

**MANAGEMENT RESPONSE TO THE PROJECT PERFORMANCE EVALUATION
REPORT FOR THE SMALL-SCALE WATER RESOURCES DEVELOPMENT SECTOR
PROJECT IN BANGLADESH
(Loan 1381-BAN[SF])**

On 7 February 2008, the Officer-in-Charge, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

I. General Comments

1. We appreciate OED's Project Performance Evaluation Report (PPER) on the Small-Scale Water Resources Sector Development Project (SSWRDSP: Loan 1381-BAN). We are pleased with the overall Project rating of "successful" and concur with its effectiveness in increasing agricultural production in subproject areas. The Project also improved rural livelihoods and the access of the rural poor to microcredit facilities.

2. We note that the successful outcome of this first ADB financed project in the small-scale water resources sector in Bangladesh clearly paved the way for continued achievements under the SSWRDSP and has formed a firm basis for preparation of the third phase, "Participatory Small-Scale Water Resources Project" ([PSSWRP] under project preparatory technical assistance [PPTA] 7041 -BAN).

3. **Sustainability.** We note that the Project is "likely to be sustainable." The experience of SSWRDSP indicates that (i) increasing productivity and sustainability of Water Management Cooperative Associations (WMCAs) requires continued provision of support services, improved interagency coordination, and strengthened monitoring and evaluation processes to better identify and respond to evolving needs; and (ii) participatory development with full beneficiary engagement at critical stages (identification, planning, execution, and operation and maintenance) has direct implications for the sustainability of WMCAs. These experiences have been beneficial in formulating the PSSWRP and highlighted the need for further attention to these specific areas to enable greater sustainability of WMCAs.

4. The Integrated Water Resources Management Unit (IWRMU) was established within the Local Government and Engineering Department (LGED) under the Second Small Scale Water Resources Development Sector Project. The Unit's role is to provide continued support through internalizing and institutionalizing the subproject development process, which is considered pivotal for ensuring the WMCAs' overall sustainability. The need to further strengthen the IWRMU to catalyze its evolution as a sector champion capable to provide continued support to beneficiary communities is fully recognized and will form a key output of the PPTA for the PSSWRP.

5. Similarly, the PPER shows the linkage between sustainability of WMCAs and microcredit. We agree with the potential benefits of establishing a Livelihood Improvement Trust as a successor to the previous accompanying Japan Fund for Poverty Reduction-financed project for "Livelihood for the Poor through Water Management Cooperative Associations." In support of the PPER findings, the PPTA for PSSWRP will make recommendations for maximizing microcredit opportunities and investigate how the operational modalities of the Trust can enhance microcredit activities of the WMCAs.

II. Comments on Lessons and Follow-up Actions

6. We appreciate the PPER's lessons and recommendations. We note that the PSSWRP, which is under preparation, will incorporate the lessons and recommendations.

7. **The Need for Training.** We agree with the PPER suggestion that continued and recurrent training for the management committee members will help ensure the sustainability of WMCAs. We note that the role of the IWRMU is to provide long-term support in appropriate training to increase WMCA technical, management, production, and financial knowledge and skills. The PPTA for the PSSWRP will focus on key requirements for strengthening the role of the IWRMU and sustainability of WMCAs.

8. **Long-term Monitoring and Support for Maintenance.** We concur with the PPER suggestion that LGED needs to continue undertaking long-term monitoring to ensure maintenance of infrastructure and development of beneficiary skills. In order to ensure this, the IWRMU should be provided with adequate support and training. As mentioned earlier, the forthcoming PSSWRP will provide support for strengthening the responsiveness of the IWRMU. The requirements for maintenance will be reviewed under the PPTA for PSSWRP with clear recommendations for the level of contributions for various maintenance requirements.

9. Last but not least, we appreciate the good coordination and communication between OED and SARD, which have been advantageous in the formulation of PSSWRP. We welcome the sharing of information and incorporation of ideas from the successful outcome of SSWRDSP.