



1. Project Data

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| Project ID P128416 | Project Name DANUBE REGION WATER AND WASTE WATER SECT | |
| Country Europe and Central Asia | Practice Area(Lead) Water | |
| L/C/TF Number(s) TF-12722,TF-A9427 | Closing Date (Original) 31-Dec-2021 | Total Project Cost (USD) 8,642,291.59 |
| Bank Approval Date 29-Jun-2012 | Closing Date (Actual) 30-Jun-2022 | |
| | IBRD/IDA (USD) | Grants (USD) |
| Original Commitment | 8,702,890.50 | 8,702,890.50 |
| Revised Commitment | 7,834,488.75 | 8,702,890.50 |
| Actual | 8,642,291.59 | 8,642,291.59 |

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2. Project Objectives and Components

a. Objectives

The Program Development Objective (PDO) of the Danube Region Water and Waste Water Sector Capacity Building Program (DWP) as articulated in the Grant Agreement (page 3) was identical to the one in the Project Appraisal Document (PAD, paragraph 10) and aimed to:

"support institutional capacity building and the development of regulatory and policy instruments in the water supply and wastewater sector in participating countries in the Danube Region."



In 2015, the program received its first additional financing as part of phase II and the PDO was revised to:

"support the improvement of: (i) the water sector-related institutions, policies, and regulations in participating countries from the Danube region; and (ii) the sustainability of DWP developed activities."

Parsing the PDO. The PDO will be parsed according to the following two objectives:

1. To support the improvement of the water sector-related institutions, policies, and regulations in participating countries from the Danube region.
2. To support the sustainability of DWP developed activities.

The PDO for Phase III remained the same except for the inclusion of the new water security activities under its extended scope.

While the PDO was revised, the Theory of Change (ToC) and outcomes targets remained the same (ICR, paragraph 37). Therefore, this Review will not apply a split rating evaluation.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

31-Aug-2015

c. Will a split evaluation be undertaken?

No

d. Components

The PDO was supported by the following two components:

1. Provision of Policy and Regulatory Support to National Level Authorities and Support to Program Implementation (appraisal cost: up to US\$2.10 million, actual cost: US\$5.93 million). This component would support activities to provide policy and regulatory support, including through analytical and advisory work predominantly targeted at the national level. This part of the partnership would be administered and executed by the World Bank. This component would also cover the cost of the program supervision and preparation, including consultants, travel and Bank staff. It included two sub-components:

1.1. Financing of Sector-specific Technical Assistance, Analytical, and Advisory Work. This sub-component would finance policy and regulatory support activities in three main areas: (i) tariff regulations; (ii) conditions and options for private sector participation in the water supply and wastewater sector; and (iii) efficiency improvement advisory support and assessments, including energy audits. This component would also include benchmarking of water utilities performance and collection of baseline data for monitoring and



evaluation. Up to two Bank staff, to be based in the Bank's Vienna office, would be financed under this sub-component.

1.2. Provision of Program Implementation Support and Supervision Activities. This sub-component would finance activities to provide implementation support and supervision during program implementation, including Bank staff time and travel cost. The sub-component would also cover cost associated with program preparation.

2. Capacity Building for Water Supply and Wastewater Utilities (appraisal cost: US\$3.90 million, actual cost: US\$8.23 million). This component would support capacity building activities for senior technical and managerial staff of water and wastewater utilities and national utility associations, including training courses, exposure visits, knowledge exchanges, coaching, on-the-job training, and other capacity building activities. The component would be implemented by the International Association of Water Supply Companies in the Danube River Catchment Area (IAWD). It included the following three sub-components:

2.1. Implementation of Regional Capacity Building and Training Activities for Water Supply and Wastewater Utilities. This would support regional, cross-country activities for capacity building, coaching, and on-the-job training structured along specific thematic lines (thematic window), including, but not limited to: business planning, operational performance improvements, institutional design and organizational structure.

2.2. Financing of Country-specific Activities for Utility Management and Operational Practices Improvement Support. This would provide support to country-specific activities selected competitively on a rolling basis (competitive grants window). Selection criteria would be developed and outlined in detail in the Operational Manual to be agreed with the Bank, but include at a minimum (i) government endorsement of the activity; (ii) counterpart contribution; and (iii) clear commitment to publish performance data.

2.3. Project Management and Coordination of Program Implementation. This would support establishing and maintaining the Secretariat function at IAWD responsible for program implementation and coordination.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost. The total project cost at appraisal was estimated at US\$6.10 million including US\$0.1 million trust fund fee. The actual cost according to the ICR Annex 3 was US\$14.48 million. The higher amount at completion was a result of two additional financings that the project received (see below).

Financing. The program was financed through a Multi-Donor Trust Fund (MDTF) managed by the World Bank, with an initial contribution in the amount of US\$8.64 million equivalent from the Government of Austria. The program received two additional financings from the Government of Austria, the first was in 2015, in the amount of US\$5.60 million equivalent, and the second was in 2018, in the amount of US\$1.67 million equivalent. Total MDTF financing was US\$15.91 million equivalent. According to the ICR (Annex 3) the actual amount disbursed was US\$14.48 million. The ICR (Annex 3) noted that program costs and AF operations showed some variations due to fluctuations in the exchange rate between the EUR and US\$. The program also leveraged additional resources totaling EUR 2.1 million, including EUR 0.9 million from the Open Regional Fund for Southeast Europe (GIZ and Swiss Cooperation).



Borrower Contribution. An additional US\$1.2 million equivalent of beneficiary counterpart funding was contributed.

Dates. The project was approved on June 29, 2012, and became effective on November 13, 2012. The Mid-Term Review (MTR) was conducted on May 15, 2014, about 1.5 years into effectiveness. The PAD did not state a specific date for the MTR, however, relative to other Bank-funded operations conducting the MTR 1.5 years after effectiveness is considered early. That said, in the context of this three phase TA program, the MTR was timely conducted. The project was expected to close on April 30, 2016. The actual closing date was six years later on June 30, 2022. The project was restructured twice and received two additional financings as follows:

1. Level 2 Restructuring: On March 13, 2013, when the amount disbursed was zero, in order to revise its expenditure categories. According to the ICR (paragraph 40) this revision was necessary to ensure consistency between the Administrative Agreement (TF071876) and the Grant Agreement (TF012722), prior to effectiveness of the Recipient-executed (RE) grant.
2. Additional Financing: On August 31, 2015, when the amount disbursed was US\$3.01, in order to approve the first additional financing in the amount of US\$5.60 million for Phase II, with an extension of the closing date from December 31, 2015, to December 31, 2018, change the Project Development Objectives, change in Results Framework, change in components and cost, change in disbursements arrangements, change in financial management, and change in procurement. The AF was issued for Phase II of the DWP following the "midterm review (MTR) in May of 2014, and an extensive survey of its beneficiaries both pointing to strong demand of the program's activities in the first phase of its implementation (ICR, paragraph 41)."
3. Additional Financing: On December 10, 2018, when the amount disbursed was US\$6.81 million, in order to approve the second additional financing in the amount of US\$1.67 million for Phase III, extend the closing date from December 31, 2018, to December 31, 2021, modify the PDO to: (i) emphasize its sustainability and to (ii) include new water security activities, which affected the scope of DWP, and change the RF to include the additional results to be attained through the new and scaled-up activities. The AF for Phase III in 2018 was to expand the scope of the program to include water security aspects to remain relevant for the region's countries' challenges (ICR, paragraph 43).
4. Level 2 Restructuring: On October 19, 2021, when the amount disbursed was US\$8.62 million, in order to extend the closing date from December 31, 2021 to June 30, 2022. This extension was needed to "provide the time needed for the satisfactory completion of all DWP activities, ensure high-quality products, and meet the objectives as outlined in the RF (ICR, paragraph 46)."

3. Relevance of Objectives

Rationale

Context at Appraisal. The water supply and sanitation utilities in the countries that form part of the Danube basin were located in one of Europe's largest cross- boundary river catchment area spanning over 19 different countries with strong transnational regional ties. While knowledge exchanges between upstream and downstream countries was developed and maintained, particularly between Austria and the South-East European (SEE) countries, technical, operational, and managerial skills vary broadly among those



countries, along with differing levels of institutional and regulatory capacity. This program aimed to contribute to improving the efficiency and quality of water supply and wastewater service delivery in the Danube region.

Previous Bank Experience. The Program design of the Danube Region Capacity Building Program draws from water and wastewater sector capacity building experience in other regions, e.g., the Arab Water Academy (AWA) and the International Water Academy (IWA) for countries of Eastern Europe, Caucasus, and Central Asia (EECCA). AWA was established as a regional training and knowledge center in Abu Dhabi to build water management capacity in the Middle East and North Africa (MENA) region. Lessons learned from IWA were reflected in the governance structure of the Danube Region Capacity Building Program. The DWP was financed through a multi-donor Trust Fund (MDTF) managed by the World Bank.

Consistency with Bank Strategies. At appraisal, the program's objectives were in line with ECA's Regional Strategy and supported expanding regional and sub-regional approaches, deepening the partnership with the EU, and aligning knowledge services to support country priorities. The program's higher objective directly contributed to one of the key pillars in many national-level CPS, namely, to improve the quality of Government spending and the delivery of public services. The proposed water supply and wastewater utility capacity building program would also complement other regional activities focused on water resource management supporting implementation of the EU Danube Regional Strategy.

At completion, the project objectives were in line with the CPFs of seven countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Moldova, and Ukraine) participating in the program. For the conciseness of this Review, please refer to the ICR Annex 8, where more details are provided.

Consistency with Government Strategies. There was limited information on this in the PAD and the ICR. At appraisal, the PAD (paragraph 3) reported that "representatives from water and wastewater utilities in the target countries have expressed the need for institutional strengthening and capacity building."

At completion, the ICR (paragraph 47) stated that "the program addressed the higher-level objectives for the sector in the beneficiary countries."

Summary of Relevance of Objectives Assessment. The original and revised PDO statements were both pitched at an adequate level of ambition given the Bank's global experience and the implementation environment in EU countries. The PDO was in line with the country strategies. While there was limited information available on the alignment with Government Strategies and priorities, the fact that the program was expanded to three phases (and a fourth was under preparation) pointed out to demand from client countries. Overall, Relevance of Objectives is rated High.

Rating

High

4. Achievement of Objectives (Efficacy)



OBJECTIVE 1

Objective

To support the improvement of the water sector-related institutions, policies, and regulations in participating countries from the Danube region.

Rationale

Theory of Change (ToC). To achieve the stated objective, the project would support activities to provide policy and regulatory support including: analytical and advisory work predominantly targeted at the national level, finance sector-specific technical assistance; and support capacity building for water supply and wastewater utilities. The project would also feature a Competitive Grant Window of the DWP to support innovative and creative ideas from organizations throughout the region to address the various challenges faced by the sector. Intermediate outcomes for these activities would include: the collection and analysis of water sector data to develop evidence and identify gaps for action; and development of recommendations to address water security aspects for key stakeholders. Also, key stakeholders were expected to learn from best international practices relevant to the region, and the Danube Learning Partnership (D-LEAP) would be established as a model for capacity building activities in the region. The expected outcomes were: 1. Ministries and regulatory agencies would realize potential benefits of addressing water security sector gaps and make decisions for improvement; and 2. Water utilities and water utility associations would strengthen their capacities on priority topics for the sector. This combined would result in the improvement of the water sector related institutions, policies and regulations in participating countries from the Danube region. Higher level sustainability targets included the adoption of smart policies and establishing strong utilities for sustainable water for people, the economy and the environment.

The achievement of the stated PDO was underpinned by two critical assumptions: 1. Ongoing financial support, and 2. Adequate capacity on the part of beneficiaries to absorb the information provided through the program.

The stated activities in the ToC were connected to the intermediate outcomes and outcomes in a plausible causal chain. The critical assumptions were realistic.

Outputs and Intermediate Results

1. 39 participating utilities improved their operational performance as a result of a capacity-building program under D-LEAP (compared to the baseline of 0 and target of 20, with 195% of the target achieved).
2. 10 participating countries implemented and were using a sector information system to track utility performance, (compared to the baseline of 3 countries and the target of 10, with 100% of the target achieved).
3. 9 participating utility associations established a hub and were delivering capacity development programs under D-LEAP (compared to the baseline of 0 and target of 7, with 129% of the target achieved).
4. Regulatory and policy recommendations for the water sector were discussed and endorsed and were being implemented in 9 of the target countries (compared to the baseline of 0 and target of 7, with 129% of the target achieved).



5. 45 Water Supply and Sanitation (WSS) sector regulation and policy reviews were conducted (compared to the baseline of 0 and target of 40).
6. 415 policy makers, higher-level technical, and managerial staff from participating countries benefited from cross-country capacity-building activities on water security topics (compared to the baseline of 0 and target of 40).
7. 7 sector regulation and policy reviews were conducted in water security topics (compared to the baseline of 1 and target of 5).
8. 5,420 utility records were reported to the International Benchmarking Network (IBNET/DANUBIS) from the participating countries (compared to the baseline of 2,711 and target of 5,300).

Outcome

By project completion, 39 of the participating utilities improved their operational performance through implementing D-LEAP capacity-building program (against the target of 20 utilities - PDO Indicator 1). Additionally, 10 participating countries implemented and were using a sector information system to track utility performance (against the baseline of 3 countries and a target of 10, PDO indicator 2). Moreover, 9 participating utility associations established a hub and were delivering capacity development programs under the D-LEAP exceeding the target of 7 (PDO indicator 3). Furthermore, regulatory and policy recommendations for the water sector were discussed, endorsed, and were being implemented in 9 of the target countries compared to the baseline of 0 and a target of 7 (PDO indicator 4).

Summary of Efficacy Assessment. The program was successful in improving the water sector-related institutions, policies, and regulations in participating countries from the Danube region. The project met or exceeded its four outcome indicators as stated above. Therefore, the efficacy with which this objective was achieved is rated Substantial.

Rating

Substantial

OBJECTIVE 2

Objective

To support the sustainability of DWP developed activities.

Rationale

Theory of Change (ToC). Since both PDO1 and PDO2 were interdependent, the same ToC discussed above under PDO1 applies here.

Outputs and Intermediate Results

1. 161 participating utilities completed an operational performance improvement program under D-LEAP exceeding the target of 120 (134% of the target achieved).
2. 1,194 policy makers, higher-level technical and managerial staff from participating countries benefited from cross-country capacity-building activities (compared to the baseline of 0 and target of 750, with 159% of the target achieved).



3. 529 female representatives benefited from capacity-building activities (compared to the baseline of 0 and target of 280, with 189% of the target achieved).
4. 8 curricula were developed and offered under D-LEAP (compared to the baseline of 0 and target of 8, with 100% of the target achieved).
5. 8 participating utility associations are implementing their business plans (compared to the baseline of 0 and target of 8, with 100% of the target achieved).
6. 238 water utilities were supported by the project (compared to the baseline of 0 and target of 230, with 104% of the target achieved).
7. 21 competitive grants were completed as planned (compared to the baseline of 0 and target of 20, with 105% of the target achieved).
8. 12 new members joined IAWD (compared to the baseline of 0 and target of 9, with 133% of the target achieved).
9. IAWD revised its membership categories and adopted a revised fee structure (with 100% of the target achieved).

Outcome

- By project completion, EUR142,697 of cumulative income was generated by IAWD from the implementation of DWP activities, as compared to the target of EUR165,000 (ICR, paragraph 51). While the achieved amount was 86% of the target, the ICR (paragraph 51) noted that the final amount did not account for in-kind and indirect support from participating and hosting WSS utilities. This shortcoming was also partially due to the impact of the COVID-19 pandemic and associated restrictions which prevented conducting in-person D-LEAP trainings that required physical attendance of utility representatives (ICR, paragraph 52). Trainings and events represented important income-generating activities for IAWD.
- In addition to the intermediate results discussed above, the program managed to build strong community of practice which serves as the foundation for sustainable water services for all countries in the region. IAWD was positioned as a facilitator of this network, as most of the stakeholders/beneficiaries of the program were its members.
- IAWD with other partners developed and offered three types of on-the-job capacity-building programs Energy Efficiency (EE), Asset Management (AM), and Commercial Efficiency (CE). According to the ICR (paragraph 56) "these programs resulted in concrete results for many of the 135 participating utilities." For example, EUR10 million of EE investments were identified yielding 35% in energy savings, thereby impacting 36 utilities (out of which 18 submitted an energy audit report). Also, 17 utility asset management registers were established, and 21 utilities improved their commercial efficiency and business plans were prepared for 19 utility companies.
- Notable achievements by the program included: conducting 38 WSS policy reviews and provision of support for the regulation of water services provision in 10 of the Danube countries, establishment of knowledge-sharing and networking events, including the Danube Water Conference and Danube Water Forum, reaching over 1,200 sector professionals and policy makers, establishment of the UBP and development of the IAWD UBP, with participation from 50 of the region's utilities, development and rollout of the DANUBIS Data Collection and Management (DCM) platform, and the development of the DANUBIS.org website as a platform with complete repository of resources.

Summary of Efficacy Assessment. The program supported the sustainability of DWP developed activities. It helped utilities in becoming more efficient which was expected to make utilities operationally and financially more sustainable in the long run. It also enabled the participating utilities to carry out key investments by



imparting the necessary knowledge and skills. Lastly, the program was able to bring utilities across the region together to be able to learn by example through the two-way flow of information established among the program beneficiaries. While the program fell short of achieving its PDO indicator, the ICR provided a logical explanation for this shortcoming. Finally, the program met or exceeded its targets on most of its intermediate outcome indicators. Therefore, the efficacy with which this objective was achieved is rated Substantial.

Rating
Substantial

OVERALL EFFICACY

Rationale

Overall Efficacy is rated Substantial. The project was successful in improving the water sector-related institutions, policies, and regulations in participating countries from the Danube region (Objective 1). The project met or exceeded its four outcome indicators pertaining to Objective 1. The program also supported the sustainability of DWP developed activities (Objective 2). It helped utilities in becoming more efficient, which was expected to make utilities operationally and financially more sustainable in the long run. It also enabled the participating utilities to carry out key investments by imparting the necessary knowledge and skills. Finally, the program met or exceeded its targets on most of its intermediate outcome indicators pertaining to Objective 2.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic and Financial Efficiency

ex ante

The PAD did not include an economic and financial analysis (EFA).

ex post

- The efficiency assessment for the program was conducted based on qualitative approach to discuss potential benefits as weighed against the program's costs rather than by using a numerical cost-benefit analysis because the DWP was a TA program (ICR, paragraph 64).
- The following points were noted by the ICR as signs of efficiency: 1. Achieving and/or exceeding most of the original targets; 2. Higher participation of relevant staff in the learning events was an indication of potential increase in managerial skills in the participating WSS utilities and their associations, resulting in



improved utility performance; 3. A client satisfaction surveys of the D-LEAP conducted in 2019, 2020, and 2021 suggested that the program proved to be useful to its participants, with a weighted average of 61% of respondents considering it significant or very significant, 37.5% as useful, and only 1.6% as not significant; and 4. The competitive selection of the country-specific activities ensured that the limited funding available was used to meet the highest demand first, while important but lower priority activities were implemented at later stages.

- **Implementation Efficiency.** While the project had three extensions of the closing date and two AFs, there were no project implementation delays nor higher-than-projected costs, which would have had a negative impact on implementation efficiency (ICR, paragraph 72).

Summary of Efficiency Assessment. The DWP was a TA program that did not allow the application of a typical economic and financial analysis as conducted under investment projects. That said, the evidence provided in the ICR point to efficient implementation of the program activities. Therefore, efficiency is rated Substantial.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

| | Rate Available? | Point value (%) | *Coverage/Scope (%) |
|--------------|-----------------|-----------------|--|
| Appraisal | | 0 | 0 <input type="checkbox"/> Not Applicable |
| ICR Estimate | | 0 | 0 <input type="checkbox"/> Not Applicable |

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Relevance of Objectives was rated High. Overall Efficacy was rated Substantial. The evidence provided in the ICR point to the success of the program in supporting institutional capacity building in the water supply and wastewater sector in participating countries in the Danube Region (Objective 1). Also, the program improved the knowledge and capacity of the participating utilities and their associations, and helped utilities in becoming more efficient. This was expected to support the sustainability of DWP developed activities (Objective 2). Efficiency was rated Substantial. The DWP was a TA program that did allow the application of a typical economic and financial analysis. That said, evidence provided in the ICR point to efficient implementation of the program activities.



Based on the assigned ratings, Outcome is rated Satisfactory.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

The following risks could potentially impact the sustainability of the Development Outcome:

1. **Social related risk.** This relates to the relevance of training activities provided to final beneficiaries. The capacity-building needs were updated through needs assessments of the capacity development activities offered by maintaining feedback loops with beneficiaries and identifying relevant change agents (champions) in the participating countries during the implementation period. Relatedly, IAWD (as an association of utilities) continues its efforts to establish and maintain long-term relationships with and among program participants, aside from conducting one-off trainings or learning exchanges. The training provided will also need to remain flexible and continually be tailored to local contexts in which it is provided (ICR, paragraph 112).
2. **Other stakeholders ownership risk.** This relates to IAWD's capability to build and maintain a community of practice among program participants in the long-term. Strengthening the partnerships between the national utility associations, IAWD, and Government counterparts in the countries will continue to be an important variable in the success of the program, particularly in further strengthening the national utility associations. Moreover, such efforts are likely to support further broadening partnerships with the donor community to obtain additional funding support in the future. Financial self-sustainability without donor-funded support may be impossible to achieve otherwise (ICR, paragraph 113).
3. **Government ownership/commitment risk.** This relates to the participating governments' commitment to implementing policy and regulatory reforms for improved efficiency in the water and wastewater sector. The third phase of the program attempted to ensure the financial self-sufficiency of IAWD. The next phase of the program aims to further the self-sufficiency of IAWD as supported by the improved performance of participating utilities and their associations. However, this hinges on support provided to these beneficiaries by their respective governments as well as other donors (ICR, paragraph 115).

8. Assessment of Bank Performance

a. Quality-at-Entry

- **Strategic Relevance and Approach.** The IAWD with support from the Government of Austria, proposed the Danube Water Program (DWP), to support the institutional capacity building and the development of the regulatory and policy instruments of the WSS sector in participating countries of the region. The program objectives were in line with WSS priorities in the SEE region



countries where the authorities sought to ensuring cost-efficient delivery of water services and provide incentives for improving performance in the WSS sector.

- **Technical Aspects.** The program was designed to cover 11 countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, North Macedonia, Moldova, Montenegro, Romania, Serbia, and Ukraine). The DWP sought to strengthen utility associations since they served as leading actors in policy discussions and made valuable contributions to improved utility efficiency. Design featured the Danube Learning Partnership (D-LEAP) as a core activity that was established as a regional capacity building initiative of national water utility associations.
- **Implementation Arrangements.** Implementation of component 1 was under the World Bank. The IAWD was selected as the primary implementing agency for component 2 . This selection was based on IAWD's competitive advantage in implementing capacity-building activities in the target countries as well as experience with national and regional policy issues through its close cooperation with its association members (ICR, paragraph 14). Also, a program steering committee would be established to discuss the annual work program, receiving annual progress reports, and reviewing overall implementation progress (PAD Annex 3). The ICR (paragraph 104) noted that hosting the Project Implementation Unit (PIU) on the World Bank's premises in Vienna "allowed for excellent cooperation and communication" between the Bank and IAWD during implementation.
- **Fiduciary Aspects.** Financial Management and Procurement were both under the Technical Secretariat established at IAWD headquarters in Vienna. Both activities had adequate arrangements and training on procurement procedures was recommended.
- **Safeguards.** The DWP did not trigger any environmental nor social safeguards.
- **Risks.** Nine risks were identified at appraisal relating to project stakeholder, operating environment, implementing agency, and project related risks. the overall risk was low. The PAD (Annex 4) included a detailed risk matrix with relevant mitigation measures.
- **M&E arrangements.** The RF was sufficient for assessing its overall performance, with indicators clearly aligned to the PDO. The World Bank was charged with collecting monitoring data for the activities under component 1, while IAWD was responsible for collecting data and information for results monitoring on activities under component 2. Overall, M&E design benefited from a robust design and a clear RF.

Summary of QAE Assessment. The DWP was strategically relevant to participating countries. It included a straightforward design with adequate technical aspects, implementation arrangements, and fiduciary aspects. Risk assessment was comprehensive and M&E arrangements were robust. Therefore, QAE is rated Satisfactory.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

The Bank provided strong implementation support which enabled the project to overcome challenges. The task team was proactive and in coordination with IAWD provided timely appropriate corrective actions in



response to challenges identified during implementation. This included the close supervision of the activities under component 2, overall coordination, and support on fiduciary aspects (ICR, paragraph 109).

Overall, Quality of supervision is rated Satisfactory. This rating reflects the success of the Bank in guiding the program towards a successful completion.

Based on the assigned ratings for QAE and Quality of Supervision, Bank Performance is rated Satisfactory.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

- The PAD did not include a Theory of Change (ToC) as it was not a requirement by the Bank at the time of appraisal. Nevertheless, the ICR (Figure 1) included a ToC that was developed for phase III, and reflected the linkages between the program's interventions, outputs, intermediate results, and outcomes.
- The original PDO was measured through four PDO level results indicators: 1. Number of target countries in which regulatory and policy recommendations have been discussed by decision makers; 2. Number of Operational Performance Improvement Action Plans or equivalent drafted by participating utilities; 3. Number of participating countries that have implemented and are using a sector information system to track utility performance; and 4. Number of participating utilities that have defined and undergone at least one cycle of efficiency improvements monitored in the sector information system. These indicators were directly connected to the PDO, measurable, and had reasonable targets and clear baselines.
- The Results Framework (RF) included six intermediate results indicators (IRIs) to track the different activities supported by the project. All IRIs were quantitative, clearly defined with reasonable targets and directly linked to the project activities.
- Overall, M&E had a robust design with a clear PDO formulation. The RF was comprehensive enough to assess the program's overall performance. However, some of the original indicators that were output-oriented and were subsequently revised to better reflect the outcomes (ICR, paragraph 92).

b. M&E Implementation

- The World Bank oversaw the collection of monitoring data for activities under component 1 and provided updates in annual progress reports. IAWD was responsible for the collection of monitoring data for activities under component 2 and provided them to the World Bank for review (ICR, paragraph 92).



- M&E implementation included the publication of multiple analytical pieces as part of the program such as the State of the Sector reports in 2015 and 2018, reports on WSS services in rural areas, challenges and opportunities of EU accession to improve wastewater management, and eight annual reports (spanning 2013–2020), which all served as additional resources for assessing the program's performance (ICR, paragraph 93).
- According to the ICR (paragraph 95) "implementation of M&E proceeded with adequate standards applied in regular data collection, analysis, and reporting."

c. M&E Utilization

- The M&E system provided enough data to guide implementation, track and assess progress, and facilitate decision-making (ICR, paragraph 94).
- Data for water utility efficiency improvements was used for utility benchmarking and results monitoring of other capacity-building interventions beyond the scope of the program (ICR, paragraph 94).
- The program's lessons and recommendations were relevant to the design of the fourth phase and ensured the continued support from the Government of Austria (ICR, paragraph 94).

Summary of M&E Quality Assessment. M&E benefited from a robust design. Also, M&E implementation was adequate and generated enough data to track progress of activities and assess achievements of outcomes. Finally, M&E utilization was strong with the program data used beyond the scope of the program. Therefore, the Quality of M&E is rated Substantial.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The DWP was an environmental assessment category C. It did not trigger any environmental nor social safeguards. The DWP activities maintained 'C' environmental risk during the entire time of the implementation. Implemented activities included advisory and analytics (e.g., efficiency improvements in water supply, with expected positive environmental impacts) and capacity building, training, and similar soft activities. No equipment and/or works were procured nor any type of activities carried out under the program that could have an adverse impact on the environment (ICR, paragraph 96).

b. Fiduciary Compliance

Financial Management (FM). The Technical Secretariat established at IAWD headquarters in Vienna handled all fiduciary functions. Un-audited Interim Financial Reports (IFRs) were prepared semiannually and submitted to the World Bank within 45 days. Financial statements were audited by private external



auditors (ICR, paragraph 101). FM and disbursements under component 1 followed the standard fiduciary arrangements for Bank Executed Trust Funds (ICR, paragraph 100). FM for component 2 activities implemented by IAWD was carried out under the responsibility of the Technical Secretariat (including accounting, financial reporting, application and monitoring of internal controls, flow of funds, budgeting, and coordination with the external auditors). This component used traditional disbursement by utilizing statements of expenditures and records with full documentation. Un-audited Interim Financial Reports (IFRs) were prepared semiannually and submitted to the World Bank within 45 days. Financial statements were audited by private external auditors.

Procurement. The Technical Secretariat established at IAWD headquarters in Vienna handled procurement. The DWP included limited procurement activities with only a few individual consultant contracts and procurement of small-value goods (ICR, paragraph 99).

c. Unintended impacts (Positive or Negative)

None.

d. Other

None.

11. Ratings

| Ratings | ICR | IEG | Reason for Disagreements/Comment |
|------------------|--------------|--------------|----------------------------------|
| Outcome | Satisfactory | Satisfactory | |
| Bank Performance | Satisfactory | Satisfactory | |
| Quality of M&E | Substantial | Substantial | |
| Quality of ICR | --- | Substantial | |

12. Lessons

The ICR included eight lessons. the following are emphasized with some adaptation of language:

1. Good coordination with co-donors can enable synergies and increase impact of the intervention. Organizing regular donor coordination meetings from the beginning of the program can prevent any potential overlaps or duplication of effort among the many donors in this field.



2. A TA program in a country can foster symbiotic and mutually reinforcing relationships for expanding investment operations among countries in the region with similar sectoral issues. To that end, several important investment operations resulted from the activities of the Program. Establishment of such synergy has served as an important element of the Program and constituted a strong argument for the World Bank's involvement. The synergy between such a TA program as the DWP and the World Bank's investment operations provided important opportunities to multiply effects and achieve better results. Going forward, the Program can consider building of further synergies with other regional and global initiatives that can enhance ongoing efforts.

3. Regional programs can be a successful approach to initiate cooperation between regional countries facing similar challenges. The regional nature of the program is the cornerstone of its success. Since many of the target countries are faced with similar challenges, the program facilitated the establishment of helpful partnerships, enabled the countries to learn from each other, while building healthy competition to encourage progress towards improving service delivery to the ultimate beneficiaries. Given the transboundary nature of the DWP, water represents a critical shared resource over which regional cooperation can further be built and enhanced for an improved management of the shared resources and ensuring water security.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

Quality of Evidence. The ICR benefited from the data collected by the M&E system, which enabled tracking the progress of activities and assessing the achievement of the PDO.

Quality of Analysis. The ICR provided clear linking between evidence and findings and used the evidence base to serve the arguments under the different sections, in particular the discussion on outcomes.

Lessons. Lessons reflected the project experience and were based on evidence and analysis.

Results Orientation. The ICR included a comprehensive discussion on the achievement of the PDO. However, the discussion was slightly skewed towards reporting on the achievement of outcome indicators rather than what the project actually achieved on the ground.

Consistency with guidelines. The ICR used the available data to justify most of the assigned ratings. Discussion of outcomes was adequate. While the efficiency analysis lacked a typical economic and financial analysis conducted under investment projects, the ICR provided adequate justification on the validity of the program's investments.

Conciseness. The ICR provided comprehensive coverage of program activities, and candidly reported on shortcomings..

Summary of the Quality of ICR Assessment. The ICR was well written and included information rich annexes. The ICR benefited from the evidence base generated through the program's M&E system. It included a clear discussion on the achievement of outcomes and reflected relevant lessons that were helpful in the design of the fourth phase of the program. Overall, the Quality of the ICR is rated Substantial.

a. Quality of ICR Rating
Substantial