



## Project evaluation: summary report

### Albania: Water Sector Reform

Title according to commission:	DC programme: Drinking water, water resource management, wastewater and waste disposal TC module: Water sector reform
Project no.:	2012.2062.3
Country/region:	Albania
CRS Purpose Code:	14010 Water sector policy and administration
Project objective:	The institutional, regulatory and management capacities of institutions in the Albanian water sector (drinking water supply and wastewater management) have improved.
Project term:	March 2013 to December 2015
Project volume:	EUR 2,400,000
Commissioning party:	German Federal Ministry for Economic Cooperation and Development (BMZ)
Lead executing agency:	Ministry of Transport and Infrastructure (MoTI)
Implementing organisations (in the partner country):	Ministry of Transport and Infrastructure, Water Regulatory Authority (WRA), Water Supply and Sewerage Association of Albania (SHUKALB), water utilities
Other participating development organisations:	/
Target groups:	The target group of the project is the entire population of Albania who benefit from improved water supply and sanitation. Raising efficiency in sectoral institutions and enterprises paves the way for a higher connection rate, particularly in periurban and rural areas. The population has better access to water supply and sanitation services and compliance with quantity and quality service standards will be monitored. This in turn benefits in particular the poor population in periurban and rural areas. All age groups and men and women alike benefit from improved utility services.

## Project description

In many places, the Albanian population still lacks adequate water supply and sanitation services. According to 58 operators' own information (2015), about 81.5% are connected to the central water supply grid (urban areas 90%, rural areas 63%) and about 50% to sewage/wastewater disposal (sewerage system). The treatment rate for sewage/wastewater amounts nationwide to only 10% (2015). Urgently needed improvements are hampered in part by the very slow process of delegating responsibility for water supply and sanitation utilities to the Albanian municipalities and the operators' lack of capacity and competitiveness. Despite much progress, the institutional capacities in the Albanian water sector are still insufficient and pose the core problem in implementing the planned developments. For this reason, the module objective of the TC measure is as follows: The institutional, regulatory and management capacities of institutions in the Albanian water sector (drinking water supply and wastewater management) have improved.

The methodological approach of the TC module is based on three fields of activity: (i) advice at ministerial level in continuing the initiated sector reform, (ii) measures to raise the efficiency of the utilities and (iii) continued strengthening and consolidation of the Albanian Water Regulatory Authority (WRA).

The project has a close substantive bearing on the National Strategy of Water Supply and Sewerage 2011-2017 and its fields of activity. The project is an important supplement to ongoing FC investment projects and makes important contributions to making its results sustainable. Measures for boosting the efficiency of the utilities (field of activity ii) are closely coordinated.

The project's measures and interventions are related to relevant issues of the sector reform at the levels possible and the vertically oriented exchange of experiences, as well as the use of lessons learned for implementing measures at the subordinate levels (municipal administrations, water utilities) consistent with a multilevel approach.

By advising the Ministry of Transport and Infrastructure (MoTI) and with the founding of a department within the ministry to form the National Agency for Water Supply, Sanitation and Urban Waste (AKUKUMN) initiated in 2015, the sector is supported as a model with developing structures and processes for implementing the strategy, as well as key elements of sector reform. By adapting the strategic approach and based on the positive response to a request for funding formulated by the Albanian partner (founding of AKUKUMN), the project focus has been reoriented in part and has been tidied over until the planned reapplication in August 2016.

The strategic and technically oriented advice for the WRA on developing and introducing guidelines and methods accompanying the project strengthens the WRA and its independent influence in the sector.

By focusing the technical aspects of advice for the water utilities on energy efficiency (potential for reducing climate-related emissions), the enterprises' high operating costs and the financial transfers to the national level for offsetting the deficits are reduced.

The evaluation of the project success is based on the OECD/DAC criteria of relevance, effectiveness, impact, efficiency and sustainability. With respect to effectiveness, the evaluation is based on the indicators at module objective level. The project is part of a development cooperation programme. To evaluate impact, indicators at the overarching programme objective level are used that measure the use of clean water and improved sanitation, the project's contribution to sector reform and water resources management (WRM), as well as health impacts.

Basis for assessment of the OECD-DAC criteria:	Individual and overall rating of the OECD-DAC criteria:
To determine the TC measure's overall rating, calculate the average of the individual ratings:	Relevance: 14 points - very successful Effectiveness: 13 points - successful Impact: 12 points - successful Efficiency: 12 points - successful Sustainability: 10 points - rather successful
14 – 16 points: very successful	Overall, the project is rated 'successful' with a total of 12 out of 16 points.
12 – 13 points: successful	
10 – 11 points: rather successful	
8 – 9 points: rather unsatisfactory	
6 – 7 points: unsatisfactory	
4 – 5 points: very unsatisfactory	

## Relevance (Are we doing the right thing?)

With its reform approach and orientation towards the alignment of standards and methods (European Union accession), the project aims to strengthen the capacities of the sector institutions and is geared toward the National Strategy of Water Supply and Sewerage 2011-2017 in terms of content. It makes a key contribution to complementing the ongoing FC investment projects and to sustaining their results. The orientation is aligned with the basic orientation of German development cooperation in the Albanian water sector.

In conjunction with the adaptation of the strategic approach at the national level to the reorientation of the sector management and the altered responsibilities for monitoring implementation of the reform, the project is aligned with the relevant strategies of the partners.

The relevance of the TC measure is rated **‘very successful’** with 14 points.

**Effectiveness** (Will we achieve the project’s objectives?)

Objectives indicator	Target value according to the offer	Current status according to the project evaluation
1. Based on the evaluated reports of the executive committees, the Directorate for Regionalisation and Water Supply and Sewerage Policies (DPRWSS) prepares the standardised semi-annual progress reports on the implementation of the national water sector strategy for the Department of Strategy and Donor Coordination (DSDC).	Standardised semi-annual reports on the implementation of the reform by implementation committees.	The report on the second half-year of 2012 was submitted on time by the DPRWSS and accepted by the DSDC. The mechanism for monitoring under the leadership of the DPRWSS active until 2013 was discontinued after the elections in 2013. In the course of restructuring of responsibilities, the Technical Secretariat of the National Water Council (TS-NWC) assumed the reporting duties in 2015 and delivered the reports to the NWC in two reports.  Owing to the change in institutional responsibility for monitoring the implementation of the sector reform, the indicator cannot be achieved as expected. However, an acceptable substitute solution was found through support of the TS-NWC.
2. 70% of utility providers with more than 4,000 connections charge rates that have been approved by the regulator according to the new tariff-setting guideline.	70%	20 of the current 27 enterprises apply a tariff in accordance with the new tariff-setting guideline (74%). These large-scale providers supply drinking water to around 80% of the Albanian population. Owing to the territorial reform and the organic growth of the suppliers, the number of enterprises with over 4,000 connections has grown from 22 in 2012 to 27 in 2015. As a result, the indicator has been surpassed.
3. A cost-benefit analysis on energy efficiency in water-supply and sanitation operations as well as a plan for performance improvement have been drawn up for 20 enterprises.	20	The cost-benefit analyses for improving the energy efficiency for water supply and wastewater management, as well as a plan for improving performance were elaborated for 21 water utilities and presented in the sector.  The indicator has therefore been surpassed.

4. The annual sectoral Performance Report of the Water Regulatory Authority is based on verified performance indicators from the utilities.	Verified performance indicators	<p>The WRA's sectoral Performance Report published in 2015 is based in part on verified performance indicators. The reliability of the Performance Report suffered from weak data quality, since the information voluntarily provided by the suppliers was not verified. In the context of the ongoing measures, the WRA conducted checks in 29 water utilities at various levels of detail and on various occasions. As a complement, 51 water utilities prepared a water balance based on a scheme elaborated by the project and sent it to the WRA. As a supplement, the information on the Performance Report was verified in 29 villages.</p> <p>It was not yet possible for this information to be fully verified; however, this will be achieved if the WRA's methodology is continued in the coming years. The indicator has not yet been fully met.</p>
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The evaluation team comes to the conclusion that objectives indicators 1 and 4 will probably be *partly* achieved and objectives indicator 2 and 3 will probably be *fully* achieved by the end of the project.

The effectiveness of the TC measure is rated '**successful**' with 13 points.

**Overarching development results (impact)** (Are we contributing to the achievement of overarching development results?)

The project contributes directly to achieving the programme objective and indicators on which it is based. Indicators 3 (achieving EU hygiene and environmental standards, core elements of the human right to water, implementation of the EU Water Framework Directive (WFD), models of decentralised sanitation), 4 (economic efficiency of the water utilities, dismantling subventions) and 5 (regulation, transparency, consumer rights, poverty-oriented access) at the programme objective level are addressed by the TC module and have direct relevance for the module's interventions.

The project's hypotheses on overarching long-term results (e.g. secured water supply, resource conservation, health impacts, improved living conditions) must be derived based on plausibility. It is highly probable that the measures will make a positive contribution to the long-term intended overarching results and that they will do so in a positive relationship with the financial resources available to the project.

The realistic contribution of the sector reform project to the overarching development results of the development cooperation programme approach is plausible and is visualised via longer cause and effect relationships. From the perspective of the reform approach (sector development), however, and perceivable in the context of the FC-funded infrastructure improvements in the water utilities, the project's contribution is considered to be relatively high.

By mainstreaming energy efficiency in the water management system for human settlements in the target system of the National Energy Efficiency Action Plan (NEEAP) and in MoTT's Energy Efficiency Act, a first important step has been taken towards achieving broad-based use of measures for reducing operating costs in the enterprises with considerable potential for limiting the emissions that are harmful to the climate. Together with the establishment of regulatory functions in the sector, significant and relevant mechanisms for broad-based impact have been put in place by the project.

The impact of the TC measure is rated '**successful**' with 12 points.

**Efficiency** (Are the objectives being achieved cost-effectively?)

The alignment of internal responsibilities helps to set the basic focus of interventions and contributes to target-oriented and resource-efficient implementation. In view of the content-related changes to the reform process in the course of the change in government, the project's flexible action (including orientation towards the founding of the agency AKUKUMN), contributed to reducing the limitations for efficient use of the available funds.

Overall, the use of qualified national experts who are native speakers of the local language contributes especially to implementing the measures efficiently and mainstreaming them in the partner structures. Based on their in-depth knowledge of the context, they have made key contributions to overcoming the language barriers in cooperation with the partner institutions and to shaping project implementation as efficiently as possible.

The years of collaboration and the on-site presence of the project's advisors on the premises of the WRA play a particularly important role. The direct exchange, flexible advice and prompt response to requests by the partner combined with the introduction of new IT-assisted systems were important for broad-based and efficient use of the regulatory approach.

In view of the low degree to which politically motivated changes to strategies and concepts on the part of MoTI can be influenced, there is only limited potential for boosting efficiency during the fleshing out of the cooperation with the leading authority in the sector, which is not always easy. In general, however, it should be noted that if MoTI more consistently coordinated the donors active in the sector, the agreement processes could be implemented more efficiently.

The project has exhausted its options for resource-efficient implementation of the measures and the results associated with this to the greatest possible extent. In the context of the measures of other donors active in the sector, the project's intervention concept is strategically geared towards the requirements of the sector. The opportunities to coordinate with other donors and/or projects are leveraged.

The efficiency of the TC measure is rated **'successful'** with 12 points.

**Sustainability** (Are the positive results durable?)

The advisory approach on which the project is based is mainstreamed in the partner structures. Interventions at the sector level in MoTI and its environment are largely geared towards sustainability and effectiveness. Specific examples of this are the study on improving energy efficiency in the water utilities. The starting points identified in the enterprises have significant potential for sustainably lowering the costs for energy to power the plants. This is also true for the introduction and institutionalisation of IT-assisted methods and instruments at WRA. They make regulation more efficient and can be used in the sector permanently and sustainably.

The institutionalisation of the advisory content is relatively directly related to the reform approaches (currently) being pursued by the government and MoTI. The pronounced dependence of the institutional sustainability on the orientation of the reform agenda of the respective government of the country and on the water institutions active in the sector, which is not unusual for a sector reform programme, is not completely uncritical. To more sustainably institutionalise the reform approaches and translate the regulatory approach into value, it is thus necessary for the advisory approach and focus to continue to flexibly adapt to changes in political management – in as far as it is logical and possible.

The project takes into account possible risk factors for a sector reform programme that could influence the longer-term sustainability of the results. With its close connection to MoTI and its flexible dealing with requirements for implementation and orientation, a key risk factor is in the focus of the project. The improved supply brought about by the measures impacts the target group indirectly. The project's overall approach to dealing with risk factors is good.

The sustainability of the TC measure is rated **'rather successful'** with 10 points.

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