

**Kosovo: Rehabilitation of Urban Drinking Water Supply I and III and Extension to Istog and Klina**

**Ex-post evaluation**

<b>OECD sector</b>	14020/Water supply and sewage - large systems	
<b>BMZ project ID</b>	1999 65 823 (sample 2008) 2000 40 485 (sample 2008) 2001 40 780 (sample 2011)	
<b>Project executing agency</b>	Today, the three regional water utilities (RWCs) in Peja, Gjakova and Prizren, initially 7 municipalities represented by UNMIK.	
<b>Consultant</b>	Kocks Consult, Gelsenwasser	
<b>Year of ex-post evaluation report</b>	2010	
	<b>Project appraisal (planned)</b>	<b>Ex-post evaluation (actual)</b>
<b>Start of implementation</b>	Phase I: Nov. 1999 Phase III: June 2001	Phase I: Nov. 1999 Phase III: June 2001
<b>Period of implementation</b>	Phase I: 18-24 months Phase III: 18 months	Phase I: 24 months. Phase III: 34 months
<b>Investment costs</b> Where not otherwise specified, the extension pertains to Phase I	Phase I: EUR 4.75 mill. Ext.: EUR 1.72 mill. Phase III: EUR 2.55 mill.	Phase I: EUR 4.75 mill. Ext.: EUR 1.94 mill. Phase III: EUR 2.61 mill.
<b>Counterpart contribution</b>	Personnel and work contribution	Personnel and work contribution
<b>Financing, of which Financial Cooperation (FC) funds</b>	Phase I: EUR 4.75 mill. Ext.: EUR 1.72 mill. FC: EUR 0.97 mill. Phase III: EUR 2.55 mill.	Phase I: EUR 4.75 mill. Ext.: EUR 1.94 mill. FC: EUR 0.97 mill. Phase III: EUR 2.61 mill.
<b>Other institutions/donors involved</b>	EAR	EAR
<b>Performance rating</b>	Phase I: 2      Phase III: 3	
• <b>Relevance</b>	Phase I: 2      Phase III: 3	
• <b>Effectiveness</b>	Phase I: 2      Phase III: 3	
• <b>Efficiency</b>	Phase I: 3      Phase III: 4	
• <b>Overarching developmental impacts</b>	Phase I: 2      Phase III: 2	
• <b>Sustainability</b>	Phase I: 3      Phase III: 3	

### **Brief description, overall objective and programme objectives with indicators**

The programme appraised in August 1999 (Phase I) was the first to be implemented by bilateral donors after the end of the war in Kosovo in June 1999. Its main concern was to restore the water supply facilities destroyed in the war as a major signal of improved conditions of life for the population and as a sign of the re-establishment of government administration, which was initially performed by NATO and the UN civil administration (UNMIK). In this context, the first phase was effectively an emergency aid measure, although it was not formally implemented as such. The ensuing extension (Phase III) was also designed as emergency aid under persistently fragile conditions.

The programmes, Rehabilitation of Urban Water Supply I and III, including the extension for Istog and Klina, largely comprised the repair and partial improvement of the existing water supply systems, technical and limited business management support and the qualification of the operation and maintenance personnel in altogether 7 towns in western and southwest Kosovo.

The objective of Phase I and the extension was defined as securing the continuous, commercially efficient supply of clean drinking water to meet the needs of the population and enterprises. In Phase III, the objectives were specified as consolidating the supply standard achieved and improving the financial capacities of the water utilities promoted in the first phase. The target group was the urban population and the enterprises in the towns and municipalities to be supplied with continuous drinking water to meet needs. This was intended to make a sustainable contribution to reducing the health hazards to the population (overall objective). Altogether approx. 500,000 urban and periurban residents benefited from the programme.

### **Programme design/major deviations from original planning and main causes**

Due to the emergency aid role of the programme and the urgency of restoring an operational water supply, the usual extensive feasibility study was not conducted. The packages of measures for the individual programme locations were prepared during programme appraisal together with the representatives of the water utilities based on the restricted information available. This was also the procedure in Phase III. The planned and also implemented measures were largely appropriate. The programme comprised the following measures in Prizren, Gjakova and Rahovace, Suharekë, Peja and in the supplementary phase in Istog and Klina:

- Repair and improvement of water supply facilities and replacement of untreated water pumps
- Partial repair of inlets and pipelines
- Repair, replacement and completion of pipes in distribution grids
- Volume measurement (industrial water meters) at water supply facilities in the grid (where necessary for operational purposes) and at users (installation of water meters)
- Supply of vehicles, tools and equipment for operation and maintenance

In the consultancy syndicate, Gelsenwasser AG was also one of the largest German water suppliers that initially took over a large part of the operation. Because of the urgency of the measures, procurements were handled through Gelsenwasser, which saved several months in tendering time. Subsequent installation by the Gelsenwasser team was speedy and competent. Construction contracts were awarded in a variety of lots (28 in Phase III) to local small businesses. The quality of the works conducted was not always satisfactory. In the first phase, the complementary measure financed an initial business management training course, the instruction of administrative staff in the public utilities and training for operation and maintenance personnel in leak detection and pipework repair. Altogether, the selection of measures was appropriate and all supply systems were restored quickly and efficiently to an acceptable

operational condition. Major technical weakpoints in the system were remedied. Implementation in the first phase was very straightforward, fast and effective. In Phase III, it was only satisfactory because of the initial time lag and the cumbersome building supervision and quality problems. To be able to significantly reduce the high water losses, more resources should have been made available. As it was, only the most dilapidated lines could be replaced.

### **Key results of impact analysis and performance rating**

With the exception of collection efficiency and water losses, the programme objective indicators were largely met. The results for efficiency and technical sustainability aspects are, however, basically unsatisfactory in sector-policy terms. For the reasons cited above, this situation would, however, seem acceptable in view of the emergency-aid programme conditions for Phase I and the extension as long as there is an assurance of continuous improvement. As to Phase III, which was no longer implemented as emergency assistance, but at a time when government institutions were still fragile, this can be accepted with some reservations. The financial situation in the regional water utilities is acceptable in terms of operational cost recovery for the short and medium term and the water losses are still manageable as there are no current water shortages. This is still just about acceptable in view of the objective of consolidating the (technical) results, particularly as improved efficiency and assured sustainability are the focus of subsequent phases (V and VI).

The programme objective of restoring the supply of enough high-quality water after the war in Kosovo was in response to evident needs, in fact it was essential and there was no alternative. Reliable water supply was a priority in the highly populous area and was obviously of vital importance for the target group and a prerequisite for economic reconstruction and political self-determination. The programme thus conformed with the humanitarian, policy and development goals on the German side and the Kosovan side represented by UNMIK. The programme was planned for rapid commencement and flexible implementation. In the post-war situation at the time and above all in Phase III, the intention was to lay the foundation for pursuing the usual sustainable development objectives in the subsequent phase. Therefore, we assess the relevance of the programme in Phase I and the extension overall as good (Subrating 2). In Phase III, the selective measures were, however, no longer suitable for achieving the objective (improved efficiency) and more for technical consolidation, so that relevance for this phase has to be assessed as satisfactory only (Subrating 3).

Water supply has been restored and continuously delivers water of good quality. With that, the major requirements for achieving the programme objectives have largely been met for Phase I and the extension. In Phase III, this only applies for the indicators for actual supply, while the programme fell far short of the targets for collection efficiency and water losses, which are excessive by today's standards. This is nevertheless acceptable, because the financial situation of the water utilities remains adequate to ensure proper operation and there is no basic shortage of water resources in Kosovo, so that objective achievement can still rate as satisfactory. Effectiveness is therefore also gauged to be good for Phase I (Subrating 2) and satisfactory for Phase III (Subrating 3).

With comparatively small financial contributions of about EUR 8.3 million, approx. 500,000 residents were resupplied with drinking water of good quality. The implementation of the measures was very rapid and flexible, above all in Phase I. Despite delays in implementing Phase III, the production efficiency of the programme was very high, to which great importance was also attached in programme preparation. Some reservations need to be made for allocation efficiency (on impact level), i.e. the cost-effectiveness of the funds allocated. In the technical sector, the RWCs should have taken more own initiative in loss reduction and grid repair. The same holds for the administrative sector, where fee collection and collection efficiency could have been improved. Altogether, we judge the efficiency of the programme in Phase I as

satisfactory (Subrating 3) and in Phase III as unsatisfactory (Subrating 4).

The target group comprised the whole population in the programme towns, including the residents also supplied in surrounding villages, in particular the small number of remaining Serbs and other minorities. From today's standpoint, the overarching developmental impacts of the programme consisted in urgent meeting basic needs by restoring water supply. Altogether, it is plausible to assume an improvement in general health as a result of restoring water supply and, with that, the achievement of the overall objective. Also, the second overall objective of re-establishing statehood and setting up an administration that caters for the concerns of the population has been achieved. Therefore, we assign the rating good for overarching developmental impact (Subrating 2).

Planned to alleviate the direct privations in the aftermath of the war, the programme focused on a rapid improvement in conditions of life for the population and was not therefore primarily concerned with (economic) sustainability. Phase I and the extension laid the foundation for improving the economic situation of the regional water utilities in the ensuing phases with technical measures to reduce losses and administrative measures for improving fee collection and collection efficiency. Phase III fell well short of the objectives here. A viable ownership setup for the long term (state of Kosovo), as is being cautiously pursued by the finance ministry, gives grounds to expect that the regional water utilities founded 2 years ago will continue to operate and supply will be maintained at the same level at least and further improved in the subsequent phases of sectoral cooperation. The high water losses, however and the poor institutional setup, particularly the low collection efficiency, which is also due to the lack of rule-of-law institutions in Kosovo, pose clear risks to sustainability. In the short term, serious existential risks are unlikely as yet but tangible improvements are needed in the medium and long term. This problem will be addressed in the additional Phases V and VI. We consider gradual improvements and progressive strengthening of the state to be feasible in the course of future cooperation. Summarising, we assess the sustainability of Phase I and the extension as well as Phase III as satisfactory (Subrating 3).

Weighing up the above individual subratings, the overall assessment is as follows: We allot Phase I and the extension the Rating 2 (good developmental efficacy overall) and Phase III the Rating 3 (satisfactory assessment overall).

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

Projects are evaluated on a six-point scale, the criteria being relevance, effectiveness (outcome), “overarching developmental impact” and efficiency. 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 rating that clearly exceeds expectations
- 2 Good rating fully in line with expectations and without any significant shortcomings
- 3 Satisfactory rating – project falls short of expectations but the positive results dominate
- 4 Unsatisfactory rating – significantly below expectations, with negative results dominating despite discernible positive results
- 5 Clearly inadequate rating – despite some positive partial results the negative results clearly dominate
- 6 The project has no positive results or the situation has actually deteriorated

A rating of 1 to 3 is a positive assessment and indicates a successful project while a rating of 4 to 6 is a negative assessment and indicates a project which has no sufficiently positive results.

### **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 an improvement is very unlikely. 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. A rating of 1 to 3 indicates a “successful” project while a rating of 4 to 6 indicates an “unsuccessful” project. In using (with a project-specific weighting) the five key factors to form an overall rating, it should be noted that a project can generally only be considered developmentally “successful” if the achievement of the project objective (“effectiveness”), the impact on the overall objective (“overarching developmental impact”) and the sustainability are considered at least “satisfactory” (rating 3).