

## **Final Evaluation 2008**

# **Infrastructure Programme – Water Supply and Wastewater Disposal, Kosovo**

Brief Report

**Produced by: AGE G Consultants eG**  
**This report was produced by independent external experts.**  
**It reflects only their opinion and assessment.**

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## Tabular overview

### The evaluation mission

Evaluation period	September – December 2008
Evaluating institute/ consulting firm	AGEG Consultants eG, Kirchheim u. Teck
Evaluation team	Agnès Montangero (international consultant) Baton Begolli (national consultant)

### The project

Title of the project according to the order	Infrastructure Programme Kosovo, Water Supply and Wastewater Disposal
Project number	2008.2110.8 (previously 2004.2175.0, 2002.2491.5)
Overall term broken down by phases	07/2000 - 06/2009 Phase 1 07/2000 - 12/2000 Phase 2 01/2001 - 12/2001 Phase 3 01/2002 - 12/2002 Phase 4 01/2003 - 07/2003 Phase 5 08/2003 - 12/2004 Phase 6 01/2005 - 09/2008 Phase 7 10/2008 - 06/2009
Total costs	7.700.000 EUR
Objective of the project	Operational efficiency in the regional water companies Peja and Prizren is enhanced
Lead executing agency	The Government of Kosovo, represented by UNMIK
Implementing organisations	Regional water companies Peja and Prizren
Other participating development organisations	KfW, USAID
Target groups	Water users in the regions of Peja and Prizren

### The rating

Overall rating <i>On a scale of 1 (very good, significantly better than expected) to 6 (the project is useless, or the situation has deteriorated on balance)</i>	2
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Individual rating	Relevance: 2; Effectiveness:2 <sup>1</sup> ; Impact: 3; Efficiency: 2; Sustainability: 3
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This independent evaluation was carried out by AGE Consultants eG on behalf of GTZ. The evaluation team consisted of Ms Agnes Montangero (international consultant) and Mr. Baton Begolli (national consultant). The evaluation was carried out between September and December 2008. An evaluation mission was conducted in Kosovo from 22<sup>nd</sup> October to 9<sup>th</sup> November 2008. The five OECD - DAC criteria and the GTZ evaluation guideline were used as basis for this evaluation.

The object of this evaluation is the GTZ water supply and wastewater disposal project in Kosovo. The project aims at enhancing the operational efficiency of Peja and Prizren's regional water companies. Beyond that, it intends to promote greater awareness concerning rationale water use, reduce technical water losses, improve wastewater disposal and hence to protect natural resources and improve living conditions of the Kosovar population.

When the project started in 2000, public water supply systems were characterized by a poor state of infrastructure, including a high level of leakage in the network, and weak management of the water companies. The public water companies used to provide water to approximately 50% of the population in Kosovo, mainly in urban areas. Rural areas were and still are supplied by small-scale wells or local networks generally maintained by village residents.

In 2003, 68% of the population in Kosovo had tapped water supply at home and 51% were connected to the public sewage/sanitation system. Rural families have substantially lower access to tap water compared to urban families. Also, quality of water is known to be lower in rural areas. In 2003, 70% of water samples from rural areas were found to have bacteriological contamination while only 8% of samples from urban areas did. Moreover, huge disparities in access to indoor water tap are observed between the richest and poorest population segments. Only 60% of the poorest quintile have indoor water tap compared to 80% of the richest quintile.

One of Kosovo's biggest concerns is the overall economic stagnation, which is reflected in the lack of progress in improving living standards. About 15% of the population in Kosovo is estimated to be extremely poor and about 45% report a consumption level below the poverty line. Investments in basic infrastructure services such as water supply, sanitation and waste management which have important implications for social outcomes are needed.

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<sup>1</sup> See Annex 1.

In 2002, The Kosovo Trust Agency (KTA) - an organization established under the umbrella of the United Nations Interim Administration Mission in Kosovo (UNMIK) - embarked on a process of water sector reforms to improve the efficiency and sustainability of water supply services throughout Kosovo. The first of these reforms was the consolidation of the 35 municipal water companies into 7 regional water companies. A donor coordination meeting resulted in the geographical distribution of the main donors in the water sector according to the 7 regions. It was agreed that GTZ would support the regional water companies in the Southwest of Kosovo (Peja and Prizren).

Consolidation presented major challenges for the water companies. Some former municipal water utilities were reluctant to join the regional companies, mainly because the consolidation process was felt as a top-down process. One of the difficulties faced by the newly created companies were the huge water losses. Leaking pipes, illegal connections, and the non-payment of water bills form the main reasons for water losses throughout Kosovo, in both material and financial terms. The lost earnings would be needed to maintain the existing water pipe system and connect new users, maintain and partly renew the water treatment plants, engage in environment awareness raising campaigns, and develop projects to manage wastewater in order to avoid rivers and wells pollution.

The present evaluation focuses on the project achievements regarding Peja's Regional Water Company, Hidrodrini. It was established in October 2004 through a joint agreement between KTA and five Municipalities (Peja, Deçan, Istog, Klina and Junik). It provides 117'767 inhabitants with water services and 54'950 with wastewater services. The businesses of the Company are supervised by a Board of Directors, an independent body that used to be chaired by KTA until June 2008. Following Kosovo's independence, KTA closed in June 2008 and a new water framework is currently being established. How this will affect the level of functioning and professionalism of the regional water management remains to be seen.

The project mainly consisted in strengthening Hidrodrini's management and technical capacity by adapting the organizational structure, establishing new departments such as the planning and GIS (Geographical Information System), water loss management and customer service departments and providing expert support and training in these fields as well as in other fields such as asset evaluation, preventive maintenance, and financial planning. The project further provided advice to improve collaboration between the company and municipalities.

**Relevance (2):** The project relevance is rated as good because enhancing the company's operational efficiency represents an essential element of a successful incorporation and

consolidation policy as implemented by KTA. However, relevant issues such as wastewater management, increasing acceptance of the company among the population and strengthening civil society participation were given only little attention.

This independent evaluation assessed the program's achievements according to the five DAC evaluation criteria as follows:

**Effectiveness (2):**<sup>2</sup> The project effectiveness is also assessed as good. Positive achievements with regard to capacity development have been stressed by various actors in the water sector in Kosovo (70% of the interviewees not directly involved in the project). Specifically, the support of GTZ in introducing procedures and management techniques into the company such as improved internal communication (regular management meetings, newsletters) and strengthening the company's capacity in GIS, asset evaluation, water loss reduction, customer service, financial planning and accounting was invaluable. Hidrodrini's ability to fulfill criteria required to obtain donor funding (e.g. eligibility for KfW, USAID and Government funding) and the demand from other companies to get technical support such as in the fields of accounting and water loss reduction indicate that the projects efforts in developing Hidrodrini's capacity have been fruitful.

The newly introduced water loss management department successfully implemented a water loss reduction strategy in two pilot zones in Peja. 100% of illegal connections and bypasses were eliminated, non-functioning water meters replaced and leakages repaired. This also indicates that coordination between this department and the customer service/billing department is functioning well. However, the population in the pilot areas in which the water loss reduction concept has been tested corresponds to approximately 1% of the total population coverage of Hidrodrini. Reasons for slow upscaling are the lack of human resource capacity, bad state of maintenance of the pipe network, lack of coaching, and the difficulty faced by the company to convince people and especially businesses to pay their bills.

**Impact (3):** Access to water supply and sanitation as well as drinking water quality have recently increased in Kosovo. However, wastewater treatment is still inexistent and the prevalence of water-related diseases is high, much higher than in neighboring countries. By strengthening the company's capacity, the project enabled the company to reliably provide safe drinking water to an increased number of customers (25% increase since 2004). The project further supported the company in becoming financially viable and in attracting donor

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<sup>2</sup> See Annex 1

funding, two important conditions to expand the water supply and develop the wastewater management system. In this sense, the project is contributing to increase access to water and sanitation and hence to improve living conditions. However, the contribution of the project in strengthening the company's skills in the wastewater management sector and in promoting multi-stakeholder dialog aiming at shaping the new government responsibilities regarding water utilities is assessed as insufficient. Its overall impact is thus rated as satisfactory.

**Efficiency (2):** The project set-up, a project team located within the water company, was very appropriate for achieving the objectives. Proximity facilitates partners' involvement in project planning and monitoring. Frequent exchanges also take place on an informal basis and enable to design the project in a demand-responsive way. Resources invested compared to the outputs achieved are also considered appropriate. As a whole, project efficiency is considered as good. However, even though GTZ and KfW measures well complement each other, a better coordination is essential to increase the project's efficiency.

**Sustainability (3):** As GTZ's assistance in the water sector in Kosovo is scheduled to come to an end in mid-2009, the issue of sustainability of the project results is highly relevant. Hidrodrini's ability to qualify for donor funding or to provide assistance to other regional water companies are indicators of good sustainability. However, the project partner (Hidrodrini) has not yet demonstrated its ability to upscale the project results, especially regarding water loss management. Moreover, the lack of a clear phasing out strategy decreases the project's sustainability. Finally, the fact that the water sector is in complete transition (KTA having closed without handing over) represents a high risk for the sustainability of project results. The project sustainability is thus considered as satisfactory.

**Recommendations:** In order to increase sustainability, both short-term and longer-term measures should be implemented. A project unit within Hidrodrini should be developed in order to strengthen the company's management. This unit could take over support tasks that were previously dealt with by the project office. It could support the managing director in developing project proposals, in assessing the potential of new organizational options such as the outsourcing of specific tasks. It could also provide consultancy services to other regional water companies in Kosovo. In this way, it would contribute to disseminating the project results and also cover part of its own costs.

A medium-term coaching/mentoring phase should be introduced after mid-2009 in order to allow a gradual phasing out. This would enable to consolidate newly developed departments and newly acquired know how and thus support the efficient scaling up of the project results, in particular regarding water loss reduction. Options to finance a coaching phase beyond

mid-2009 do exist such as deriving part of the KfW accompanying measures budget planned for the new Prishtina project, integrating Hidrodrini's coaching into the GTZ program "Modernization of Communal Services" or involving retired experts (senior expert service).

In order to contribute to water resource protection, the project should encourage the Kosovo water institutions (e.g. National Water Commission, Ministry of Environment and Spatial Planning, River Basin District Authorities, Regional Water Companies, and Municipalities) to develop and implement wastewater / resource management plans at national, catchment and municipal levels as well as to establish a comprehensive legal framework. Moreover, cooperation with other countries in the region should be facilitated in order to evaluate potential options with regard to wastewater management. Demonstration projects showing the potential of various wastewater treatment options and in particular their operation and maintenance requirements should be carried out.

The projects multi-level approach should be reinforced. Besides coaching Hidrodrini, strengthening the capacity of civil society actors to engage in the sector, building up the capacity of municipalities (the institutions that are likely to be responsible for water utilities in the future) and the judicial system, and promoting multi-stakeholder dialog are essential to improve long-term sustainability. One key actor in the water sector in Kosovo who works both towards creating awareness among citizens and facilitating dialog between regional water companies and the Ministry level is SHUKOS, the water and wastewater association of Kosovo. Supporting SHUKOS would thus be a meaningful way for GTZ to both improve civil society participation and multi-stakeholder dialog.

Assisting SHUKOS in the development of training materials for water and wastewater technicians for example, establishing norms and standards, and reinforcing its cooperation with water and wastewater professional associations in other countries would contribute to strengthening the water sector in Kosovo. In this transition phase, the creation of a multi-stakeholder platform in which representatives from the Ministry, municipalities, regional water companies and civil society would discuss water-related issues is needed. GTZ could support SHUKOS by providing strategic advice on the creation and coordination of such a platform.

### Annex 1: Graphical display of objectives' achievements according to indicators

