

Ex Post-Evaluation Brief

Kosovo: Rehabilitation of Urban Water Supply and Sanitation IV



Sector	Water, sanitation and wastewater management (14020)	
Programme/Client	Urban water supply and sanitation IV BMZ ID2002 66 734	
Programme executing agency	United Nations Interim Administration Mission in Kosovo (UNMIK)	
Year of sample/ex post evaluation report: 2011*/2012		
	Appraisal (planned)	Ex post-evaluation (actual)
Investment costs (total)	EUR 5.0 million	EUR 5.0 million
Counterpart contribution (company)	--	--
Funding, of which budget funds (BMZ)	EUR 5.0 million EUR 5.0 million	EUR 5.0 million EUR 5.0 million

* random sample

Project description: The programme was intended to continue the rehabilitation and improvement of existing drinking water supply and sanitation systems in Gazivode (Mitrovica South, Vushtrri, Skenderaj, Mitrovica North) and in the municipality of Leposavic. The decision that the programme region should also include predominantly Serbian areas was politically motivated. Activities built on the supply systems of the predecessor programme (Phase II), in which no appropriate drinking water supply was secured. In these municipalities high water losses were recorded and in some cases the minimum drinking water supply (in l/c/d) was found to be inadequate. In view of the mixed Serbian/Kosovar Albanian population there was a significant potential for conflicts. The previous phase (Phase II) was initiated immediately on cessation of violent hostilities in 2000 as an open programme and served to support the interim administration (UN Mission in Kosovo, UNMIK) within the framework of reconstruction assistance. This programme was implemented as of 2003.

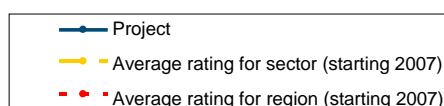
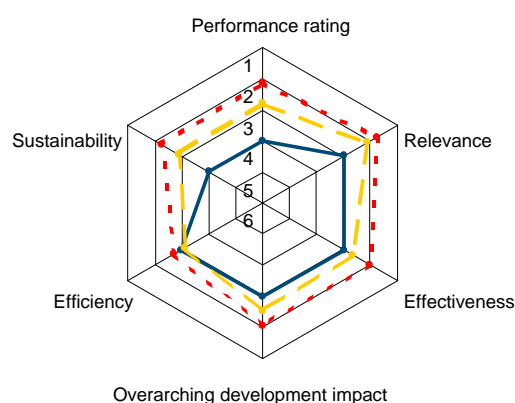
Target system: By securing a continuous, efficient drinking water supply in the programme areas, with quality and quantity complying with needs (programme objective), a contribution was to be made to reducing the health risk to the population, to financially stabilising the executing agency and to local economic development (overall objective). Within the framework of the ex-post evaluation, the conflict-relevant aspect of the intervention was also incorporated in the target system. The target group of the programme was the entire population of the programme region (some 280,000 people at the time the programme appraisal was conducted).

Overall rating: Rating 4

The achievement of the objective and the efficiency were adequate. The overarching development impacts were also positive to a degree, but the inadequate sustainability led to the programme as a whole being rated unsatisfactory.

Of note: The impacts of the ethnic conflict situation were not adequately taken into account in the programme concept. Peace building processes need time, which might have to be bought by accepting a lower level of economic efficiency. The original ambitions were unrealistic high.

Rating by DAC criteria



EVALUATION SUMMARY

Overall rating: The inadequate sustainability led to the programme as a whole being rated unsatisfactory. **Rating: 4**

Relevance: The provision of adequate quantities of water to meet even peak demand is still seen as a top priority task by the partner government. The water sector remains a priority area of FC in Kosovo. Considering that the programme was launched in the immediate aftermath of hostilities, the results chain, i.e. rehabilitation of the system and reduction of water losses to improve water quality and water supply, and thus avoiding any rise in waterborne disease as well as contributing to a positive economic development, is plausible. The latter, however, also depends on a large number of other factors, not all of which were in place throughout. The conflict relevance of ensuring an equitable across the board supply of drinking water in an ethnically heterogeneous programme was also correctly recognised. This was not, however, subsequently taken into adequate account in the programme concept or anchored in the target system, meaning that there is an inherent conflict between the programme objectives of achieving economic efficiency on the part of water utilities and peacebuilding in the region.

Close donor coordination in the water sector was further stepped up, since the funds of the European Agency for Reconstruction (EAR) were managed within the framework of the FC programme. The relevance of the programme as a whole is judged to be satisfactory. Rating: 3.

Effectiveness: The planned programme objective was to put in place an uninterrupted and efficient supply of sufficient quantities of good quality drinking water in the programme municipalities Mitrovica North and South, Leposavic, Skenderaj and Vushtrri. Within the framework of the ex-post evaluation, the conflict-relevant aspects of the intervention were also assessed. Objective indicators taken for the ex-post evaluation were the uninterrupted (1a: > 18 h/d) provision of sufficient drinking water for the population (1b: 75 l/c/d), (2) compliance with national water quality standards, (3) a reduction in technical water losses to a level of 35%, (4) full coverage of operating costs (100%), (5a) installation of functioning water meters on the premises of 50% of consumers connected up to the system, (5b) establishment of a system that bills customers for the volume of water actually used, and the avoidance of any conflicts arising from unequal water availability in the primarily Kosovar Albanian and primarily Serbian residential areas (6).

As far as can be discerned from the available information, it would appear that only some of these indicators were achieved. The indicator for the quantities of available drinking water was achieved in all municipalities. It should be noted that the current consumption figures of 170 l/c/d (including industry) are comparatively high. Although significant improvements have been achieved in many municipalities, the programme has not yet managed to achieve reliable supplies for a minimum of 18 hours a day. The water supply is still cut off frequently because of burst pipes. Planned shutdowns are now limited to the night hours. National water quality standards (which are gradually being brought into line with EU standards) are being met. In terms of covering operating costs, progress falls well short of expectations. Political influence on the fee

collection system, in particular, has been an obstacle to further improving the economic situation of utilities. The same applies to introducing consumption-based billing; this now covers about 71% of customers with water meters (2009). The programme has also managed to ensure a balanced water supply across ethnic divisions. This has, however, been achieved at the cost of reduced economic efficiency and correct business management in the utilities; effectively by tolerating legal and illegal water tapping and failure to pay bills or the lack of a fee collection system. The ambitious sectoral targets identified during the programme appraisal take scant notice of these circumstances. The ex-post evaluation has lowered the level of the indicators relating to supply and economic efficiency, by taking into account relevant development trends and reducing the weighting of the target set. We have decided not to set lower targets in retrospect, since this would have had to be done on an arbitrary basis.

Because of the lack of data it was impossible for the ex-post evaluation to make any statement about the status of technical water losses; this indicator has not been taken into account in the assessment of effectiveness. When the final review was conducted in 2007, data was only available on total losses, i.e. technical and administrative losses lumped together. At that time they were at a level of 47% (the total losses at national level when the programme review was conducted were roughly estimated at between 50% and 70%). The total losses in the programme area today (not including Leposavic) are 53 %, which is above the level identified during the final review, and still very high compared with international figures.

Although not all targets were met across the board, they were extremely ambitious in the given context. Because of this, the effectiveness of the programme is still deemed satisfactory. Rating: 3.

Efficiency: The rehabilitated supply plant is critical to the drinking water supply throughout the programme area. The measures were swiftly and efficiently identified by the consultant contracted and were realised under the management of the latter. The investments required also proved less costly than originally planned. Contrary to expectations, procurement costs were largely in line with market prices, as is the case in countries not coping with crises.

The concept primarily addressed the technical and business aspects of the situation and failed to pay enough attention to the post-conflict situation in the programme area. The predominantly Serbian part of the programme area (Mitrovica North and Leposavic, home to about 23% of the population in the programme area to be supplied with water), which was integrated in the programme as a crisis prevention measure, flatly rejected moves to install water meters, for instance. A greater focus on de-escalation measures might have made it possible to avoid their boycott and would have done more to support communication between hostile population groups.

The proper operation of the system is not assured across the board; there is practically no preventive maintenance work. Revenues generated by the utilities also cover only about 60% of their operating costs. The collection efficiency is currently about 54%, i.e. only slightly over half

of bills issues are actually paid. In terms of consumption it must be pointed out that customers who are billed on the basis of the volume of water actually used (which was a concern of the programme) use water more economically.

When assessing the overall efficiency of the programme it should be borne in mind that the inadequate economic efficiency of the utilities and the inadequate incentives to use water economically are the “trade-off” for keeping the peace. It is difficult to see how this could have been achieved in a more efficient way. Peacebuilding processes take time and this time might have to be bought at the expense of economic efficiency. For this reason, the efficiency of the programme as a whole is still rated satisfactory. Rating: 3.

Overarching developmental impact: According to the programme appraisal report, the programme was intended to help avoid health risks, to contribute to stabilising the financial situation of water utilities and to fostering local economic development. The ex-post evaluation has extended the target system to explicitly incorporate the objective of avoiding any new escalation of the conflict between Serbians and Kosovo Albanians. No indicators were identified for the overall objective level during the programme appraisal, which is no longer state of the art. The following would have been suitable indicators: (1) trends in waterborne diseases, (2) economic activities in the region/population trends, (3) cost coverage per m³ drinking water produced, and (4) drinking water supply is not the cause of any rekindling of conflicts between Kosovo Albanians and Serbians. Since, when the ex-post evaluation was conducted, only limited data was available on these indicators, we will partly base our assessment of the developmental impact on additional information.

No regional information on waterborne diseases is available. During the in-country mission there were no indications of waterborne diseases. In view of the fact that it would have been impossible to assure an adequate supply of good quality drinking water without the massive rehabilitation of the water treatment plants, which lay in ruins when hostilities ceased, it would seem safe to assume that these measures did make a fundamental contribution to reducing health risks. Even before the programme was launched, however, national water standards were complied with (according to the data available) so that the contribution to reducing health risks must be seen primarily in the reduction of interruptions to supplies (and hence of infiltration of particles of dirt), meaning that end users no longer needed to store drinking water to the same extent (with the concomitant risk of contamination).

The availability of enough good quality water is also a precondition for economic development, which is very slow to emerge in the programme region. Estimated population trends in the region reflect strong outward migration. It cannot then be deduced that the programme is making a plausible contribution to economic revival.

The economic situation of the executing agency is far from satisfactory. Revenues per m³ of drinking water produced did, however, rise from EUR 0.004/m³ in 2002 to EUR 0.12/m³ in 2011.

With reference to the particular conflict situation in the programme area, the measures financed have thus had a stabilising impact in that no side can accuse the other of being responsible for undermining the water supply, and that they have not been able to use excessive interruptions to supplies to trigger any further escalation in the already fraught political situation. It then seems safe to assume that the inclusion of the predominantly Serbian areas in the programme area did basically contribute to stabilising the situation and was correct and important from a social policy stance, since stabilisation is a precondition for peacebuilding. The programme measures were not, however, designed to reduce inter-ethnic tensions. In 2011, violence broke out repeatedly in the region and firearms were used. All in all, the overarching developmental effectiveness of the programme is still considered to be satisfactory, when the stabilising elements of the programme are appropriately weighted. Rating: 3.

Sustainability: Since 2002, the water sector has been significantly reformed. The water supply system with the merged regional utilities is now significantly more effective than it was with the former municipal level utilities. This basic strengthening of the sector is overshadowed in the case of Mitrovica by the conflict with the Serbian enclave. Supplies to Mitrovica North and Leposavic are based almost exclusively on direct Serbian and indirect Kosovar subsidies. While personnel costs for the water supply to Mitrovica North are financed by the Serbian state, drinking water is supplied free of charge by the utility to Mitrovica South. The Kosovar government reimburses 50% of the revenues thus lost in Mitrovica South. Even if it was correct and important to involve the Serbian community from the point of view of avoiding conflict, de facto no sustainable progress has been made on water tariff policy and collection efficiency.

Most of the drinking water supply network in the programme area still comprises older pipes that are liable to sustain damage and will have to be replaced or repaired over the next decade. Current operations, however, preclude preventive maintenance and replacement. No consistent loss-reduction measures have been put in place, which explains the rising water losses. Because of the high political importance of ensuring an appropriate supply of good quality drinking water in adequate quantities, it seems safe to assume that subsidies will continue to be made available to cover the costs of the water utilities and in this way allow them to work as a stabilising element in the ethnic conflict between Kosovo Albanians and Serbs.

In view of the somewhat precarious economic situation of the utilities involved – with an unchanged incentives system and level of subsidies – the supply situation can actually be expected to worsen, because of the ever more frequent burst pipes, rising water losses and interruptions to supplies. This would jeopardise the stabilisation function of the programme. For the situation to improve it would be important to completely overcome ethnic tensions – but no such trend is yet evident. Overall, the sustainability of the programme is thus deemed to be inadequate. Rating: 4.

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).