

Ex Post-Evaluation Brief

BURUNDI: Sector Programme Urban Water Supply Phase 1



Sector	Water supply and sanitation - Major systems (14020)	
Programme/Client	Sector Programme Urban Water Supply, Phase 1 – BMZ No. 2002 66 478*	
Programme executing agency	REGIDESO	
Year of sample/ex post evaluation report: 2013/2013		
	Appraisal (planned)	Ex post-evaluation (actual)
Investment costs (total)	EUR 3.5 million	EUR 3.8 million
Counterpart contribution (company)	No data	EUR 0.3 million
Funding, of which budget funds (BMZ)	EUR 3.5 million EUR 3.5 million	EUR 3.5 million EUR 3.5 million

* random sample 2013

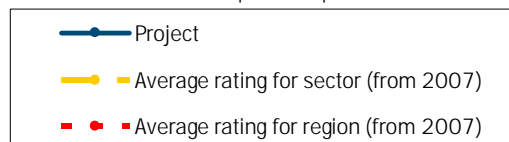
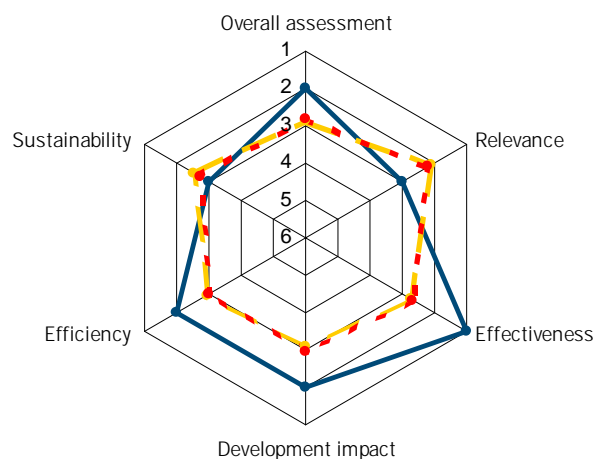
Short description: The programme comprised the rehabilitation and expansion of the water systems in two urban quarters of the capital Bujumbura and six secondary centres. Equipment, in particular water pumps, supplies and spare parts as well as tools and vehicles to support the correct operation of the supply systems were financed for this purpose. The programme incurred total costs of EUR 3.8 million, 92% of which (EUR 3.5 million) were funded from an FC grant and an estimated EUR 0.3 million (around 8%) from the agency's own funds.

Objectives: The overall objective (*impact*) of the programme was to contribute to improving the health of the population, and in particular to combating waterborne diseases. The programme objective (*outcome*) was to contribute to facilitating the population's access to hygienic and safe water and reducing supply restrictions in the urban centres. During the course of ex-post evaluation (EPE), a second overall objective and a second programme objective were additionally defined to take account of the fragile context: overall objective 2: the programme was to make a contribution to stabilisation and peacebuilding. Programme objective 2: the supply of drinking water was to improve perceptibly among large parts of the population. The target group of the programme was the population of the programme locations (about 3.7 million people).

Overall rating: Note 2

The shortcomings in the alignment of the donors, which were identifiable at the time of the EPE also have an effect on long-term sustainability, are only partially compensated for by the good results achieved regarding the effectiveness, efficiency and primary impact of the programme.

Rating by DAC criteria



EVALUATION SUMMARY

In respect of effectiveness, efficiency and impact, the programme can be regarded as successful. This is not the case when it comes to the criteria of relevance and sustainability. As regards the fulfilment of these criteria, the donors must be held jointly responsible in light of the country's dependence on external financing. This particularly applies to the alignment as defined by the Paris Declaration, which was not recognisable at the time of the EPE. Each donor pursues its individual interests and has its individual requirements for the programme-executing agency. Consequently, each activity/investment is assessed primarily from the perspective of the respective donor, but not from that of REGIDESO, which has to meet a wide variety of demands regarding execution, reporting, operation and the assumption of additional tasks outside its legally defined area of activity. This failure to take account of the institutional, economic and financial burden on the agency imposed by the totality of the currently still uncoordinated donor activities constitutes a risk for successful development cooperation with REGIDESO, even if this cooperation has so far managed to ensure at least the coordination of the major infrastructure measures. The lack of coordination among the donors also ultimately has an impact on the agency's economic and financial performance and therefore also on the sustainability of individual investments. This is particularly true when the agency has agreed to non-profitable investments without the availability of transfer payments for later hedging of the operation having been secured up front.

The shortcomings in the alignment of the donors, which were identifiable at the time of the EPE and have a considerable effect on the sustainability of the investments, are compensated for by the good results achieved regarding the effectiveness, efficiency and primary impact of the programme.

Overall rating: 2

Relevance

From today's perspective too, the FC programme addressed a central problem within the water supply: the civil war between 1993 and 2002 led, in places, to the considerable destruction of the water supply infrastructure and to significant difficulties for REGIDESO in maintaining a properly functioning supply operation. The equipment financed by the FC promised to make a significantly recognisable contribution to sustaining water production and expanding it as of 2008. The chain of effects assumed at the programme appraisal stage, whereby investments in the WS would make a contribution to the health of users also remains valid today. No *alignment* of donors could be recognised at the time of the PP (2002), since all donors held back as they awaited the development of the internal political situation in Burundi. At the time of the EPE, a formal sectoral dialogue is under way between the donors and the Burundi side. However, the current allocation of measures among the donors in the financing of infrastructure investments is not the result of the intensive sectoral dialogue, but that of individual donor-specific offers, which are successfully coordinated by REGIDESO.

The current sectoral dialogue has not yet led to an agreement on content among the donors in the sense of the Paris Declaration. Moreover, it can be seen that REGIDESO is confronted with a very wide variety of demands regarding execution, operation, reporting and the assumption of additional tasks outside its legally defined responsibilities. As none of the partners, including the German development cooperation, uses REGIDESO's existing reporting systems, e.g. the monitoring of a great variety of indicators demanded by the donors results in an additional burden on the agency and thus leads to it incurring additional administrative costs. With Burundi's current favourable prerequisites for an efficient alignment (a relatively small country, an essentially effective central agency, the high availability of external financing), an opportunity has been missed here following the recommencement of cooperation in the middle of the last decade.

However, at the time of the appraisal not so much importance was yet attached to donor coordination internationally. Moreover, the programme was geared towards a quick impact (emergency aid character). For these reasons, not so much weight can be attached to the lack of alignment today. We rate the relevance as satisfactory.

Sub-Rating: 3

Effectiveness:

In the separate agreement pertinent to the financing agreement of 7 August 2003, the agency and KfW agreed on the programme objective of facilitating the population's access to hygienic and safe water in the short term and for a limited period, and of making a contribution to reducing supply restrictions. A 10% decrease in supply interruptions and a 25% increase in the duration of supply were indicators for the achievement of objectives (indicator 1.1). Furthermore, the water quality was to fulfil the requirements of the WHO (indicator 1.2). The indicator values were to be reached two years after the systems went into operation.

A second programme objective is additionally defined during the course of the EPE to take account of the fragile context: the water supply was to improve perceptibly among broad sections of the population.

Indicator 1.1 was not further pursued as part of the EPE for two reasons: (1) No corresponding operating statistics are available to the agency for the calculation of percentage changes in supply interruptions and the duration of supply. (2) The data regarding the sale of water and the connection figures, routinely collected by the agency, are not sufficient to demonstrate the achievement of objectives regarding the reduction of supply restrictions and facilitation of access.

According to the statistics of the Direction Commerciale of the programme-executing agency, the sale of water in m³ increased significantly between 2008 and 2012 (completion of the facilities 2008/2009) at the programme locations, with the exception of Muyinga.

Year / Location	2008	2009	2010	2011	2012	Growth 2008/2012
Bujumbura	17.710.706	17.596.392	17.445.895	19.324.174	20.099.227	+ 13,4%
Gitega	850.280	967.887	1.333.881	1.476.225	1.421.972	+ 67,2%
Rutana	77.017	84.160	3.881	193.607	300.387	+ 290%
Mwaro	123.057	133.200	143.549	155.936	149.365	+ 21,3%
Muyinga	178.845	138.071	145.316	126.024	177.358	- 0,8%
Ngozi	617.360	646.460	503.357	692.882	845.383	+ 37,0%
Kirundo	177.789	240.327	180.191	128.954	225.106	+ 26,6%

The number of house connections also rose significantly over the same period:

Year / Location	2008	2009	2010	2011	2012	Growth 2008/2012
Bujumbura	29.374	32.741	34.379	38.913	40.668	+ 38,4%
Gitega	2.773	3.142	3.408	4.365	4.980	+ 79,6%
Rutana	307	327	342	454	564	+ 83,7%
Mwaro	92	120	154	168	182	+ 97,8%
Muyinga	665	736	743	906	1.025	+ 54,1%
Ngozi	1.753	1.949	2.147	2.475	2.776	+ 58,3%
Kirundo	454	473	546	639	707	+ 55,7%

Water quality (indicator 1.2) is checked regularly by REGIDESO and also recorded auditably on a limited basis. Only a chemical analysis is carried out, with microbiological analyses only being conducted in problematic cases that are reported to REGIDESO. The checks can be rated as satisfactory. The proven residual chlorine content in the Bujumbura network fluctuates between 0.2 and 0.3 mg/litre. No problems with the water quality have become known. We regard the second programme objective as having been achieved since, at least in the short term, broad sections of the populations, both Hutu and Tutsi, are benefiting from the improved water supply.

Overall, in view of the critical framework conditions in Burundi, the programme objective achievement is better than expected.

Sub-Rating: 1

Efficiency

During programme appraisal it was rightly decided not to undertake an economic and financial appraisal of the systems installed within the framework of the programme, since it would be no simple matter to allocate costs and income to individual assets in an overall system of water production and distribution. A balance-sheet analysis of the agency was therefore undertaken to assess efficiency at the time of the EPE. According to that analysis, the gross profit before personnel costs, depreciations, provisions and subsidies developed as follows:

(in '000 Burundi Francs)

2009	2010	2011	2012
10.645.057	6.440,076	6.790.216	25.666.268

Due to the across-the-board tariff increase in 2012, the programme-executing agency is currently able to cover the operating costs for water and power supply. The minimum requirement of FC for water supply programmes at the agency level is therefore fulfilled at the time of the EPE. The full cost recovery required in the BMZ's water sectoral concept is fulfilled in 2012. The operating result after personnel costs, depreciation as well as taxes and provisions for risks was positive in 2012.

(in '000 Burundi Francs)

2009	2010	2011	2012
-173.509	-4.272.578	-7.932.239	11.126.609

The current economic performance is, however, counteracted by merely weak collection efficiency with the corresponding adverse effects on the financial performance of the agency. Thus the collection rate (balance-sheet date calculation as at the end of financial year 2012 without amortisation and write-offs of doubtful debts) was between 54% and 62% (for electricity and water). This has a significant impact on the agency's liquidity situation, which appears to be under great strain. On the other hand, however, REGIDESO has managed to reduce the debtor collection period of nine months in 2009 to seven months in 2012 (creditor payment period in 2012: eight months). In addition to this slight improvement in the commercial component of non-water revenue, it also proved possible to reduce the technical losses (difference between production and billing) to 31% (2012) at the level of the company as a whole.

The programme objective was to improve the provision of water and peacebuilding through the rapid visibility of the measures. Rather than the planned 41 months (mid-2003 to early 2007), the programme actually took 66 months (mid-2003 to early 2009). The rapid visibility was therefore only limited (allocation efficiency).

We rate the results in relation to the efficiency criterion as good overall.

Sub-Rating: 2

Impact

The intended overall objective of the programme is a contribution to improving the health situation of the population. For the EPE, a second overall objective was additionally defined to take account of the fragile context: the programme was to make a contribution to stabilisation and peace building.

On the basis of the close relationship between water and health already demonstrated many times by international studies, it seems plausible that the health objective could be reached subject to the restrictions on the character of the programme as an emergency measure.

Furthermore, without the financing of equipment it would not have been possible to preserve the substance of REGIDESO's assets. By preserving their substance, the agency succeeded in again rehabilitating and expanding its water supply after the civil war, as the operating statistics presented above show. Moreover, a structural effect should be noted: despite an emergency situation, the agency did not abandon its autonomy in favour of a possible direct FC service, which would have been equivalent to a substitution for the agency, but carried out the asset installation work at its own expense. While this extended the execution period considerably (66 months instead of the planned 41), the fundamental development objective of strengthening the local structures, on the one hand through third-party financed investments and, on the other, through own contributions, has been achieved.

Sub-Rating: 2

Sustainability

At the time of the EPE, the agency is in a position to ensure the sustainability of the investments. There are risks to that sustainability primarily at two levels.

The ongoing investment programmes of the various donors in the electricity and water areas of REGIDESO activity lead to increasing operational requirements and to greater expenditure in relation to operations and depreciation, which will reduce the good net operating result achieved in 2012. This is the case especially when with support from, or the approval of donors, REGIDESO invests in unprofitable individual systems for political reasons. To date, there are forecasts at the agency level regarding, on the one hand, the charges to be expected and, on the other, possible additional income, solely at the World Bank, which, however, only takes into consideration its own investment and not those of the other donors. Without this essentially necessary review, to be constantly updated, of the viability and performance of REGIDESO as a whole, only a part of the sustainability risks for individual investments is captured.

The splitting of REGIDESO into two independent companies responsible for electricity and water respectively, which is currently under discussion, and the decentralisation of the corporate structure, which is also being considered, would probably not constitute a solution, neither for strengthening long-term supply structures nor for ensuring sustainability. In each region/at each location, it would be necessary for the agency to establish its own central services (operating statistics, accounting, procurement of spare parts, investment planning, and training), while a regulatory authority would be required at the national level. The development and operation of decentralised structure would necessarily incur costs, and indeed lead to considerable cost burdens on the regional entities. However, there are no concrete reliable economic assessments that lend weight to the hypothesis that the income side is strength-

ened through decentralisation. The current uncertainty regarding the future of REGIDESO as a company, and thus the future of the water supply, is regarded as an institutional sustainability risk, since against the backdrop of the lack of alignment it cannot currently be assumed that the donors will agree on a shared position and on a shared financing of possible institutional changes.

Sustainability exists even though the programme was implemented shortly after the civil war. However, Burundi continues to be perceived as an unstable country (State Fragility Index: 18, i.e. highly fragile). We therefore award a rating of satisfactory for the sustainability.

Sub-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:

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

Ratings 1-3 denote a positive or successful assessment while ratings 4-6 denote a not positive or unsuccessful 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. Ratings 1-3 of the overall rating denote a "successful" project while ratings 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" (rating 3).