

Albania: Water supply Kavaja, Kukës, Has II

Ex-post evaluation

OECD area of promotion	14030 / Water supply for the poor	
Project number	1995 65 821 1995 70 276	
Project-executing agency	District Administrations of Kavaja, Kukës and Has	
Consultant	Rodeco	
Year of ex-post evaluation	2003	
	Project appraisal (planned)	Ex-post evaluation (actual)
Start of implementation	Q3 1995	Q1 1996
Period of implementation	16 months	23 months
Investment costs	EUR 5.98 million	EUR 6.08 million
Counterpart contribution	EUR 0.00 million	EUR 0.10 million
Financing, of which Financial Cooperation (FC) funds	EUR 5.98 million	EUR 5.98 million
Other institutions/donors involved	None	None
Performance rating	5	
• Significance / relevance	5	
• Effectiveness	5	
• Efficiency	5	

Brief Description, Overall Objective and Project Purposes with Indicators

The project comprised rehabilitation measures for water supply facilities of rural communities surrounding the cities of Kavaja, Rrogozhina (both district of Kavaja), Kukës (district of Kukës) and Krume (district of Has). The project was designed as a follow-up to a completed emergency programme in the mentioned communities, in order to ensure that the results of the measures previously carried out are sustainable. The target group comprised the population, for the most part poor, of the urban suburbs and surrounding communities. Funds in the amount of EUR 0.66 million were provided for a complementary measure carried out to qualify the waterworks of the project sites as well as local building firms.

The project purpose of the original project (Phase I) was to ensure a minimum supply with safe drinking water for the population connected to the system in the cities of the programme regions of Kavaja, Kukës and Has. The overall objective was to contribute to the normalisation of water supply in the programme regions. The following indicators were defined to measure achievement of the project purposes:

- Water supply is available to the population several hours per day.
- A level of consumption of 60 l/cd for the population supplied via house connections and of 30 l/cd for the users of standpipes.
- No coliforms are found in at least 65% of analyzed water samples.

The overall objective and the project purpose of the follow-up project correspond to those of the original project. During the appraisal of the follow-up project, the following additional indicators were defined to measure achievement of project purposes:

- One year after completion of the measures the water supply rate in the programme region has increased from 61% at the time of project appraisal (62% in Kavaja, 63% in Kukes, 49% in Has) to 90% at all programme sites.
- At the same time more than 90% of the water fed into the system (about 7,300 m³/day in the district of Kavaja, about 2,000 m³/day in the district of Kukes, about 800 m³/day in the district of Has) can be used to supply the population in the programme districts.
- As a result of the extension of the technical useful life of the transmission system in the district of Kukes, the quantitative supply goal is still achieved at least five years after completion of the project.

Conception of the Project / Principal Deviations from the original Project Planning and their main Causes

After the urban water supply systems of the four project sites had been rehabilitated under the original project, the following additional measures were implemented within the framework of the follow-up project:

- Rehabilitation or extension of four community supply systems in the regions surrounding Kavaja and Rrogozhina.
- Partial renewal and rehabilitation of the transmission system of Kukes, rehabilitation of spring intakes, construction of new transmission lines and distribution systems for eight rural communities and upgrading and expansion of the operating premises.
- Rehabilitation of three reservoirs, construction of transmission lines and distribution networks for four communities in the region surrounding Krume (district Has) and upgrading and expansion of the operating premises.
- Construction of autonomous gravity systems to supply two villages respectively with water in the districts of Kukes and Has as a pilot measure.

Complementary measures were carried out parallel to the investment measures; they included the following activities:

- Qualification of small construction companies to enable them to carry out the construction work financed under the project.
- Support of originally three, later only two of the four waterworks for technical and commercial operation.

Apart from the fact that no consulting services were provided for the waterworks of Krume and a delay of completion of about one year the measures were more or less carried out as planned.

Key Results of the Impact Analysis and Performance Rating

With regard to achievement of the project purpose, the situation is as follows:

- As expected, water supply is ensured for several hours every day. However there has been a trend towards a reduction in supply hours compared with the situation at the time of final evaluation of the original project and in some cases water supply is ensured for only two hours per day.
- In the city of Rogozhina, where almost the total consumption is metered and billing is based on this information, specific consumption is 58 l/cd. In all other sites only a small part of meters installed during the two project phases is still operational so that water fees are mainly charged on a lump sum basis. In purely arithmetic terms specific consumption amounts to about 70-80 l/cd; in reality it is probably higher although it is limited by the scarce amount of water available. With one exception, there are no more standpipes in the programme region.
- At two sites (Kavaja and Krume) bacteriological contamination has been detected; it is probable that the drinking water of Rogozhina and Kukes is not free of coliforms either all year round, which would be necessary.
- In the urban areas (areas that have benefited from the original project) the supply rates are between 55% (Kavaja) and 97% (Kukes). In the regions surrounding the cities, which were developed under the follow-up project, they are between 60% and 100%, the average being about 75%. Four villages in the region surrounding Kavaja, which are currently not supplied at all (about 5,000 inhabitants concerned) and several villages near Krume (about 2,000 inhabitants) the supply of which has never been operational (two cases) or which the waterworks of Krume consider to be out of their area of responsibility are not included in these figures. According to the appraisal report for the follow-up project, the supply situation of 33,800 inhabitants of the surrounding communities was to be improved; of these, 25,800 inhabitants were not connected to water supply at all at the time. During the final follow-up the number of beneficiaries was estimated at 41,500 inhabitants. According to the information collected during the ex-post evaluation on site only about 20,000 additional inhabitants are still being supplied today. The decrease in the number of beneficiaries is due to migration, in particular from the two northern sites, the fact that a few communities surrounding Kavaja are not being supplied due to water shortage and a general decrease in registered house connections. Regarding the last category it is unclear whether water supply is factually interrupted or whether the decrease is due to problems with the management of customer registers.
- Water produced but not billed (unaccounted for water, UFW) amounted to 35% on average in the last years both in Kavaja and Rogozhina, 57% in Kukes and 82% in Krume. Compared with the situation at the time of the final follow-up of the project, carried out on September 30, 1999, the situation in Kavaja has improved, while it has worsened in Kukes, Krume and Rogozhina. The high rates of UFW reflect severe management failings. The indicator determined with regard to losses has thus not been achieved, though it is also true that the aspired level of only 10% was unrealistic from the start.
- In Kukes, the supply situation has not improved since the rehabilitation of the transmission system but deteriorated considerably. This negative trend is not likely to be reversed; rather

it is to be expected that the system will continue to degrade. Given that supply is ensured for only a few hours every day, the supply situation must be judged as inadequate already today.

Thus, for the most part, the programme goals were not achieved.

The operation of the financed facilities is generally unsatisfactory although it is true that there are considerable differences between the four waterworks. The facilities are not systematically maintained; only in cases of severe damage is repair work carried out in a makeshift manner. There is no systematic fight against water losses. Most of the water meters are no longer operational. The waterworks are overstaffed, but they hardly have any qualified personnel. The customer registers are incomplete. Customer relations are bad due to the poor supply quality and consequently collection efficiency is low. Only in Kavaja, where an international management was called in, the situation has started to improve since summer 2003.

At the time of project appraisal it was known that management capacities were generally weak in the whole country. This was to be remedied through corresponding consulting services under the complementary measure. However, hardly any improvement was achieved. The reasons for this were an inadequate allocation of man-months to the Consultant, disinterest of the waterworks to change their company culture, lack of understanding regarding the necessity to change management procedures, communication problems, staff discontinuities, a lack of motivation among staff due to low salaries and the liquidity problems of the waterworks.

Regarding their financial situation the waterworks are operating at a high deficit. Although the tariff level has increased in the last years, it is still insufficient to cover the costs incurred in operation. The situation is aggravated by the low collection efficiency, which is below 70%, with the exception of Rrogzhina. In spite of (irregular) government subsidies for operation and the small amount of funds actually spent on maintenance the waterworks are becoming increasingly indebted.

Specific investment costs currently amount to approx. EUR 326 per capita with about 20,000 additional inhabitants currently supplied, not counting the cost of management support. This figure in itself is already very high and given the low standard of service thus achieved it cannot be considered acceptable.

In a summarised assessment of all impacts of the project we rate the project's developmental effectiveness as follows:

- The project purposes were achieved only to a limited extent; the benefit of the measures is much smaller than expected both in qualitative and quantitative terms. The project did not succeed in ensuring sustainability of the original project. For this reason we rate the project's **effectiveness** as insufficient (**sub-rating: Rating 5**).
- With the help of the original project and the follow-up project the water supply of the programme region was to be normalised, which is an important developmental objective. However the project was unable to achieve this goal; today the water supply is, if at all, only slightly better than at the time of appraisal of the original project. Altogether the project's **significance** and **relevance** are **insufficient (sub rating: Rating 5)**.
- The specific investment costs of the project are very high. The resources used to ensure maintenance and operation of the facilities are inadequate both qualitatively and quantitatively. Thus, production efficiency is insufficient. Due to the low cost recovery rate of all waterworks this also holds true for the allocation efficiency. Thus the project's **efficiency** is also insufficient (**sub-rating: Rating 5**).

Overall we rate the projects developmental effectiveness as clearly insufficient (Rating 5).

General Conclusions applicable to other Projects

Given the operational and administrative deficits of the waterworks at the time of project appraisal, more emphasis should have been placed on management support. As it was obvious that there was a need for long-term support, the instrument of a complementary measure which is subordinated to the investment was perhaps an insufficient remedy. Therefore it would have been necessary to consider alternative instruments as it has now been done in Kavaja in form of a private management agreement. In light of the lack of willingness of the waterworks of Krume to cooperate it would have been advisable to consider interrupting the measures on this site, as it was to be expected that the investments would have no effect without any improvement of operational and administrative procedures.

The present case once again shows how difficult it is to implement the transformation process from centralised governance in an economic sector to a decentralised and economically viable solution in a positive manner and without contradictions. The decentralisation and commercialisation process can only be successful if the decentralised companies are sufficiently prepared for the new tasks and if the competences as well as the personnel and material resources needed for successful operation of the facilities are transferred to them. In the Albanian water sector this has been done only to a limited extent.

Legend

Developmentally successful: Ratings 1 to 3	
Rating 1	Very high or high degree of developmental effectiveness
Rating 2	Satisfactory degree of developmental effectiveness
Rating 3	Overall sufficient degree of developmental effectiveness
Developmental failures: Ratings 4 to 6	
Rating 4	Overall slightly insufficient degree of developmental effectiveness
Rating 5	Clearly insufficient degree of developmental effectiveness
Rating 6	The project is a total failure

Criteria for the Evaluation of Project Success

The evaluation of a project's "developmental effectiveness" and its classification during the ex-post evaluation into one of the various levels of success described in more detail above concentrate on the following fundamental questions:

- **Are the project objectives reached to a sufficient degree (aspect of project effectiveness)?**
- **Does the project generate sufficient significant developmental effects (project relevance and significance measured by the achievement of the overall development-policy objective defined beforehand and its effects in political, institutional, socio-economic and socio-cultural as well as ecological terms)?**
- **Are the funds/expenses that were and are being employed/incurred to reach the objectives appropriate and how can the project's microeconomic and macroeconomic impact be measured (aspect of efficiency of the project conception)?**
- **To the extent that undesired (side) effects occur, are these tolerable?**

We do not treat **sustainability**, a key aspect to consider for project evaluation, as a separate category of evaluation but instead as a cross-cutting element of all four fundamental questions on project success. A project is sustainable if the project-executing agency and/or the target group are able to continue to use the project facilities that have been built for a period of time that is, overall, adequate in economic terms or to carry on with the project activities on their own and generate positive results after the financial, organisational and/or technical support has come to an end.