Ex post evaluation – Peru

Sector: 14020 Water supply and sanitation, wastewater management
Programme/project: Sector reform programme for urban water management (PGF), Phase V (BMZ no. 2012 66 287) and VI (BMZ no. 2012 65 743)*
Implementing agency: Ministry of Housing, Construction and Sanitation

Ex post evaluation report: 2019

	Phase V Planned	Phase V Actual	Phase VI Planned	Phase VI Actual
Investment costs (total)in EUR million	15.00	15.00	15.00	15.00
Counterpart contributionin EUR million	0.00	0.00	0.00	0.00
Funding** in EUR million	15.00	15.00	15.00	15.00

*) Random sample 2018 **) Plus USD 25 million for each phase from the Inter-American Development Bank

Summary: The sector reform programme for urban water management was set up as sectoral budget support and was run in close cooperation with the Inter-American Development Bank (Banco Interamericano de Desarrollo, BID). It comprised six phases, which covered the entire term of the Peruvian national plan for urban water management for the period from 2006 to 2015. From today's perspective, it is regarded as a policy-based loan. The disbursement of funding was linked to progress related to reforms in the urban water management sector already agreed in policy matrices for phases I to III and phases IV to VI (policy-based lending). The project was set up to generate incentives for the necessary sector policy reforms and regulations. The second policy matrix added new issues, such as environmental protection, climate change adjustment and integrated water resource management, and focused more on structural reforms to improve the performance of the institutional framework. This evaluation relates to phases V and VI of the sector reform programme.

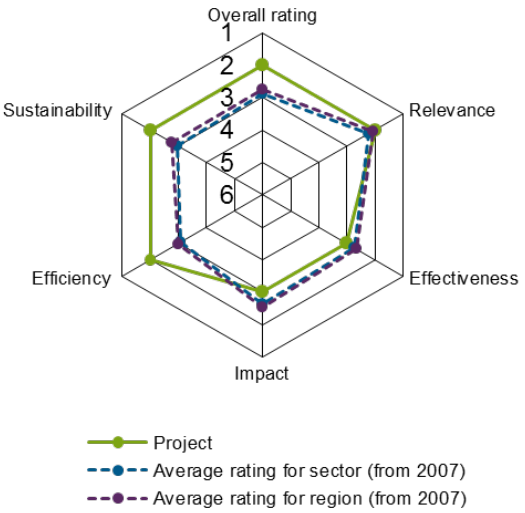
Development objectives: The project's objective at outcome level was to contribute to improvements in the efficiency, social and environmental compatibility, and sustainability of socially fair drinking water supply and wastewater disposal services (outcome). The goal at impact level was to improve the population's access to drinking water and sanitation services over the long term.

Target group: The project's target group was members of the Peruvian population who were affected by poor or non-existent drinking water supply and wastewater disposal services.

Overall rating: 2

Rationale: The FC and BID sector reform programme for urban water management was focused on supporting important institutional reforms and mainly achieved its objectives according to the indicators. The partners BID and KfW supported the government efficiently and met the high demand for financing in the sector. The development effectiveness is satisfactory, and it is expected that the sector-based policy impacts will largely be maintained. The underlying conditions needed to systematically and uniformly regulate the sector were established with the urban water management modernisation act.

Highlights: The project was embedded in the FC's long-term cooperation in the urban water management sector. This facilitated good cooperation with BID. Some of the actual disbursements took place a long time after the required content goals were met and the reform objectives were developed or adjusted, primarily as a result of formal requirements in Peru. However, this did not affect the dialogue process. It is also worth noting the successful integration into a system of indicators and targets in addition to a policy matrix.



Rating according to DAC criteria

Overall rating: 2

Ratings:

Relevance	2
Effectiveness	3
Efficiency	2
Impact	3
Sustainability	2

General conditions and classification of the project

The project under discussion was registered as sectoral budget support (programme-oriented joint financing, PJF). From today's perspective, it is viewed as a policy-based loan. A contribution was made to the overall Peruvian budget, coupled with the achievement of certain policy goals related to urban water management. The project was designed as cofinancing for a development policy loan (DPL) from the Inter-American Development Bank (Banco Interamericano de Desarrollo, BID).

The sector reform programme was planned based on the priorities in Peru's national urban water management plan for 2006 to 2015 (Plan Nacional de Saneamiento 2006–2015, PNS). It is obvious that both the objectives and the disbursement-relevant policy matrix were developed collectively by the Peruvian government, KfW and BID; the project is also clearly embedded in the programme approach of the German contribution. As such, the project should be classed more as a joint policy-based loan than just simple cofinancing. This evaluation looks at phases V and VI of the sector reform programme. They are the last two phases of the overall support programme, which covered two stages with one policy matrix for phases I–III and one for phases IV–VI. Compared to the first stage, the second stage (consisting of phases IV–VI) incorporated new issues, such as environmental protection, climate change adjustment and integrated water resource management. It focused more on systematising the structural reforms initiated in phases I–III in order to improve the performance of the institutional framework.

Relevance

Under the PNS 2006–2015, drinking water supply and wastewater disposal had been two of the main infrastructure development priorities for alleviating poverty in Peru since 2006. In 2005, almost a quarter of the Peruvian population had no access to safe drinking water; 81% of urban residents and 64% of rural inhabitants had a water supply. A total of 41% of the population had no access to basic sanitation; 72% of the urban population was connected to these services, while the figure fell to just 30% in rural areas. The targets in the PNS 2006–2015 were ambitious: the aim was to expand the drinking water supply to 83% (89% urban/70% rural) by 2015 and increase access to basic sanitation to an average of 77% (84% urban/60% rural). A further aim was to increase wastewater treatment from 22% (2005) to 100% (2015) in urban zones.

The project supported the PNS by means of the dialogue concerning structural reforms and through the provision of funds to cover the significant amount of investment required[1]; one TA component (Technical Assistance) – as is common for policy-based loans – was provided by BID prior to the allocation of the loan. The TA studies aimed at supporting the Peruvian government in implementing the political reforms that were linked to the PBL. FC provided support by deploying experts financed by the study and expert fund; this form of support enabled it to introduce issues such as climate change adjustment.

The PNS contained five policy matrix goals: 1. Modernising the management of the sanitation sector, 2. Increasing sustainability, 3. Improving the quality of supply services, 4. Improving financial sustainability,

[1] Under the original plan: almost USD 4 billion for 2006–2015 (PNS, p. 22 et seq.).

and 5. Increasing access to services (PNS, para 2.4). The PNS is the Peruvian government's policy planning basis and served as the foundation for all donor contributions in the sector. The sector reform programme supported all five targets in the PNS and brought the project's specific contributions into the policy matrix's areas of activity (see Effectiveness).

The concept of using funds to trigger the necessary structural reforms was underpinned by German FC's long-standing, broad cooperation in the sector, and noticeably steady collaboration between BID and KfW. In 2014 – around the time the PNS ended – there were seven other FC projects and four TC projects in the EC programme "Drinking water and sanitation in selected cities" in addition to the sector reform programme. At this point, it became clear that problems, such as the sustainability of the investment project, were unresolved, which was why a new approach was promising. The sector reform programme supported the underlying institutional conditions for the investment project's sustainable effectiveness. KfW's local presence in Peru was able to become heavily involved in designing the policy matrix and also assumed a major role in the cofinancing with BID.

The logic of reinforcing the effectiveness of sector investments by promoting the regulatory and institutional framework appears appropriate. For instance, reinforcing financing in the sector (output 1) is an important prerequisite for investment sustainability, while reinforcing management capacities (output 4) indirectly contributes to the sector's overall performance. Transparency (output 3) is a prerequisite for public control functions, which are expected to improve the range of services in the water sector over the medium term. In this respect, urban water management was of major importance for all parties and political stakeholders as an interdisciplinary issue. For this reason, the sector reform programme had the potential to contribute to improving the conditions for sector development overall. The project's concept aimed to contribute to progress related to Millennium Development Goal 6.C. and the subsequent Sustainable Development Goal 6 ("Ensure availability and sustainable management of water and sanitation for all").

The project's target group was members of the Peruvian population who were affected by poor or non-existent drinking water supply and wastewater disposal services. This was appropriate for the project. Through the development of planning formats and regional urban water management plans, the project's measures addressed various areas, but in particular rural areas.

Even from today's perspective, it should be noted that the project was highly relevant in view of Peru's sector targets, the target groups' needs and the German Federal Government's goals, as set out in the 2006 water sector concept and in its 2008 cooperation concept in the field of urban hygiene and wastewater management. Furthermore, the now adapted focus areas[2] for German DC with Peru can benefit from the sector reform programme's structural changes, such as those related to the regulations in the urban water management modernisation act and the institutional setup of service providers and their financing.

Relevance rating: 2

Effectiveness

The FC project's module objective (output) was to improve the efficiency, social and environmental compatibility, and sustainability of the drinking water supply and wastewater disposal. The module objective corresponds to the goal in the PNS 2006–2015 and the goal formulated in the BID documents.

Deviating from the plan for the FC project, the effectiveness was evaluated using 18 indicators in 4 programme areas in line with the programme logic used by BID (and the PNS). The seven indicators that the project was due to use to measure the achievement of the module objective are used to measure the impact – BID also applied this approach.

In addition to a system of targets within an impact matrix, the project – working with BID – also led the dialogue with the government in line with a policy matrix in subject areas that were not identically formulated but could still be assigned to an area. The policy matrix agreed on measures in the subject areas used in the PNS national plan as a foundation for ongoing political dialogue. In contrast to the indicators in the im-

[2] (i) Environmental policy, protection and sustainable use of natural resources, (ii) Sustainable urban development in the age of climate change, (iii) Democracy, civil society and public administration

pact matrix, the formulation of the policy matrix is rather vague with expressions such as “in progress” instead of a precise description of what progress actually means. The indicators in the policy matrix do not relate to investments but to all structural elements, such as national and regional urban water management plans, the institutional reinforcement of the Ministerio de Vivienda, Construcción y Saneamiento (MVCS), regulations concerning business financing, the creation of control systems for existing regulations, and the recovery of overdue payments (among others). The somewhat vague format of the policy matrix was the basis for ongoing dialogue, during which the parties agreed to a shared perspective and any necessary changes. A third matrix, Matriz de Medios de Verificación, expanded the policy matrix with precise disbursement-relevant triggers. During the dialogue, the measures in the policy matrix were adjusted according to their level of ambition, with downgraded elements and upgraded elements more or less balancing each other out. The most important adjustment – and one which had not been anticipated, even during project planning – was the development of a comprehensive piece of legislation for the modernisation of urban water management.

The target achievement in relation to the impact matrix is assessed as follows:

Output #1: the sector has a stable, long-term finance system.
The output was due to be measured with an indicator showing the proportion of public expenditure used for urban water management. However, the underlying base value for this figure is unrealistic (20.3%). The new urban water management modernisation act passed in 2013 – introduced mainly due to the project’s impetus – specifies a value of 3% of total expenditure and 12% of investment spending. These figures were reached in 2014 with 3.66% of total expenditure and 12% of investment spending. The legislation created the legal basis for achieving the output. In this respect, stating “The prerequisites for a finance system with long-term stability have been established” would have been more correct.

Output #2: the regulations in the sector are suitable for reflecting new duties.
The output is measured with 4 indicators, 3 of which have been fully achieved: creating cross-subsidies for poor user groups, control functions for the discharge of industrial wastewater, and the implementation of an accounting system for utility companies in small municipalities. The indicator regarding the introduction of a social transfer system aimed at providing poor people with grants for supply costs was developed only for the utility business SEDEPAL in Lima, though it had not yet been implemented at the time of BID’s report. The target value is low.
Overall, progress is good.

Output #3: corporate governance and the transparency of utility companies have improved.
The output is measured with six indicators – including one on the publication of data and personal profiles and one on cooperation with the private sector – two of which have been achieved in full, one which has been partially achieved and one which has not been achieved at all (the output is lower than the base value). Two further indicators show no signs of relevant information.
Overall, progress has been made, primarily with regard to increased professionalisation of management within the supply companies as a result of lower staff fluctuation and more systematic professional development. It was more difficult to improve transparency in the companies and increase cooperation with the private sector.

Output #4: sectoral management is economically, socially and ecologically sustainable within the scope of policy, practice and the available resources.
The output was measured with seven indicators, all of which were achieved. This demonstrates the project’s strengths: the management tools within the sector were improved and also applied. However, the predominantly very low target values – mostly two supply companies – reveal that tools were mainly developed in individual supply companies and most examples of use also come from individual companies, so widespread application across a large number of supply business has yet to take place.

In the case of output #4, it should also be noted that one accomplishment of PBL was bringing the various parties active in the sector “around one table”, from the Finance Ministry and national water institutions through to an association of local water suppliers. New issues, such as adjustment to climate change, could be integrated into the sector discussion.

From today’s perspective, the module objective appears adequate; the 18 indicators were also relevant and collectively reflect all aspects of the module objective. The documents show that ongoing, intensive dialogue concerning the policy matrix and progress took place between the parties. They also reveal that

the policy dialogue was embedded in a long-term cooperative relationship. In 2011, FC included eleven active urban water management projects in the report – in addition to the six projects with BID during the active phases of the PBL. Furthermore, there were two TC projects in the stricter sense and one regional TC project. The FC's strong position in the Peruvian water sector was a good prerequisite for dialogue by means of a PBL. It is plausible that the DPL contributed to modernising regulations within the sector and thus also improved the underlying conditions for achieving the investment projects' targets. In this respect, the project contributed to establishing the conditions required for the modernisation and growth of drinking water supply and wastewater disposal.

Disbursements from the German contribution were heavily delayed compared to those from BID.[3] The German financing agreements have to be passed by the Peruvian parliament as pieces of legislation, a process which took a long time. Furthermore, Peru was in a period of debt rescheduling at that point in time; during this phase, any new borrowing was carefully scheduled and controlled by the Peruvian Finance Ministry. DPL VI was not disbursed until December 2018. However, its impact on the progress of reforms cannot be ascertained. BID disbursed the last phase of the DPL (VI) in December 2014, one year earlier than originally planned (December 2015).

The effectiveness is rated as "satisfactory" because ten of the 18 indicators were achieved in full, three were not reached, and five were achieved with limitations, i.e. only to a partial extent or with a low level of ambition.

Effectiveness rating: 3

Efficiency

Cofinancing DPLs from trans-regional development banks can incur very low transaction costs for FC if the partner banks' dialogue, assessment and monitoring systems are used. In this case, FC made a significant contribution to the dialogue, a fact that was also highlighted in BID's reports. These dialogue processes were generally incorporated into the dialogue within the sector and also benefited the other projects. There were no reports of difficulties, though the disbursement process was very delayed due to the need to have the loan approved by parliament.

The sector did and still does require a huge amount of investment. The Peruvian government planned to invest around EUR 8 billion between 2011 and 2016. This corresponds to 12.8% of the government's total investment during this period. This also corresponds to the reforms agreed in the policy matrix. Around EUR 5 billion of this total was invested in 2017, i.e. 65% of the planned funds were implemented.[4] This is less than the average value of the implemented funds in relation to the total investments (72%), though this should not be viewed too critically in light of the heterogeneous structure of executing agencies and the acute difficulties in setting up connections in sparsely populated rural areas.

The fact that most of the supply companies still are not profitable to this day is more serious. This is examined under the Sustainability section.

It is not possible to discern whether the political reforms could have been supported more efficiently – or even supported at all – with a project approach. The induced reforms were relevant for implementing the government's sector policy and thus also for successfully implementing the other FC projects for supporting this policy. The reforms also introduced minimum standards for financing the utility companies. The project certainly supported the political priorities, for example the sector's modernisation act had not been anticipated during the planning stage despite the long-standing cooperation. In this regard, the project went beyond the plans in terms of the framework of regulations.

Due to the methodological difficulties in determining the impact of a DPL, the issue of allocation efficiency can only be broached vaguely here. Overall, the project established the foundations for strengthening the efficiency of utility companies. Along with return on sales, increasing efficiency is also an explicit part of the project's objective, though this has only been partially achieved.

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[3] BID disbursements: (IV) – USD 50 million, March 2011, (V) – USD 25 million, December 2011, (VI) – USD 25 million, December 2014

[4] All figures here from PNS 2017–2021, p.41

In light of this, the project's efficiency is rated as good overall.

Efficiency rating: 2

Impact

The programme objective – to which the module objective contributed – was: "The population's access to drinking water and sanitation services has been improved over the long term." The project's effects at an impact level are measured according to BID's approach using the indicators applied in the programme proposal at outcome level: five indicators, two of which have two sub-indicators, making seven partial indicators in total. According to the FC report from 2016 (a) and BID's report (c) (which contains different data), four (a)/five (c) of these seven partial indicators have been achieved, some of which exhibited stark deviations from the target values. In this regard there is no doubt that the achievement of the indicators is not attributable to the DPL, but instead shows whether the sector has developed on a positive trajectory in general. However, it is plausible that the DPL was able to make a contribution to this, albeit an indefinite one.

The sector reform programme's impact indicators are similar to those typically used as outcome indicators in FC investment programmes. The PBL examined here addresses the macro-level. The chain of effects on macro-economic variables (such as better health or wastewater quality) created by better strategic planning by officials in the sector or created by the legal framework is significantly longer than the chain of effects created by investment measures that directly address the level of drinking water supply. This relates to both the logic behind the effects and the time-related aspects. This is why the BID approach has been adopted and why the indicators originally listed as outcome indicators in the programme proposal were used as impact indicators in accordance with the programme objective.

They are as follows: (1) Increasing the number of Peruvians with access to drinking water supply and wastewater disposal services, (2) Increasing the number of Peruvians with an average supply continuity base value of over 18 hours per day, (3) Increasing the number of Peruvians who have their wastewater treated, (4) Increasing the proportion of the population who are satisfied with the supply, (5) Increasing the number of water suppliers whose operating income exceeds financing and operating costs by over 10%. The project's macro-level approach suggests that the programme's impact also contributed to the DC programme objective.

We can compare the following indicators from the PA stage and ex post evaluation:

Indicator	**(a) Status PA (base value 2009), (b) Target PA for 2012**	**Ex post evaluation (a) Information from 2016 FC report[5] (b) FC report 2018 (c) Final BID report[6] Value achieved (date)**
Level of drinking water supply (nationwide)	(a) 76% (b) 78%	(a) 87.1 (b) 89.2% (c) 86.1 (2013) Target value achieved
Level of wastewater disposal (nationwide)	(a) 63% (b) 69%	(a) 68.4*% (b) 73.7% (c) 67.9% (2013) Target value achieved late (2018 report)

[5] Notes / measures-specific report, 2016; phase V had not been disbursed at this point and therefore could not be completed. The data marked with an * is specified as having "No up-to-date data available" in the report. The original sources of all data remain unclear for the EPE.

[6] Not dated, probably from 2016.

Average operating costs per m^3 of drinking water charged (PEN/m^3)	(a) 1.39 (b) 1.34	(a) 1.62* (b) 1.78 (c) 2.00 / at constant costs from 2009 Target value achieved
Return on sales SEDEPAL (Lima)	(a) 20.3% (b) 20%	(a) 9.32% (b) 12.3% (c) 20.8% (2014) Target value only achieved in BID documentation (c)
Return on sales for water utility companies (others)	(a) 9.9% (b) 12%	(a) 8.84%* (b) 8.8% (c) 12.44% (2014) Target value only achieved in BID documentation (c)
Percentage of wastewater treated (at water utility companies) SEDEPAL (Lima)	(a) 21% (b) 56%	(a) 71.70% (b) 79.9% (c) 92% (2014) Target value achieved
Percentage of wastewater treated (at water utility companies) water utility companies (others)	(a) 5% (b) 8%	(a) 31.23% (b) 45% (c) 41.4% (2015) Target value far exceeded

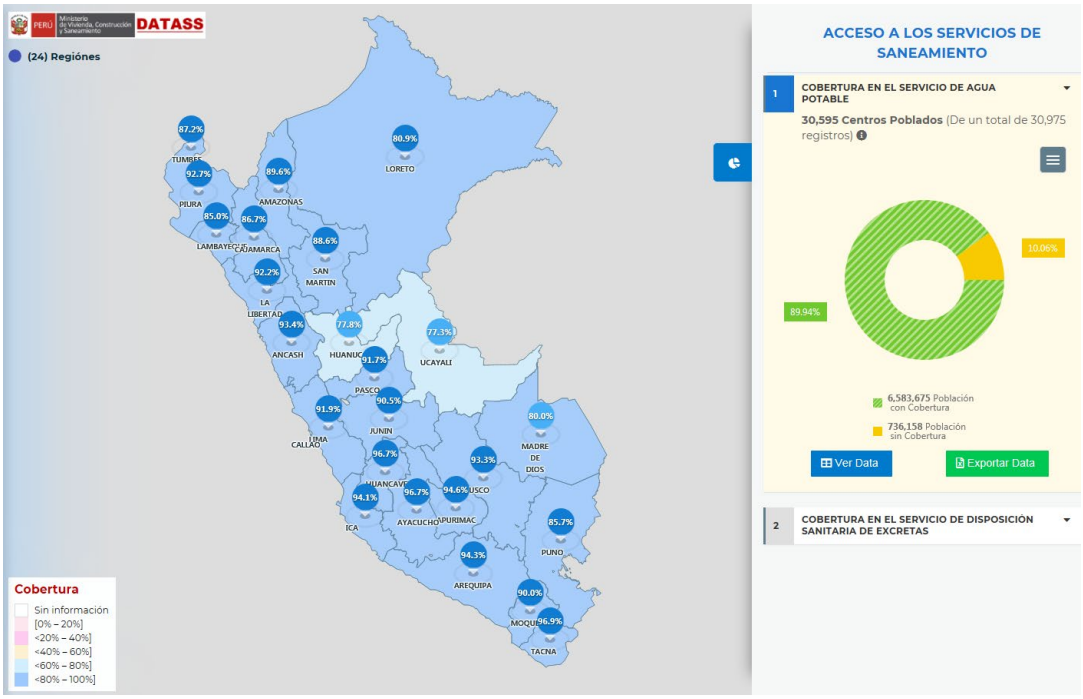
It is worth noting that drinking water supply and wastewater disposal services in Peru have developed very well since 2010. Usage data also reveals that developments have been particularly positive in rural regions. The disparities between urban and rural areas of Peru have shrunk, though big differences still persist. In this regard, it can also be noted that the target of improving social conditions with a water supply has been achieved in a general sense at the very least, even though only one third of connections in small settlements (less than 2000 residents) currently meet the specified standards (PNS 2017–2021, p. 46).

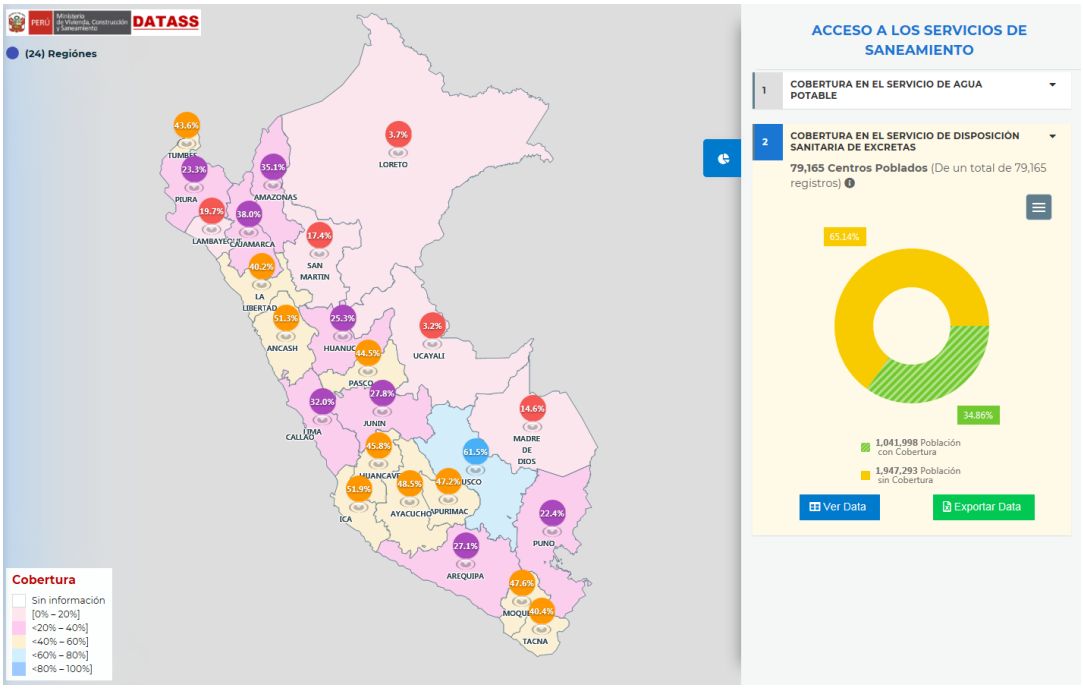
Nevertheless, two of the indicators were not achieved based on the planning figures and according to both KfW's and BID's reports: the nationwide level of wastewater disposal remained just below the target figure and the average operating costs per m^3 of drinking water charged rose compared to the base value instead of falling as planned. In the FC report, the return on sales for the utility company SEDEPAL also fell instead of rising as planned. Furthermore, the FC report estimated that the three indicators would no longer be achieved during the further course of the project before this evaluation. In terms of environmental compatibility, some of the objectives (percentage of treated wastewater) had very conservative formulations, meaning these objectives were easily surpassed.

Normally, positive changes related to water-induced illnesses and water quality would be used as indicators at an impact level for investment projects in the water sector; due to the long chains of effects in this case, these macro-developments are only reported for information. National data concerning the quality of coastal water is not available as a proxy indicator for successfully treated wastewater. Further knowledge based on data is not expected until the future as a result of the Plan Nacional de Vigilancia de la Calidad del Agua (PNVCA).

Data from the Peruvian Ministry of Health reveals that the number of acute cases of diarrhoea – potentially caused by poor hygiene conditions related to the water/wastewater situation – is not tied to any clear trends for the years 2013 to 2018. However, the number of fatalities related to acute diarrhoea-related illnesses has fallen rapidly over the past ten years. According to Google trends, the frequency of online searches for "diarrhoea" is also not associated with any clear trends.

Data from the national system DATASS[7] reflects the aforementioned results for the indicators, as demonstrated by the distribution of populated centres' access to a drinking water supply and their connections to wastewater disposal, for example:





Overall, Peru's policy in urban water management has developed in the desired direction and important structural changes have been supported. Although it is not possible to attribute these developments to the project alone, it is highly plausible that the project has made a contribution in this regard.

Impact rating: 3

[7] https://datass.vivienda.gob.pe/

Sustainability

To assess sustainability, a distinction must be drawn between a number of dimensions.

From today's perspective, the structural effects, to which the project made a significant contribution, have been maintained. The new government in place since 2018 (Martin Vizcarra) has confirmed the priorities with the subsequent plan PNS 2017–2021. There are no indications that the regulatory reforms will be revoked or budgets will be reduced. As such, the PBL's impacts related to the triggered reforms – mainly discussed in the evaluation at output level (effectiveness) – are definitely sustainable. It can be assumed that these reforms will remain in place.

The sustainability of the anticipated effects at impact level, which relate especially to the development of supply systems and the sector's financial performance, is deemed weaker by the evaluation.

The goal of financial sustainability has not been achieved so far. While the focus of the PNS 2006–2015 was on expanding connections, the PNS 2017–2021[8] concentrates on the sustainable improvement to the quality of supply and disposal services. This is revealed in an analysis of the final policy phases of the PNS 2017–2021, which shows that supply services for urban water management in Peru are not protected over the long term: only SEDEPAL in Lima recorded a positive return on capital for all years between 2012 and 2015. This means that all other supply companies lost capital in this period. This is mainly due to the fact that the utility companies (apart from SEDEPAL) are not able to operate at a profit; they all recorded negative profit margins between 2012 and 2015. Furthermore, 94% of these companies currently[9] require support from the government. At least 32% of them are rated as unprofitable, meaning that water tariffs are expected to rise for at least twelve of them.

In general, it can be noted that the project addressed the conditions needed to improve the drinking water supply and wastewater disposal. However, sustainable implementation within the supply companies will require a lot more effort, even at national level. Nevertheless, the PBL's approaches are already being applied and developed with a more regional focus in the FC projects still running. Specifically, the results are being used to further expand supply services for the population.

The DPL was concluded with the final phase VI. German DC no longer focuses on urban water management and therefore no longer supports the follow-up plan for 2017–2021. FC can therefore no longer contribute to more certain sustainability in this way. However, BID continues to finance urban water management in Peru and even awarded the responsible ministry the title of "Development Superhero" (Premio Superhéroes del Desarrollo) in 2018 for its accomplishments in rural water management[10], another indicator for continued ambitious development in the sector, albeit a symbolic one.

Considering the good sustainability of the induced reforms and the sector's poor financial sustainability, the PBL's sustainability is rated as just about good since the PBL worked mainly on the prerequisites for improving sector performance in the future.

Sustainability rating: 2

[8] https://busquedas.elperuano.pe/normaslegales/decreto-supremo-que-aprueba-el-plan-nacional-de-saneamiento-decreto-supremo-n-018-2017-vivienda-1537154-9/

[9] https://elcomercio.pe/economia/peru/eps-son-rentables-empresas-prestadoras-servicios-saneamiento-noticia-615230

[10] http://pnsr.vivienda.gob.pe/portal/noticias/peru-gano-premio-internacional-del-bid-por-fortalecimiento-de-las-comunidades-en-los-proyectos-de-agua-y-saneamiento-rural/

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).