Adviser uses a set of development indicators.*

standard **Monthly Data Sheet**, with basic information about the Water District. There is also a standard **Recommendation Form**, completed each month by the Management Adviser and signed and committed to by the General Manager. The advice is thus backed by monitoring and supporting of the Water District operation.

How successful is the system? LWUA believes it is indispensable. As lending institution to the Water Districts, LWUA's main progress indicator is the repayment of loans.

Since 1982, the repayment rate has deteriorated badly, which might suggest that the Management Advisory Services are not effective. Not so, says LWUA, pointing to the much worse position of other public authorities suffering from the Philippines' economic crisis. Only by having the regular close links with Water Districts provided by the Management Advisory Services, can LWUA achieve even the present rate of loan repayments.◆

## **Monitoring**

## **Main progress indicator**

Setting the scene

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# Support for Water Districts

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**Independent entities**

The Philippines Local Water Utilities Administration (LWUA) was set up in 1973 and made responsible for development of water supply systems in municipalities, other than Metro Manila, with populations exceeding 20,000. In 1987, the government made LWUA also responsible for the nation's rural water supplies.

In many places, the local municipal government is still responsible for water supply; LWUA has not yet succeeded in developing a country-wide net of Water Districts, partly due to financial constraints. Even so, by the end of 1987, there were about 350 Water Districts in the country, serving about 7% of the national population.

LWUA is an administrative body, exercising both regulatory and supportive functions. It authorizes the establishment of local Water Districts and acts as lending institution for their capital investments. It obtains loans from international lending institutions such as the World Bank, Asian Development Bank, and from individual governments. This money is lent to the Water Districts. LWUA also has money from local funds and from the national government.

LWUA does not sell water directly to consumers; the Water Districts operate as independent entities delivering water. Until January 1987, this involved piped systems with individual metered connections, but since LWUA took over rural services, all sorts of water facilities come under its management.

The Water District itself constructs, operates maintains and manages water supply systems. As lender and founder of the Water Districts, LWUA monitors activities. In developing a viable Water District, LWUA provides financial, technical and institutional assistance. It offers, for example, training, feasibility studies and construction supervision.

To encourage sound financial operations, LWUA sees that water tariffs reflect costs and that a "socialization" of water rates makes commercial



and industrial consumers subsidize domestic ones and high consumers subsidize low.

Each Water District is steered by a five-member Board of Directors and managed by a staff headed by a General Manager. The Board's five directors are appointed by the mayor or head of the area's governing body. They represent different sectors in the community: civic organizations; professional associations; business; education; and one from the women's organization. In problem Districts, the Management Adviser becomes a sixth Board member.

The Board sets policy and goals for the District and supports the General Manager in his attempts to achieve them. Directors also help to promote the image of the Water District and establish good working relationships with officials and the public.

The Management Adviser meets the Board at least once a quarter, during the regular visit to the Water District. LWUA stresses that Management Advisers should be constructive but not dominating at Board Meetings, and should avoid any impression that the General Manager is being embarrassed or bypassed.

A Water District is usually organized into at least a technical, a commercial and an administrative department, and includes a marketer. The Management Adviser can gain valuable information from the technicians, operators, book-keepers and administrators, and is encouraged to adopt a friendly and supportive approach, so as not to deter communication.

The Management Adviser also needs regular contact with various LWUA departments in Manila. A critical part of the job is to match the needs of the Districts with the appropriate help and advice from the centre.◆

## **Board of Directors**

## **Setting policy and goals**

## **Communication**

## **Appropriate help**

## Part 1

# Why an advisory service?

**Wide-ranging help  
during infancy**

**Feasibility study**

**F**rom the start, LWUA realized that, over and above technical, financial and political requirements, development of a functioning Water District would depend on institution building and on the competence of its staff. By giving personal assistance to the Water District General Managers, the efficiency, effectiveness and motivation of staff would be raised.

In practice, personal assistance came to mean sending a Management Adviser once a month to the Water District. Today, each Management Adviser is responsible for the development and promotion of 8-10 Water Districts in a region. He or she visits the Water District monthly, meets with the Board of Directors at least quarterly, and evaluates the development of the Water District on the basis of 56 **Development Indicators**, described later.

Advisory services needed by the Water Districts cover a wide range: organizational, financial and technical aspects, as well as moral support. The most intensive help is given in the District's infancy.

Just to get the Water District on its feet, it needs guidance in appointing Directors, hiring the General Manager and organizing staff, who may have been taken over from the previous water utility and so be accustomed to other office routines. The Water District must also obtain a legal identity, and the Management Adviser may have to assist in transferring assets from the previous utility.

In its formative stage, the Water District will be helped in doing the feasibility study. It will get advice related to construction, operation and maintenance, and quality controls such as bacteriological testing. Advisory services may also include assistance in evaluating capital improvement projects, such as expansion of the water supply system, and later help in their implementation.

A lot of help is usually needed in financial aspects. To monitor its financial status, the Water

District must introduce appropriate accounting practices and procedures. A billing and collections system must be implemented, for example. The General Manager will also get help in preparing documents to apply for loans from LWUA.

When LWUA steps in and takes over an existing water supply system, it usually means raised water prices for the customers. LWUA's principle is that water rates reflect costs. Before water rates are set, the Management Adviser will assist the General Manager and his Marketer to arrange public hearings, to get the community's support — or at least reduce its anxieties. The Management Adviser will help to design an information programme to create a good public image and strengthen contacts with customers.

LWUA recognized that this experimental system of Management Advisory Services was going to be expensive, but saw it as an investment which would give a return. After 15 years in operation, LWUA still believes it could not live without the system. For one thing, says LWUA, loan repayments would otherwise certainly deteriorate.

In 1987, LWUA spent 5.7 million pesos (US\$285,000) on the Advisory Services Department. This represents some 3% of a total of 190 million pesos (US\$9.5 million) of loan repayments collected from the Water Districts in that same year. ♦

## **Collections system**

## **Support from the community**

## **Value for money**

## Part 2

# Adviser's tasks are varied

**One step ahead**

**Recommendations  
monitored**

The Management Adviser's role is to assist the General Manager to develop a viable, stable and self-reliant water utility, but not to do the General Manager's job.

LWUA expects a Water District to be running relatively independently after four years. As a Management Adviser is assigned to a Water District for a maximum of two years, the same person does not follow the whole process through. The two year limit is set to prevent the Management Adviser from becoming personally involved in the Water District's operation.

Though management of a Water District involves activities of a very varied nature, the Management Adviser is not expected to be an expert in all the different fields — technical, financial, organizational, and communications. Instead, the Management Adviser acts as a link, connecting the right people with one another.

The adviser might, for example, ensure the timely submission of the Water District's request for spare parts to LWUA's central procurement department, connect the Water District's technical staff with engineers in LWUA for special tasks, or link the Marketer with the public relations staff in LWUA.

Even though he or she should not do the job of the staff, the Management Adviser needs to try to be one step ahead, to see that problems are identified, analyzed and acted upon.

As well as evaluating the performance of the Water District, the Adviser writes monthly recommendations for the General Manager. These follow a general strategy in improving specific areas of operation: Billing & Collection; Finance & Accounting; Operations & Maintenance; Public Relations; and Personnel.

The General Manager is committed to the recommendations by signing them and setting a deadline for their accomplishment. The recommendations are filed and monitored in subsequent visits.

The Management Adviser too is monitored, being supervised by an Area Manager and by the Head of Advisory Services in Manila.

The monthly key tasks of a Management Adviser are set out in a ten-point list:

- To design an agenda/ action plan for the visit.
- To evaluate development of the District.
- To identify problems and assist the Manager to analyze their root causes and discuss alternative solutions.
- To assist the Manager in setting priorities.
- To prepare recommendations for the General Manager/ Water District.
- To monitor and prepare reports on the Water District's development programme and activities.
- To assist the Manager with preparing loan applications and development programmes.
- To coach/counsel the Manager and staff on their duties and responsibilities.
- To provide technical support and data for the Water District's growth.
- To keep the Water District informed about all the activities and programmes of LWUA.◆

### **Ten-point task list**

Part 3

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**"Advisory  
services  
can be  
exported"**

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LWUA's Management Advisers consist mainly of graduates in engineering or business administration. There are individual examples of Advisers educated in psychology, philosophy, theology and political science.

Of the 36 Advisers, only two are women. Ages range from 25 to 51 with an average of 36 years. The average Adviser has served in LWUA for 9 years (range from one to 13 years) and earns 2,378 pesos (US\$120) per month.

Nowadays it is a requirement that a Management Adviser must have a university degree and two years in a supervisory position in LWUA. However, many Advisers were recruited during the 1970s, when transfer to the Advisory Services Department was a career step, and so do not meet today's standard qualifications.

Formal requirements apart, LWUA also assesses a candidate's character and attitudes. The Management Adviser should be a good listener, friendly, knowledgeable, and sincere. To be successful, the Adviser needs to be results oriented, not timid, ostentatious or officious.

Johnny Bitgue has been a mechanical engineer for almost 20 years and out of these a Management Adviser for nearly ten. He believes that LWUA's Management Advisory Service is successful because it helps to build up the Water Districts institutionally.

"Usually the General Managers need quite a lot of training and so do the Directors of the Board. Training is partly what the Management Adviser provides," he stresses.

"Normally, we are very well respected, and this is helped by the fact that there have not been too many political appointments in LWUA."

Johnny recently came back from England, where he went thanks to a LWUA award for excellent service. While there, he picked up several new ideas, one being the possibility for exporting LWUA's ideas in the form of consultants.




*"We provide both training and institutional development assistance" says Johnny Bitgue.*

"I have proposed to the LWUA management that we should export the concept of Management Advisory Services to other developing countries", he explains.

"If Thames Water Authority in England, for example, can export consultancy services, why should we not be able to do so? We may even have an advantage as consultants, compared with those from industrialized countries, as we may more easily identify with problems in developing countries". ♦

#### Profile of an average Management Adviser

	US\$ 120 / monthly
	36 years
	9 years in LWUA
	graduate in engineering and business administration

Part 4

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# The adviser pays a visit

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## In a big town...

The Water District has 7,000 service connections, most of them domestic. The Management Adviser approaches the office, which is on a hill in the outskirts of the town.

The office is behind fences and surrounded by armed guards. This used to be a problem District. Not long ago, LWUA had to fire the General Manager for improper use of funds. The employees stayed loyal to the manager, went on strike and occupied the office.

LWUA's solution was dramatic. A new General Manager was hired, the strikers were fired, and a new office was built. Hence the security.

The new General Manager is politically strong and from an influential family. But, he is not familiar with the dynamics of managing a Water District. So, the Management Adviser starts by checking the basic information sources — the Monthly Data Sheet and the financial report. He makes a face.

Billing and collection has to become more efficient; utilization of one water system is too high, with no standby; and why are figures missing in some places?

The payment office is still in town. The Management Adviser decides to visit the commercial chief. In her files he finds deviations between the bills and the accounts. He discovers too that non-paying customers have not been disconnected. By the next visit, explanations must be found for the discrepancies.

The Management Adviser recommends the General Manager that he monitors the figures more closely. He suggests how utilization of financial funds might be managed better.

He recommends preparation of a public information programme. And, he recommends that some staff be sent for training. The Recommendation Form records the decisions made.◆





## Out on an island...

Here it is the Area Manager who pays the monthly visit. He worked as an Interim Manager in this same Water District for almost a year and knows the set up better than the present acting General Manager. He is familiar with the staff and with the Directors.

The monthly data sheet and financial reports do not reveal any problems; the Water District appears to be doing OK, though it is not really improving. Then the Area Manager discovers a clue to what may be hindering development.

### Employee brings message

The Chairman of the Board offers the first piece of information, and later one of the employees brings the same message.

It seems that the General Manager is not taking any of the actions needed for the Water District to progress. Instead, the employee reports, he stays hidden away in his office. The employee also thinks that the General Manager is harsh and difficult to deal with in the daily work of the District.

The Area Manager concludes that the new manager needs more coaching and moral support, to prevent the District from falling back into financial difficulties.

During a tour of the District, one big customer complains about low pressure in the pipes, and expresses a view that the water is not properly chlorinated and is causing diarrheal problems.

The General Manager does not want to commit himself, but the Area Manager takes the initiative and promises the customer a survey in the coming week. Back in the office, the Area Manager brings this issue up for discussion. The proposed survey is noted on the recommendation sheet and signed by the General Manager.

The Area Manager will have to review the General Manager's problems before the next monthly visit, and in the meantime he plans to have more discussions with others in the office. ♦



Part 5

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# Standard tools for the job

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## Development points

**T**o achieve a uniform and objective evaluation of the institutional development of Water Districts, LWUA has developed a system of **Development Indicators**.

The 56 indicators relate to two development phases. Phase I applies to new Water Districts, while Phase II is used either for a Water District which has been operating for four years or for an existing system taken over by LWUA. Each of these phases have 28 indicators.

In both of the phases development is evaluated in four stages using a point system:

1. **Active preparation (2 points)**. The factual evidence that an activity is prepared in a written form or programme.
2. **Adopted (3 points)**. The programme is adopted when it has been approved by a Board Resolution, or has the General Manager's signature.
3. **Satisfactory progress (5 points)**. The programme is progressing satisfactorily if there is physical evidence that it is in operation.
4. **Fully implemented (6 points)**. Factual evidence that the programme is meeting the goals means that it can be rated as fully implemented.

Each stage of development of the 56 indicators is valued with a corresponding number of points, and the Water Districts are rated according to their progression in the number of development points.

A District is expected to attain the maximum points for Phase I (168) within two years and the same for Phase II within four years. To be judged to be progressing satisfactorily by LWUA, a Water District should earn at least 3-4 points per month.

Another tool for the Management Adviser is the standard **Monthly Data Sheet**, which records the basic facts on the Water District. It is prepared in the District prior to the Management Adviser's visit, and from it the Adviser can get information on service connections, billing and collection data, financial data, production costs, bacteriological test results, and staffing details.

Advisers who have done their homework and know the Water District well can tell at a glance from the Monthly Data Sheet what improvements or deficiencies there are.

Out of 350 Water districts, 120 were described as well functioning utilities at the end of 1987, and so required a minimum of advisory services. In about ten Water Districts, development was judged to be so poor that they have to be run by LWUA. There are some cases of mismanagement, but also cases of fraud and misuse of funds. In such situations, LWUA appoints the Management Adviser as interim General Manager.

This is both an opportunity and a challenge for the Management Adviser. Now the advice has to be put into practice, usually in a situation of some urgency. Taking charge of a badly operated Water district is one of the steps which enables the Management Adviser to advance in his or her career.

Examples of various Development Indicators and what a Management Adviser looks for in making an assessment and allocating points.

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**Development indicator: Collection enforcement**

<b>Active Preparation:</b>	Analysis of several methods of enforcement in preparation of formulating a written program that is workable in the community.
<b>Adopted:</b>	Resolution of District Board. Adviser is satisfied if the program will in fact achieve collection objectives.
<b>Progressing satisfactorily:</b>	When all affected personnel fully understand the program and are capable of enforcing it to 100%.
<b>Full implementation:</b>	All the functions of the written program are being carried out automatically.

**Data at a glance**

**Opportunity and a challenge**

**Development indicator: Chlorine residual**

- Active preparation:** Development of District policy and a written program with timetable
- Adopted:** Resolution of District Board adopting a policy of identifying precisely how much chlorination should be given to the system and a written program to implement the policy.
- Progressing satisfactorily:** Management office order implementing the written program to carry out the policy of the Board. Equipment being acquired as per program schedule.
- Full Implementation:** All parts of distribution system maintain chlorine residual as identified in the program. Routine tests conducted and reported.
- 

**Development indicator: Public Information**

- Active preparation:** Identifying areas of need for customer and public information and formulating written program to satisfy same.
- Adopted:** Hire a qualified Public Information Officer (PIO) with relevant training or experience in the field. Smaller Districts may utilize an existing employee in this capacity.
- Progressing satisfactorily:** The PIO should spend significant time in preparing and implementing specific projects to gain public support. He should develop written measurable goals with attendant costs.
- Full implementation:** The effectiveness of the PIO and the programs should be recorded and evaluated. Cooperation of local government and customers should be achieved.

**Development indicator: Tools and equipment**

- Active Preparation:** Analysis of the needs of the District to provide at least the basic tools and equipment to operate and maintain the system adequately. Cost allocation approved by Board in annual budget.
- Adopted:** Management order adopting suitable list of tools and equipment. A reasonable timetable adopted for acquisition.
- Progressing satisfactorily:** All necessary items have been requisitioned and orders placed.
- Full implementation:** All tools and equipment in stock in usable condition are being closely controlled by a check out and in system.
- 

**Development indicator: Safety program**

- Active preparation:** Analysis of appropriate safety needs. Research applicable safety requirements of the Government. Develop a program to meet needs, training, safety devices and equipment.
- Adopted:** Board resolution adopting program and providing financial ways and means.
- Progressing satisfactorily:** All personnel understand safety program and are participating in periodic training sessions as per program.
- Full implementation:** Adequate records are kept to permit objective evaluation as to the effectiveness of the program.

## Part 6

# Advisers also need advice

### Assessing performance

In theory, LWUA provides newly recruited Management Advisers with six months classroom training before they move out into the field. In practice, this training has often been shortened to about two months.

The training, which consists mostly of lectures, covers such subjects as: management principles; accounting and financial management; operation and maintenance; and personnel administration. All training is conducted at LWUA's headquarters in Manila.

After the classroom training, the trainee accompanies an experienced Management Adviser on monthly visits to the Water Districts for another six months. In this way, the newcomer becomes acquainted with the various problems the Water Districts encounter and how Management Advisers tackle them.

Once this initiation period is over, the Management Adviser is on his/her own. There is no in-service training. Many Advisers complain that, though they have to give continuous training to others, there is no further training for them.

Every month, after the visit to the Water District, the Management Adviser hands over the Monthly Data Sheet, the Recommendation Form and the Development Indicator Form to the Area Manager. The forms provide one way for the Area Managers and the Manager of LWUA's Advisory Services Department to assess their Management Advisers.

Two indicators give an immediate feel for the way that a Management Adviser is performing: progress in the Water Districts; and the rate of repayment of LWUA's loans. However, it is clear that, in some instances, the Management Adviser may have little influence on these issues, because of local factors outside his control. A most important factor in judging the Advisers' performance is therefore the feedback from the General Managers.



In fact, LWUA has an **Evaluation Form** (see samples, beginning on page 31) on which each Management Adviser carries out a self assessment. The Area Manager then adds comments and the form is completed with the judgements of the unit Manager.

If either Manager believes the Management Adviser is rating himself too highly (or too lowly!), the Manager will discuss the rating with the Adviser, to try to give him an accurate picture of his performance.

Good scores in the evaluation help a Management Adviser to gain promotion. There are three levels of Management Advisers in the LWUA system — one junior and two senior levels. From there on, promotion prospects are limited. One possible route comes when the Adviser has the opportunity to serve as an interim General Manager in a Water District taken over by LWUA.

The Management Adviser may then have to shoulder this task for at least nine months and possibly up to a year, with the responsibility for putting the District back into sound order. If the task is performed successfully, the Management Adviser can expect to rise from the ranks.

Not surprisingly, many LWUA Management Advisers seek the opportunity to prove themselves in this way. Another hope for new challenges and personal development arises once a year, when one or two Advisers are sent on fellowships abroad.

The Management Advisers' salaries are modest compared with the private sector, and some run their own private business to raise extra money. While most have the typical Filipino dream of moving abroad to Canada, the USA or Australia, turnover is in fact very low. The average Management Adviser has been with LWUA for nine years. ♦

## **Self assessment**

## **Prospects for promotion**

## **Personal development**

## Part 7

# Practical advice improves finances

### False readings

### Political instability

The Philippines' severe economic situation has hit all public sector activity and the water supply sector is no exception. Lack of funds has trimmed LWUA's expansion plans, limiting the number of new Water Districts and holding down salaries.

The sharp division between rich and poor presents an interesting paradox in LWUA's finances. While the poor have difficulty in finding money for their basic needs, and have sometimes been late in paying their water bills, most money is owed by richer people influential enough to escape the risk of disconnection. The situation is becoming worse for LWUA, as cases of unpaid bills among the poor rise, and the number of illegal connections grows.

The problem is particularly acute when an existing water system is taken over by LWUA. The General Manager then has to cope with problems caused by the previous low water tariffs, customer complaints, staff problems, and high rates of unaccounted for water.

The low salaries and devalued currency add to staff problems in the Water Districts. The temptation is high to earn a little extra money by helping to by-pass a water meter, or by recording a false reading, or by selling water. Consumers say that it is possible to resell water obtained for 150 pesos at the house for 800 pesos. LWUA is aware of the opportunities for employees to make money on the side, but says the practice is not widespread.

Political instability is another problem. Many Management Advisers testify that they feel unsafe when travelling in some areas. Clearly this also applies to the Water District staff, and is another reason why collection of water charges is diminishing.

All these obstacles to normal operation of the Water Districts make it difficult to assess the success of LWUA's Management Advisory Service. Loan repayments from the Water Districts declined from 78% in 1982 to 52% in 1986. Nevertheless, Simplicio C. Bellisario, Manager of the Advisory Services



*Advisory Services keep loan repayment up enabling LWUA to recycle the money.*

Department, believes his unit is a definite success, and is proud of the fact that other Philippines' public sector agencies are now adopting the system of Management Advisers.

### **Definite success**

"As a comparison," says Mr Belisario, "loan repayments for electricity services is maybe only 15-20%. In addition to that, the reason why the responsibility for developing water services in rural areas was moved under our roof was because the rate of repayment of interest in that sector has been very low. Without our Management Advisers, LWUA's collection performance would probably also be much worse off." ♦

#### **Key data on LWUA operations**

<b>Year</b>	<b>1984</b>	<b>1985</b>	<b>1986</b>
Number of connections	375,000	437,000	474,000
Population served			
Millions	3.2	3.3	3.6
Percentage	5.9	6.0	7.0
Loans (in millions of pesos)			
Granted	1,528	1,782	2,005
Availed	1,150	1,243	1,415
Unaccounted for water (%)	37.0	31.5	33.0

For the future

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# Lessons learned

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Variations in the Philippines' political and socio-economic conditions during LWUAs 15-year existence make comparisons difficult. Nevertheless, such a lengthy experience of operating the Management Advisory Service does provide a number of pointers for others wishing to adopt the LWUA system.

➤ **A results oriented approach produces development.** The set of development indicators makes it possible to measure results. This proves to function as a carrot and stick for the General Manager and the Water District staff. When enabled to value improvements, it is stimulating to create results and they tend to put more energy into their work. Meanwhile, it is embarrassing when it is possible to reveal that no improvements have taken place. To ask for well defined results helps development and efficiency.

➤ **Assessment of progress is made easier.** Continuous monitoring of recommendations made during visits by Management Advisers is a key part of the system. By having the standardized forms — the Monthly Data Sheet, the Recommendation Form, and the Development Indicators, LWUA has made it easy both for its Management Advisers to judge how a District is performing, and for the District's own General Manager to understand what to look for to assess progress.

➤ **On-the-job training is the best way to learn.** The monthly visits have an important element of on-the-job training for the General Managers. As well as having to respond to the needs identified from previous visits, the General Manager has the opportunity to learn from the advice and experience of the Management Adviser. They can thus broaden their initial skills and learn to cope with the wide range of problems that are encountered in a typical Water District.

Research carried out in the early 1980's, by the US-based multinational computer manufacturer *Honeywell Corp.*, points to the importance of this type of training. The study found that on-the-job experience accounted for 50% of a manager's ability to manage effectively. A good relationship with others in the organization accounted for 30% and formal training only 20%.

➤ **Successful activities usually require careful planning.** Development takes place when the General Manager plans for the Water District. Having prepared, for example, for the Management Adviser's monthly visit leaves time for thinking forward. In the same way the adviser must set goals and plan for each discussion he or she will have with Water District staff. The planning is facilitated by the established forms. The Monthly Data sheet, for example, provides information for planning and taking steps to gain more development points.

➤ **Strict follow-up is crucial.** In LWUA's case, the monitoring is accompanied by strict follow-up activities. General Managers who fail to follow recommendations receive prompt warnings, and, if that fails, LWUA suggests to the Board of Directors that they be replaced. As the agency with full responsibility for establishing and financing the initial development of the Water Districts, LWUA is able to exercise some influence over the appointment of General Managers, and over their career prospects in the water utility.

➤ **Selection of people is critical.** To see development, it is essential to select staffmembers who match with their jobs. For this, it is important to analyze in detail what qualities are needed to perform the tasks. Thus, when Management Advisers and General Managers are recruited on professional merits instead of, for example, political ones, the Water Districts usually develop as entities.

➤ **Personal visits bring about improved recovery rate on loans.** The system of paying monthly personal visits to Water Districts has brought LWUA a better recovery rate on loans than that achieved by other public utilities. Repayment is encouraged both by the regularity of the visits and by the help given to the Districts in running their businesses. There is also an important mutuality of interest. While LWUA needs to have its loans repaid, the Districts need to finance new investments with fresh loans, and to obtain LWUA's technical assistance for development and expansion.

➤ **Management Advisers must remain independent.** For the Management Advisers, it is important to work closely with each Water District, but also to remain independent of the operation. For this reason, LWUA has introduced the system of transferring the Management Advisers from one District to another on a regular basis. This system has the additional advantage that special skills of different Management Advisers can be made available to each District.

➤ **Good relations with community is important.** Successful operation of a Water District depends to a great extent on the performance of the General Manager, but it also benefits from good relations with the community. In LWUA's case, many of the Districts have taken over the operations of old systems, run by politicians and with low tariffs. Some have started with new systems. In both cases, establishment of public good will is important, and the use of public hearings to put across the LWUA message has been found to work well.◆

# Samples of Evaluation Forms

MONTHLY DATA SHEET  
 Water District (CCC # \_\_\_\_\_)  
 For the Month Ending \_\_\_\_\_, 19\_\_\_\_.

**1. SERVICE CONNECTION DATA:**

1.1 Total Services _____	1.6 Changes: New _____
1.2 Total Active _____	Reconnected _____
1.3 Total Metered _____	Disconnected _____
1.4 Total Billed _____	1.7 Customer in arrears: _____
1.5 Population Served _____	Number _____ (____%)

**2. PRESENT WATER RATES: Effective \_\_\_\_\_**

LWUA Approved?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	Date Approved _____
	No. of Conns.	Minimum Charge	COMMODITY CHARGES
Domestic/Government	_____	_____	_____
Commercial/Industrial	_____	_____	_____
Bulk/Wholesale	_____	_____	_____

**3. BILLING AND COLLECTION DATA:**

<b>3.1 BILLINGS (Water Sales):</b>	<u>This Month (TM)</u>	<u>Year-to-Date (YTD)</u>
a. Current (metered)	P _____	P _____
b. Current (flat rate)	_____	_____
c. Penalty Charges	_____	_____
<b>T O T A L S</b>	P _____	P _____

<b>3.2 COLLECTIONS (Water Sales):</b>		
a. Current Accounts	_____	_____
b. Arrears (Current years)	_____	_____
c. Arrears (previous years)	_____	_____
<b>T O T A L S</b>	P _____	P _____

**3.3 ON-TIME PAID, THIS MONTH** =  $\frac{(3.2.a)}{(3.1.a) + (3.1.b)} \times 100 = \text{_____} \%$

**COLLECTION EFFICIENCY, YTD** =  $\frac{(3.2.a) + (3.2.b)}{3.1 \text{ Totals}} \times 100 = \text{_____} \%$

**COLLECTION RATIO, YTD** =  $\frac{3.2 \text{ Totals}}{3.1 \text{ Totals}} \times 100 = \text{_____} \%$

**4. FINANCIAL DATA:**

<b>4.1 REVENUE</b>	<u>This Month (TM)</u>	<u>Year-To-Date (YTD)</u>
a. Operating	P _____	P _____
b. Non-Operating	_____	_____
<b>T O T A L S</b>	P _____	P _____

4.2 EXPENSES:	<u>THIS MONTH (TM)</u>	<u>YEAR-TO-DATE (YTD)</u>
a. Salaries and Wages	P _____	P _____
b. Pumping cost (Fuel, Oil, Electric)	_____	_____
c. Chemicals (treatment)	_____	_____
d. Other O & M Expense	_____	_____
e. Depreciation Expense	_____	_____
f. Interest Expense	_____	_____
g. Others	_____	_____
TOTALS	P _____	P _____

4.3 NET INCOME (LOSS): P \_\_\_\_\_ P \_\_\_\_\_

4.4 CASH FLOW REPORT:

a. Receipts	P _____	P _____
b. Disbursement	_____	_____
c. Net Receipt (disbursement)	_____	_____
d. Cash balance, beginning	_____	_____
e. Cash balance, ending	_____	_____

4.5 MISCELLANEOUS FINANCIAL DATA:

a. Loan Funds (Total) P _____	c. Inventories P _____
1. Cash on Hand P _____	d. Acct. Receivables (customer) P _____
2. Cash in Bank P _____	
b. WD Funds (Total) P _____	e. Customer's deposit P _____
1. Cash on hand P _____	f. Loans payable L W U A P _____
2. Cash in bank P _____	
3. Investments P _____	
4. Working Fund P _____	g. Payable to suppliers and other creditors P _____
5. Reserves P _____	h. Total Debt Service (LWUA loan) P _____

5. WATER PRODUCTION DATA:

5.1 <u>SOURCE OF SUPPLY</u>	<u>NUMBER</u>	<u>Total Rated Capacity</u>	<u>Basis of Data</u>
a. Wells	_____	_____	m <sup>3</sup> /mo.
b. Springs	_____	_____	m <sup>3</sup> /mo.
c. Surface	_____	_____	m <sup>3</sup> /mo.
d. TOTALS	_____	_____	m <sup>3</sup> /mo.

5.2 <u>WATER PRODUCTION</u>	<u>THIS MONTH</u>	<u>Y-T-D</u>	<u>Method of Measurement</u>
a. Pumped	_____ m <sup>3</sup>	_____ m <sup>3</sup>	_____
b. Gravity	_____ m <sup>3</sup>	_____ m <sup>3</sup>	_____
c. TOTALS	_____ m <sup>3</sup>	_____ m <sup>3</sup>	_____

Other headlines on the Monthly Data Sheet are:  
Miscellaneous Data, Status of Various Developments  
and Status of Institutional Development.





# DISTRICT ADVISORS RECOMMENDATION

.....WATER DISTRICT.....19.....

1		MANAGER'S COMMITMENT
2		MANAGER'S COMMITMENT
3		MANAGER'S COMMITMENT
4		MANAGER'S COMMITMENT
5		MANAGER'S COMMITMENT
6		MANAGER'S COMMITMENT
7		MANAGER'S COMMITMENT

\_\_\_\_\_  
ADVISOR

TECHNICAL PERSONNEL

Rating Period; \_\_\_\_\_  
 Name of Ratee; \_\_\_\_\_

TECHNICAL CAPABILITIES

<p>1. FACTS GATHERING</p> <p>How does he find sources of data collection? Does he confirm facts pertaining to assignments?</p>	<p>Generally systematic in obtaining pertinent data, although occasionally spends more time than necessary.</p>	<p>Readily identifies sources of data, obtains and confirms information relevant to assignments within the least time.</p>	<p>Often needs close guidance in obtaining data.</p>	<p>Goes about fact gathering expeditiously.</p>
<p>2. ANALYSIS</p> <p>How does he examine facts? Does he determine their significance to problems involved? Does he break down problems into basic components?</p>	<p>Often makes superficial analyses.</p>	<p>Makes reasonably adequate analyses.</p>	<p>Makes very thorough analysis of data relevant to the problem involved.</p>	<p>Occasionally lacks depth in analyses.</p>
<p>3. DEVELOPMENT OF RECOMMENDATIONS</p> <p>Does he develop sound and practical solution to specific problems?</p>	<p>Develops generally sound and practical solutions.</p>	<p>Occasionally develops fairly sound solutions.</p>	<p>Rarely develops sound and practical solutions.</p>	<p>Develops very sound and practical solutions.</p>
<p>4. WRITTEN REPORTS</p> <p>What is the quality of his written reports whether technical, research of field?</p>	<p>Incomplete substantial revision often required.</p>	<p>Generally complete but stereotyped; changed-situation not generally recognized, close review and editing required.</p>	<p>Complete, well worded, required little or no editing.</p>	<p>Usually complete, well organized and worded; require little editing.</p>

Some titles in  
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Human Resources  
Development  
case studies

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