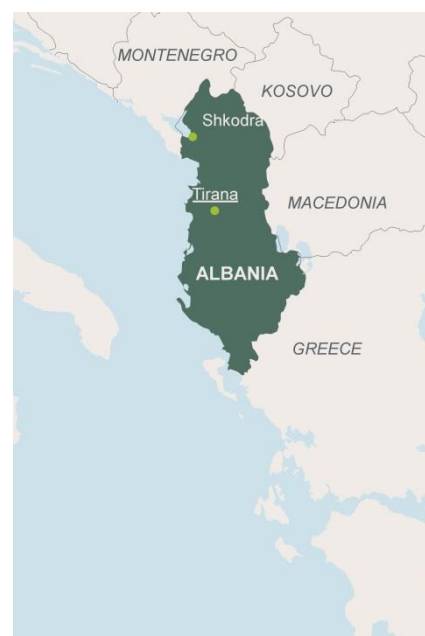


Ex post evaluation – Albania

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Sector: 14010 Water sector policy and administrative management
Project: Master plan in the water sector (BMZ no. 2010 66 240)*
Implementing agency: General Directorate of Water Supply and Sewerage (DPUK) in the Ministry of Transportation and Infrastructure



Ex post evaluation report: 2017

		(Planned)	(Actual)
Investment costs (total)	EUR million	2.1	2.1
Counterpart contribution	EUR million	0.1	0.1
Financing	EUR million	2.0	2.0
of which BMZ budget funds	EUR million	2.0	2.0

*) Random sample 2016

Summary: In this project, the development of a national water master plan over the short, medium and long-term was financed. This master plan includes a report with an investment plan which is derived from a national needs analysis for the water sector, and considers national development strategies. Moreover, the report also contains a water sector analysis. The report is based on a Geographic Information System (GIS) also financed with FC funds.

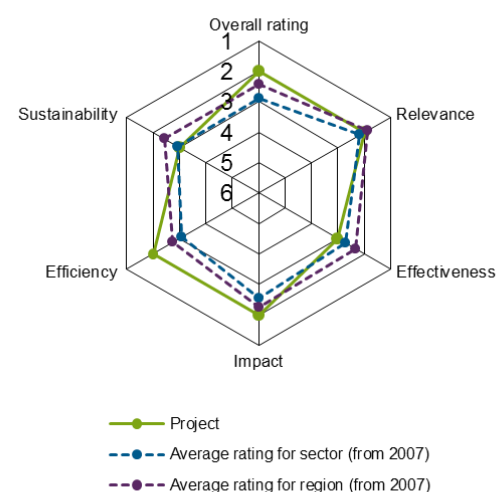
Development objectives: The overarching development objective was to provide improved services in the water sector. The objective of the FC measure (outcome) was to create an efficient and transparent allocation of funds in the water sector. All future investments in the country in the water supply and sewerage sectors must be collated in the master plan and prioritised according to the agreed criteria.

Target group: The target group was the entire population of Albania.

Overall rating: 2

Rationale: The master plan represents the first national master plan in South East Europe. The largest donors currently in the municipal water sector are taking the master plan into account for their plans. However, a suitable access and publication strategy was missing in the project concept, meaning that the water utilities in particular are limited in how they are able to use the master plan. The effectiveness is particularly limited by calculation errors, which apparently only affects the medium to long-term priority lists and are expected to be remedied by the time of the next update. The entire project is still evaluated overall as good.

Highlights: Prioritisation of government investments in the water sector using objective criteria and in accordance with the donors.



Rating according to DAC criteria

Overall rating: Rating 2

Relevance

The core problem at project appraisal was the lack of an up-to-date and transparent water master plan which could serve as the basis for the Albanian government's decisions to invest and which would also be supported by international donors. This problem was identified early on and it is also relevant from an ex post perspective.

The impact chain was not clearly presented at project appraisal and will therefore be redefined in the ex post evaluation: by creating a master plan, prioritisation in the water sector will be made more effective, thus allowing those involved to provide investments that are prioritised, and therefore also improving services overall in the water sector.

The project concept planned four project phases: (1) Situation analysis/stocktake; (2) Definition of design criteria; (3) Prioritisation concept and prioritisation system; (4) Consolidation phase with the creation of short, medium and long-term investment plans. From an ex post perspective, a suitable access and publication strategy would also have been important in order to ensure that data is forwarded to all the relevant stakeholders (see section on "Effectiveness").

The project is in line with the Albanian government's priorities. It is also in line with the sector strategy paper on water published by the Federal Ministry for Economic Cooperation and Development. The scheduling of an in-depth consultation with the other donors during the project conception for a very early stage in the implementation phase was appropriate (consultation on the specifications for the consultant, on the prioritisation criteria etc.).

The relevance is assessed as good overall.

Relevance rating: 2

Effectiveness

The objective of the FC measure (outcome) was the efficient and transparent allocation of funds in the water sector. All future investments in the country's water supply and sewerage sectors must be collated in the master plan and prioritised according to the agreed criteria. We did not identify any indicators at project appraisal. The following indicators were added during the ex post evaluation:

- Use of the plan to make investment decisions (spanning the national and donor level)
- Use of the plans by the local authorities

The water master plan published at the beginning of 2013 was Albania's first national master plan. There is even no comparable document available in the water sector in the neighbouring Balkan states. In addition to the usual priority given to the measures, a national stocktake of water supply and sewerage facilities also took place. The facilities were fed into a comprehensive Geographic Information System (GIS) and a detailed sector analysis was also created.

So that the master plan can serve as the basis for all the ministries, local administrations and suppliers involved in Albania, a staggered legalisation process was begun to give the document a more official nature, something which extends beyond the stated objective. However, this process has already been running for four years. Given the existing need for an update, from the perspective of the evaluation mission it no longer makes sense to perform ratification. This is because the results of the master plan are already being implemented practically into the work of the Ministry of Transportation and Infrastructure. Some municipalities, however, doubt the official nature of the document.

The Ministry of Transportation and Infrastructure and the General Directorate for Water Supply and Waste Water Disposal confirmed in discussions that they make their investment decisions based on the master plan. It is the only comprehensive basis on which to plan investments in the country. The Swiss Develop-

ment Cooperation and the World Bank confirm that they will use or have already used the master plan as a basis on which to make further investment decisions in Albania.

Project fund pooling of up to EUR 5 million is envisaged in the master plan. This is certainly sufficient for the open programmes of the FC. Other donors and the Single Sector Project Pipeline (SSPP) from the Western Balkan Investment Framework wish for greater financing volumes. In the case of SSPP, they have bundled all the measures into one project in Tirana, regardless of the maturity date of the measures (short, medium or long-term) and of the priority level (high, medium or low). However, the mission was informed that the SSPP project pipeline for 2015 had been erected under extreme time pressure. In 2016, mostly projects with the highest level of priority in the water master plan were used as a basis.

Via the Albanian Association of Water and Sewerage utilities, a summary report which contained briefly summarised priority lists was distributed to the municipalities instead of the complete plan. The complete version is expected to be distributed after the Council of Ministers resolution, however this is currently no longer probable. For technical reasons, it has not been possible to provide the suppliers even with read-only access to the GIS data. In turn, this limits the plan in terms of usability. The Ministry is currently planning to create a document exchange platform which is also expected to contain the master plan, for example.

Overall, the master plan was deemed to be a suitable document that is able to contribute towards a sensible investment decision. However it is also considered more of a technical document that is not easy to read or interpret.

The water master plan recommends an increase in the annual investment from EUR 86 million in 2010 to EUR 180 million. Investments made in the sector could not be increased until now, however. This is primarily due to the fact that the International Monetary Fund in Albania has formed clear savings measures. The international donors have also not expanded their commitments in the water sector. We do not, however, think it is realistic to expect the mere development of a master plan to increase the volume of investment funds considerably and therefore did not include this point in the evaluation.

To understand the system and how priorities are placed, sample calculations were conducted in the priorities tables. Projects are then evaluated and ordered using these tables. Errors in calculation became obvious during this test. In practice, incorrect values are entered into the priorities table, which lead to an incorrect order of priorities in some of the lists. According to the Ministry, the errors do not affect the order in the short-term priorities list. The relevant adjustment to the list of medium to long-term investments needs to be made as part of a planned update.

If the plan is accepted and used as originally intended, it must then be ensured that the documents used as a basis cannot be altered and that all participants are brought up to the same level of information.

A territorial reform was implemented in Albania in 2015, which transferred responsibility for the small municipal units (previously 367) over to larger municipalities (now 61). This reform also affects the water sector since the small municipal water and waste water facilities are now operated by the water and waste water utilities of the local authorities or municipal associations. The public utility corporations of the municipalities now have the task of bringing the facilities under their ownership, introducing an adequate tariff system and implementing investment plans for the rural structures. The master plan was not able to fully record these so-called "white areas", since there was very little feedback from the municipalities. As a result, assumptions were made and some projects/municipal units were observed as examples.

These "white areas" are expected to be closed up very soon as part of the territorial reform, since now more effective operators are responsible for supply, who also want to invest with the help of the donor community. The Austrian Development Agency and the World Bank are currently financing the uptake of the water supply infrastructure in rural areas. However, it is not currently possible for the data to be fed into the system and for an update of the priorities to be conducted using local funds (Ministry of Transportation and Infrastructure budget); external financing is therefore required.

The effectiveness is evaluated overall as satisfactory due to the reasons mentioned above.

Effectiveness rating: 3

Efficiency

The project duration was estimated at project appraisal to be 14 months. However, because contract conclusion was delayed and due to the great amount of effort put into planning, the project duration was increased to 29 months. In view of the highly comprehensive collection of data and the necessary expenses paid out for consolidating and consulting with the stakeholders, we consider these delays to be acceptable.

The total costs of the project came to EUR 2.1 million and consisted almost exclusively of consulting services. The specific costs can be estimated at less than EUR 1 per resident. Despite other master plan measures in the FC, there is a lack of basis for comparison.

The efficiency is overall rated as good.

Efficiency rating: 2

Overarching developmental impacts

The improvement to services in the water sector was determined as an overarching developmental impact at the time of the ex post evaluation. This is a very long-term goal, since the period up until the measures prioritised in the master plan actually find their way into the commitment phases of the donor and are then implemented is very long. This effect can therefore only be evaluated in a few years from now. At present, the annual monitoring report of the national regulatory authorities for water and waste water shows little improvement in sector performance. The developments of the coming years remain to be seen. Improvement is to be expected, however, given the key pipeline being built through the FC in the water sector, which is also connected to the water and waste water facility performance.

Albania's master plan is a tool that independently evaluates the necessity of potential projects irrespective of any political influence. The prioritisation criteria were discussed in the preliminary discussions with stakeholders.

Structural feasibility can be certified using the water master plan, since other Albanian ministries have also begun to create national master plans for their sectors, and even partners in neighbouring countries, such as Kosovo, are now considering developing their own master plans.

We evaluate the overarching developmental impact as generally good.

Overarching developmental impacts rating: 2

Sustainability

The master plan is currently supervised by only a handful of staff at the Ministry of Transportation and Infrastructure. If these member of staff change jobs, there is a high risk that the knowledge will be lost. The supervising division is expected to increase its number of staff very soon. We can still evaluate the sustainability of the plan as satisfactory, even without the extensive support of the master plan required from the Albanian municipalities and without the pending update.

Sustainability rating: 3

Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being **relevance, effectiveness, efficiency** and **overarching developmental impact**. The ratings are also used to arrive at a **final assessment** of a project's overall developmental efficacy. The scale is as follows:

Level 1	Very good result that clearly exceeds expectations
Level 2	Good result, fully in line with expectations and without any significant shortcomings
Level 3	Satisfactory result – project falls short of expectations but the positive results dominate
Level 4	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
Level 5	Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
Level 6	The project has no impact or the situation has actually deteriorated

Rating levels 1-3 denote a positive assessment or successful project while rating levels 4-6 denote a negative assessment.

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The **overall rating** on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Rating levels 1-3 of the overall rating denote a "successful" project while rating levels 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (level 3).