Ex post evaluation – Albania

Sector: 14030 - Basic drinking water supply and basic sanitation
Project: Sectoral programme water (rural regions) I and II
BMZ no. 2004 66 433 (Phase I)*, 2008 65 998 (Phase II)* and 2004 70 682 (CM)
Implementing agency: Albanian Development Fund (ADF)

Ex post evaluation report: 2017

	Phase I (Planned)	Phase I (Actual)	Phase II (Planned)	Phase II (Actual)	CM (Planned)	CM (Actual)
Investment costs EUR million	5.38	8.88	5.28	1.78	1.00	1.00
Counterpart contribution EUR million	1.38	1.38	0.28	0.28	0.00	0.00
Financing EUR million	4.00	7.50	5.00	1.50	1.00	1.00
of which budget funds (BMZ) EUR million	4.00	7.50	5.00	1.50	1.00	1.00

*) Both projects in the 2017 random sample

Summary: The measures of both phases in the open project include the rehabilitation and construction of 30 water supply facilities with the aim of sustainably improving the living conditions for the population at 50 locations in the northern Albanian districts of Shkodra, Diber and Kukes. Ultimately both phases of the project were run concurrently meaning that there were shiftings in project funds (see table).

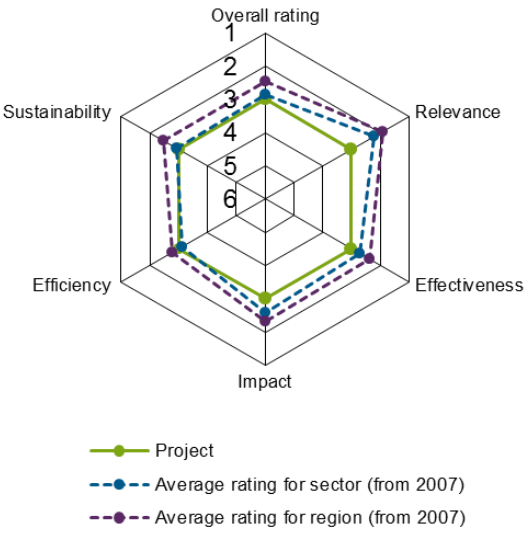
Development objectives: **FC project objective:** To improve the living conditions of the population in selected rural areas of northern Albania. **FC module objective:** To ensure a reliable, clean supply of drinking water in the selected project villages at tariffs that cover the costs and are socially affordable, expanded for the purposes of the ex post evaluation to include sufficient use by the target group.

Target group: Target group includes approximately 40,000 inhabitants in 50 villages who were connected to water supply facilities partly shared between villages.

Overall rating: Rating 3 (both phases)

Rationale: The water supply facilities (with one exception) are in operation in all the project locations visited. However, the projects achieve the desired impact only with limitations, because the ambitious goals and indicators regarding water provision, (commercial) operation or maintenance are not completely fulfilled. Indeed, the target group of the particularly poor village inhabitants were reached (connection rate). However, by including these very sparsely populated and hard-to-access target regions, this social focus results in there being sharp variation in the relevance and efficiency of the project depending on the location. Besides the layout of a settlement, relevance and efficiency also depend on very diverse initial prerequisites regarding the water supply (comparatively clean spring water in mountain villages).

Highlights: The original project conception, which foresaw a local administration of the water supply at village level, could either not be implemented or only temporarily implemented due to the Albanian territorial reform. In the medium-term, all facilities will be transferred to the (often weak) regional water utility providers.



Rating according to DAC criteria

Overall rating: Rating 3 (both phases)

Both phases were appraised at the same time (anticipated appraisal for phase II) and implemented identically. Funds were also partly reallocated between the two phases. In view of this situation, both project phases will be examined together for the purpose of ex-post-evaluation.

Relevance

In general, Albania has sufficient water resources to provide its population with clean drinking water (renewable water resources: 13,300 m³ per capita). However, the inhabitants' health is put at risk by contamination when locally available water resources are used, such as shallow wells. Moreover, the project locations generally lacked sufficient distribution networks before the project was implemented, meaning that it often took a considerable amount of time to fetch water and there was a danger of water being contaminated during transportation and storage.

The Albanian National Strategy of Water Supply and Sewerage 2011-2017 considers the improvement of the water supply as a key element in furthering the country's economic development, in particular the improvement of rural water supplies as a means of helping to reduce internal migration from rural areas to the cities. But even the effects of migration, which lead primarily to a growth in population in semi-urban areas, make additional investments in the supply structure necessary in these areas.

The project is expected to help improve the population's living conditions over the long term in selected rural areas of northern Albania. The objective of this evaluated project is therefore in line with Albania's National Strategy.

The project's target region consists of rural areas in north and north-eastern Albania, some of which are mountainous areas that are difficult to access and others which are flat lowlands with rural structures. Before project intervention, both location categories demonstrated fundamental yet different problems in regard to the quality and quantity of available drinking water.

In the mountain villages, local springs were traditionally used to provide water centrally but without a connection to households. The quality of the water resources was therefore usually sufficient, however there were deficits in the form of untapped sources or defective standpipes. But the necessary transportation of water from distant springs and the use of canisters to store water often for several days, resulting at least in theory in health risks. Moreover, it is arduous and time-consuming to draw water in the mountainous areas. Due to traditional roles and the division of labour in rural regions of Albania, this burden mostly fell to women and young girls.

In rural lowlands, water was usually supplied from shallow wells. Depending on the layout of a settlement, these wells were often used by several families. In these cases there were again no pipe connections directly to households, but as the wells were not too far away from the houses, the time taken to fetch water was kept within reasonable limits. Health risks arose primarily at these locations due to poor water quality; the infiltration of waste water, for example, often severely affected water quality.

Due to these various initial conditions, we have assessed the relevance in a differentiated manner:

- In mountain regions, the project conception was suitable for improving the living conditions in the villages by reducing the effort required to fetch water. In the same way, health risks can be reduced by transporting water to households and storing it there. However, the relevance is minimised by the fact that the mountain villages have a relatively low population density and that a significant number of the inhabitants live in the mountain villages only during the three summer months, since the villages are often cut off from the outside world during winter. Moreover, the lack of options for generating income and the resulting, widespread poverty in the mountain regions mean that it cannot simply be assumed that improving the water supply will necessarily relieve the pressure on the mountain population to migrate. The social aspects in particular spoke for the inclusion of the mountain villages, as well as the potential danger of un-

rest in these particularly poor regions (a point observed at the start of project conception) which led to the conclusion that this section of the population ought not to be subject to further disadvantages.

- In the lowlands, the relevance of reducing the effort it takes to collect water is minimal since shallow wells are locally available. However, there was considerable potential for improvement regarding water quality and health risks. This applies in particular against the backdrop of higher population densities and the resulting danger of waste water infiltration.

Given this state of affairs, the relevance for lowland locations is generally estimated to be higher than in the mountain villages. However, the number of villages located in the lowlands, which are supplied with water by gravity systems (a precondition for project participation) is limited. From today's perspective, the relevance of the subsequent phases could be increased by removing this criterion, particularly given that the higher operating costs of pump systems are met by a significantly higher income level of the target group in the lowlands. Another approach would be to give greater weight to the current supply situation when selecting the project locations, in particular by considering the prevalence of waterborne diseases.

The project conception aimed to build upon the local village structures for the technical and commercial operation of the supply facilities. As a result of a national reorganisation of local government structures in Albania, the responsibilities for the supply of water to local village structures have since been transferred to the regional water suppliers at the community level (UK). In view of this situation, the measures regarding capacity building on a village level are no longer relevant from today's perspective. The current system operators were not actually included in the objective of the original project conception, although, in hindsight, there would have been a strong need to strengthen them.

The project has the potential to positively influence the emerging tourist sector, since an improved basic infrastructure can contribute towards this, even if there are currently no noteworthy tourist activities in the project regions. In addition to this assessment, it must be stressed that the need to improve the water supply in rural areas continues to be very high (over 200 applications have already been submitted by villages for the follow-up phase, whereas the available funds are currently only sufficient for 20 villages).

From today's perspective, the project conception was attuned to the actual bottlenecks only to a limited degree.

Relevance rating: Rating 3 (both phases)

Effectiveness

Over the course of the project, 30 water supply systems were set up which are expected to supply 50 locations in 3 separate regions (quarks). The results of the ex post evaluation are based mostly on the observations made concerning the locations visited during the evaluation mission, which included a total of nine villages in all three regions.

The separately defined indicators for investment measures and accompanying measures are partly redundant and are summarised for the purpose of the evaluation. To what extent the module objectives defined at project appraisal were achieved can be assessed as follows:

Indicator	Ex post evaluation
(1) Continuous (24 h) and sufficient (>50 lcd) water supply with safe drinking water (WHO norm)	Widely achieved in 7 out of 9 villages visited.
(2) Proper operation and maintenance of the facilities without delays	Widely achieved in 6 out of 9 villages visited.
(3) Connection rate > 80 %	Achieved in 8 out of 9 villages

(4) Tariff revenues > operating costs, appropriate reserves created (EUR 7,600 per location)	Operation costs covered for the most part in 6 villages, reserves were not formed at any of the locations.
(5) Billing efficiency > 95 %	Achieved in 6 out of 9 villages (see section on "Efficiency")
(6) Collection rate > 80 %	Achieved in 6 out of 9 villages (see section on "Efficiency")

In general, a continuous supply has been achieved. However the supply to most of the villages will be stopped at hourly intervals during the summer months to be able to use the relevant sources for agricultural irrigation. This is considered to be a practical solution to the conflict on how to use water resources. However, in one of the villages visited (Plosthan), this conflict of use has meant that the newly constructed supply systems have never been used in the period since their completion. The original agreement made by the village inhabitants regarding a suitable division of water resources was subsequently reconsidered and the conflict remains unresolved up to this point.

There is no limit to the amount of water available to the users in any of the villages, with the exception of Plosthan. Regarding water quality, the lack of consistent and regular monitoring should be noted (see the section on "Overarching developmental impact"). Moreover, drinking water is to date generally not chlorinated, meaning there is a potential risk of isolated microbial contamination. However, the raw water quality (mountain sources) is determined to be quite safe and, according to health officials and local doctors, there are no indications whatsoever of waterborne diseases meaning that the water quality can be considered sufficient. Only in the village of Borje, leaks on one of the transfer pipes (not a project component) used occasionally by the supply facilities resulted in the infiltration of solids, which led to complaints from the village inhabitants.

With regard to the second indicator, a differentiation must be drawn between operation and maintenance. While the supply facilities in almost all villages are currently functioning properly, sufficient maintenance is guaranteed only with limitations. The need for maintenance and repair at the relatively young facilities is currently still low. Based on the condition of the facilities, however, it became apparent that maintenance work is performed only for acute interruptions, and that the area around some water reservoirs is overgrown, the fences damaged and door locks missing (Kishavec village). Furthermore, it became obvious in the case of Pilafe that the transfer of responsibility to the regional suppliers (UKs) can lead to a deterioration in operation quality, and in one particular case led to complaints from the inhabitants about slow reaction times from the UKs when faults occurred.

The connection rate exceeds the target value in general and is almost at 100 %, since all existing and planned houses were provided with connections when the supply facilities were erected.

Despite the fact that the objectives were not fully achieved in several respects, it should be noted that the essential intention of the project to provide a safe and continuous water supply has up to now largely been attained.

Effectiveness rating: Rating 3 (both phases)

Efficiency

Particularly since the project was limited to locations in which it is possible to construct a gravitational water supply without additional energy costs, it was also possible to guarantee in advance one aspect that is key to the efficient operation of water supply facilities.

Indicators 5 and 6, which refer to the commercial operation of the facilities, tend to be fulfilled to a lower degree than the technically oriented indicators and could only achieve target levels in two out of three random samples. This is for the most part due to the territorial reform in Albania. As a consequence of the reform, the operation of the supply facilities must be transferred to the regional suppliers, which up to now

has only been completed successfully in three villages out of the random sample (Malesi e Madhe local authority). In other villages, invoices have not been issued for months and therefore no revenue has been generated from the water supply. This can in part be traced back to the current transition phase. However, it should not be assumed that the target values for commercial operation will be achieved once the transfer of operation to the UKs has occurred, since the majority of UKs are far from achieving the project's target values when it comes to operating their own facilities.

The increase in tariffs is now sufficient to finance operation and simple repairs. Due to a lack of reliable data, it is difficult to establish a firm estimate of the population´s income proportion needed for the invoiced drinking water. However, it is obvious that this will vary greatly depending on the village observed. This is due to the many different socio-economic structures and incomes resulting from the various project locations. Consequently, in the comparatively affluent villages in the Malesi e Madhe community (Sterbeq, Kamice and Dober), the percentage paid out for the water bill from the household income is very small (<1%), while in isolated and poor mountain villages (e.g. Shemri and Borje), this percentage is considerably higher and is estimated to lie more at a scale of 5%. However, the willingness of inhabitants supplied with water to pay remains unhindered, insofar as the operator's service (in particular the reaction times in case of failure) are considered satisfactory. This evaluation of the supply facilities is relevant for the allocation efficiency and corresponds to the general sense of satisfaction expressed by the village inhabitants with project facilities. To make a further observation regarding allocation efficiency, it must however first be determined to what extent the investments made in these isolated mountain villages are appropriate. Water supply solutions were provided under extremely unfavourable conditions at considerable expense for sparsely populated villages which are for the most part only inhabited during the three summer months anyway, since the villages are mostly cut off from the outside world during the rest of the year. In addition, these mountain regions in particular have up to now been supplied with generally clean spring water, meaning that the effects of the project are in essence limited to providing a convenient supply to households via service connections, thus relieving the population of the often long walk to the next water source. Moreover, there is the political desire to avoid further disadvantaging these isolated mountain villages.

The investment costs per inhabitant supplied appear to be relatively high (EUR 200) when considered from an absolute point of view. However, this level of cost is still deemed appropriate even in the face of extremely difficult conditions at the project locations (topography, low population density, small supply units).

Naturally, the efficiency of the entire project is hampered by the construction of a supply facility that is not in operation (Plosthan). It is not possible to exclude with any certainty that there will not be similar problems in other locations that were not visited, especially as the project executing agency apparently had no knowledge of the specific situation in Plosthan.

We rate the project's efficiency as satisfactory but only with restrictions.

Efficiency rating: Rating 3 (both phases)

Overarching developmental impacts

There were no separate indicators defined for the overall developmental objective - the sustainable improvement of the target group's living conditions at the project locations. The assumption made at project appraisal – that this overarching objective would be reached upon achieving the module objective– still stands today, insofar as no negative effects occur, particularly as a result of the problems arising from increases in waste water. This was not the case in the locations visited. Nevertheless, individual deficiencies relating to waste water and sewage disposal could be identified which, according to the unanimous opinion of all those affected, arose before project implementation and represent no acute risk to health. Still, there should be greater emphasis placed on improving waste water disposal for future projects,especially because some local authorities (Tomin, responsible for the project village Pilafe) attribute a higher priority to wastewater-related problems than to deficiencies in water supply (in non-project villages).

A difference must be noted between mountain villages and villages located at a lower altitude when improving living conditions, since the supply situation ex ante was predominantly determined by the respec-

tive location of the project village. As a result, the villages at a lower altitude had to use drinking water of dubious quality, that was, for example, supplied from private shallow wells. As a result of the project, positive health effects for the population were therefore in all probability achieved. Conversely, the mountain village inhabitants generally used clean mountain spring water, even though drawing water was tedious at times due to the distance from the spring, and the potential for recontamination arose by storing water in households (although conversations with local medical staff provided no indication of there being any cases of waterborne diseases in the mountain regions over the past decades). Correspondingly, the effects of the project in the villages at lower altitude are more far reaching than in the mountain villages. Taking these mountain villages into account, however, also shows the political will to avoid excluding these already disadvantaged locations.

The time saved by improving the water supply (especially in the mountain villages) for the women, who up to now have been responsible for water collection, cannot be used as a means to generate income due to a lack of possibilities. Even during project appraisal, it was assumed that the effect would simply be more time, for example for childcare and housework, and more time to study for young girls.

To better estimate the effects of the project, two villages were visited during field visits, in which the water supply had not been a part of a Financial Cooperation or any other projects. In the village of Stajka (near to the city of Shkoder, low altitude), the inhabitants have to draw their drinking water from shallow wells. The resulting water quality is limited by the extensive use of septic tanks together with a comparatively porous soil structure. According to the village inhabitants, this supply situation leads to waterborne diseases (including skin diseases). In the village of Ustilence (Diber region), the supply relies on a connection to the network in the neighbouring town, but via standpipes. This water is transported via garden hoses from the standpipes to alternate households in the village. Besides the obvious hygiene problems arising from this supply situation, the amount of water available is also limited, since the town supplying the water can only spare the water Ustilence requires on an hourly basis.

The desired impacts contained in the National Sector Strategy, namely the curbing of migration trends towards the cities through the development of water supply facilities, cannot be verified and were also not expected at project appraisal. The key causes of migration lie first and foremost in the lack of opportunities to generate income and can only be reduced slightly by creating a basic infrastructure.

The overarching developmental impacts of the project are evaluated as satisfactory.

Overarching developmental impacts rating: Rating 3 (both phases)

Sustainability

To ensure the sustainable operation of supply systems, it was originally planned at project conception to train one village inhabitant in each of the villages and to assign to them the operation of the technically undemanding facilities (supply, maintenance, billing).

However, the responsibility for the water supply was transferred from the original municipalities to larger utility companies (UK) at a regional level as part of the Albanian territorial reform. This may lead generally to a more professional operation and increased efficiency, therefore ensuring sustainability. However, this reform process is not yet complete, and the status of implementation varies between regions.

It became evident in some villages that the operating structures with local representatives prescribed in the project conception are still functioning in part and therefore would in theory be suitable for sustainable operation. However, the operating structures (in relation to the fee collection and maintenance) in other villages are no longer at hand. These villages are currently in a transitional period since the regional reform has only been partly implemented. There is also some uncertainty amongst the inhabitants supplied with water and local politicians as to the future water supply facilities (date of facility transfer, maintenance, costs, fee collection).

The target group greatly appreciates a safe water supply, especially in relation to quality and quantity. Despite the revoked responsibilities, fee collection and maintenance duties are partly maintained on a local level (without a formal contractual relationship), particularly where the UK is not yet invoicing. If, however, these fees are paid to the UKs in the future, they will most probably no longer be used to maintain the fa-

cilities located in the villages which, up to now, have required little repair. The UKs will more likely be forced to use this revenue to maintain their other, already dilapidated supply facilities.

The project villages received a basic set of equipment comprising tools and spare parts paid for by project funds. The money received from the fees was not sufficient to create financial reserves. However, it is doubtful as to whether any such reserves would have still remained available to the village in question during the transfer of responsibility for operations to the UKs.

In many cases, the UKs were yet unable to assume responsibility for the facilities and their operation. The majority of UK are economically weak and can only continue to function with the help of state subsidies. At the project locations, the UK have failed to introduce tariff structures or introduced only insufficient tariff structures (e.g. low flat rate tariffs). In addition to generally increasing their performance levels (e.g. covering operating costs), the UK also need to be aware that the sustainable operation of facilities in these villages, which are often difficult to access, can only be ensured by the clear assignment of responsibilities (e.g. regards the remedying of faults or the creation and collection of bills) and through sufficient capacities.

The original project conception to supply the villages independently (without interference from UKs) is evaluated as a conscientious and logical decision and would have led to a better outlook in terms of sustainability for the financed infrastructure. As a result of the territorial reform, all systems will for the medium term be operated by weak UKs and will therefore remain outside of the project's range of influence. It can therefore be assumed that, unless the UKs are strengthened significantly, the outcomes of the project-financed facilities are likely to become less and less prominent over the course of the facilities' service lives. In contrast, there is at least the potential opportunity in future to cross-subsidise various locations within a larger network, something which would not be possible if the current situation of isolated facility operation were to continue.

Sustainability rating: Rating 3 (both phases)

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).