

## FINAL EVALUATION

**KSV/018**

Institutional and technical support for  
the water supply system, Mitrovica region  
(Phase II)

### PROJECT SUMMARY DATA

Country	Kosovo
Long Project Title	Institutional and technical support for the water supply system, Mitrovica Region (Phase II)
Short Project Title	Water in Mitrovica, Phase II
LuxDev Code	KSV/018
Version of the Report	May 2018

### RATING OF THE PROJECT BY THE EVALUATION MISSION

Global rating (Effectiveness)	<b>4</b> On a scale of 1 (excellent results, significantly better than expected) to 6 (the project was unsuccessful, or the situation has deteriorated on balance)
Rating using other evaluation criteria	Relevance: <b>4</b> Efficiency: <b>2</b> Sustainability: <b>5</b>

## EXECUTIVE SUMMARY

### Overall context

Project KSV/018 focuses on contributing to the achievement of a reliable and sustainable water supply to the population served by Mitrovica Regional Water Company, in the Northern part of Kosovo.



It may be seen as a continuation of previous project KSV/016, consolidating activities initiated in 2011-2014 through the completion of works to upgrade the network and through the attempt to improve the operational capacity of the regional utility.

Project KSV/018 practically commenced in the second quarter of 2014, though still awaiting the official ratification by the Government of Kosovo of the Bilateral Agreement with the Grand Duchy of Luxembourg. In the meantime, KSV/016 project insured the payment of preliminary activities and was definitively closed with the execution of the final payments upon the ratification of the Bilateral Agreement that definitely launched KSV/018 project.

According to the initial design in the project document, the project was supposed to invest about 7 M € over a duration of three years, through a 4.5 M € grant from Grand Duchy of Luxembourg associated to a 1.6 M € cash contribution of the local municipalities and the exemption of VAT and import taxes (estimated to 774 000 €) provided by the national government.

Two main factors introduced difficulties to the starting phase of the project and obliged a deep redefinition of its scope and timing:

- unexpected delays for the final ratification of the Bilateral Agreement obliged to postpone investments that could not benefit from the tax exemptions until the official signature of the document. However, it was decided to anticipate what could be done in the meantime, introducing a new phasing in the project implementation;
- it was not possible to include Mitrovica North Administrative Office, which operates public services in the Serb speaking part of Mitrovica, as direct stakeholder of the project. The contribution of the Serb part of Mitrovica could not be established (it was initially planned to 0.5 M €). This obliged to review the scope of works and the overall budget of the project.

As a result, project KSV/018 was amended in order to mobilize a total budget of 6 374 M €, with finalization planned for end of June 2018.

### The present report

The present report corresponds to the final evaluation of the project, executed by the consultant ASPA Utilities. The field mission of the final evaluation assessment occurred in April 2018, i.e. a couple of months before the planned ending of the project. A mid-term evaluation was previously performed in December 2016 by the consultant COWI.

### Objectives and results of project KSV/018

The overall objective is “to contribute to the reconstruction programme for the northern part of Kosovo”.

The specific objective is “to contribute to the achievement of a reliable and sustainable water supply to the population served by the Mitrovica Regional Water Company”.

Expected results are:

- Result 1 Mitrovica Regional Water Company organization and procedures are upgraded towards a customer-oriented water company;
- Result 2 Existing assets of the Mitrovica regional water supply system are upgraded or replaced.

A set of objectively verifiable indicators was defined in the project document. These indicators have been progressively revised. These indicators focused on operational indicators to be reached by Mitrovica Regional Water Company at the end of 2017:

- service coverage;
- non-revenue water rate;
- collection rate;
- metering rate and billing efficiency.

Generally speaking, the Evaluator’s finding is that the project globally failed to reach all the objectives and targets, although most of the works planned in the revised version of Result 2 activities have been satisfactorily delivered on time and within the revised budget. With regards to Result 1, new procedures and some operational tools have been brought, but did not lead to the expected reorganization.

In our opinion, the disappointing global result is due to:

- an inappropriate initial conception based on utopic assumptions;

Former project KSV/016 was rather successfully dedicated to works, in order to revamp the backbone of the water distribution network as a complement of the new treatment plant sponsored by the European Union. It was then correctly assumed that the next step should focus on the improvement of Mitrovica Regional Water Company’s operational capacity. Unfortunately, the idea was embedded in a “change proposition”, too ambitious and too academic. The new project underestimated the necessary time to reorganize a utility and established unmatched goals. It also proposed a “red-tape” approach, based on charts, procedures and business plans, instead of emphasizing “hands-on” technical assistance associated with a result-oriented pragmatic strategy, which probably would have better suited to Mitrovica Regional Water Company, according to its institutional environment and its current culture of enterprise.

- difficulties linked to the institutional and political environment;

In order to “to contribute to the reconstruction programme for the northern part of Kosovo”, the most challenging issue was to set up the operational relationship between the regional utility and the Serb communities of the north of the area. Unfortunately, the attempt backfired as Mitrovica North went out of the initial agreement.

Institutional issues needed to be embraced before optimizing the internal organization of the utility. But Result 1 of the project limited itself to address organization and procedures.

Furthermore, unexpected delays related to bureaucratic issues such as the official ratification affected a lot the management of the project, which had to deploy energy and initiative to keep this latter on track.

- the lack of experienced utility operators in the project team;

At the beginning of 2017, the mid-term evaluator clearly alerted that the project was not going in the good direction and that some changes were necessary. The evaluator observed that the project was lacking a holistic vision on a water utility functioning and has been repeatedly shifting from activities without consideration for the level of acceptance and integration of the proposed techniques. Unfortunately, these recommendations were not taken into account. Said with other words, the mid-term evaluator pointed out that the project had not been conceived and was not managed by professionals with sufficient understanding of what is the job of a water service operator. GFA Consulting Group GmbH was supposed to bring field experience, mainly in a final phase of its assessment, but limited its role in the preliminary steps to produce poor and academic reports. These reports were accepted and paid by the project, while largely discarded by Mitrovica Regional Water Company management. As a result, the final phase of GFA intervention was cancelled.

- inertia that avoided capacity to drastically restructure the project when it was still time.

The misunderstanding progressively grew up and worsened when Non-Revenue Water Committee management changed. It seems that the opportunity to sit down and revamp the project has been lost at that time. At the end of the project, both Mitrovica Regional Water Company and LuxDev, show a general disappointment that, in our opinion goes beyond the effective results reached. Both sides see the glass as half empty much more than half full.

### Evaluation scoring

According to the evaluation scheme elaborated by LuxDev and aligned with the Development Assistance Committee normalization, the following table points out the scoring given by the final evaluator (and compared with the prior scoring at mid-term evaluation time). Scores range from 1 (excellent results, better than expected) to 6 (project unsuccessful, situation deteriorated):

	Score given by the mid-term evaluator	Score given by the final evaluator
Relevance	3	4
Effectiveness	4	4
Efficiency	1	2
Sustainability	5	5

Compared with the mid-term evaluation:

- relevance slightly declined along the second half of the project, considering that the recommendations and alerts provided by the mid-term evaluation were not sufficiently taken into account to realign the final stage of the project. Growing up difficulties in the realization of the technical assistance give evidence to the fact that the project did not fully take into account the local absorption and implementation capacities at the time of its conception;
- effectiveness remains slightly below average results. The most critical issue is related to the definition of the objectively verifiable indicators that were selected at project's conception time. Final performance is below the planned objectively verifiable indicators, but this has to be mitigated: some Indicators were not relevant;
- efficiency declined from 1 to 2. Efficiency remained rather good along the project life, but it cannot be said that it was "significantly better than expected";
- sustainability remains the most critical criterion. According to Development Assistance Committee normalization, it measures the extent to which the continuation of benefits from a development intervention after major development assistance has been completed. Although it is difficult to forecast how Mitrovica Regional Water Company will evolve in the future, low score 5 illustrates that one cannot be optimistic about the effective adoption by the current management of the tools and organizational methods brought by the technical assistance (Result 1). However, the works achieved will stay and will remain useful for the improvement of the water supply in Northern Kosovo (Result 2).

### Lessons to be learned and final recommendations

Lessons and recommendations for LuxDev:

- In similar projects, the design phase should be more realistic and less enthusiastic.
- Outputs of prior project KSV/016 clearly pointed out the needs of a deep change of culture within the utility. This means a long path for utilities not historically shaped with a customer-oriented approach. This cannot bring the expected results in a few years. The objectively verifiable indicators were not realistic. LuxDev dominates well what can be achieved in terms of works according to a certain amount and a certain timing, but has more difficulties to estimate what can be obtained in terms of operational improvement.
- Academic approaches to introduce changes of strategy are worth as soon as they are associated with “quick wins”, giving immediate results and gaining the mobilization of the company’s staff.
- The project focused on operating procedures and business plans more than on more “hands-on” technical assistance, although learning-by-doing activities were also embedded in the program. The experience shows that it was perhaps not the more appropriate way to induce the targeted changes. It seems that the project suffered with a lack of experienced public service operators, both during the conception phase and during the execution.
- More proactive interventions of LuxDev management could have anticipated measures to avoid the deterioration of the relationship with Mitrovica Regional Water Company.
- It seems that the key moment was around the change of Mitrovica Regional Water Company management. It was then necessary to renegotiate the project: to review the scope if a new ground could be found with the new management, to change the personnel if it was estimated that the main issues were basically a question of misfit between persons, or to abandon the project. In our opinion, LuxDev management should be more proactive when signals indicate that the resident Chief Technical Adviser has difficulties to handle his project.

Lessons and recommendations for the national counterpart:

- LuxDev participation was a grant. Mitrovica Regional Water Company and Government of Kosovo did not get the full benefits which could have been obtained thanks to the money and the effort of the donor. The worst is that they finally discourage LuxDev to continue a development program towards Non-Revenue Water Committee. An opportunity has been spoiled. The result is a clear evidence of a failure.
- Many problems came from an unrealistic initial vision of the actual capacity of Mitrovica Regional Water Company to undertake institutional and strategic changes. We can criticize LuxDev about this overestimation, due to the fact that the Agency was already in Mitrovica through KSV/16. But who was supposed to be more aware of the actual limitations of the company than the Government of Kosovo? The Project Steering Committee could probably have intervened more actively in the project preparation stage. This could have helped fine-tuning the project according to the effective targets and capacities of Mitrovica Regional Water Company.
- To transform an “old fashion” utility into a modern customer-oriented company requires a clear political willingness, besides technical tools and methods that the foreign cooperation can bring. When a change of management was to occur in the middle of the project implementation, it was time to introduce new talents, aligned with the overall strategy and the project objectives.
- Working with international aid and getting advantage of granted projects have rules. The worldwide situation is unfortunately such that LuxDev, as all other development agencies, has a large choice of countries and places where to address the cooperation effort. If they want to attract investments, Mitrovica Regional Water Company and Government of Kosovo must apply better these rules, which include a minimum of diplomacy associated with a good comprehension of the actual motivations or fears of the development agencies.