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KOSOVO WATER INSTITUTIONAL SECTOR REFORM (K-WISER) PROJECT

FINAL PROJECT REPORT

May 2013

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Kosovo Water Institutional Sector Reform (K-WISER)

Final Project Report

May 2013

Contract No. EPP-I-00-04-00025-00

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LIST OF ACRONYMS

BOOT	Build Own Operate Transfer
DMA	District Metering Areas
EA	Environmental Assessment
ECLO	European Commission Liaison Office
ER	Environmental Review
ERP	Enterprise Resource Planning
FY	Fiscal Year
GIS	Geographical Information System
GIZ	German International Cooperation Program (formerly GTZ)
GoK	Government of Kosovo
IFI	International Finance Institution
IPH	Institute of Public Health
IRD	International Relief & Development
KEK	Kosovo Electricity Corporation
KfW	Kreditanstalt fuer Wiederaufbau
KPI	Key Performance Indicator
LAN	Local Area Network
MED	Ministry of Economic Development
MESP	Ministry of Environment and Spatial Planning
MoU	Memorandum of Understanding
MTI	Ministry of Trade and Industry
POE	Publicly Owned Enterprise
POE-PMU	Publicly Owned Enterprises – Policy and Monitoring Unit
PSP	Private Sector Participation
RfA	Recommendation for Award
RWC	Regional Water Company
SDC	Swiss Development Corporation
SIWS	Small Infrastructure for Water and Sanitation Program
SHUKOS	Water and Wastewater Works Association of Republic of Kosovo
SOW	Scope of Work
Tt	Tetra Tech ES, Inc.
UNMIK	United Nations Mission in Kosovo
USAID	U.S. Agency for International Development
WAN	Wide Area Network
WTF	Water Task Force
WWRO	Water and Waste Regulatory Office

1. EXECUTIVE SUMMARY

1.1 FOREWORD

On September 29, 2009, PA Government Services, Inc. signed a contract with the United States Agency for International Development (USAID) for the Kosovo Water Institutional Sector Reform (K-WISER) Project. The contract specified the services to be provided to the water supply and sanitation sector in Kosovo. In July 2010, PA Government Services was acquired by Tetra Tech and renamed Tetra Tech ES, Inc. (Tt). At that time, Tetra Tech assumed the management of this cost plus fixed fee contract.

The K-WISER Project was conducted under USAID Contract No. EPP-I-00-04-00025-00, Task Order 3. This report provides a record of the work completed by the Tetra Tech team during the contract period (September 2009 through May 2013), and makes recommendations for USAID on future steps to be taken.

After describing K-WISER's scope of work and tasks, this summary presents a brief discussion of the problems encountered and lessons learned. It concludes with a listing of major accomplishments and key recommendations.

Section 2 provides some background details, while Section 3 describes the major components of the project and details its methodology, implementation, and results. Section 4 summarizes the challenges and risks the project encountered. Section 5 details the performance of the two targeted regional water companies (RWCs) in the areas of billing, collections, and total water losses; it also provides a tabulation of key historical data for the last six years. Section 6 describes the infrastructure and equipment investments made by K-WISER under Component 3. Section 7 provides recommendations on some additional work needed for the two RWCs, as well as additional work in the overall water sector of Kosovo.

Annex 1 contains a tabulation and discussion of the project's performance indicators, targets and results achieved for each of the three years of the K-WISER Project. The photographs in Annex 2 show examples of the construction work in progress for each of the nine infrastructure projects completed under K-WISER. Annex 3 identifies the professional staff assigned to the project and their level of effort, and describes the short-term technical assistance provided throughout the project. Annex 4 summaries overall project spending, broken down by specific line items, and the contractual issues and modifications encountered. Annex 5 lists of all the documents and deliverables prepared by Tt and submitted to USAID. Annex 6 lists the project's workshops and their attendees. Annex 7 summarizes the equipment, furniture, and infrastructure procured and the final disposition of each over the life of the project. Annex 8 presents the project's success stories.

1.2 TASK DESCRIPTIONS

K-WISER comprised three inter-related components. Each component had a number of defined tasks:

Component 1: Strengthened enabling environment and national-level water supply and sanitation policy reform

- Task 1.1:Support effective operation of RWC Boards at the national scale
- Task 1.2: Support the development of a legal/regulatory framework for eventual private sector participation in the water supply and sanitation sector
- Task 1.3: Support institutional strengthening of Regional Water Companies at the national scale
- Task 1.4: Strengthen civil society engagement at the national level in water supply and sanitation governance

Component 2: Strengthened Hidrodrini and Hidroregjioni Jugor Regional Water Companies for improved water supply and sanitation service access and sustainability

- Task 2.1: Build the capacity of managerial staff in targeted RWCs
- Task 2.2: Strengthen integrated information management for enhanced performance of targeted RWCs
- Task 2.3: Strengthen satellite business units in targeted RWCs
- Task 2.4: Strengthen effective coordination of targeted RWCs and municipal governments
- Task 2.5: Enhance public awareness and consumer behavior change to support more effective water supply service delivery and sustainable water resources management in targeted RWCs

Component 3: Targeted investments in infrastructure rehabilitation to support overall system sustainability and sector reform in Hidrodrini and Hidroregjioni Jugor RWCs

- Task 3.1: Carry out selected infrastructure rehabilitation (replacement) efforts to reduce the technical losses of RWCs
- Task 3.2: Provide equipment to enhance RWC system operations, performance and sustainability.

K-WISER's components were implemented to achieve maximum synergy throughout the project period. For the water companies to benefit from the infrastructure elements of the program, they were required to meet certain performance criteria with respect to Components 1 and 2.

1.3 PROBLEMS ENCOUNTERED AND LESSONS LEARNED

During its first year, K-WISER developed a greater understanding of the challenges facing the water companies, which allowed it to confront difficult issues head-on. This included water losses, and particularly the illegal use of water and the avoidance of paying for water (as opposed to a lack of willingness to pay). It became clear that the regional water companies (RWCs) benefited from the combination of encouragement, support and technical assistance K-WISER provided to their management teams in meeting project objectives.

K-WISER recognized the challenges facing the RWCs that delayed the implementation of some aspects of the program. At a time when both the Hidrodrini and Hidroregjioni Jugor RWCs were heavily engaged with other projects, K-WISER was able to build strong links with both companies' management teams, which resulted in significant benefits as the project progressed. The change in management at Hidroregjioni Jugor was a positive development as its new CEO was willing to work closely with the K-WISER team to develop the company along progressive lines.

However, there were some challenges during Years 2 and 3, including the less-than-anticipated absorption capacity of the RWCs. This resulted in a slower implementation of some planned activities. Both companies worked with a separate USAID-funded project as well as a major KfW investment program, which required substantial inputs from company staff; this meant that the companies' ability to respond to all of the donor projects providing support reached the saturation level. This, coupled with the management hiatus and subsequent changes that took place in Prizren, meant that the attention devoted to K-WISER in the early part of the project was less than expected. However, due to the efforts of the K-WISER team, the project was able to achieve a level of cooperation with the companies that continued to improve the project's results over the subsequent years.

Some obstacles, however, initially succeeded in restricting the pace of development. These included a lack of political will, lack of direction for the companies, staff inability to adapt to a business culture, competency issues within the Boards of Directors, and not least, the pressures of day-to-day management. A particular issue identified was "institutional lethargy" – the impression that while the companies' staffs would do enough to show an improvement in performance, but would not "go the extra mile" to achieve excellent or even good performance. The need to motivate staff and management teams thus became a high priority, and the project's emphasis shifted slightly, from focusing directly on staff development to developing the RWC as a whole and providing staff with the training and tools they needed for the companies to perform better. The underlying aim was to steer the companies towards being effective businesses using best industry practices.

In each of the infrastructure projects, it was necessary to modify the original construction contracts to reconcile the final bills of quantities and recognize the additional costs incurred by the construction contractors due to unforeseen site conditions, additional work requests by the municipalities or RWC General Directors to slightly modify the designs for more efficient operational capacity, and in many cases to correct for items that were missing from either the original bills of quantities or from the original construction drawings prepared by the design engineers. In all cases, the additional work was approved by K-WISER through the issuance of change orders during the construction phases. For the majority of cases, the contract modifications occurred after or near the end of the construction period. The modifications

ranged from approximately 8% to 22% of the total project cost, based on the needs of the project. The lesson learned here is to build an additional 20% in contingencies in the planned budget at the beginning of each construction contract to cover unforeseen circumstances.

In both the Kobaj (in Prizren) and Pusi i Atit (in Suhareka) infrastructure projects, K-WISER was able to negotiate with the municipalities to co-finance portions of the projects in order to leverage funds. Three-party co-funding agreements were entered into among Tetra Tech, the municipality and the RWC, while three-party construction services agreements were entered into among Tt, the municipality and the construction contractor. The payments made by the municipalities were staggered, based on the completion of preset percentages of work completed. This process worked very well in the early phases of construction, but less so when the municipalities began running out of funds in the latter part of the calendar year, and were forced to defer payments until they received their next annual budget from the Government of Kosovo.

This situation eventually created quite a financial hardship on the construction contractors, who had completed the work but had not received all the payments from the municipality. It could have been avoided entirely if USAID had been willing to accept the money committed by the municipalities upfront, and then passed it through the K-WISER contract to pay the construction contractors. Alternatively, K-WISER should have structured the co-funding agreements to require the municipalities to pay more money early in the construction phase, since they apparently had difficulties managing their local budgets and not setting aside the funds required for the construction services.

1.4 K-WISER ACHIEVEMENTS

At the executive and strategic national levels, the project achieved the following:

- Provided in-depth reviews of high-profile national legislation regarding private sector participation (PSP), promoted PSP as a viable option for sector development, and offered formal comments on the Laws on Publicly Owned Enterprises (POEs), and on the National Water Policy concept paper.

- Promoted new levels of cooperation between municipalities and regional water companies, and developed am MoU among the RWCs, municipalities and the Kosovo Police to strengthen their cooperation in assisting the RWCs to combat illegal connections and collect past due debts through the disconnection of water service.

- Developed customer contract documentation and protocols that have been adopted between the RWCs and customers who owe significant past due debts to allow the customers to pay off the debts over a defined period of time.

- Implemented Board of Directors training and a development plan, and developed a customer satisfaction survey process that is now used regularly by the RWCs.

- Developed a core competencies framework for executive management teams.

- Supported the sector development plans of the Kosovo Government (especially the activities of WWRO) by actively participating in the monthly coordination meetings of the donor water project implementers with direct linkages to the Water Task Force.

- Developed intensive campaigns to improve the public's awareness of the RWCs and their services, to educate customers on their responsibilities to the RWC, to inform customers on the processes for payments and disconnections, and to encourage customers to practice water conservation. The long-term objective of the campaigns was to have customers change their behaviors to produce revenue increases for the RWCs.

- Workshops were conducted on 1) introduction to key performance indicators (KPIs), 2) Board of Directors development program, 3) CEO/staff management development program, 4) consumer consultative committee training, 5) improvements in revenue collections, 6) introduction to PSP programs, 7) improving customer services, and 8) financial management issues facing RWCs. All seven RWCs participated in each workshop.

With regard to project task targets, key successes included:

- Scoping, development and construction management of $2.603 million in investments in water utility infrastructure, including network replacement, and pumping and treatment systems.

- Scoping, procurement, installation, and training in investments in equipment (in the amount of $1.545 million) to address physical loss reduction, production and bulk metering, network hydraulic modeling, leak detection, and information management systems.

- Directly supported the achievement of substantial improvements in the performance of the two beneficiary utilities as measured by key indicators, including notable reductions in commercial and technical losses and boosts in revenue and debt collections. Progress in these areas is essential to the eventual financial and technical self-sufficiency of the RWCs, which must move towards greater PSP and create proper conditions to attract much needed capital investment.

- Nine infrastructure replacement schemes were constructed and completed: five in the Prizren region (Emin Duraku, Haziz Ismail, Bujar Godeni, Kobaj, and Pusi i Atit) and four in the Peja region (Gurakoc, Sahat Kulla, Zatrat, and Dardania).

- The development of MoUs between RWCs and municipalities for the implementation of targeted infrastructure projects.

- Supported the development and adoption of a comprehensive upgrade to information management systems and enterprise resource planning systems (using Navision software), which boosted the administrative and operational performance of the two beneficiary RWCs.

- Procurement of computer hardware and software, and the provision of training in using specialized software for MIS, GIS, GPS, and hydraulic modeling.

- Procurement of leakage detection equipment, bulk flow water meters, and domestic meters with AMR modules; all of this equipment was procured and delivered during Years 2 and 3 to either one or both water utilities. Additional computers, energy-efficient equipment, chlorination equipment, pressure reducing valves and a backhoe were procured and delivered in Year 3 of the contract.

- Review of reporting on key performance indicators, development of a strategy to help the two RWCs collect and report accurate data monthly to WWRO, and the use of the KPIs agreed upon by the WWRO to improve their overall performance in the eyes of the regulator.

- Development and implementation of an improvement plan for meter reading in Prizren; K-WISER worked extensively with the customer service departments and control teams of both RWCs, but especially RWC Hidroregjioni Jugor, to obtain a larger percentage of actual meter readings, to process and deliver more accurate bills to customers, to exert more pressure on their customers to pay their bills, and to significantly reduce the number of complaints.

- Development of a core competencies framework for executive management teams. K-WISER worked extensively with the finance departments of both RWCs to improve the accuracy of recording and posting assets, financial journal entries, preparing annual business plans, and utilizing best accounting practices with respect to implementing internal audit procedures and asset management.

- Two junior engineers were embedded within the RWCs; one was assigned to RWC Hidrodrini and the other to RWC Hidroregjioni Jugor. Both RWCs recognized that K-WISER made a significant investment in hiring and training them to help support the project and build human resources at the RWCs. As a result, both RWCs hired their junior engineers as full-time employees after the K-WISER project ended. This action should guarantee a reasonable amount of sustainability in the continuation of many of the programs started under K-WISER.

The most notable institutional strengthening achievements for the RWCs during the K-WISER Project included:

- Financial management systems were streamlined to more accurately track and report company performance
- Both RWCs demonstrated consistent improvements in performance as measured by key indicators such as collections and water losses
- The RWCs showed improved quality of work and better control of water meter readings; more actual and correct readings with less reading errors has had the positive effect of increasing the number of overall water meters read per cycle and a reduction in the number of estimated bills rendered
- The accuracy of data received and reported to K-WISER and WWRO improved, especially from RWC Hidroregjioni Jugor
- The number of customers billed by meter in both RWCs increased over the 2009 and 2010 numbers
- The encouragement, direction and support of both RWC Directors to improve services to customers, and increase billing and revenue collections in both companies improved during the project period.

1.5 KEY K-WISER RECOMMENDATIONS

Below is a list of the most important recommendations for future investments in the Kosovo water sector. Section 7 also includes many more secondary recommendations.

1. USAID should continue to support the adoption and implementation of the National Water Policy with the Water Task Force and the Prime Minister's office as the sponsoring agency.

2. The Draft-law for the Treatment of Constructions without a Permit was published on the Ministry of Environment & Spatial Planning's website and the Ministry received public comments. This law has a number of provisions dealing with utilities. Specifically, legalizing connections was made a condition for legalizing construction. Also, the responsibilities of utilities and other third parties were set forth in a separate article. It is very important that USAID and all utilities work cooperatively with the legalization process so that it moves quickly and is as affordable as possible. This law is especially important for the RWCs to be able to better control and eliminate illegal water and sewer connections. USAID should support the passage, adoption and implementation of this law.

3. USAID should provide technical assistance to the Ministry of Environment & Spatial Planning and the Institute of Public Health in the future to fully develop a water quality management program. This would include a broad range of activities such as establishing formal water quality standards, monitoring water quality on a predetermined schedule, developing plans to restore polluted waters, identifying ways to protect healthy waters from being polluted (watershed management and protection, aquifer protection), developing plans to adapt to climate change, analyzing trends in water availability and use in all sectors (residential, industrial, municipal, irrigation, agricultural, and hydropower), creating low-impact development programs, planning for trans-boundary river basins, wetlands and estuary management, and point and non-point source pollution control, developing water conservation practices and techniques, implementing water fixtures efficiency standards, and establishing a variety of environmental management fees. Many of these activities will require establishing or reforming environmental policies; some of them may require new legislation in order to establish authority and responsibilities to implement them.

4. USAID should initiate a new program in the water sector and expand its technical assistance and capacity building to the other five regional water and sewerage companies in Kosovo. Program elements would include aggressively reducing technical losses by conducting water audits, upgrading the quality of meters, performing precision leak detection and repairing discovered leaks, installing high-quality production meters on all intakes and water sources, developing a customer meter management program (including proper installation technical specifications, reading, testing, calibration, and removal of malfunctioning or stopped meters), eliminating illegal connections, and significantly reducing water theft. All of the water and sewerage companies would benefit significantly from this type of technical assistance.

2. INTRODUCTION

2.1 BACKGROUND

USAID funded the K-WISER project to provide support to the water supply and sanitation sector through utility strengthening and reform over the medium term in two targeted Regional Water Companies (RWCs). This assistance was coupled with complementary direct infrastructure investments to improve the quality and sustainability of water and sanitation services in the near term.

The K-WISER project was implemented by prime contractor Tetra Tech ES, Inc. and supported by sub-contractors EnviroNet LLC and Stella Consulting. A small team was set up in Kosovo in September 2009 to undertake the work. In addition, two junior engineers were embedded within the two RWCs; one was assigned to RWC Hidrodrini and the other to RWC Hidroregjioni Jugor.

The project was implemented in coordination with the Government of Kosovo, RWCs, municipalities, civil society and the private sector. K-WISER also recognized the efforts of other donors in the sector and worked with them to obtain synergies in the implementation of programs where appropriate. Several USAID-funded projects were also working in the sector or on water-related issues (e.g., private sector participation, municipal efficiency, SIWS Project, DEMI Project, BEEP Project, BEP Project). K-WISER cooperated closely with those projects to capitalize on their achievements and lessons learned, and leveraged their SOWs, successes and funding to further the objectives of K-WISER programs.

USAID is currently implementing the Small Infrastructure for Water and Sanitation (SIWS) Program, targeting the municipalities of Peja, Gllogoc, Malesheva and Lipjan. The K-WISER project work closely with IRD, the implementing partner for this project, to ensure that overlaps did not occur and potential synergies were fully exploited.

2.2 GOVERNMENT POLICY

The policy of the Government of Kosovo (GoK) has not changed since the commencement of the K-WISER Project, but continued to recognize the challenges facing the water and sanitation sector, particularly in relation to the long-term investment needs in the supply of drinking water and the collection, treatment and disposal of wastewater. There were a few indications that the GoK intended to become more active in the sector; i.e., a National Water Policy Paper was drafted and circulated for comments, but still needs to be approved and adopted by the Parliament and the GoK. K-WISER addressed these challenges in partnership with the GoK, RWCs, municipalities, civil society and the private sector.

2.3 OTHER DONOR PROGRAMS

Other donors, including ECLO, SDC and KfW, are still active in the water sector in both Prizren and Peja, providing infrastructure development and capacity building to the RWCs in those areas. K-WISER frequently met with and worked together with the implementing partners of those donors to ensure that no duplication of grant projects occurred and that maximum benefits were obtained through cooperative effort.

SDC is funding the Water Task Force (WTF), which supports the Office of the Prime Minister in identifying key policy issues for the water sector, and developing strategies to address them. K-

WISER worked closely with the WTF through the coordinated project implementers group to harmonize the approach of all relevant projects to achieve common objectives.

2.4 GOVERNANCE OF REGIONAL WATER COMPANIES

Throughout the life of the K-WISER project, there were no changes in the governance structure of the Regional Water Companies.

The municipalities of Decan and Kacanik withdrew from their respective RWCs and formed their own water supply organizations. Despite requests from the GoK, these municipalities remain separated from the regional water company structure. As Decan is within the area of responsibility of Hidrodrini RWC, the residents of this municipality were unable to benefit from funding under the K-WISER program and will continue to not benefit in the future until the requirements of the law are met.

During Year 3, the Prime Minister of Kosovo signed the Consolidation Decision, which added the Municipality of Mamusha within the area of responsibility of Hidroregjioni Jugor RWC. However, the residents of this municipality were also unable to benefit from funding under the K-WISER program, because all of the money allocated under Component 3 was already designated for other infrastructure and equipment projects.

3. PROJECT IMPLEMENTATION AND ACHIEVEMENTS

3.1 OVERALL OBJECTIVES

The overall goal of the K-WISER program was:

To support the financial and technical sustainability of Regional Water Companies to improve water supply and sanitation services for the population of Kosovo as a foundation for economic growth and social well-being.

Thus, the underlying principle of the K-WISER project was to further support the development of the Regional Water Companies so that any investor – whether, IFI, donor, government or private sector investor – would be satisfied that their investment will provide a sustainable return, both in financial and social terms. K-WISER worked with all the key stakeholders to achieve this aim in the two targeted RWCs and with all other RWCs through the training and development activities of the project.

3.2 COMPONENT 1: STRENGTHENED ENABLING ENVIRONMENT

This component dealt with national-level issues, including the operations of the Boards of Directors of the RWCs, legal status regarding private sector participation, overall strengthening of senior management in the RWCs, and strengthening of civil society in relation to the sector.

3.2.1 Task 1.1: Support effective operation of RWCs at the national scale

K-WISER worked with the POE-PMU and Boards of Directors of all the Regional Water Companies to improve their effectiveness. The underlying objective was to develop the Boards so that the company operates in a professional manner such that external investors are persuaded to fund capital projects or invest funds in a profitable and beneficial venture.

3.2.1.1 OBJECTIVES

- RWC Boards are operating in a capable, professional and ethical manner
- Clear and comprehensive RWC Board rules and procedures are in place.

3.2.1.2 METHODOLOGY USED

The project carried out a substantial development program for members of all Boards of Directors of the seven regional water companies in Kosovo, which started with a fact-finding workshop, followed by the issuance of skills and knowledge questionnaires, and a series of training and development workshops for the Board members. These workshops were implemented in cooperation with the POE Policy and Monitoring Unit of the Ministry of Economic Development (formerly the Ministry of Economy and Finance) and included modules on responsibilities and ethics, understanding the water sector, and understanding of water utility finances and accounting.

During the first quarter of Year 2 of the project, a detailed review of the POE law was conducted to identify Board responsibilities, and a gap analysis was prepared based on a review of the minutes of Board meetings. During that quarter, K-WISER developed proposals for rules and

procedures for Board operation and held workshops to generate consensus and ownership among the stakeholders.

K-WISER reviewed the appointments criteria for Board members and held discussions with the POE-PMU to develop revised criteria, when appropriate and requested. The project subsequently held workshops with stakeholders to discuss findings and secure agreement on the principles involved. K-WISER continued to work with the POE-PMU on a review of the members appointed and identified variations from the criteria. Based on our discussions, it was expected that some of the Board members on the RWCs would be replaced before March 2012, but that decision was deferred by the GoK until sometime in 2013.

After establishing selection criteria, rules and procedures, K-WISER continued to support the Board members in the execution of their duties, in accordance with the POE Law and good management practices. In addition to the structured training, on-the-job training was provided throughout the project, as needs were identified.

3.2.1.3 DELIVERABLES – TASK 1.1

No	Task	Output	Planned Completion	Actual Completion	Comments
1	Analysis of professional development needs and recommendations on improvements to the selection process for RWC Board members	Report	Dec 2010	Apr 2010	N/A
2	Short- and long-term training for RWC board members	Seminar	Dec 2010	May and Dec 2010	Extra training was needed and provided
3	Discussions with stakeholders on selection processes and completion of comments on Law on POEs	Seminar and Report	Dec 2010	May 2011	N/A
4	Draft of revised rules and procedures for Boards; also provided comments on the draft amended Law on POEs	Report	Apr 2011	May 2011	It took longer to finish

3.2.2 Task 1.2: Support the development of the legal/regulatory framework for eventual private sector participation in water supply and sanitation

K-WISER completed a review of relevant laws and concluded that there was no impediment to implementing private sector participation (PSP) in the water sector. The Law on Private Sector Participation, drafted by a separate USAID-funded project, enables water companies to engage in PSP activities, subject to approval from the Kosovo Assembly. In addition, the Law on Publicly Owned Enterprises (POEs) allows the Government of Kosovo to sell or dispose of its shares in the companies, also subject to approval by the Kosovo Assembly. This was reported in the baseline study and completed the first part of the PSP activities.

The legal structure for the inclusion of private sector participation in the water sector was substantially developed with the support of a separate USAID-funded project, the Public-Private-Partnerships Economic Management for Stability and Growth. The Law on Public-Private-Partnerships and Concessions in Infrastructure and the Procedures for their Award (Law No. 03/L-090) was promulgated by Presidential Decree No. DL-017-2009 on June 15, 2009.

The Law allows for private sector participation in “production, distribution, treatment, collection and administration of water, sewage, drainage, and irrigation channels.”

The Law does not include normal procurement issues (works or services) and does not allow for the total privatization of publicly owned enterprises.

However, the Law on Publicly Owned Enterprises allows the GoK to make arrangements for the sale of shares of centrally owned POEs, following a decision by the Assembly of Kosovo. It is not envisaged that this power will be used in the immediate future in the water sector.

Much progress was made in providing a legal basis for the implementation of PSP in publicly owned enterprises in Kosovo, but there remains some considerable resistance to PSP within the water sector, government, and key stakeholders; despite the high capital requirements needed to provide adequate water and sanitation services.

Under K-WISER, at least one PSP pilot program was to be designed and implemented over the life of the project, either in Prizren or Peja. Starting in Year 2, discussions were initiated with the RWCs as to what function within the organizations would be the most suitable to structure a PSP around. From the beginning, interest was low and finding an audience was difficult. For reasons that can be traced back to years of being state owned and operated entities, levels of understanding and enthusiasm within the RWCs of the potential benefits of selective outsourcing to the private sector by utilities were not yet well developed.

Several proposals were brought to the attention of the beneficiaries, but neither RWC was willing to commit to any of the proposed pilot projects. In one area, IT support (i.e., maintenance of computer software and hardware, data management, and licenses) there was some willingness expressed initially to explore opportunities for a PSP arrangement. The first concept was for K-WISER to prepare the tender and assist in the evaluation of the tender and award a contract in consensus with the RWC. The second concept was to outsource the entire IT function within one or both regional water utilities and to train the existing IT personnel of one or both utilities to act as troubleshooters or first respondents to internal user needs. K-WISER was willing to pay the winning contractor the costs of three months of services, without VAT, and the RWC would pay the contractor the costs of nine months of services, plus VAT on their portion. Ultimately, however, both RWCs were reluctant to enter into such arrangement and unwilling to commit the money.

Therefore, in a meeting held in early November 2012 with USAID, K-WISER recommended that the PSP project not be implemented due to lack of interest, the small amount of remaining budget, and the limited time remaining to generate all of the necessary approvals and to proceed with the tender and contract implementation before the extended project closure deadline of December 28, 2012.

3.2.2.1 OBJECTIVES

- Legal/regulatory foundation strengthened for increased private sector engagement in water supply/sanitation service delivery
- At least one policy/legal or institutional reform to facilitate private sector engagement in the water supply/sanitation sector
- At least one private sector investment made in one of the targeted water companies

- Substantial improvement in the accuracy of reporting KPIs to WWRO.

3.2.2.2 METHODOLOGY USED

K-WISER identified various private sector participation options relevant to the water sector in Kosovo, held a workshop to share knowledge with relevant stakeholders, identified shortfalls in the reporting of KPIs, and worked with the WWRO and RWCs to improve reports throughout the life of the project.

3.2.2.3 DELIVERABLES – TASK 1.2

No	Task	Output	Planned Completion	Actual Completion	Comments
1	Review legal framework for PSP in the water sector	Report	August 2010	July 2010	N/A
2	Capacity building provided to POE-PMU, RWCs and Board members on alternative models of private sector participation in the water supply and sanitation sector as the basis for making decisions on the appropriate structures to adopt	Report Presentation to stakeholders	Feb 2011 Feb 2011	April 2011 May 2011	It took more interactive discussion with stakeholders than anticipated to accomplish our objectives
3	Analysis of shortfalls in KPIs reported by RWCs to WWRO	Workshop	Dec 2010	Dec 2010	Methodology of collecting data and reporting was flawed
4	Identify one PSP opportunity and implement with the RWC	PSP contract	Apr 2012	Never	This activity was cancelled

3.2.3 Task 1.3: Support institutional strengthening of Regional Water Companies at the national scale

In order to prepare an outline training and development plan to be implemented in the rest of the project, the project team completed a review of the strengths and weaknesses of the management teams of each of the Regional Water Companies,. A report was prepared and submitted to USAID. This subtask was completed on July 31, 2010. However, additional training and capacity building continued into Year 3 in selected areas to continue to develop the skills of designated managers.

The development of managers and key staff was a critical part enabling the water sector to meet the growing expectations of customers, and to meet international best practices in the sector. Interaction between peers, formal training and presentations by experts all formed part of the portfolio of activities that K-WISER used to meet these objectives.

3.2.3.1 OBJECTIVES

- Permanent structures in place to provide on-going capacity building opportunities to RWC managerial and technical staff

- Strengthened national network for sector-wide RWC sharing and learning

- Formal management training provided for selected staff (subject to available funding).

3.2.3.2 METHODOLOGY USED

The training and development of senior management and technical staff is a key driver in the improvement of business operations in any company, and was a clearly identified need in the RWCs in Kosovo, particularly for key personnel at the senior level change. K-WISER recognized this and implemented a training and development package to support RWC managers.

Based on the skills analysis undertaken in Year 1, and subject to resource availability, K-WISER invited experts from the region, Europe and USA to provide external perspectives on water sector development in discussion events for senior managers, which were organized through SHUKOS. These events took place between October 2011 and July 2012. Due to budget constraints, separate funding from other sources was also investigated, but none were found. We worked with SHUKOS to enhance current training and discussion forums in order to further develop technical and managerial skills.

K-WISER encouraged SHUKOS to engage in knowledge sharing through a corporate or personal membership in relevant water sector professional institutions in Europe or the USA. In this respect, K-WISER received approval from USAID to purchase one-year memberships for SHUKOS in both the American Water Works Association and the Water Environment Federation. Having these memberships allowed SHUKOS to access the respective websites, download all types of information, and share it with its members and other stakeholders. SHUKOS found the memberships to be valuable and renewed them on its own in 2013.

The SDC-funded Water Task Force project investigated developing relevant training and educational courses to provide a competent cadre of experts in the sector to fill gaps in competence within Kosovo. K-WISER worked with the Task Force advisors to develop common approaches to this issue.

Twinning programs can be a useful tool for the development of staff, but rely on both parties to the twinning arrangement receiving benefits. Upon investigation, we determined that twinning opportunities were too advanced for the RWCs in Kosovo at this time. We tried to find opportunities for twinning water companies in Kosovo with similar companies in other countries, but we were not successful in this endeavor.

K-WISER worked with other donors and their implementing partners, and key stakeholders to develop synergies from existing programs to achieve common goals for improving RWC operations in both business management and technical issues.

In Year 3, K-WISER provided further support to the RWCs in devising training programs to develop all staff in terms of customer-focused work. The American Water Works Association produced two very high-quality DVDs that demonstrate the fundamental concepts of delivering excellent service to customers. These DVDs are entitled *“Customer Service for Water Utilities” and “On the Job Customer Service.”* K-WISER received approval from USAID to purchase these DVDs, and subsequently K-WISER and SHUKOS jointly sponsored an all-day workshop for all seven RWCs and other donor groups, where these videos were shown and interactive discussions were conducted to demonstrate proper customer service and on-the-job training. Following the workshop, copies of these videos were given to each RWC and to the WWRO for future use within their respective organizations.

3.2.3.3 DELIVERABLES – TASK 1.3

No	Task	Output	Planned Completion	Actual Completion	Comments
1	Regular national workshops in conjunction with SHUKOS to facilitate information sharing among RWCs	Workshops held every two months	1st workshop Oct 2010	Dec 2010	Very limited funds; two more workshops were held in 2012
2	Twinning programs with international utilities or operators associations to bring international experience in utility reform to RWCs	1 twinning arrangement in place	Dec 2011	Never	Too advanced an idea for Kosovo; RWCs cannot afford the cost sharing arrangements
3	Short- and long-term training programs for water and sanitation managers and senior technical staff, to be established in Kosovo institutions.	Report	Apr 2011	Never	This needs further discussions with some universities in Kosovo to determine interest levels
4	Development of training modules for customer-focused work (in conjunction with Task 1.4)	1st training course	Mar 2011	On-the-job training was provided into Year 3	N/A

3.2.4 Task 1.4 - Strengthen civil society engagement at the national level in water supply and sanitation governance

Customers have not traditionally had a strong voice in Kosovo's water sector, presumably preferring non-payment rather than entering into discussions with a seemingly remote water supplier. As a result there was little public complaint, and civil society organizations did not develop. Some NGOs carried out water-related programs at the local level, but none were developed at the regional or national level. As the population of Kosovo develops and demands improved water services, the demand for non-government organizations will grow. K-WISER offered to support the civil society sector through training in basic water issues and also in advocacy. Initially the objective was to locate those organizations interested in working in the sector, while working with existing customer councils to develop their representative role and advocacy skills.

3.2.4.1 OBJECTIVES

- Increased effective and constructive civil society engagement in water supply/sanitation governance and decision making
- Increased number of functioning customer relations departments established in Kosovo RWCs that apply sector best practices and standards.

3.2.4.2 METHODOLOGY USED

Customer codes of practice form the basis of the contract between a water company and its customers, and identify the responsibilities of both parties. Properly used, they can support the process of behavioral change to encourage customers to pay for the service provided. K-

WISER analyzed and reviewed existing customer codes of practice, identified strengths and weaknesses in the documentation process, held workshops with key stakeholders to develop common documents for all RWCs, and prepared a model document for use by all RWCs.

Civil society in the water sector is notable by its absence. Some NGOs occasionally identify water issues as part of their portfolio of work, but none were identified that are dedicated to the water sector. There is considerable benefit in encouraging civil society to become more active so that water companies are encouraged to respond more closely to customers' needs. K-WISER held a successful workshop in February 2011 on this subject.

Most of the RWCs have formed customer service departments that operate with varying degrees of success. A single point for customer contacts improves customer relations and can increase satisfaction with service levels, provided that the whole organization works effectively. K-WISER worked with all RWCs to develop customer service departments and contact points, by sponsoring a one-day workshop dedicated to RWC customer services.

We held discussions with each water company management team to review the current situation, identified development needs, and supported the establishment of customer service departments or the development of existing departments. We supported RWC management in developing effective working mechanisms to enable their organizations to implement the changes generated by customer-focused working systems.

Some NGOs carried out water-related programs at the local level, but none have developed at the regional or national levels. An example of such an NGO is the "Water for Life" program. The Water for Life Institute is a non-profit (501c3) organization incorporated in the State of Hawaii, USA. It uses a combination of appropriate water technologies, water health education, and basic research to assist rural communities (villages) in identifying and solving their water problems. It also trains train individuals and community committees to create and maintain their own local water sources using a highly interactive process, combining formal instruction with hands-on training. In Kosovo, "Water for Life" is currently working with the Village of Tushile, a community of approximately 800 ethnic Albanians, to develop a safe water system that will meet the domestic water needs of the entire community. For more information, go to www.waterforlife.org. K-WISER informally shared educational materials and information with "Water for Life" to help them educate the general population of Kosovo on water issues.

3.2.4.3 DELIVERABLES – TASK 1.4

No	Task	Output	Planned Completion	Actual Completion	Comments
1	A model Code of Practice for RWCs on customer relations and engagement	Model code of practice	Mar 2011	Nov 2012	This required much interactive discussion with RWCs
2	Training and curricula/materials for continuing education of RWC staff nationwide on customer relations – in conjunction with Task 1.3	Training materials Training program on customer relations	Mar 2011 1st training course Mar 2011	March 2011 Workshop held in February 2012	A workshop was jointly prepared and delivered with SHUKOS
3	Identify civil society organizations in the sector	Advertisement	May 2011	May 2012	Several discussions with "Water for Life" NGO
4	Training of civil society organizations on water supply and sanitation sector policy, budgeting and operational issues, and constructive approaches to civil society advocacy and oversight	1st training course	Jun 2011	May 2012	Delivered public awareness and other educational materials to "Water for Life" NGO
5	Review of customer services departments and development of model department in targeted RWCs	Model customer services department operating	Jul 2011	July 2012	Extensive activity and on-the-job training provided to RWC Prizren

3.3 COMPONENT 2: STRENGTHENED RWCS FOR SUSTAINABILITY

Capacity building for the RWCs throughout Kosovo is needed to improve these companies' operating efficiencies, financial sustainability, and long-term viability. The RWCs have deficiencies in many areas including lack of business planning and internal controls, inefficient staffing ratios, low revenue collection, and high water losses. This component dealt with specific issues related to the Hidrodrini and Hidroregjioni Jugor RWCs, in particular, building managerial and technical capacity, strengthening the companies' management information systems, strengthening the satellite business units, improving coordination with municipal governments, and enhancing customer awareness to effect customer behavioral change with regard to bill payment.

The project developed and implemented a comprehensive training program for RWC managerial and technical staff to improve department performance. It also introduced internal reporting/controlling systems in all departments.

The core competencies framework was completed and presented to USAID and other stakeholders, including the POE-PMU and the two targeted Regional Water Companies, to use in future appointments.

A training needs assessment was conducted as part of the review of strengths and weaknesses undertaken in Task 1.3. This assessment was used to develop the training plan for the executive management teams in the targeted RWCs.

3.3.1.1 OBJECTIVES

- A strengthened mid- to high-level RWC management cadre with competencies in utility management best practices and reforms
- Capable technical staff in all areas of RWC management, operations and maintenance.

3.3.1.2 METHODOLOGY USED

K-WISER established baseline competencies for each of the senior positions in the RWCs and defined and implemented a detailed training needs analysis of the staff. In Year 3, the project continued to implement a training and development plan that emphasized the following points:

- Business plan becomes the main management, monitoring and self-evaluation tool
- Define weekly, monthly and yearly objectives, and specific targets for all staff
- Develop and introduce internal reporting/control systems
- Link monitoring to performance targets, which may eventually be related to a performance-based pay system.

As part of the training program and through working closely with RWC managers, K-WISER assisted the companies improve operational efficiency through:

- *Reducing operating costs:* Carefully reviewing all aspects of the operations, including the use of manpower, materials, energy, etc. to determine whether work is necessary, productive and efficient.
- *Reducing water losses.* By reducing water losses savings were accrued from reduced production and pumping costs. Component 3 of the project provided equipment and materials to support leakage detection as well as rehabilitation of the networks, and the training program of managers and senior staff was correlated with the implementation of this component.
- *Increasing the collection rate.* Collection rates were at relatively low levels and needed to be increased to ensure continued viability of the RWCs. Both the revenue collected in relation to bills issued and the quantity of water actually billed were important factors in increasing revenue. K-WISER worked with senior management teams to review processes, establish improved methodologies, and implemented them.
- *Providing training on water quality.* Improvements in water quality reduce complaints, the cost of investigation and the cost of repair. It was thus important that managers understood the implications of unsatisfactory water quality, particularly as WWRO and IPH are now monitoring this issue more closely.

K-WISER worked with the companies to implement best practices in these areas with the RWC managers, particularly in identifying successful implementation methods that are applicable in Kosovo. We supported the managers of Hidrodrini and Hidroregjioni Jugor in the implementation of programs that were developed in this area.

3.3.1.3 DELIVERABLES –TASK 2.1

No	Task	Output	Planned Completion	Actual Completion	Comments
1	Develop a core competency framework for RWCs	Report	April 2010	April 2010	Report approved by USAID in May 2010
2	Capacity building and training module to address skills gaps in each targeted RWC	Training program commences	Feb 2011	Continued into Year 3	N/A
3	Develop and introduce internal reporting/controlling systems	Report and implementation	Mar 2011	September 2011	This took longer than expected

3.3.2 Task 2.2 Strengthen Integrated Information Management for Enhanced RWC Performance

K-WISER completed a baseline assessment of hardware and software, and a technical capacity and needs assessment for the companies. It then prepared technical specifications for equipment and staff training. The MIS hardware equipment was tendered, delivered, and installed in Year 2. The MIS software design and implementation was also tendered in Year 2 and the contract was awarded. It was fully implemented during Year 3. The final activities in Year 3 encompassed 1) the completion of data migration and database populations, 2) the development of specialized software user modules (such as a billing and collections module) on the new Navision platform, and 3) the installation of and training for hydraulic network modeling software.

One critical element of utility performance for sustainability is effective information management. The project worked with each of the two RWCs to upgrade and strengthen their management of information to improve the efficiency and effectiveness of service delivery and internal and regulatory reporting.

3.3.2.1 OBJECTIVES

- Tailored, well integrated information systems for management, maintenance, and planning in place at Hidroregjioni Jugor and Hidrodrini
- Hardware and software for water information systems installed/upgraded
- Staff and management trained on all aspects of effective integrated information management for utility operations and planning.

3.3.2.2 METHODOLOGY USED

During Year 1, K-WISER conducted a baseline assessment of existing systems and information flows to establish levels of effectiveness and obstacles to efficiency, and identified future needs. Areas examined included operational and financial indicators, real-time operations, plus demographic and geographic information. Based on that assessment, the project prioritized needs and determined the required hardware/software systems.

In Year 2, K-WISER developed an implementation plan that included appropriate upgrades, modifications, or expansions to the existing WIS systems,[1] and prepared specifications so that the installation and implementation were carried out in Year 3 under Component 3 of the project.

As new equipment was installed, K-WISER supported the training of staff on the harnessing of WIS systems. We also supported the implementation of management and information flow processes that supported increased efficiencies independent of the level of hardware provided and this was included in the project proposals developed under Component 3.

3.3.2.3 DELIVERABLES – TASK 2.2

No	Task	Output	Planned Completion	Actual Completion	Comments
1	Installation of upgraded hardware and software needed in targeted RWCs; two separate shipments, one in June 2011 and one in September 2012	Software and hardware installed	See Task 3.2	Baseline report April 2010 Hardware installed Jun 2011 and Oct 2012	N/A
2	Training on all aspects of effective integrated information management for utility operations and planning	1st training course	Training schedule was determined in conjunction with hardware installation (Task 3.2)	June – November 2012	Selection of MIS contractor took longer than originally anticipated

3.3.3 Task 2.3: Strengthen Satellite Business (Operating) Units in Targeted RWCs

The needs assessment and gap analysis were completed and findings were included in both the baseline study and the MIS systems report, as these issues were closely linked.

The satellite offices of the targeted RWCs were extremely weak and not functionally linked to headquarters operations in the most efficient and effective manner possible. K-WISER reviewed, in conjunction with the management of the targeted water companies, the potential for structural changes to focus the companies on technical achievement rather than geographical function.

[1] The WIS designation is a generic term that K-WISER used to refer to all computerized systems within the RWCs; this term does not any specific module or software application such as GIS, MIS, CIS, or CMMS.

3.3.3.1 OBJECTIVES

- Examples of fully integrated and well-functioning satellite business units
- Replicable development support model.

3.3.3.2 METHODOLOGY USED

K-WISER reviewed the operation of the satellite units, and established baseline operational activities and reporting levels to the head office of the RWC. In Year 2 of the project, through workshops and discussions, we established core requirements of the RWC and satellite units, and assessed priority needs for each business unit. Based on that assessment, in Year 3, we developed new procedures for information management systems. We had already identified equipment and software needed to permit full data transfer between all the units and the headquarters' systems. As part of the MIS hardware, K-WISER procured and installed several LANs and a WAN for each RWC, in order to transfer data efficiently and in a timely manner.

In Year 3, K-WISER undertook an analysis and provided recommendations regarding the creation of effective billing and collection procedures and systems in the satellite units.

3.3.3.3 DELIVERABLES –TASK 2.3

No	Task	Output	Planned Completion	Actual Completion	Comments
1	Develop and agree on model structures and protocols for operating units to complement the provision of data management tools	Report	See Task 3.2	November 2012	Developed with the MIS software
2	Software and hardware installed and training conducted. Satellite units linked with headquarters	1st training course	See Task 3.2	June 2011	N/A

3.3.4 Task 2.4: Strengthen effective coordination of targeted RWCs and municipal governments

The Project completed a thorough review of existing MoUs between the RWCs and municipalities, and proposed improvements to be implemented as the MoUs are renewed. Because many of the RWCs had already signed MoUs with municipalities based on the original model prepared by the Water and Waste Regulatory Office, with periods of agreement up to four years, it was not deemed appropriate to make changes until those MoUs were due for renewal. Additionally, the Water Task Force, WWRO and its consultants and the Ministry of Local Government were all concerned parties with related objectives; thus, the project proposed that activities between the interested parties be coordinated to achieve full implementation. K-WISER continued to develop improvements based on discussions and workshops held during Year 2 of the project. It also held developmental workshops with key stakeholders in Year 2 to discuss the recommendations made in the MoU report.

K-WISER drafted a model MoU to assist the RWCs in negotiating with the police and municipalities to gain their support in fighting illegal connections and tampered meters, and to start arresting people who steal water. Comments were solicited and received from USAID/Kosovo's legal staff and were incorporated into the MoUs. The MoUs were then presented to each RWC for discussion and consideration.

3.3.4.1 OBJECTIVE

- Strengthen working relationships between RWCs and member municipalities in the planning and governance of water supply and sanitation services.

3.3.4.2 METHODOLOGY USED

- Support the implementation of the revised MoUs in the targeted municipalities as existing MoUs come up for renewal
- Review and identify opportunities for cooperation between the RWCs and municipalities in order to improve the collection rate
- Hold a series of workshops with key stakeholders to review the proposals
- Undertake joint training of RWC and municipality staff in the operation of the MoUs.

3.3.4.3 DELIVERABLES – TASK 2.4

No	Task	Output	Planned Completion	Actual Completion	Comments
1	Series of workshops to be held during Year 2 of the project to develop MoUs	Workshops commenced January 2011	June 2011	June 2011	N/A
2	Review existing MoUs and improve them by re-drafting them with new language	Draft MoU	May 2010	July 2010	Draft MoU was revised after workshop
3	Draft a model MoU between RWC and Kosovo Police and Municipality	Draft MoU	October 20ll	November 2011	N/A

3.3.5 Task 2.5 Enhance public awareness and consumer behavior change to support more effective water supply delivery and sustainable water resources management in RWCs

K-WISER completed the review of public awareness campaigns carried out by the targeted RWCs and included comments in the baseline study. The project also conducted an initial workshop with customer-related staff of the Hidrodrini and Hidroregjioni Jugor RWCs and developed additional programs based on the results of the workshop. The process was completed on April 21, 2010 and included in the baseline report.

The project also reviewed the operations of the Customer Councils to identify weaknesses, and prepared a training program for their members to develop their knowledge and advocacy skills in working with RWCs.

The lack of public awareness affected the collection rates and sustainability of the RWCs. During Year 3, the project intensified its efforts to assist the RWCs in developing public

awareness campaigns and feedback systems. A tender was prepared and advertised for public awareness campaigns. The contract was awarded in January 2012 and the work was implemented between January and May 2012. A final report was prepared and distributed to the RWCs and USAID during the first contract extension period.

3.3.5.1 OBJECTIVES

- Improve citizen behavior to protect available water resources quality and quantity
- Individuals follow applicable laws and act to protect surrounding water resources
- Increased voluntary payments by customers to the RWCs
- Improved transparency and accountability of the RWCs to customers.

3.3.5.2 METHODOLOGY USED

The RWCs were committed to improving revenue collection and used various methods to encourage customers to pay their bills, with some degree of success. K-WISER developed a social marketing and behavioral change program, and assisted the RWCs in developing public awareness campaigns, along with participation and feedback systems to improve transparency and accountability.

Public participation programs were essentially targeted to improving the involvement of the general public and customers, with the expectation that increased awareness of the RWCs' activities and an understanding of the costs and technical requirements of providing adequate water supplies will encourage improved payments. Our experience indicated that simple awareness campaigns did not meet those objectives. Key aspects of the behavioral change program were implemented through the development plans of both companies, and essentially combined encouragement to pay bills together with a control and enforcement regime that targeted delinquent payers. It was clear from accumulated evidence that the targeting of non-payers had a beneficial effect on other customers.

3.3.5.3 DELIVERABLES – TASK 2.5

No	Task	Output	Planned Completion	Actual Completion	Comments
1	Support materials to assist RWCs in developing public participation programs	Report	April 2011	May 2011	The contractor MDA handled the public awareness campaigns
2	Provide support to RWCs to implement a behavioral change program	Start of program	Sept 2012	Continuous until Nov 2012	N/A

3.4 MAJOR WORKSHOPS CONDUCTED DURING THE K-WISER PROJECT

In support of Components 1 and 2, K-WISER conducted six major workshops during Year 2 and two major workshops during Year 3, as listed in the table below.

Date	Task No.	Description of Workshop
Nov 2010	1.2	Introduction to KPIs (identification of gaps in reporting by the two RWCs)
Dec 2010	1.1	Board of Directors initial development program
Dec 2010	2.1	CEO / staff management and needs (vision, requirements from staff, motivation, human resource policy, planning measurement, control and targets; CEOs engaged in interactive discussions)
Feb 2011	2.5	Consumer consultative committee (increased capacity of the CCCs; increased efficiency of CCCs and WWRO CCC coordination; institutional development of the CCCs; increased cooperation and awareness raising with the rural development NGOs and SHUKOS in particular)
Mar 2011	1.3	K-WISER and WWRO sponsored a workshop on improvements in revenue collections
May 2011	1.2	Private sector participation (PSP) workshop (introduction to PSP; legal framework of PSP; implementation, and types of PSPs)
Feb 2012	2.5	Improving customer services in regional water companies
May 2012	2.1	Financial and administration issues of RWCs: financial asset management, internal auditing, taxes and bad debts, privatization of state-owned enterprises

3.5 COMPONENT 3: TARGETED INVESTMENTS IN INFRASTRUCTURE REHABILITATION

Component 3 focused on interventions to support the Hidrodrini and Hidroregjioni Jugor RWCs to improve their operation of the network and system through the provision of equipment and renewal and/or refurbishment of parts of the network. Activities within the two tasks in Component 3 were closely linked and a common approach to them was taken by K-WISER.

Task 3.1: Carry out selected infrastructure rehabilitation efforts to reduce technical losses of RWCs

Task 3.2: Provide equipment to enhance RWC system operations, performance and sustainability

3.5.1 OBJECTIVES

There were no changes in the objectives listed below, since the project's inception.

Task 3.1:

- Achievement of up to a 15% reduction in technical water losses in Hidroregjioni Jugor, and up to a 5% reduction in Hidrodrini as a result of implemented investments replacing or rehabilitating the water supply distribution network
- Systematic Identification and development of high-priority infrastructure investments impacting technical losses in the short to medium terms

- Awarding of up to US $2.6 million worth of investments in infrastructure and services via the Grants under Contract mechanism administered through K-WISER.

Task 3.2:

- Water and energy savings in the operations of the two targeted RWCs as a result of upgraded/replaced equipment
- Systematic identification and prioritization of infrastructure investments impacting operational efficiency

- Awarding of up to US $1.5 million worth of investments in technical equipment and services supporting efficiency and sustainability improvements (pumps, meters, etc.) via the Grants under Contract mechanism administered through K-WISER.

3.5.2 METHODOLOGY USED

Significant progress was made throughout the project, particularly in relation to preparing both RWCs for the strict criteria to be met before infrastructure work could be started. K-WISER required the companies to develop and improve their operating practices in order to benefit from the infrastructure development component of the project, and much was accomplished in Years 1 and 2 of the project in this regard, particularly with respect to improving meter reading, collections, and internal controls.

Contracts for the first six projects were awarded during the first two years and all six projects were fully constructed between October 2010 and January 2012. The six projects completed were Emin Duraku, Haziz Ismail, and Bujar Godeni in Prizren; and Sahat Kulla, Zatrat, and Istog in Peja. Annex 2 contains pictures of construction in progress of all six projects. There are also pictures of the last three infrastructure projects (Pusi i Atit – Suhareka; Kobaj – Prizren; and Dardania – Peja), which were completed in Year 3 and during the two extension periods of the project.

The process of developing and implementing infrastructure schemes was more complex than originally anticipated; this led to delays in commencing site work on some of the infrastructure projects. Particular issues included obtaining sufficient technical data for assessment of schemes to ensure compliance with criteria (e.g., this was a clear advantage in reducing leakage and/or increasing revenue), and ensuring that detailed environmental reviews were carried out and that contractors and construction supervisors clearly understood the strict requirements related to environmental issues.

One pilot infrastructure project was implemented in each RWC to help develop procedures and identify any obstacles to undertaking the work. The process also helped the management of the water companies to appreciate the criteria that would need to be met in order for projects to be implemented. The RWCs' staff members were mostly cooperative, helpful, and responsive to K-WISER data requests. The preparation of the requests for approval and environmental reviews were carried out in accordance with USAID procedures. Subsequently design contracts were awarded, technical specifications prepared, and invitations to tender issued through advertisements in newspapers.

3.5.2.1 SUMMARY OF GRANT CONDITIONS

There were no changes in the grant conditions over the life of the project. K-WISER provided approximately US $4.15 million under its Grants under Contract allocation to assist the Hidrodrini (Peja) and Hidroregjioni Jugor (Prizren) RWCs in improving their operational performance and sustainability. Funds were directed towards:

- Equipment to increase efficiency and sustainability (leakage detection, bulk meters, pumps, etc.)
- Infrastructure improvements to networks to reduce technical losses
- Associated feasibility, design, works, or supervisory services.

All elements under Component 3 continued to be implemented through grants during Year 3 and the two Task Order extension periods.

There were many subtasks that supported these two tasks. The most important ones are listed in the paragraphs below.

a. Technical Baseline Performance Assessment of Hidroregjioni Jugor and Hidrodrini

The technical assessment was carried out as part of the baseline study including the managerial and technical staff performance, and the relevant information was included in the report. K-WISER established a detailed profile of each of the two RWCs regarding existing infrastructure, leakage detection activities, and revenue collection. This information served as the basis for the development of K-WISER program investments in infrastructure, equipment, and related training. *This subtask was completed on April 21, 2010.*

b. Performance Criteria for Hidroregjioni Jugor and Hidrodrini RWCs

The RWCs were required to meet certain criteria before they could benefit from the funds under Component 3; the funds were reserved for infrastructure development and equipment procurement. Specific performance criteria were developed and incorporated into the MOU signed with the two RWCs on March 22, 2010 (World Water Day). These included participation by RWC staff and Board members in a set of training courses throughout the life of the program, project selection according to K-WISER quantitative requirements (e.g., leakage, collections, operational costs), full engagement of RWCs in efforts aimed at improved technical and financial operations, and the appointment of staff and resources to support K-WISER capacity building and infrastructure. *This subtask was completed on March 22, 2010.*

c. List of Infrastructure Investments

The list of infrastructure projects was completed for both RWCs in advance of the originally indicated completion date for the second RWC (July 31, 2010). While this list provided a useful planning and budgeting tool, our experience with the technical and environmental scoping process gained during the pilot projects demonstrated that in-depth evaluations of a project often lead to substantial modifications to design and budget or rejection of one candidate project entirely in favor of another. For this reason, the list of infrastructure investment projects was considered subject to change in specific projects, but not in type or general scope of project. *This subtask was completed on June 30, 2010.*

d. Final Priority Investment Implementation Plan and Budget

This final priority investment implementation plan and budget was completed and provided a program through the end of the project for investments to be made under Component 3.1 (replacement of infrastructure) and Component 3.2 (equipment to improve measurement and performance) as well as associated training. *This subtask was completed on July 22, 2010.*

4. CHALLENGES AND SUSTAINABILITY

4.1 CRITICAL ASSUMPTIONS

The key assumptions made in the preparation of the first and second year work plans were also relevant in the third year; i.e., that the relevant stakeholders were fully committed to the RWC institutional development process and to meeting the criteria prepared for infrastructure investments. Unfortunately, some of the risks identified did materialize and affected the pace of the project's implementation.

The challenges facing the water sector during the K-WISER project were many and varied, and while some had a detrimental effect on project implementation, the K-WISER team took actions to minimize these effects. One of the most important factors was the development of strong working ties with the Chief Executives and staff of the companies, based on the skills and experience of the K-WISER team, which enabled a good working relationship to develop. These challenges are listed in the table below:

Table 4.1: Critical Assumptions

Assumption	Risk	Mitigating Action
Water company management and staff were committed to development	Poor commitment will lead to inability to implement the program and reduced investment in infrastructure	K-WISER worked closely with key managers and staff to ensure ownership of the process and cooperation in implementation
Water company staff had the sense of drive and urgency to meet the objectives of the company	Institutional lethargy will lead to poor customer response, negative impacts on revenue collection, worsening water losses, etc.	K-WISER worked with staff of company to provide encouragement and direction
Absorption capacity of water companies and staff was sufficient to enable developmental changes to occur, particularly as both companies still have major projects in progress with USAID and other donors	Necessary changes are not made, or lack ownership by management of RWCs; information is slow to be provided; companies develop more slowly than anticipated	K-WISER worked with management team and developed programs that are timed to meet the needs of companies; the MIS applications are key to accelerating information sharing
Government was committed to make any changes necessary in Boards of Directors	Where necessary changes are not implemented, governance of RWCs will be impaired	K-WISER worked closely with POE-PMU to develop and implement proposals for improvement; K-WISER also worked closely with the Water Task Force to achieve synergies from the programs
No political influence in Board and management appointments to RWCs	Companies may respond to political rather than technical priorities	K-WISER worked closely with POE-PMU to develop and implement criteria for the appointment of Board members and managers
Stakeholders were committed to the development of private	Poor identification of suitable PSP projects and slow	K-WISER attempted to work closely with all stakeholders to

Assumption	Risk	Mitigating Action
sector participation in the water sector	implementation of PSP	identify options, opportunities and methodologies for PSP, but the PSP opportunities were not easily accepted by the RWCs
RWCs to ensure that all land was available for any infrastructure work	Unclear or contested ownership will delay or prevent construction	K-WISER worked closely with both RWCs to identify schemes, route and land requirements, and ensure that correct authorities and permissions were in place
Cooperation by municipalities	Delayed or prevented construction/installation	K-WISER required RWCs to obtain all necessary permits in advance of tenders

5. PERFORMANCE OF REGIONAL WATER COMPANIES

5.1 CAPACITY BUILDING

Over the entire life of the project, the K-WISER team worked closely with the two targeted water companies to improve performance, particularly in relation to revenue collection, asset management, fiscal analysis, increased billing, and reducing water losses. Progress was good and steadily increased in Hidroregjioni Jugor with positive upward trending collection values throughout all of 2012 when compared with previous years. This was achieved by working with the staff of the company to set up an internal committee to focus specifically on 1) improving the customer management data base which tracks water meters (location, number, seals, etc.), 2) improving the quality of meter reading, 3) identifying illegal uses (by-passes of the meter, rotation of the meter, deliberate damage to the meter, etc.) and 4) dedicated control teams to monitor staff performance and provide support on non-paying customers. This program was augmented by an enhanced revenue collection effort for domestic, commercial and institutional customers. K-WISER worked closely with the staff and management of Hidroregjioni Jugor to ensure that these newly introduced mechanisms for performance improvements were resilient in the face of future changes in individual staff, organization, or leadership of the RWCs.

RWC Hidrodrini started to implement the illegal connection removal program and revenue collection program, but there was still reluctance on the part of staff and management to make the full operational changes needed. This resistance appeared to be related to political uncertainty and lack of consistent support from the Board of Directors to the Executive Management Team. This impeded the utility's ability to show progress in attaining eventual financial sustainability. However, towards the end of the K-WISER Project, the company increased its efforts to immediately disconnect customers with illegal connections as soon as they were discovered. With the support of K-WISER, the RWC targeted institutional customers with more than €500 of delinquent debt, to be disconnected if they did not pay their delinquent balance in full or at least enter into a customer contract with the company to pay off the back debt in installments. K-WISER joined the company in meetings with both Istog and Peja municipalities who both have substantial debt within their institutions.

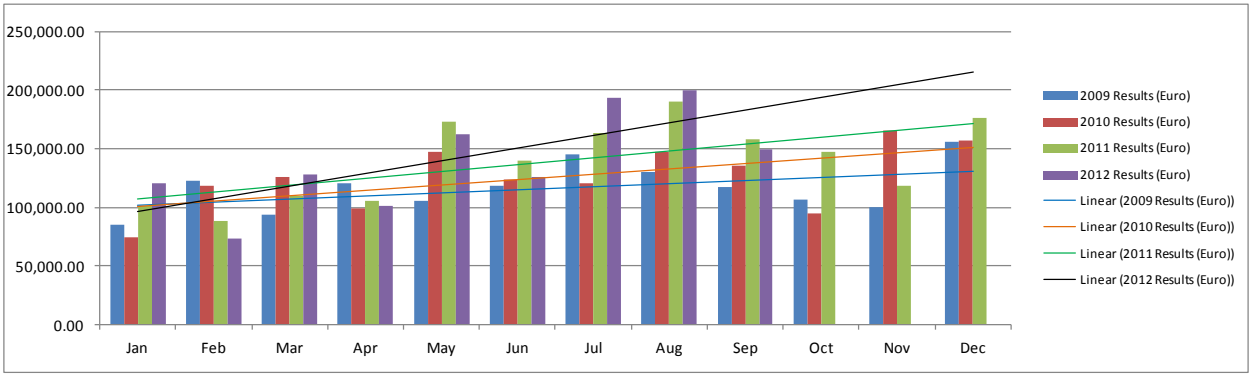
K-WISER worked with the finance and administrative staff of both companies to develop detailed procedures and manuals for key functions including: 1) internal audit, 2) procurement, 3) financial management, and 4) administration. These documents were implemented by the two targeted RWCs. K-WISER's work in developing the internal audit program in RWC Hidrodrini was recognized in the external auditor's general report on the company; the external auditor complemented the internal auditor for a structured and well implemented program of work.

K-WISER developed improvement plans for RWCs and these were implemented. Figure 5.1, on page 35, shows the cumulative values of collections on a monthly basis since January 2009.

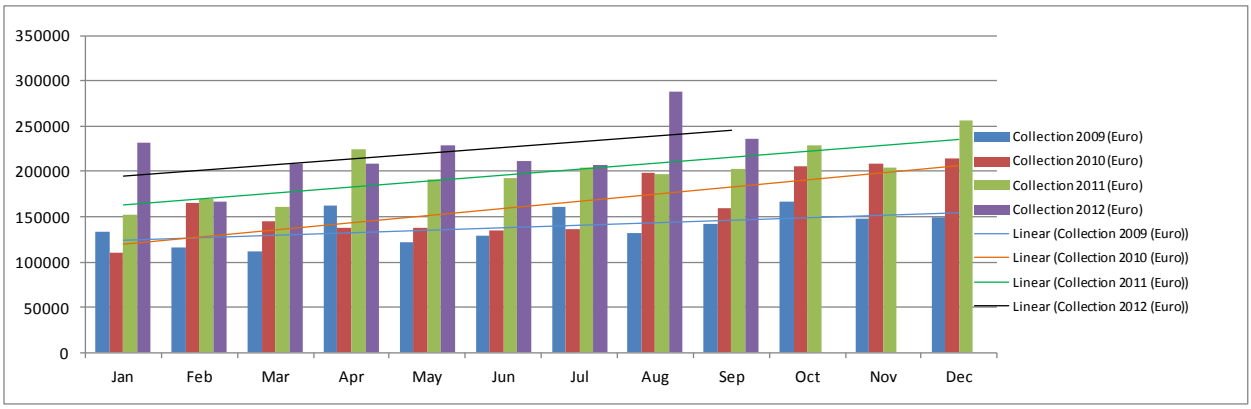
For RWC Hidrodrini, the collection ratio increased overall by only 2.4% over the entire three year period (Jan 2009 – Dec 2012). The baseline measurement when the K-WISER project first started was a 60.0% collections rate. So the target set early on by K-WISER, and agreed to by RWC Hidrodrini, was to raise the overall collections up to the level of 75% by the end of the project. Year 2012 was the worst year of performance for this water utility; the collection ratios from quarter to quarter were very erratic with values achieved of 49.1%, 48.0%, 59.2%, and 64.6%, which significantly affected the overall average collection ratio for the full three years.

For some quarters in the three year period the collection ratios were as high as 84.0%, but there was no consistency and the water utility did very little to incentivize its employees to improve. The collection ratio for each quarter was a direct result of high amounts of sold water, high amounts of revenue billed and insufficient collections. Revenue collections did not match expected targets over the entire three-year period; this was a direct consequence of low efficiency of the utility in increasing collections, high numbers of customers declared as social cases or having very low income, and lack of adequate payments from the government funded institutions

Figure 5.1 Monthly Collections Since 2009



Revenue collection by RWC Hidrodrini for 2009, 2010, 2011 and 2012 (through September)



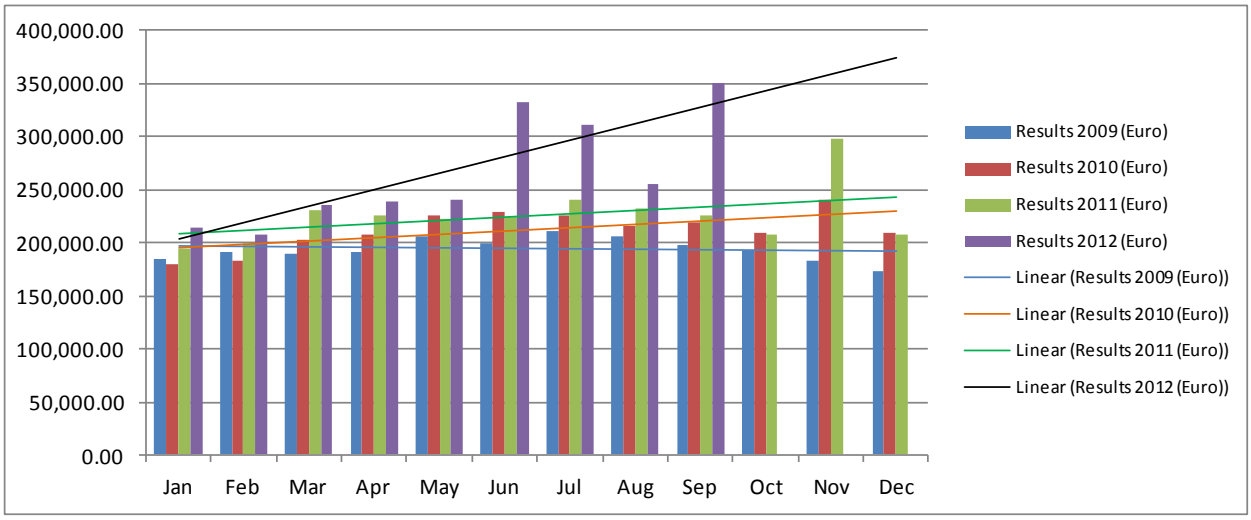
Revenue collection by RWC Hidroregjioni Jugor for 2009, 2010, 2011 and 2012 (through September)

For RWC Hidroregjioni Jugor, collection ratios steadily increased over the entire three years. The baseline measurement when the K-WISER project first started was a 62.0% collections rate. So the target set early on by K-WISER, and agreed to by RWC Hidroregjioni Jugor, was to raise the overall collections up to the level of 75% by the end of the project. The water utility nearly achieved the target; the collection ratio increased overall by 10.2%, up to a level of 72.2%. There were some fluctuations in the quarterly collection ratios in 2012 with the lowest quarter recorded at 69.0%; however, the collection rations were still better than the same periods in 2009, 2010, and 2011. The management team, supported by K-WISER, instituted accurate reporting procedures for water production, which in the short term produced higher

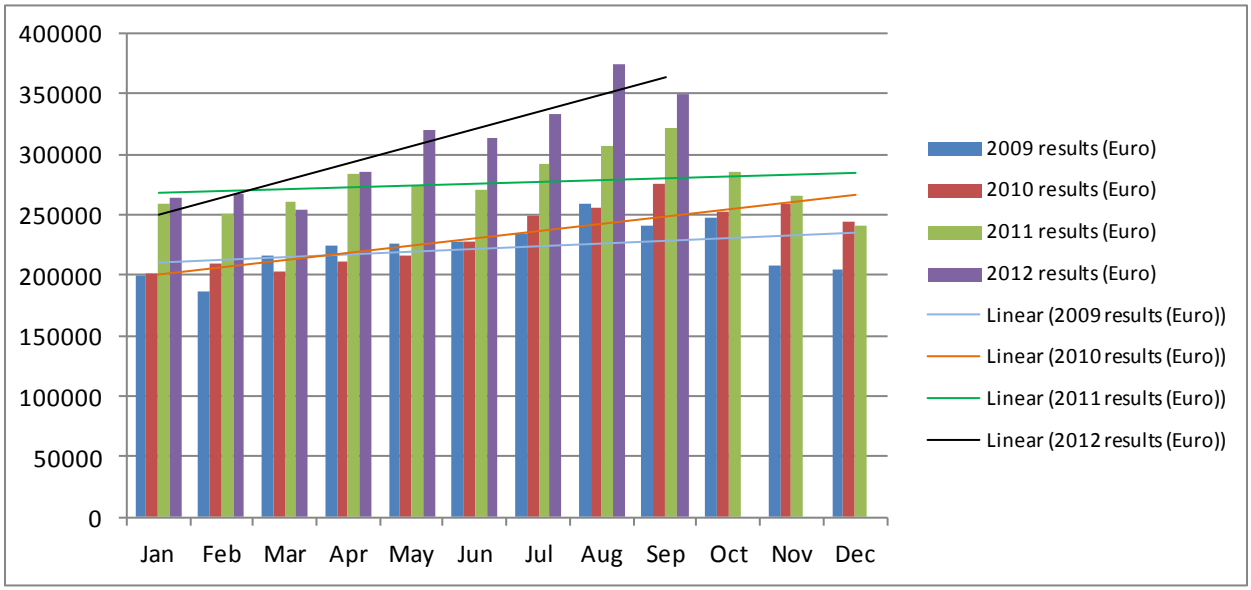
water losses figures than previously reported, but in the longer term, provided useful data for effective management (see Figure 5.1).

During the third quarter in 2012, RWC Hidrodrini achieved €917,569 in revenues billed, which was the highest figure among all previous quarters in the last three years. As the water company continues to install meters on currently unmetered customers and replaces the older less accurate meters with newer ones, the amounts of water billed will continue to increase (see Figure 5.2).

Figure 5.2 Monthly Billings Since 2009



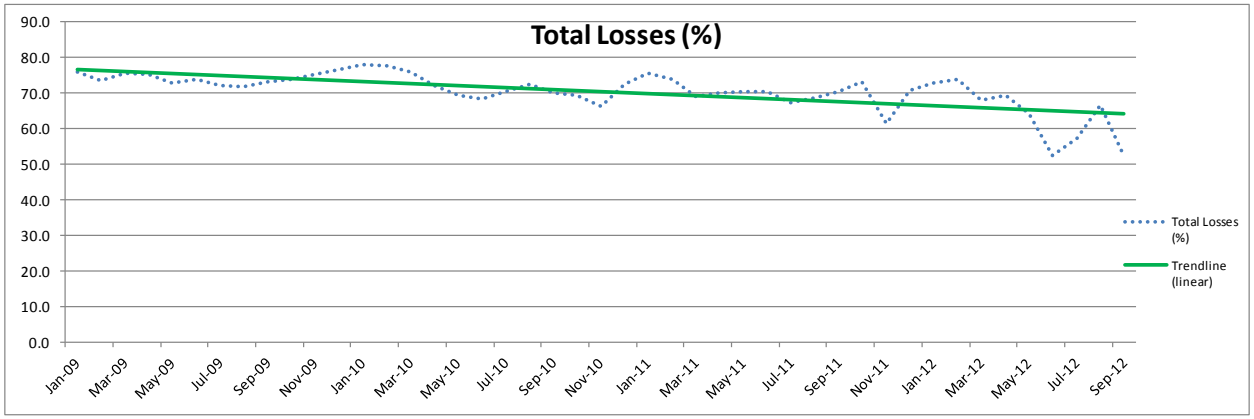
Monthly billings for RWC Hidrodrini for 2009, 2010, 2011 and 2012 (through September)



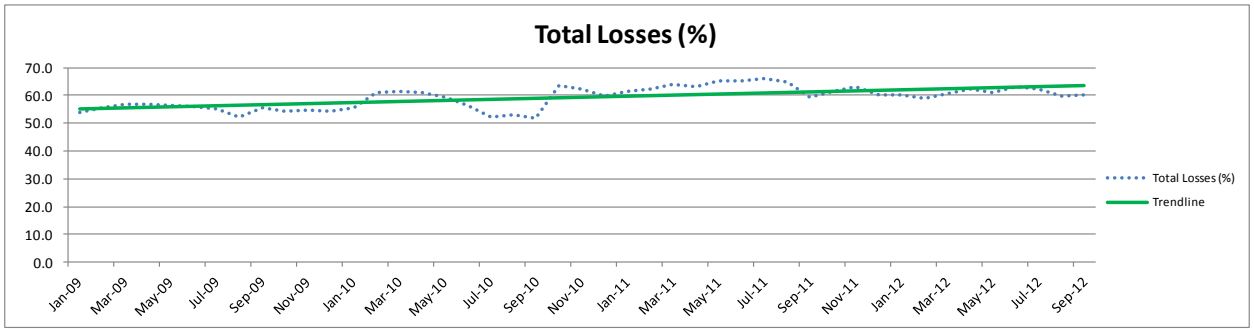
Monthly billings for RWC Hidroregjioni Jugor for 2009, 2010, 2011 and 2012 (through September)

RWC Hidroregjioni Jugor also achieved some very good results in the third quarter of 2012, especially in revenues billed (€1,058,526) and collections (€729,882): the highest values since 2009. These trends indicate the continued commitment of the company management team to improve the company's results by implementing some of the K-WISER recommendations. The management team, supported by K-WISER, instituted accurate reporting procedures for water production, which in the short term produced higher water losses figures than previously reported, but in the longer term, provided useful data for effective management (Figure 5.2).

Figure 5.3 Total Water Losses



Water losses and trend since Jan 2009 for RWC Hidrodrini



Water losses and trend since Jan 2009 for Hidroregjioni Jugor

For RWC Hidrodrini, the combination of the completion of the Zatrat and Sahat Kulla infrastructure projects, installation of new AMR water meters in the Dardania subdivision in Peja, an increase in the volume of water sold, and a reduction in the leakage in the water network resulted in a significant reduction of total water losses during 2012. The average total water losses for all of 2012 was 58.0%. This was the lowest level recorded in the previous three years. The 52.4% in total water losses recorded for the month of September 2012 was also the lowest figure in the last three years and perhaps the lowest in the RWC's recent history. The overall level of water losses decreased tremendously from the baseline figure and projected a sharp downward trend, as shown in Figure 5.3. In order to continue decreasing water losses, the RWC should implement all the necessary actions discussed with the K-WISER team, and must address this issue at the same time as improving the revenue collections.

Between June and December 2012, RWC Hidrodrini implemented a series of interventions with K-WISER support to improve overall operating efficiencies of the RWC. These included: separating field operational teams into meter reading teams and revenue collection teams, requiring that each field team (water meter readers, collectors and customer site control) report to the Director weekly, restructuring revenue collectors/water meter reading staff according to collection zones, and establishing a new team solely dedicated to disconnection activities.

The figures for 2012 indicated that a key element of water losses was related to unregistered water meters and illegal use. At the end of the K-WISER Project, RWC Hidrodrini was just beginning to seriously address the issue of illegal uses as a crucial part of its operations, which should improve the financial condition of the company over the long term. The K-WISER team worked closely with the staff of the company to implement a program to reduce illegal use, but this has to be accompanied by a strong disconnection policy and follow-up activities.

For RWC Hidroregjioni Jugor, total water losses decreased slightly in 2012, from 62.0% to 60.0%, but the long-term trend still remained upwards. Water network extensions and water used for irrigation purposes are additional reasons that the water losses remain at relatively high levels, because of the increased water demands. In order to decrease water losses, the RWC should implement all the necessary actions discussed with the K-WISER team and must address this issue at the same time as it improves revenue collections. The K-WISER program also procured and delivered leak detection equipment that will ultimately result in a reduction in leakage levels. The company has started to use this equipment on a regular basis and is discovering several leaks. Once the leaks are discovered, significant efforts are being made to repair them.

Figure 5.3 shows that total water losses for RWC Hidroregjioni Jugor continue to increase, indicating that although collection levels are stable or improving and the volume of water billed is increasing, water production is also increasing at a faster rate, resulting in even more leakages, mostly due to increased water production, increased water demands from newly registered customers, increased water pressures, and undetected illegal uses of water. This issue needs to be dealt with soon, with targets set for reducing water losses.

RWC Hidroregjioni Jugor needs to continue to implement the program of data collection, improved meter reading and collections to ensure that progress is maintained, as well as set targets for reducing water losses.

5.2 CAPACITY OF TARGETED RWCS

5.2.1 Hidrodrini RWC

Hidrodrini RWC began implementing and using stronger financial and management information systems that support operations, which are viewed as quite advanced and should prove to be useful in identifying and targeting water losses as well as non-paying customers. These tools included the new Navision billing and accounting software and a GIS system that was connected to the Navision software and provides geographic information on customer connections. It was therefore surprising that Table 5.1 below did not indicate greater success in reducing water losses or increasing revenue collection. Non-revenue water (or total losses) remained stubbornly above 70%, indicating high levels of physical losses (leakage) and high levels of commercial (formerly administrative) losses (primarily due to theft and illegal connections). But overall progress over the last four years showed that total water losses

steadily decreased. The amount billed steadily increased since 2009 and the amount collected in 2010 nearly exceeded the income level received in 2008, which was the previous high.

One reason for these limited successes was that during Year 2 Hidrodrini RWC established four Control Teams that are performing quality control functions (checking on the meter readers and collectors) and identifying and reducing illegal water usage. These teams have been empowered to disconnect customers with no notification if illegal connections are discovered. The customer is also back-billed for estimated consumption use based on a formula developed by the RWC.

The monthly detailed performance figures for the first three quarters of 2012 showed a fluctuating level of water billed against a relatively static level of production. There was also a monthly increase in the value of water billed, but revenue collected did not rise in parallel.

K-WISER worked with the management of Hidrodrini RWC to develop programs to meet the needs of the company and address these issues, including renewing infrastructure and providing equipment. It is clear though that the operational programs of the company, including an aggressive disconnection policy for non-payment of bills, need to be further developed and implemented.

Table 5.1: Annual Performance Data – Hidrodrini RWC

Indicators	Unit	2006	2007	2008	2009	2010	2011	2012 (first 9 months only)
Water Produced	m^3	31,282,887	36,247,828	30,351,552	28,192,459	28,847,678	27,714,364	20,212,910
Water Billed	m^3	7,798,579	8,259,716	7,737,336	7,284,430	8,082,814	8,271,828	7,255,563
Non-Revenue Water	m^3	23,484,308	27,988,112	22,614,216	20,908,029	20,764,864	19,442,536	12,957,066
Non-Revenue Water	%	75.0	77.0	74.5	74.2	72.0	70.1	64.1
Amount Billed	Euro	2,212,339	2,440,777	2,275,047	2,325,017	2,549,572	2,511,100	2,385,175
Amount Collected	Euro	1,073,263	1,288,953	1,511,953	1,404,225	1,510,098	1,672,049	1,255,223
Collection Ratio	%	48.5	52.8	66.5	60.4	59.0	61.8	52.6

Data were obtained from WWRO annual reports and from RWC Hidrodrini reports to WWRO.

5.2.2 Hidroregioni Jugor RWC

Hidroregjioni Jugor RWC was subjected to continuous management changes over a number of years and as a result, the effectiveness of the company declined. This is demonstrated in the reported non-revenue water figures shown in Table 5.2, which shows the volume of water losses significantly increasing from 2007 to the present. Part of this is explained by improved measurement, particularly water produced as new meters have been installed, but it also indicates a lack of maintenance and control of illegal connections.

Table 5.2 also shows two positive trends in that the monetary amounts of water billed and revenue collected have been steadily increasing over the past five years.

Hidroregjioni Jugor Board appointed a new Chief Executive Officer during Year 2. This change brought more stability and focus to the company. K-WISER worked closely with the new management team to develop strategies and programs for improving operations, reducing leakage and increasing revenues. This was coupled with the infrastructure and equipment development component of the project, which targeted reducing leakage levels and increasing the number of customers with access to safe and adequate drinking water.

Table 5.2: Annual Performance Data – Hidroregjioni Jugor RWC

Indicators	Units	2006	2007	2008	2009	2010	2011	2012 (first 9 months only)
Water Produced	m^3	14,856,386	12,057,815	12,558,975	15,244,976	16,122,541	9,857,005	14,728,936
Water Billed	m^3	8,018,752	7,309,724	7,013,136	6,824,091	6,714,680	3,582,276	5,749,444
Non-Revenue Water	m^3	6,837,634	4,748,091	5,545,839	8,420,885	9,407,861	6,274,729	8,979,492
Non-Revenue Water	%	46.0	39.5	44.0	55.0	58.0	63.5	61.0
Amount Billed	Euro	2,370,800	2,334,697	2.382,250	2,689,685	2,821,622	1,597,842	2,763,936
Amount Collected	Euro	1,366,727	1,522,483	1,517,229	1,629,036	1,950,998	1,088,894	1,984,867
Collection Ratio	%	57.7	65.2	63.5	60.6	69.0	68.0	71.8

Data were obtained from WWRO annual reports and from Hidroregjioni Jugor reports to WWRO.

Explanation of Several of K-WISER's Performance Indicators

It is necessary to make a general observation regarding the number of people in the target areas with access to improved drinking water supply. In every infrastructure project that K-WISER completed, there were an excess number of new connections that were made to the new pipelines. Part of this was due to the vast amount of new houses and business that were constructed in the areas adjacent to the new pipelines. When people heard that there was a reliable 24-hour water supply available in the area, with very good pressure and flow, they quickly developed their properties and connected to the new pipelines. The other reason for the remarkable growth in both the Prizren and Peja regions was that all previously illegal connections discovered during the construction of the new pipelines were removed and those customers were forced to reconnect to the new pipelines with a proper legal connection that was registered with the company.

Sample Project Performance Indicators	FY 2012 Target	FY 2012 Actual
Percentage change in technical losses of water in Peja	Peja = (-5% Δ)	Peja = (-6% Δ)
Percentage change in technical losses of water in Prizren	Prizren = (-15% Δ)	Prizren = (-5.6% Δ)
Percentage change in administrative (commercial) losses of water in RWC Peja	Peja = (-5% Δ)	Peja = (-6% Δ)
Percentage change in administrative (commercial) losses of water in RWC Prizren	Prizren = (-6% Δ)	Prizren = (-4.8% Δ)
Percentage change in collection of revenue based on bills issued	Peja = (+15% Δ)	Peja = (+2.4% Δ)

- Peja		
Percentage change in collection of revenue based on bills issued - Prizren	Prizren = (+13% ∆)	Prizren = (+10.2% ∆)
Change in percentage of income from water sales by RWC Peja	Peja = (+12% ∆)	Peja = (+11.4% ∆)
Change in percentage of income from water sales by RWC Prizren	Prizren = (+15% ∆)	Prizren = (+21.8% ∆)

Explanations:

1. The first four performance indicators in the table above all have "negative" numbers associated with their targets and the results. In those cases, the greater the negative percentage, the better the results were. These targets were established in the baseline conditions assessment performed by K-WISER. An example of the meaning for the first indicator is as follows: The target for FY 2012 was to reduce technical losses in Peja by 5%, from the baseline condition. The actual result achieved in FY 2012 was a reduction of technical losses by 6% in Peja.

2. The last four performance indicators in the table all have "positive" numbers associated with their targets and the results. In those cases, the greater the positive percentage, the better the results were. These targets were established in the baseline conditions assessment performed by K-WISER. An example of the meaning of the first positive indicator is as follows: The target for FY 2012 was to increase revenue collections in Peja by 15% from the baseline condition. The actual result achieved in FY 2012 was an increase in revenue collections by only 2.4% in Peja.

3. The Greek symbol ∆ means "change" or "difference," so a number like +13% ∆, means an increase or change of 13%. Similarly, a number like -6% ∆ means a decrease or change of 6%.

4. *Percentage change in administrative (commercial) losses of water in RWC Prizren for 2012 (target = -6%, result = -4.80%).* In general, administrative or commercial losses are due to undetected illegal uses of water, meters that are under-registering, and meters that are defective and vandalized by customers. RWC Prizren made a considerable effort to discover and remove unauthorized connections and damaged meters, but has not done much with respect to replacing older meters that are slowing down and under-registering. The company does not have an active and aggressive meter calibration and replacement program, so it was not able to meet the targets established by the K-WISER program. Over the last two years, RWC Prizren spent a lot of money on developing new water sources to alleviate droughts and shortages, rather than focusing on improving water meters and reducing commercial losses. This percentage indicator may improve slightly and become closer to the target value, once the Kobaj infrastructure project is completed and many more illegal connections are removed.

5. *Percentage change in collection of revenue based on bills issued in RWC Peja for 2012 (target = +15%, result =+2.40%).* With the new MIS system in place and customer information data improving, RWC Peja has significantly increased the number of properly registered customers. This has resulted in a tremendous growth in the number of customer bills issued each month and the amount of revenues billed as well. However, the collection rates and revenues collected remained relatively low because many people in the Peja region do not pay their bills in full each month so the back debt continues to

increase. The Director of RWC Peja is not a strong business manager and does not shut off customers for non-payment of bills on a regular basis. This is directly reflected in the low percentage increase in collections. The Director is not committed to requiring his staff to perform better and expand their collection efforts, despite all the suggestions and technical support that K-WISER has provided to the Collectors and Control Teams.

6. *Percentage change in collection of revenue based on bills issued in RWC Prizren for 2012 (target =+13%, result = +10.2%).* With the new MIS system in place and the customer information data improving, RWC Prizren has significantly increased the number of properly registered customers. This has resulted in a tremendous growth in the number of customer bills issued each month and the amount of revenues billed also. Since K-WISER procured an excavator for the RWC, the amount of revenue collections has been rising steadily each month because the RWC Director has aggressively started a program to disconnect water service for every illegal connection that is discovered and for customers who do not pay their bills. If the excavator were purchased in Year 2 instead of Year 3, the company would have met the target indicator.

7. *Change in percentage of income from water sales by RWC Peja for 2012 (target = +12%, result = +11.4%).* This performance indicator result is deceiving. It is a direct result of increased water production, extension of the water network to serve more customers, and a reduction in water network leakage (technical losses). So more water is being billed to customers, but the collection rates are not really producing the extra income that should be generated. After the Dardania infrastructure project was completed, more technical losses were eliminated, thus making more water available for sale, so this indicator will continue to increase and edge up closer to the target value.

6. COMPONENT 3 – INFRASTRUCTURE AND EQUIPMENT INVESTMENTS

The infrastructure and equipment component of the project met all the requirements of the Task Order, in all areas, including implementing the infrastructure investments and equipment component. In the budget $4.26 million was allocated under K-WISER for combined investments in infrastructure and equipment destined for the two beneficiary RWCs in Prizren and Peja. Over the 44-month course of the project's implementation (from September 2009 to May 2013), total investments in infrastructure and equipment amounted to $4.149 million, or approximately 97.4% of the target budget.

Table 6.1 shows all infrastructure construction grants disbursed to the two beneficiaries. Investments in infrastructure construction projects such as pipe replacements and replacement of networks totaled $2,603,278, excluding in-kind cash contributions for infrastructure in the amount of $599,465, which brought the total investments in infrastructure to $3,202,743.

Table 6.1: Infrastructure Grant Projects Implemented

No.	Project	Approximate Cost ($) *	Key Implementation Dates
Prizren RWC Hidroregjioni Jugor			
1	Prizren network - Emin Duraku distribution pipe replacement of old AC pipe with HDPE 160 mm, L= 680 m	$116,103	Construction Start: October 2010 Construction Completed: January 2011 Technical Acceptance: July 04, 2011
2	Prizren network - Haziz Ismail distribution pipe replacement of old AC pipe with HDPE 300 mm, L=650 m	$180,200	Construction Start: April 2011 Construction Completed: June 2011 Technical Acceptance: July 20, 2011
3	Prizren network - Bujar Godeni distribution pipe replacement of old AC pipe with HDPE 160 mm, L=241 m	$38,540	Construction Start: April 2011 Construction Completed: June 2011 Technical Acceptance: July 08, 2011
4	Suhareka network – Pusi i Atit transmission pipe replacement of old AC pipe with HDPE 450 mm and 400 mm, L= 8,367m	Total project cost of $1.1 million, but K-WISER share was $531,670	Construction Start: March 2012 Construction Completed: July 2012 Technical Acceptance: October 23, 2012
5	Prizren network – Kobaj village distribution pipe replacement of old AC pipe with HDPE pipe of various sizes, L = 8,245 m	Total project cost of $221,465, but K-WISER share was $171,465	Construction Start: August 2012 Construction Completed: March 2013 Technical Acceptance: April 22, 2013
6	Engineering support and environmental assessment costs	$80,000	Approximate allocation to RWC Prizren
	Subtotal Prizren Infrastructure #1	**$1,117,978**	**Excluding in-kind payments from two municipalities (K-WISER only)**
	Subtotal Prizren Infrastructure #2	**$1,717,443**	**Including in-kind payments from two municipalities (Suhareka and Prizren)**
Peja RWC Hidrodrini			
7	Peja network - Sahat Kulla transmission pipe replacement of	$509,000	Construction Start: December 2010 Construction Completed: December 2011

	old AC pipe with HDPE 400 mm, L=2,890 m		Technical Acceptance: July 24, 2012
8	Peja network – Zatrat new distribution pipe in upper pressure zone of HDPE 250 mm, L=1,750 m	$385,500	Construction Start: July 2011 Construction Completed: January 2012 Technical Acceptance: February 3, 2012
9	Istog network – Gurakoc distribution pipe replacement of old AC pipe with HDPE 315 mm, L = 3,800 m	$266,200	Construction Start: July 2011 Construction Completed: September 2011 Technical Acceptance: November 10, 2011
10	Peja network – Dardania distribution pipe replacement of AC pipe with HDPE pipe ranging from 32 mm to 280 mm, L=10,600 m	$269,600	Construction Start: September 2012 Construction Completed: May 2013 Technical Acceptance: May 28, 2013
11	Engineering support and environmental assessment costs	$55,000	Approximate allocation to RWC Peja
	Subtotal Peja RWC for Infrastructure	**$1,485,300**	
Total Infrastructure Investments		***$2,603,278***	***($3,202,743 including in-kind payments)***

*The Approximate Costs column includes the design, supervision, environmental review, and construction costs.

Table 6.2 shows all equipment grants disbursed to the two beneficiaries. Investments in equipment projects included such items as meters, leak detection equipment, computer hardware and software system, and a district metering area demonstration project. In all, these equipment projects totaled $1,545,300.

Table 6.2: Equipment and Training Grants Implemented

No.	Equipment	Approximate Cost ($)	Key Implementation Dates
Peja RWC			
1	Installation of water meters to support Dardania DMA implementation; supplied water meters with automated meter reading modules, plus water meter reading software and training was provided	$141,260	Installation Start: December 2011 Installation Completed: April 2012 Technical Acceptance: April 30, 2012
2	Procurement of leak detection equipment and delivery of associated training	$26,995	Leak detection equipment procured and training delivered during Year 2 Technical Acceptance: June 27, 2011
3	MIS hardware and operating software	$65,150	Equipment procured, delivered and installed in June and July of 2011, and an additional shipment was procured, delivered and installed in September 2012 Technical Acceptance: August 31, 2012
4	ERP, FIS, and GIS software and equipment procurement, installation, and training	$212,065	Technical scoping, tendered; vendor selected; and project kickoff completed in Year 2; software delivery and customization completed December 2012 Technical Acceptance: December 18, 2012
5	Investments in energy efficiency	$185,500	Installation Start: October 2012

	improving equipment		Installation Completed: January 2013 Technical Acceptance: January 11, 2013
6	Hydraulic modeling software and training	$68,750	Scoped, procured, delivered, installed, and training provided in Year 3. Technical Acceptance: October 25, 2012.
7	Junik network (Peja) – Installation of chlorination system and PRVs	$66,300	Installation Start: October 2012 Installation Completed: January 2013 Technical Acceptance: May 22, 2013
8	Junik network (Peja) – Installation of Pressure Reducing Valves system	$63,700	Installation Start: October 2012 Installation Completed: January 2013 Technical Acceptance: May 22, 2013
	Subtotal Peja for Equipment	**$829,720**	
Prizren RWC			
9	Leak detection equipment	$83,615	Leak detection equipment procured, delivered, and training provided in Year 2; additional training provided in Year 3 Technical Acceptance: October 27, 2011
10	Hydraulic modeling software and training	$68,750	Scoped, procured, delivered, installed, and training provided in Year 3. Technical Acceptance: October 25, 2012.
11	MIS hardware and operating software	$65,150	Equipment procured, delivered and installed in June and July of 2011, and an additional shipment was procured, delivered and installed in September 2012 Technical Acceptance: August 30, 2012
12	ERP, FIS, and GIS software and equipment procurement, installation, and training	$212,065	Technical scoping, tendered; vendor selected; and project kickoff completed in Year 2; software delivery and customization completed December 2012 Technical Acceptance: December 18, 2012
13	Procurement and installation of bulk and production water meters	$201,600	Installation Start: July 2012 Installation Completed: December 2012 Technical Acceptance: December 19, 2012
14	Procurement of Backhoe	$84,400	Backhoe Delivered and Training Provided: June 2012 Technical Acceptance: June 15, 2012
	Subtotal Prizren for Equipment	**$715,580**	
Total Equipment Investments		***$1,545,300***	

6.1 PROJECTS IMPLEMENTED AT RWC HIDRODRINI (PEJA)

Peja Municipality

In the Municipality of Peja, K-WISER implemented 3 infrastructure construction projects, 6 equipment projects, and extensive capacity building in technical and IT disciplines including:

- Sahat Kulla pipe replacement project (approximately 2,890 m of HDPE pipe installed in sizes up to 400 mm diameter) – Total project cost was approximately $509,000 and resulted in improved water supply to 17,360 beneficiaries (individual inhabitants).
- Zatrat pipe replacement project (approximately 1,750 m of aging AC pipe replaced with HDPE pipe size of 250 mm) – Total project cost was approximately $385,500 and resulted in improved water supply to 2,000 beneficiaries (individuals).
- Dardania pipe replacement project - (approximately 10,600 m of AC pipe replaced in sizes ranging from 32 mm to 280 mm) – Total project cost was approximately $269,600 and resulted in improved water supply to 3,325 beneficiaries (individuals).
- Provision of leak detection equipment and training. Total project cost was approximately $26,995. A total of 6 staff members were trained in the use of the equipment but beneficiaries included the entire customer base of Peja (approximately 117,000 individuals) who will now benefit from the faster and more precise identification of leaks in the water supply network and reduced risk of contaminated water supply.
- Supply of household meters with automated meter reading modules, plus water meter reading software and training. Total project cost was approximately $141,260. The RWC was the direct beneficiary. Ten staff members were trained, in all.
- Supply of hydraulic network modeling software plus basic and advanced training of RWC technical staff. Total project cost was approximately $68,750. The RWC was the direct beneficiary. Twelve staff members were trained, in all.
- Supply of computer hardware and server administration software plus establishment of LAN connections. Total cost was approximately $65,150. The RWC was the direct beneficiary.
- Supply of ERP/MIS software platform, GIS software, hardware and extensive training of RWC staff in all departments. Total project cost was approximately $212,065, of which about 70% or $148,446 was allocated to the Peja Municipality. RWC staff was the direct beneficiary, with over 15 staff members trained, but the entire served population of Peja will reap benefits from better infrastructure investments and network control due to the hydraulic network model.
- Installation of pumps and other equipment to improve energy efficiency. Of a total project investment of approximately $185,500, the total investment allocated to the Peja network was approximately $71,772 and the beneficiaries include all inhabitants served by the Peja network (32,585 individuals).

Istog Municipality

In the Municipality of Istog, K-WISER delivered 1 infrastructure construction project and 3 equipment projects with associated capacity building support, as follows:

- Gurakoc distribution pipe replacement project (approximately 3,800 m of aging AC pipe replaced with HDPE pipe of sizes 140 mm and 315 mm) – Total project cost was approximately $266,200 and resulted in improved water supply to 8,200 beneficiaries (individuals).
- Replacement of water supply network pump components as part of K-WISER's energy efficiency investment project. Total amount invested was approximately $6,280 and resulted in improved water supply to 8,200 beneficiaries (individuals).
- Computer hardware and software (for warehousing and cashier points) plus integration of the Istog unit RWC office with the overall RWC LAN network. Total cost was calculated as approximately $19,000, or 10%, of the comprehensive contract with Peja RWC that included the supply of computer equipment and training to staff of the Istog municipal

water unit. Beneficiaries included over 5,000 customers for whom paying bills was simplified as well as the satellite unit which can now communicate more effectively with the RWC headquarter offices.
- Delivered training in leak detection

Kline Municipality

In the Municipality of Kline, K-WISER delivered 2 equipment projects and provided training in technical and IT disciplines, as follows.

- K-WISER supplied 3 new pumps in Kline as part of its energy efficiency investments on behalf of RWC Peja, in the approximate amount of $103,309. The number of beneficiaries included all served inhabitants of Kline (approximately 20,000) people.
- Computer hardware and software (for warehousing and cashier points) plus integration of the Kline unit RWC office with the overall RWC LAN network. Total cost was calculated as approximately $19,000, or 10%, of the comprehensive contract with Peja RWC that included supply of computer equipment and training to staff of the Kline municipal water unit. Beneficiaries included over 5,000 customers for whom paying bills was simplified as well as the satellite unit which can now communicate more effectively with the RWC headquarter offices.
- Delivered training in leak detection.

Junik Municipality

In the Municipality of Junik, K-WISER delivered 3 equipment projects plus capacity building support in computer systems, as follows:

- Installation of chlorination systems. The total cost was approximately $66,300. Beneficiaries included all Junik inhabitants receiving water service – over 10,000 people.
- Installation of 7 pressure reducing valves (PRVs). Total cost was approximately $63,700. Beneficiaries included all Junik inhabitants receiving water service – over 10,000 people.
- Computer hardware and software (for warehousing and cashier points) plus integration of the Junik unit RWC office with the overall RWC LAN network. Total cost was calculated as approximately $19,000, or 10%, of the comprehensive contract with Peja RWC that included the supply of computer equipment and training to staff of the Junik Municipal water unit. Beneficiaries included over 5,000 customers for whom paying bills was simplified as well as the satellite unit which can now communicate more effectively with the RWC headquarter offices.
- Delivered training in leak detection.

6.2 PROJECTS IMPLEMENTED AT RWC HIDROREGJIONI JUGOR (PRIZREN)

Prizren Municipality

In the Municipality of Prizren, K-WISER implemented 3 infrastructure construction projects, 7 equipment projects, and extensive capacity building in technical and IT areas including computer software and hardware, as follows:

- Emin Duraku pipe replacement project (approximately 680 m of HDPE pipe of 160 mm diameter was installed) – Total project cost was approximately $116,103 and resulted in improved water supply to 2,760 beneficiaries (individual inhabitants).
- Bujar Godeni pipe replacement project (approximately 241 m of aging AC pipe was replaced with HDPE pipe size of 160 mm) – Total project cost was approximately $38,540 and resulted in improved water supply to 585 beneficiaries (individuals).
- Haziz Ismail pipe replacement project - (approximately 650 m of AC pipe was replaced with HDPE pipe of diameter 300 mm) – Total project cost was approximately $180,200 and resulted in improved water supply to 1,905 beneficiaries (individuals).
- Kobaj Village pipe replacement project (approximately 8,254 m of HDPE pipe was installed in various sizes) – Total project cost was approximately $221,465 and resulted in improved water supply to the entire Village of Kobaj with a population of over 600 people and one primary school, which never had potable water previously.
- Leak detection equipment and training. Total project cost was approximately $83,615. Beneficiaries included the entire customer base of Prizren (approximately 155,000 individuals) who will now benefit from faster and more precise identification of leaks in the water supply network and reduced risk of contaminated water supply.
- Supply of hydraulic network modeling software plus basic and advanced training of RWC technical staff. Total project cost was approximately $68,750. The RWC was the direct beneficiary. Twelve staff members were trained, in all.
- Supply of computer hardware and server administration software plus establishment of LAN connections. Total cost approximately $65,150. The RWC was the direct beneficiary.
- Supply of ERP/MIS software platform, GIS software, hardware and extensive training of RWC staff in all departments. Total project cost was approximately $212,065, of which about 70% or $148,446 was allocated to the Prizren Municipality. RWC staff was the direct beneficiary, with over 15 staff members trained, but the entire served population of Prizren will reap benefits from better infrastructure investments and network control due to the hydraulic network model.
- Procurement of a backhoe for excavation and addressing illegal connections. Total cost was approximately $84,400. The RWC was the direct beneficiary.
- Supply of bulk flow water meters. Of the total cost of approximately $201,600, $63,396 went towards bulk flow water meters in Prizren Municipality and the remainder to the other municipalities served by RWC Hidroregjioni Jugor. Beneficiaries included the RWC and the entire customer base of Prizren (approximately 155,000 individuals) who will now benefit from the RWCs better understanding of flows and losses in its network.

Suhareka Municipality

In the Municipality of Suhareka, K-WISER implemented 1 infrastructure construction project, and 1equipment project, plus capacity building in technical and IT areas including computer software and hardware. They include:

- Pusi I Atit pipe construction project (8,367 m of HDPE pipe of 450 mm and 400 mm diameter) – Total project cost to K-WISER was approximately $531,670 resulting in improved water supply to over 21,500 beneficiaries (individual inhabitants).
- Supply of bulk flow water meters. Of the total project cost of $201,600, $36,950 was invested in bulk flow water meters in the Suhareka Municipality. Beneficiaries included the entire customer base of Suhareka (approximately 21,500 individuals) who will now benefit from the RWC's better understanding of flows and losses in its network.

- Computer hardware and software (for warehousing and cashier points) plus integration of the Suhareka unit RWC office with the overall RWC LAN network. Total cost was calculated as approximately $28,500, or 15%, of the comprehensive contract with Prizren RWC that included the supply of computer equipment and training to staff of the Suhareka municipal water unit. Beneficiaries included over 21,500 customers for whom paying bills was simplified as well as the satellite unit, which can now communicate more effectively with the RWC headquarter offices.
- Delivered training in leak detection.

Malisheva Municipality

- Supply of bulk flow water meters. A total of $48,362 was invested towards bulk flow water meters in Malisheva Municipality. Beneficiaries included the entire customer base of Malisheva (approximately 18,500 individuals) who will now benefit from the RWC's better understanding of flows and losses in its network.
- Computer hardware and software (for warehousing and cashier points) plus integration of the Malisheva unit RWC office with the overall RWC LAN network. Total cost was calculated as approximately $19,000, or 10%, of the comprehensive contract with Prizren RWC that included the supply of computer equipment and training to staff of the Malisheva municipal water unit. Beneficiaries included over 18,500 customers for whom paying bills was simplified as well as the satellite unit which can now communicate more effectively with the RWC headquarter offices.
- Delivered training in leak detection.

Dragash Municipality

- Supply of bulk flow water meters. A total of $21,857 was invested towards bulk flow water meters in the Dragash Municipality. Beneficiaries include the entire customer base of Dragash (approximately 5,500 individuals) who will now benefit from the RWC's better understanding of flows and losses in its network.
- Computer hardware and software (for warehousing and cashier points) plus integration of the Dragash unit RWC office with the overall RWC LAN network. Total cost is calculated as approximately $19,000, or 10%, of the comprehensive contract with Prizren RWC that included the supply of computer equipment and training to staff of the Dragash municipal water unit. Beneficiaries included over 5,500 individuals for whom paying bills was simplified as well as the satellite unit which can now communicate more effectively with the RWC headquarter offices.

6.3 SUMMARY OF PROJECT INVESTMENT BY BENEFICIARY AND CATEGORY

The table below breaks down the total estimated Component 3 expenditures at the end of the project by category.

Breakdown of Total Component 3 Implementation Expenditures

Category	Est. Cost
Total Peja Infrastructure	$1,485,300
Total Peja Equipment	$829,720
Total Prizren Infrastructure	$1,117,978
Total Prizren Equipment	$715,580
Total Peja	$2,315,020
Total Prizren	$1,833,558
Total Infrastructure	$2,603,278
Total Equipment	$1,545,300
GRAND TOTAL	**$4,148,578**

7. RECOMMENDATIONS

K-WISER staff observed all levels of operations in Kosovo's water sector in conjunction with the direct support it delivered to the two beneficiary RWCs during the 44-month project. Over this time, several potentially useful insights were gleaned. This section includes general recommendations as well as ideas for future donor-supported projects.

Capacity Building and Institutional Strengthening

- Investments in the water sector must recognize constraints, both in financial resources as well as human capital. Despite the marked progress made in building organizational capacity, both Hidrodrini and Hidroregjioni Jugor RWCs would benefit from a targeted, long-term human capacity building program, particularly if the best use is to be made of future donor and GoK investments in water sector infrastructure. While the needs are broad, the most useful of such investment consist of those that facilitate the achievement of the highest-priority objectives such as increasing revenues, reducing losses, and streamlining operations to be more on par with international performance standards. K-WISER observed that while water companies are eager to amass industry tools and skills (such as in hydraulic modeling, leak detection, or financial planning), they are short on human resources to fully absorb the skills and establish teams to apply these skills. Some areas are top heavy and others are too thinly populated. Each of the two beneficiary companies would therefore benefit from a comprehensive analysis and review of its human resources and organization, ultimately leading to targeted capacity building investments.

- The performance of the RWCs according to the key indictors must be adopted as part of corporate culture. Performance monitoring and improvement should be made a focal point in corporate culture *at all levels*. Employees should have salary bonuses tied to company performance and financial penalties tied to the under-performance of not meeting monthly targets. Structural constraints in the sector that currently prevent such incentive programs from being implemented need to be better understood and addressed at the national regulatory level.

- One recommendation emerging from the experience obtained over the course of this project would be to ensure that MOUs are signed with beneficiaries prior to project implementation; the MOUs should address in detail the staff resources that the beneficiary water company will make available and dedicate to the implementation of the project. In the case of the K-WISER support program to the RWCs, it became necessary for the project to hire two engineers (one at each RWC) to serve as full time, on-site liaison and technical support for aspects of project implementation related to Component 3, This was due in large part to the lack of sufficient internal resources at these companies to accommodate the multiple donor projects being implemented (USAID K-WISER and IRD, KfW, SDC, etc.). Even without the added burden placed on the RWCs as a result of the donor projects, the organizations would still be understaffed in many areas. This applies to all aspects of the RWCs' operations spanning financial, organizational, technical, and public/customer relations.

- There are several items that could usefully be taken up with the WWRO and national-level regulatory bodies that which would help to positively impact the RWCs' performance going forward. One example would be linking water production performance indicators with financial reporting on balance sheets each reporting period so that non-revenue water takes on a higher significance. Another is to ensure that RWCs fully record all fixed assets received from donors when reconciling fixed assets.

- Fill vacancies and expand the size of the technical departments – hire additional water or civil engineers. The RWCs' technical departments suffer from inadequate staffing. The situation has worsened with the recent departure of the Assistant Technical Director at RWC Hidrodrini. The reasons for this are complex and go beyond the level of the General Director. Structural impediments and methods of budget allocation currently complicate the hiring process at water utilities in Kosovo. There is a need for the donor community to investigate where the gaps currently are and to address these in a coordinated fashion.

- Increase the focus on addressing the structural barriers creating bottlenecks in improving collection rates. Call on municipal- and national-level bodies for increased cooperation and support. Develop MOUs with municipal courts, credit institutions/banks, and others to place greater pressure on delinquent customers.

- Kosovo's ability to draw a disproportionate amount of the investments needed in water supply in the form of grants (relative to its neighboring countries) is not a guarantee of the sustainability of these investments. Barriers to achieving financial sustainability continue to plague RWCs in Kosovo, including the two targeted beneficiary companies. The achievement of financial sustainability can be defined as having sufficient revenues from collections to fund both operational costs and contributions to reserves *as well as* to establish creditworthiness to allow loan instruments to be tapped to help finance the capital needed to fund investments to repair, rehabilitate, and expand the networks. For a variety of reasons, this operative target has not been fully internalized at either of the RWCs or by the Boards and GoK bodies that govern them. Largely unconditional donor support in the form of grants and GoK subsidies to the sector has created a false sense of security within the leadership of the sector that current operational efficiencies and collection levels are sufficient to allow the utilities to thrive going forward. However, the books reveal that in the absence of GoK subsidies and donor support, the water sector would likely be driven to rapid financial collapse, with barely enough revenue to cover operational and organizational costs, much less contribute to reserves for current and future investments in infrastructure. How well the GoK and donor community understand and react to this weakness will have profound impacts on the future development and performance of the water sector. It is thus recommended that the donor community place greater emphasis on linking grants to performance improvements and developing certain thresholds measured via key performance indicators.

- The resources invested in building the institutional capacity of the RWCs will have only limited impact unless some of the structural issues are first addressed. It is more helpful to think of the forces at work in terms of a complex dance including roles for public perception, local culture, the national regulatory structure impacting the water sector, Water Boards, the WWRO, and last but not least, the RWCs themselves. All must be addressed if the water sector is to develop sustainably. If one fails to do so, the balance sheets tell us that either water delivery services will suffer or the utilities will go on being largely dependent on GoK and donor subsidies.

Sector-Wide Reform in Kosovo

- There are the beginnings of a good foundation for more effective planning in the sector by the water companies, MESP/WD, municipalities and others, but the donor community must strongly and unambiguously support the GoK entities overseeing the water sector. This includes not only capacity building but also empowerment and legitimization at the Cabinet level. There are the beginnings of a good foundation for more effective planning in the sector by the water

companies, MESP/WD, municipalities and others, but the donor community must strongly and unambiguously support the GoK entities overseeing the water sector. (This includes not only capacity building but also empowerment and legitimization through development and passage of much needed water sector reforms legislation at the Parliament level). These GoK entities are the Ministry of Economic Development, the Ministry of Environment, the Water and Waste Regulatory Office and the National Institute of Public Health.

- The separation between water supply and water resources management is artificial, a fact that will become increasingly apparent unless water quality issues are addressed soon. Structural deficiencies need to be addressed to ensure the sustainability of investments in the sector and avoid wasted investments (empowerment and recognition of relevant authorities, water use, development and enforcement of "polluter pays" laws, transparency, coordinated and prioritized planning, etc.) The national authorities charged with managing water resources planning need to become more adept at linking the water utilities to larger water resource management issues such as the efficient utilization of water resources, water sources protection and conservation; water quality improvement (proper laboratory, mobile equipment), and continuity of supply. Various GoK initiatives and donor-funded projects addressing different sides of water resource management have been implemented since just after the war, but none have managed to instill the required coordination between the utilities and water management authorities. Experience from many other countries has shown that the most successful examples of regional water management arise from precisely the coordinated development of all aspects of water resources management, use, delivery, and protection. Addressing these gaps will require taking a fresh, hard look at not only the existing water laws and loose mix of regulations impacting the sector, but also at the realities of implementation and enforcement in the context of Kosovo culture, capacity, history, and resources. The multiple transitional bodies since the war and mix of international expertise advising the nation vis-à-vis the development of the water sector make it critical to continue to cull, revise, and refine the regulatory framework to eventually find the best fit for Kosovo.

- Investments in this sector are finite, predictable, and scalable. To put things into perspective, Kosovo occupies the same land area as San Diego County in the US, and has roughly 2/3 of the population. This also has implications for defining optimal degrees of decentralization/ centralization of the water sector that have not fully been taken into consideration.

- While urban centers have benefitted from investments in water supply, many rural and smaller communities are still in need of investments in the water supply systems and operations. Solutions for developing water systems in rural areas are often quite different from those that work in an urban context. A recommendation would be to explore appropriate systems for the delivery of water to rural communities, both in areas falling under the jurisdiction of the RWCs as well as outlying areas.

- It is often overlooked that women are the largest consumers of domestic water. Additionally, representation by women in certain fields in the water sector tends to be very low and examples (both subtle and not-so-subtle) of discrimination are common. There is room for the development of programs at various levels and organizations (including the water utilities) to enlist, empower, and educate the women who have potential to have a positive impact on the development of the sector.

- Donor participation via grants and loans for investments in wastewater treatment has increased markedly over the last three years and is expected to continue to rise into this decade. Early observations would reinforce the concern that technical approaches across municipalities and water utilities are not being coordinated or harmonized. This will have several consequences, if left unaddressed. First, there is a risk that some technologies used will simply not be well suited for the Kosovo context (climate, human resources required for operations, etc.) and will squander limited capital resources. Second, it will lead to lost opportunities for harmonization and the benefits of economies of scale that were reaped from the adoption of common technologies across municipalities. Kosovo is too small and capital poor to rely on experimentation in best suited technologies, particularly as the size of investments pending fall into the hundreds of millions of dollars. Guidelines must be set at the national level to ensure that the substantial on-going and pending investments to be made in the sector are well-placed in efficient, effective, and appropriate solutions. What is needed, sooner rather than later, is a comprehensive feasibility study reviewing various wastewater technologies by key performance parameters as applied in Kosovo, coupled with an exploration of regulatory opportunities to increase the value gained from investments in the sector through harmonization and coordination across municipalities. This type of study could be funded for a relative small sum, but would have the potential to translate into substantial long-term savings for the nation as well as more effective delivery of services and benefits to affected populations and ecosystems.

Table 7.1: Summary Table of Possible Areas for Further Exploration

Gap/Issue	Enablers/Approach	Return on Investment (High, Med, Low)	Priority (High, Med, Low)	Risk to USAID (i.e. difficulty of achieving objectives and chance of sustainability)
Contamination of drinking water supplies	1) Coordination of stakeholders to identify pollutant sources discharging to surface and groundwater drinking water supplies (human settlements, industries) 2) Characterize discharges by key parameters, flow volumes, etc. (an upcoming EU project on land pollution will begin this process) 3) Feasibility, design and construction of mitigation (treatment and prevention) combined with the creation of local scheme management to ensure the sustainability of infrastructure 4) Build GoK capacity to incentivize action on this issue (enforcement)	High	High	Low
Upstream contamination of other surface water sources (rivers primarily)	1) Identify and rank by severity, surface waters and polluters 2) Feasibility, design, execution of mitigation measures (could range from individual sites such as coal mines and nickel smelters to non-point sources)	High	High	Med
Groundwater resources, a total unknown. Urban, agricultural, and rural (contamination, capacity)	1) Assess groundwater reserves, recharge rates, and safe yields for each river basin 2) Identify and characterize existing and looming threats to groundwater quantity and quality (and establish criteria to do so) 3) Develop and prioritize mitigation and management plans/projects for groundwater resources accordingly 4) Establish river basin organizations for planning and managing each river basin area 5) Implement these projects	Med	High	Med
Need for a national rural water supply improvement strategy and implementation plan	1) Build on previous assessments of rural water supply needs 2) Generate technical options for a Kosovo-wide program to improve rural water supply 3) Apply prioritization system and associated indicators to ensure the most cost-effective investments 4) Develop, test, and expand on pilot models for small-scale infrastructure water supply systems 5) Coordinate MESP, water companies, and municipalities 6) Formulate short-, medium-, and long-term strategies and implementation	High	High	Med

	plans based on transparent decision analysis to guide internal and donor investment			
Need to build technical awareness of water companies	1) Survey range of applicable technologies 2) Build repertoire of technical options at the disposal of the water companies (learn from regional and international examples) 3) Field test and compare technologies by cost, benefit, appropriateness, etc. 4) Share results and information among water companies	High	Med	Med
Structural and regulatory support to develop and enforce the "polluter pays" principal	1) Identify core issues and possible modes; introduce structural and regulatory changes 2) Develop/support program to improve enforcement mechanisms 3) Recognition, empowerment, and support to MESP and WD. Transparency initiatives.	High	High	Med
Capacity building of RWCs, efficiency improvements by all indicators	Continue to invest to improve operations across the board to improve the financial sustainability, operating efficiencies, and long-term viability of the water companies	High	High	Med already)
Increase public awareness, transparency and receptivity of water companies and MESP	Continue to support RWCs and MESP in developing civic engagement and public communication mechanisms. Impending changes to the structure of the water sector could prove pointless without the participation and endorsement of the public. There is therefore a need to continue to educate communities in the basics of water infrastructure and services. The general objectives of this might include: • Public awareness campaigns and engaging civil society in the planning, development, and restructuring of the water sector in Kosovo • Provide for mechanisms to include public participation in performance evaluation feedback systems of water companies and any concessionaires. This will better ensure accountability and transparency to the public trust • Providing the public and the private sector with the fundamental knowledge of the water sector to enable well-informed contributions to the dialogue between planners and civil society, • Providing assistance to WWRO, MESP, and/or SHUKOS in guiding water utilities in developing public participation and feedback systems to improve transparency and accountability.	High	High	Low
Support the MESP Water Department in meetings its stated objective of promoting private sector participation in the	Specific activities to be completed towards this might include: 1) Identify barriers to investment in WSS and recommend options for promoting private sector participation 2) Explore costs, benefits, and conditions needed to promote divestiture by the state	High (long-term)	Med	Med

management of water services	3) Identify and evaluate the costs, benefits, and conditions required (considering technical viability, financial feasibility, and political viability) for various models of transition of ownership and management of the seven water companies from SOEs to any number of options available for increasing private sector participation in WSS projects 4) Identify priority investments in policy, governance, institutional, or legal measures that should be implemented, and provide guidance on the development of new (or improved) policy choices that would overcome barriers to investment in the WSS sectors and to participation by the private sector 5) Review the barriers and opportunities for promoting private sector participation in the management of water companies through policy mechanisms designed to encourage the use of service contracts, management contracts, leases, and concessions 6) Review the applicability of various PSP models such as build-operate-transfer (BOT), build-operate-own-transfer (BOOT), build-operate-lease-transfer (BOLT), rehabilitate-operate-transfer (ROT), and design-build-finance-operate-transfer (DBFOT).			

ANNEX 1: K-WISER PERFORMANCE INDICATORS

Key Performance Indicators

A short-term expert completed a review of the reporting of KPIs together with an analysis of existing KPIs and their definition. His report was finalized and submitted to USAID in September 2010. The primary finding was that there was no need to change the definitions of the KPIs that were developed in accordance with international norms, although greater emphasis needed to be placed on the financial aspects of activities that support business performance rather than being a means of comparison of RWC performance. Detailed work on the methodology of collecting and reporting data by the targeted RWCs continued until the end of the project, and was followed up again in Year 3 to support the companies in improving measurement and enhancing their understanding of business operations.

Annex 1 - Performance Indicators – Targets and Actual Results

No	Performance Indicator	Target		Baseline	Y1 FY10	Y2 FY11	Y3 FY12	Y1 Results	Y2 Results	Y3 Results
1	Number of people in target areas with access to improved drinking water supply as a result of USG assistance (*under U.S. Gov. Foreign Assistance Framework IIP 1.8 – Clean Water and Sanitation Services)*	To increase the number of people with access to improved drinking water services	Hidrodrini	0	17,364	4,000	2,000	10,500	8,232	2,658
			Hidroregjioni Jugor	0	2,760	5,000	2,000	3,010	2,528	13,246
2	Number of hours per day that households in areas assisted by U.S. Gov. programs have potable water services *(under U.S. Gov. Foreign Assistance Framework IIP 1.8 – Clean Water and Sanitation Services)*	To reduce the number of households that do not receive water 24 hours per day in the targeted RWCs	Hidrodrini	Peja 24 Klina 24 (except summer =18) Istog 24 (except summer =18) Junik 24 (except summer = 18)	24 24/18 24/18 24/18	24 24/21 24/21 24/21	24 24 24 24	24 24/18 24/18 24/18	24 24/21 24/21 24/21	24 24/21 24 24
			Hidroregjioni Jugor	Prizren 24 Suhareka 24 (except summer = 18) Dragash 24 Malisheva 24	24 24/18 24 24	24 24 24 24	24 24 24 24	24 24/18 24 24	24 24/21 24 24	24 24 24 24
3	Number of recommendations for water supply and sanitation sector policy	To ensure that existing laws and regulations are not in conflict with PSP Law		0	2	1	0	2	4	2

No	Performance Indicator	Target		Baseline	Y1 FY10	Y2 FY11	Y3 FY12	Y1 Results	Y2 Results	Y3 Results
	reforms/regulations/ administrative procedures prepared with USG assistance									
4	Percentage change in technical losses of water in targeted RWCs as a result of USG assistance	Reduction in technical losses in Hidrodrini RWC by 5% and in Hidroregjioni Jugor by 15%	Hidrodrini	37.0%	36.0% (-1.0%Δ)	34.0% (-2.0%Δ)	32.0% (-5.0%Δ)	36.0% (-1.0%Δ)	34.4% (-1.6%Δ)	31.0% (-6.0%Δ)
			Hidroregjioni Jugor	44.0%	39.0% (-5.0%Δ)	34.0% (-10%Δ)	29.0% (-15.0%Δ)	36.6% (-7.4%Δ)	39.7% (-4.3%Δ)	38.4% (-5.6%Δ)
5	Percentage change in administrative (commercial) losses of water in targeted RWCs as a result of USG assistance	To increase the volume of water that is paid for by customers	Hidrodrini	37.0%	36.0% (-1.0%Δ)	33.0% (-4.0%Δ)	32.0% (-5.0%Δ)	36.0% (-1.0%Δ)	34.4% (-2.6%Δ)	31.0% (-6.0%Δ)
			Hidroregjioni Jugor	26.0%	24.0% (-2.0%Δ)	22.0% (-4.0%Δ)	20.0% (-6.0%Δ)	21.5% (-4.5%Δ)	23.3% (-2.7%Δ)	22.5% (-3.5%Δ)
6	Percentage change in collection of revenue based on bills issued	To increase the number of customers paying for water services	Hidrodrini	60.0%	63.0% (+3.0%Δ)	68.0% (+8.0%Δ)	75.0% (+15.0%Δ)	59.0% (-1.0%Δ)	61.8% (+1.8%Δ)	62.4% (+2.4%Δ)
			Hidroregjioni Jugor	62.0%	64.0% (+2.0%Δ)	69.0% (+7.0%Δ)	75.0% (+13.0%Δ)	69.0% (+7.0%Δ)	71.9% (+9.9%Δ)	72.2% (+10.2%Δ)
7	Cost of water produced (Euro/m^3)	To reduce the cost of water produced through operational efficiency improvements	Hidrodrini	0.05 €/m^3	0.05	0.045	0.04	0.05	0.05	0.04
			Hidroregjioni Jugor	0.12 €/m^3	0.12	0.11	0.10	0.12	0.13	0.11
8	Number of pipe breaks in RWC area per 100 km of pipe per year	To reduce the number of pipe breaks occurring in the RWC area	Hidrodrini	1.32/km/y	1.30	1.25	1.20	1.30	1.25	1.10
			Hidroregjioni Jugor	4.0/km/y	4.00	3.80	3.60	4.00	3.80	3.55
9	Average age of pipes in RWC	To reduce the	Hidrodrini	28.5	28.4	28.2	28.0	28.6	28.3	27.8

No	Performance Indicator	Target		Baseline	Y1 FY10	Y2 FY11	Y3 FY12	Y1 Results	Y2 Results	Y3 Results
	area reduced as a result of USG-funded infrastructure rehabilitation	number of pipe breaks occurring in the RWC are and increase reliability of the network	Hidroregjioni Jugor	27.9	27.9	27.7	27.6	27.9	27.5	26.2
10	Number of Regional Water Company staff receiving short-term training in improved water supply and sanitation system management as a result of USG assistance	To train senior management and technical staff to improve operational efficiency		0	14	56	56	14	60	100
11	Change in percentage of income from water sales by RWCs	To improve the income of the RWCs	Hidrodrini	38.0%	40.0% (+2.0%Δ)	45.0% (+7.0%Δ)	50.0% (+12.0%Δ)	41.0% (+3.0%Δ)	44.7% (+6.7%Δ)	48.3% (+10.3%Δ)
			Hidroregjioni Jugor	35.0%	38.0% (+3.0%Δ)	43.0% (+8.0%Δ)	50.0% (+15.0%Δ)	37.8% (+2.8%Δ)	46.7% (+11.7%Δ)	56.8% (+21.8%Δ)
12	Number of RWC Boards of Directors trained and operating according to corporate governance standards	To improve the efficiency of RWC Boards by increasing the skills and knowledge of all Directors through training		0	25	12	0	25	12	3

ANNEX 2: INFRASTRUCTURE WORK IN PROGRESS – ALL PROJECTS

Emin Duraku Project - Prizren:

Construction work progressed despite very narrow roads

Bujar Godeni Project – Prizren:

Open trench exposing existing AC pipe

Covering new HDPE pipe with fine sand

Haziz Ismail Project – Prizren:

Installing new HDPE pipe

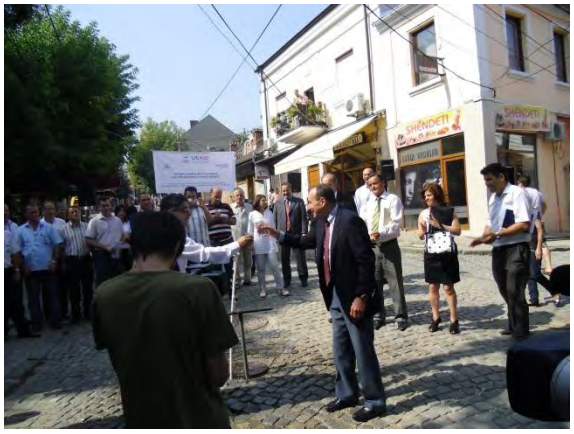
Welded joints of HDPE Pipe

Installing new household service connections off the HDPE pipe

Dedication Ceremony First 3 Infrastructure Projects – Prizren:

[redacted], RWC Prizren Director Presentation

[redacted], Special Advisor to USAID Presentation



[redacted] – Opening the tap and water is flowing in the new pipe

Sahat Kulla Project – Peja:

Preparing the trench for the new HDPE pipe

Construction of concrete chamber for valves

Installing a gate valve on the new HDPE pipe

New HDPE pipe mounted to bridge to cross the river

Istog Project – Gurakoc Village (Peja Region):

Delivery of HDPE pipe to the construction site

Constructing a concrete chamber for valves

Digging the trench for installing new HDPE pipe

Constructing a concrete chamber for valves

Zatrat Project – Peja:

Constructing retaining wall along the river

Steel pipe truss bridge across the river

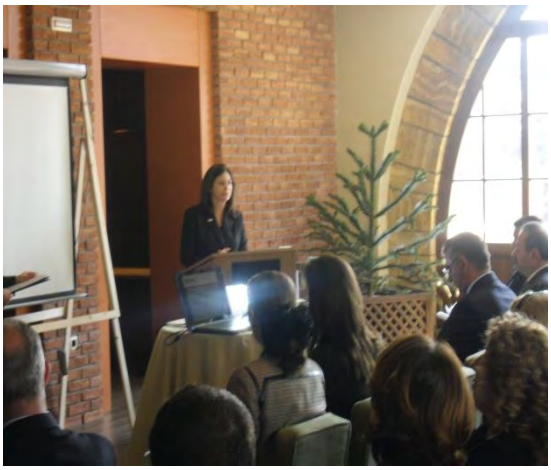
Inside valve chamber – storm water and water pipe

Typical manhole cover along new pipeline

Dedication Ceremony First 3 Infrastructure Projects – Peja:

Audience at dedication ceremony

COP, USAID dignitaries, Mayor of Peja



[redacted], USAID Mission Director

[redacted], USAID Deputy Administrator

Suhareka Project – Prizren Region:

Installation of air release valve

Welding joints of new HDPE pipe

Installing new HDPE pipe and backfilling trench

Construction site visit by USAID personnel

Kobaj Village Project – Prizren:

Installing new HDPE pipe in compacted trench

Construction of a node in the new pipeline

Dardania Project – Peja:

Horizontal drilling under asphalt road

Laying magnetic detection tape above new pipe

Compacting the backfilled trench

Digging around existing infrastructure

ANNEX 3: STAFFING, LEVEL OF EFFORT, AND SHORT-TERM TECHNICAL ASSISTANCE

The K-WISER project team comprised the people shown in the table below, along with the level of effort that each contributed to this project.

Staffing Table

Name	Position	Level of Effort (Days)				Company
		Yr. 1	Yr. 2	Yr. 3	Ext	
Key Personnel						
[redacted]	Chief of Party Chief of Party	220 000	175 045	000 220	000 060	PA Gov't Services * Tetra Tech ES, Inc.
[redacted]	Deputy Chief of Party Deputy Chief of Party	220 000	110 110	000 220	000 003	Environet LLC Environet LLC
[redacted]	Regional Technical Coordinator	106	105 (130)**	130 (160)**	040	Environet LLC
Other Personnel						
[redacted]	Sr. Water Engineer	220	220	220	055	Stella Consulting
[redacted]	Finance / Grants Mgr	200	220	220	056	Environet LLC
[redacted]	Administration and Office Manager	160	220	220	060	PA Gov't Services * Tetra Tech ES, Inc.
[redacted]	Translator / Special Events Planner	130	220	220	060	PA Gov't Services * Tetra Tech ES, Inc.
[redacted]	PSP Specialist and Technical Advisor	006	000	000	000	PA Consulting Group
[redacted]	MIS Specialist and Technical Advisor	025	015	015	009	Stella Consulting
[redacted]	Water Utility Perf Exp Water Utility Perf Exp	011 000	020 012	000 020	000 000	Environet LLC
[redacted]	Gender Spec and Mainstreaming Public Outreach Specialist	009	006	000	000	Environet LLC
[redacted]	Utility Financial Perf Specialist	010	006	000	000	Environet LLC
[redacted]	Local Technical Expert	000	043	000	000	Environet LLC
Personnel Supplied via Grants Under Contract to Support Component 3 Tasks						
[redacted]	Jr. Engineer (Peja)	000	110	220	060	PA Gov't Services* Tetra Tech ES, Inc.
[redacted]	Jr. Engineer (Prizren)	000	080	220	060	PA Gov't Services* Tetra Tech ES, Inc.

*PA Government Services Inc. was purchased by Tetra Tech ES Inc. in July 2010.

** An additional 25 days were supplied in Year 2 and an additional 30 days were supplied in Year 3 through the Grants under Contract vehicle to support Tasks 3.1 and 3.2 (USAID approval received for both years in Year 2).

In Years 1 and 2, the Kosovo team was supported from Tetra Tech's home office in Arlington, Virginia in the United States, by [redacted] (Partner-in-Charge), and [redacted] (Contracts Manager). In Year 3, the Kosovo team was supported by [redacted] (Partner-in-Charge), [redacted] (Contracts Manager), and [redacted] (Contracts Administrator).

Year 1 (2009-2010)

Short Term Expert	Period of Mission in KS	Tasks Performed
[redacted]	December 1, 2009 to December 22, 2009	• Complete the logistical arrangements for EnviroNet's participation in the project • Support preparation of the Project Inception Plan and Workplan • Lead planning and development of the Grants Program (Component 3), and support planning of Components 1 and 2. • Meet with project clients/counterparts, RWCs, USAID Mission (if requested), and other stakeholders in conjunction with development of the Workplan.
[redacted]	January 18, 2010 to January 23, 2010	• Meet with USAID concerning any contractual issues • Meet with RWC representatives and other beneficiaries • Carry out an initial review of possible private sector participation opportunities.
[redacted]	February 11, 2010 To April 15, 2011	• Work with Regional Water Companies to identify energy efficiency measures and investments • Provide completed spreadsheets as indicated above showing the results of the work completed. • Provide explanations to identified measures and investments
[redacted]	February 19, 2010 to March 29, 2010	• Lead detailed baseline performance assessment (Prizren, Peja), • Define performance criteria for the RWCs • Develop MOUs with RWCs • Scope and develop priority pilot projects • Develop master list of GUC-funded investments • Conduct initial environmental and technical scoping of projects, as needed • Meet with project clients/counterparts, RWCs, USAID Mission, and other stakeholders in conjunction with implementation of Component 3 of the KWISER MYP
[redacted]	June 10, 2010 to July 4, 2010	• Technical and environmental scoping of further projects with RWCs for submission to USAID under the K-WISER Grants under Contract vehicle • Development of the Suhareka demonstration project • Initiation of construction phase of pilot projects
[redacted]	June 30, 2010 to July 17, 2010	• Carry out assessment in Water Management Information System in Peja • Carry out assessment in Water Management Information System in Prizren • Prepare reports
[redacted]	July 1, 2010 to	• Work with WWRO (including the EU-funded support project to WWRO) and targeted RWCs to identify shortfalls in reporting and definitions and recommend improvements

Short Term Expert	Period of Mission in KS	Tasks Performed
	January 31, 2011.	• Propose mechanisms and programs for adoption of recommendations • Identify technical issues preventing accurate reporting and work with the RWC and the project to provide solutions. • Work closely over project implementation period with the RWCs to monitor and improve measurement and reporting • Prepare training program and materials for relevant staff and WWRO • Prepare relevant reports including a final report
[redacted]	July 16, 2010 to July 27, 2010	• Identify reporting shortfalls with RWC compliance with WWRO reporting systems • Recommend improvements in conjunction with WWRO • Support the implementation of improved reporting, which will be reviewed in the second mission
[redacted]	August 26, 2010 to Sept 15, 2010	• Technical and environmental scoping of further infrastructure projects and equipment packages for the two project beneficiary RWCs for submission to USAID under the K-WISER Grants under Contract vehicle • Development of the Suhareka demonstration project • Construction progress and environmental oversight of pilot projects • Liaise with/debrief two concurrent international consultant missions
[redacted]	August 31, 2010 to September 11, 2010	• Review MIS report with Peja and Prizren RWCs and other stakeholders • Prepare and review technical specifications for equipment (software and hardware) for MIS systems in the two water companies • Support RTC and TC in preparing contracts for equipment
[redacted]	September 1, 2010 to September 10, 2010	• Meet with Chairmen of Customer Councils and representatives of WWRO • Review roles and strengths and weaknesses of Customer Councils • Identify areas for providing support • Prepare support documentation including plans for future training of members.

Year 2 (2010-2011)

Short-Term Expert	Period of Mission in KS	Tasks Performed
[redacted]	February 11, 2010 to April 15, 2011	• Work with Regional Water Companies to identify energy efficiency measures and investments • Provide completed spreadsheets as indicated above showing the results of the work completed. • Provide explanations to identified measures and investments
[redacted]	July 01, 2010 to January 31, 2011.	• Work with WWRO (including the EU-funded support project to WWRO) and targeted RWCs to identify shortfalls in reporting and definitions and recommend improvements • Propose mechanisms and programs for the adoption of recommendations • Identify technical issues preventing accurate reporting and work with the RWC and the project to provide solutions. • Work closely over the project implementation period with the RWCs to monitor and improve measurement and reporting • Prepare training program and materials for relevant staff and WWRO • Prepare relevant reports including a final report
[redacted]	November 8, 2010 to November 14, 2010	• Identify reporting shortfalls with RWC compliance with WWRO reporting systems • Recommend improvements in conjunction with WWRO • Support the implementation of improved reporting, which will be reviewed in the second mission
[redacted]	November 15, 2010 to December 12, 2010	• Finalization and submission of RfA and ER for Istog rehabilitation project, • Development of the Suhareka project, • Environmental monitoring of on-going construction projects, • Prepare tender documentation for MIS systems (hardware and software).
[redacted]	January 22, 2011 to March 5, 2011	• Monitor the implementation of infrastructure projects • EA for Suhareka demonstration project and Kristal rehabilitation project in Peja • Develop DMA projects at RWC Peja, • Phase I of implementation of WIS/ERP systems • Development and announcement of ERP/FIS and GIS/hydraulic modeling tenders
[redacted]	January 30, 2011 to February 2, 2011	• Facilitators meeting at the K-WISER office • Prepare all required materials for the workshop • Needs assessment report presentation in the workshop • Evaluate meeting with the K-WISER staff • Draft and submit the report to the Chief of Party

Short-Term Expert	Period of Mission in KS	Tasks Performed
[redacted]	February 4, 2011 On-going	• Work with Regional Water Companies to identify all electricity supply points • Confirm electricity supply points with KEK • Identify KEK billing system (e.g., is maxigraph applied) • Analyze energy use as indicated under specific deliverables • Provide detailed spreadsheet so that further detailed analysis can be carried out with a view to installing equipment to further reduce electricity costs
[redacted]	March 2, 2011 to March 9, 2011	• Prepare specifications that will form tender documentation annexes for procurement of the ERP/FIS software systems • Develop the implementation plan for installing, populating, providing training to staff, and test-driving ERP/FIS and GIS systems • Ensure RWC preparedness for the proposed activities
[redacted]	May 9, 2011 to June 4, 2011	• Monitor the implementation of infrastructure projects, • Complete the EA for the Suhareka demonstration project • Final identification of ER/EAs for remaining infrastructure projects under current K-WISER ending 2012 • Review energy efficiency investments and prepare tender documents • Implement DMA projects at RWC Peja • Support ERP/FIS and GIS/hydraulic modeling selection and implementation
[redacted]	May 29, 2011 to June 3, 2011	• Lead evaluation of proposals from bidders for installing, populating, providing training to staff, and test-driving selected ERP/FIS and GIS systems • Monitor and guide the on-going installation of computer hardware and operational software in preparation for the planned installation of ERP/FIS and GIS systems. • Ensure RWC preparedness for the proposed activities • Finalize timetable and role of the consultant in guiding the implementation of the above program.
[redacted]	June 28, 2011 to Sept 3, 2011	• Monitor the implementation of infrastructure projects, • Complete the EA for the Suhareka demonstration project • Prepare ER/EAs for remaining infrastructure projects under current K-WISER contract ending 2012 (Nene Theresa St, Prizren, other) • Prepare Request for Approval for energy efficiency improvements • Implement DMA projects at RWC Peja and RWC Prizren • Support to ERP/FIS and GIS implementation • Hydraulic modeling scoping, tendering, and selection
[redacted]	July 11, 2011 to	• Evaluate offers for MIS software, including presentations and technical evaluation.

Short-Term Expert	Period of Mission in KS	Tasks Performed
	July 15, 2011	
[redacted]	August 30, 2011 to September 3, 2011	• Meet with the winning firm (ASSECO) being contracted by K-WISER to develop and install the ERP software systems and GIS systems at each of the two beneficiary RWCs • Prepare and deliver “Phase II” kick-off meeting to launch implementation of ERP systems at each of the two beneficiary RWCs. Guide the RWCs in framing discussions with ASSECO • Plan next mission steps (study tour to Albanian water company that is already using a customized Microsoft NAVISION platform, finalize the detailed implementation plan, data migration and population, module design and customization, etc.) • Finalize timetable and role of the consultant in guiding the implementation of the above program over the next 6 months.

Year 3 (2011-2012)

Short Term Expert	Period of Mission in KS	Tasks Performed
[redacted]	October 2, 2011 to October 8, 2011	• Meet with the winning firm (ASSECO) being contracted by K-WISER to develop and install the ERP software systems and GIS systems at each of the two beneficiary RWCs • Participate and support the RWCs in the "Phase II" 2-day implementation workshops planned at each of the RWCs to customize ERP systems. Guide the RWCs in framing discussions with ASSECO • Plan next mission steps (finalization of detailed implementation plan, data migration and population, module design and customization, etc.) • Finalize timetable and role of the consultant in guiding the implementation of the above program subsequent to the mission
[redacted]	May 29, 2012 to June 2, 2012	• Meet with the firm (ASSECO) contracted by K-WISER to develop and install the ERP software systems and GIS systems at each of the RWCs to review and finalize the remaining implementation plan. • Visit each of the two beneficiary RWCs and guide their staff in framing discussions with ASSECO in reviewing outputs to date and developing remaining outputs (these include various functional models to operate on the newly installed NAVISION software platform, such as billing and collections, and customer relations) • Finalize timetable and role of the consultant in final phases of implementation and quality assurance of outputs of this task.
[redacted]	October 4, 2012 to October 9, 2012	• Meet with the system users at the RWCs and field-test key aspects of the Navision functionality at each RWC. Identify/assess weaknesses that still need to be addressed, ensuring that contractual requirements have been meet by Asseco and Cacttus. • Review the Navision module outputs and suggest any final changes that need to be made (reports, use of data, billing, CR, etc.) • Help develop and then participate in a targeted management-level half-day seminar for the Directors and Department Heads of the two RWCs focused on addressing any apprehensions that they still have, but also provide some ideas to help them can get the most out of the system, as managers, such as: 1) highlight features of the newly installed system, emphasizing how it can best be leveraged, now that the basics are under control (i.e., tools such as data mining, automated alerts, etc.), 2) generate a real time "dashboard" that would reside on the desktop of the Director's PC (sort of like modern trading software) so that the Director may see at any time how the company is doing that month in KPIs (production, collections, billing, etc.), 3) work with the management to establish targets and then regular outputs of key KPIs that can be publicly posted in the company so employees can track progress as part of an employee incentive initiative.
[redacted]	November 6, 2011	• Monitor the implementation of infrastructure projects

Short Term Expert	Period of Mission in KS	Tasks Performed
[redacted]	to December 10, 2011	• Evaluate the tender for the Suhareka pipe replacement project • Field any questions from USAID concerning Suhareka EA • Prepare a Request for Approval and tender documentation for energy efficiency improvements • Implement DMA projects at RWC Peja and RWC Prizren plus prepare any subsequent documentation and tenders • Provide support for ERP/FIS and GIS implementation • Water meter implementation (Peja) and tender preparation (Prizren) • Support KPI program • Assess remaining infrastructure budget based on actual and committed expenditures and finalize budget and costing of remaining projects
[redacted]	January 22, 2012 to March 3, 2012	• Monitor the implementation of infrastructure projects • Prepare a Request for Approval and tender documentation for energy efficiency improvements • Implement DMA projects at RWC Peja and RWC Prizren • Prepare any final infrastructure ER documentation, Request for Approval and tenders (Janina) • Support ERP/FIS and GIS implementation • Prepare hydraulic modeling software tenders for each RWC • Assess remaining infrastructure budget based on actual and committed expenditures and finalize budget and costing of remaining projects • Various other duties, as needed, supporting project reporting and implementation
[redacted]	May 7, 2012 to June 23, 2012	• Monitor the implementation of infrastructure and equipment projects • Conduct tender evaluation of equipment and infrastructure projects • Prepare Request for Approval and environmental MMP for energy efficiency improvement tenders • Implement DMA projects at RWC Peja and RWC Prizren • Prepare any final infrastructure ER documentation, Request for Approval and tenders (Janina) • Provide support for ERP/FIS and GIS implementation • Implement hydraulic modeling software work at each RWC • Various other duties, as needed, supporting project reporting and implementation
[redacted]	August 12, 2012 to September 15, 2012	• Monitor the implementation of infrastructure and equipment projects • Evaluate tenders for equipment and infrastructure projects • Implement DMA projects at RWC Peja and RWC Prizren

Short Term Expert	Period of Mission in KS	Tasks Performed
		• Prepare any final infrastructure documentation • Provide support for ERP/FIS and GIS implementation • Implement hydraulic modeling software work at each RWC • Various other duties, as needed, supporting project reporting and implementation
[redacted]	November 11, 2012 to December 1, 2012	• Monitor the implementation of infrastructure and equipment projects • Implement DMA projects at RWC Peja and RWC Prizren • Ensure environmental compliance of on-going infrastructure projects • Provide support to the last phase of ERP/FIS and GIS implementation • Support final project reporting • Various other duties, as needed

ANNEX 4: FINANCIAL AND CONTRACTUAL ISSUES

4.1 FINANCIAL ISSUES

The total value of the K-WISER project was US $7,313,677.08. A summary of the rate of disbursement of project funds is shown in the table below.

Invoice Number	Date Sent to USAID	Amount of Invoice	Cumulative % of Contract Value
01	December 16, 2009	$ 42,821.56	0.59%
02	January 12, 2010	$ 28,851.45	0.98%
03	February 3, 2010	$ 21,367.60	1.27%
04	March 8, 2010	$ 70,575.15	2.24%
05	April12, 2010	$ 99,796.98	3.60%
06	June 24, 2010	$ 46,224.09	4.23%
07	June 24, 2010 (credit)	($ 3,237.86)	5.57%
08	June 24, 2010 (credit)	$ 147,547.80	5.62%
09	July 22, 2010	$ 59,863.88	6.32%
10	August 17, 2010	$ 36,753.13	6.82%
11	September 2, 2010	$ 107,587.05	8.29%
12	October 27, 2010	$ 95,288.36	9.59%
13	November 16, 2010	$ 109,686.68	11.09%
14	December 20, 2010	$ 43,974.49	11.70%
15	January 24, 2011	$ 160,607.71	13.89%
16	February 23, 2011	$ 170,385.54	16.22%
17	April 1, 2011	$ 69,867.48	17.17%
18	April 28, 2011	$ 59,017.26	17.98%
19	June 1, 2011	$ 233,808.85	21.18%
20	June 17, 2011	$ 89,687.87	22.40%
21	July 21, 2011	$ 478,281.14	28.94%
22	August 23, 2011	$ 116,657.04	30.54%
23	October 11, 2011	$ 676,896.47	39.79%
24	November 17, 2011	$ 240,855.35	43.09%
25	December 21, 2011	$ 417,928.34	48.80%
26	January 26, 2012	$ 234,636.96	52.01%
27	March 1, 2012	$ 121,771.44	53.67%
28	April 13, 2012	$ 470,433.05	60.11%
29	June 6, 2012 (credit)	($ 57,145.45)	60.09%
30	June 6, 2012	$ 267,048.23	62.98%
31	June 26, 2012	$ 324,978.34	67.42%
32	July 17, 2012	$ 220,428.89	70.43%
33	August 16, 2012	$ 309,743.84	74.67%
34	September 20, 2012	$ 427,092.48	80.51%
35	October 16, 2012	$ 289,854.48	84.47%
36	November 15, 2012	$ 339,605.13	89.12%
37	December 28, 2012	$ 261,485.39	92.69%
38	May 29, 2013	$ 400,741.87	98%
39	Pending	$ 133,857.45	100%
Totals	**N/A**	**$7,313,677.08**	**100%**

4.2 CONTRACTUAL ISSUES

Over the life of the K-WISER Project, there were seven modifications to the contract, as described below.

Modification 1. In early July 2010, Tetra Tech notified USAID that it had recently acquired PA Government Services and changed its name to Tetra Tech ES, Inc., and requested a novation for the K-WISER contract. On July 12, 2010, USAID issued Modification No.1 to the K-WISER contract, EPP-I-00-04-00025-00, Task Order No. 3. The purpose of this modification was to 1) change the name of the contractor, 2) provide incremental funding of $2,000,000 thereby increasing the total obligated amount from $4,500,000 to $6,500,000, 3) revise the accounting and appropriation data to reflect the total obligated amount of $6,500,000 and extend the funds' sufficiency date to September 30, 2011, and 4) incorporate a new Article to add the revised AIDAR 752.7101, Voluntary Population Planning Activities (June 2008) as Article 27.

Modification 2. On August 22, 2011, USAID issued Modification No.2 to the K-WISER Contract. The purpose of this modification was to change the name of the contractor and the award to incorporate the Branding Implementation and Marking Plan submitted by the contractor.

Modification 3. This modification was issued on August 22, 2011 in order to 1) provide incremental funding of $813,677, thereby increasing the total obligated amount from $6,500,000 to $7,313,677, and 2) revise the Accounting and Appropriation date to reflect the total obligated amount of $6,500,000 and extend the funds' sufficiency date to September 28, 2012.

Modification 4. On March 8, 2012, USAID issued Modification No.4 to the K-WISER Contract. The purpose of this modification was to modify Article A.18 to revise the Authorized Geographic Code to reflect the new default Geographic Code of 937. The K-WISER COP analyzed the new regulations and the accompanying Advanced Developing Country List and determined that this Contract Modification will have a very large impact on the remaining infrastructure construction projects, specifically in the area of procurement of pipes, valves, and fittings. As a result, a decision was made to apply to USAID for a waiver to Geographic Code 935. The waiver request was fully developed and submitted to USAID on May 2, 2012; it was granted and approved by USAID on May 17, 2012.

Modification 5. In June 2012, K-WISER made a formal request to USAID for a three-month no-cost extension to the K-WISER Contract. The reason for this extension was that infrastructure projects require much more time to implement than capacity building programs. Beginning in March 2012, we accelerated the pace with respect to construction activities. Despite this acceleration, the three remaining infrastructure projects could not be fully completed before September 28, 2012, when the K-WISER contract was scheduled to end. The three-month no-cost extension was granted and approved by USAID in Modification No. 5 to the K-WISER Contract on August 21, 2012.

On August 3, 2012, [redacted], K-WISER's DCOP, submitted a letter of resignation to the Chief of Party. He had accepted a position as Director of the Regional Environmental Centre of Kosovo. As a result, his last day working for the K-WISER project was on August 31, 2012. The DCOP position was funded by one of Tetra Tech's US subcontractors, EnviroNet LLC. In discussing this situation with EnviroNet, Tetra Tech and EnviroNet agreed that since it was very near the end of the K-WISER Project, we could easily manage the implementation of the remaining two items under Component 1 of the Task Order without a DCOP. Therefore, there

was no need to replace [redacted]. A letter was sent to USAID on August 6, 2012, notifying them of the resignation of the DCOP and requesting approval to continue the K-WISER project without the DCOP position. The approval was given on August 13, 2012.

Modification 6. On December 20, 2012, USAID issued Modification No. 6 to the K-WISER Contract. The purpose of this modification was to extend the completion date of the Task Order with Tetra Tech from December 28, 2012 to May 30, 2013. During this extended period, Tetra Tech was required to execute the remaining program activities, as specified in its close-out plan dated December 19, 2012. These activities focused on the completion of two infrastructure projects (Kobaj pipe replacement project in Prizren, and Dardania pipe replacement project in Peja) and two equipment installation projects (chlorination equipment and PRVs in Junik, and pumping equipment in Peja).

Modification 7. On March 14, 2013, USAID issued Modification No.7 to the K-WISER Contract. The purpose of this modification was to realign the budget to reflect changes between line items and incorporate indirect cost ceiling rates not to exceed the total amount in the revised budget.

ANNEX 5: DOCUMENTS AND DELIVERABLES SUBMITTED TO USAID

The following documents have been provided to USAID under this Task Order:

Annex 5 - List of Documents Submitted to USAID

Report No	Title of the Report	Submission Date
01	Branding and marking plan	November 24, 2009
02	Grants manual	December 12, 2009
01	Initial Life-of-Program Work Plan	December 22, 2009
02	1st Quarterly Report October - December 2009	January 5, 2010
03	2nd Quarterly Report January – March 2010	April 10, 2010
04	Base Line Study	April 21, 2010
04	Base Line Study (revised)	May 13, 2010
05	Performance Monitoring Plan	April 10, 2010
05	Performance Monitoring Plan (revised)	May 24, 2010
06	Senior Management – Core Competencies	April 30, 2010
07	MoUs between Municipalities and RWCs	April 30, 2010
08	3rd Quarterly Report April - June 2010	July 6, 2010
09	Report on Private Sector Participation	July 15, 2010
10	Performance Monitoring Plan – 1st Quarterly Report	August 06, 2010
10	Performance Monitoring Plan – 1st Quarterly Report (revised)	August 18, 2010
11	Year 2 Life-of-Program Work Plan	August 31, 2010
12	Managerial Strengths and Weaknesses	October 5, 2010
13	First Annual Report	October 19, 2010
14	Development Plan RWC Hidroregjioni Jugor	October 26, 2010
15	Development Plan RWC Hidrodrini	October 26, 2010
16	Customer Consultative Committees Needs Assessment Report	October 31, 2010
17	Performance Monitoring Plan – 2nd Quarterly Report	November 3, 2010
18	5th Quarterly Report October – December 2010	January 13, 2011
19	Performance Monitoring Plan – 3rd Quarterly Report	February 2, 2011
20	Towards Reliable Key Performance Indicators	February 8, 2011
21	CCC Needs Assessment	February 14, 2011
22	Report on Private Sector Participation	April 15, 2011
23	6th Quarterly Report January - March 2011	April 15, 2011
24	Performance Monitoring Plan – 4th Quarterly Report	May 20, 2011
25	7th Quarterly Report April – June 2011	July 19, 2011

26	Performance Monitoring Plan – 5th Quarterly Report	August 12, 2011
27	Year 3 Life-of-Program Work Plan	August 29, 2011
27a	Year 3 Life-of-Program Work Plan (revised)	October 16, 2011
28	Environmental Assessment Report for Suhareka Pipeline	October 28, 2011
28a	Environmental Assessment Report for Suhareka Pipeline (1st revision)	November 29, 2011
28b	Environmental Assessment Report for Suhareka Pipeline (2nd and final revision)	December 5, 2011
29	Second Annual Report	January 13, 2012
30	9th Quarterly Report October – December 2012	April 2, 2012
31	Performance Monitoring Plan – 6th Quarterly Report	April 5, 2012
32	Performance Monitoring Plan – 7th Quarterly Report	April 11, 2012
33	Performance Monitoring Plan – 8th Quarterly Report	May 21, 2012
34	10th Quarterly Report January – March 2012	May 25, 2012
35	ER Report for Chlorination Equipment and PRVs in Junik	June 13, 2012
36	ER Report for Janina – Nena Teresa Pipeline Replacement	July 23, 2012
37	Performance Monitoring Plan – 9th Quarterly Report	July 31, 2012
38	ER Report for Kobaj DMA Water Loss Reduction Project	August 7, 2012
39	11th Quarterly Report April – June 2012	August 10, 2012
40	ER Report for Dardania DMA Water Loss Reduction Project	August 31, 2012
41	ER Report for Energy Efficiency Equipment in Peja & Prizren	September 24, 2012
42	Performance Monitoring Plan – 10th Quarterly Report	November 7, 2012
43	12th Quarterly Report July – September 2012	November 22, 2012
44	Customer Services User Manual	November 23, 2012
45	Data Collection, Reporting, and Auditing Procedures for RWCs Hidroregjioni Jugor and Hidrodrini	November 26, 2012
46	Public Awareness Campaigns Final Report	December 13, 2012
47	Computer Hardware and Software (ERP/MIS) Final Report	February 4, 2013
48	Bujar Godeni Pipe Replacement Project Final Report	May 30, 2013
49	Emin Duraku Pipe Replacement Project Final Report	May 30, 2013
50	Gurakoc Pipe Replacement Project Final Report	May 30, 2013

51	Haziz Ismail Pipe Replacement Project Final Report	May 30, 2013
52	Pusi i Atit Pipe Replacement Project Final Report	May 30, 2013
53	Sahat Kulla Pipe Replacement Project Final Report	May 30, 2013
54	Zatrat Pipe Replacement Project Final Report	May 30, 2013
55	Kobaj Pipe Replacement Project Final Report	May 30, 2013
56	Dardania Pipe Replacement Project Final Report	May 30, 2013
57	K-WISER Final Project Report	May 30, 2013

ANNEX 6: MAJOR WORKSHOPS SEPTEMBER 2009 – DECEMBER 2012

Seminar for Members of Board of Directors

Date: February 5, 2010

Place: Regional Water Company Pristina, Pristina

Company	Board of Directors
RWC Pristina	[redacted] (MD)
RWC Hidroregjioni Jugor, Prizren	[redacted]
RWC Hidrodrini, Peja/Pec	[redacted] (MD)
RWC Hidromorava, Gjilan	[redacted] (MD)
RWC Ujesjjellesi Mitrovica	[redacted] (MD)
RWC Bifurkacioni, Ferizaj	[redacted] (MD)
RWC Radoniqi, Gjakova	[redacted] (MD)

Workshop: Ethics and Corporate Governance

Date: May 14, 2010

Place: Regional Water Company Pristina, Pristina

Company	Board of Directors
RWC Pristina	[redacted] (MD)
RWC Hidroregjioni Jugor, Prizren	[redacted] (MD)
RWC Hidromorava, Gjilan	[redacted] MD)
RWC Hidrodrini, Peja/Pec	[redacted] MD)
RWC Ujesjjellesi Mitrovica	[redacted] (MD)
RWC Bifurkacioni, Ferizaj	[redacted] (MD)
RWC Radoniqi, Gjakova	[redacted] (MD)
WWRO	[redacted]

Workshop: Financial Statements

Date: May 18, 2010

Place: Water and Wastewater Regulatory Office, Pristina

Company	Members of Board of Directors
RWC Hidrodrini , Peja/Pec	[redacted] (MD)
RWC Hidroregjioni Jugor, Prizren	[redacted] (MD)
RWC Hidromorava, Gjilan	[redacted] (MD)
RWC Radoniqi, Gjakova	[redacted] (MD)
WWRO	[redacted]

Workshop: Financial Statements

Date: May 20, 2010

Place: Water and Wastewater Regulatory Office, Pristina

Company	Members of Board of Directors `
RWC Pristina	[redacted](MD)
RWC Hidroregjioni Jugor, Prizren	[redacted]
RWC Hidromorava, Gjilan	[redacted]
RWC Hidrodrini RWC, Peja/Pec	[redacted]
RWC Ujesjjellesi Mitrovica	[redacted](MD)
RWC Bifurkacioni, Ferizaj	[redacted](MD)
WWRO	[redacted]

Workshop: MoU between RWCs and Municipalities

Date: July 9, 2010

Place: SHUKOS Office

Company	Corporate Secretary of the Regional Water Company
RWC Pristina	[redacted]
RWC Hidrodrini, Peja/Pec	[redacted]
RWC Hidroregjioni Jugor, Prizren	[redacted]
RWC Hidromorava, Gjilan	[redacted]
RWC Radoniqi, Gjakova	[redacted]
RWC Bifurkacioni, Ferizaj	[redacted]
RWC Ujesjellsi Mitrovica	[redacted]
Representatives from other Institutions	
POEPMU-MEF	[redacted]
WWRO	[redacted]
SHUKOS	[redacted]
SHUKOS	[redacted]

Workshop: Key Performance indicators

Date: November 11, 2010

Place: Regional Water Company Hidroregjioni Jugor, Prizren

Company	Board of Directors
RWC Hidroregjioni Jugor, Prizren	[redacted] (MD)
RWC Hidrodrini, Peja/Pec	[redacted] (MD)
WWRO	[redacted], Watreg/WWRO

Workshop: 1) Duties and Responsibilities of Directors

2) Setting the Direction

Date: December 17, 2010

Place: Regional Water Company Pristina, Pristina

Company	Members of Board of Directors
RWC Pristina	[redacted] (MD)
RWC Hidrodrini RWC, Peja/Pec	[redacted] (MD)
RWC Hidroregjioni Jugor, Prizren	[redacted]
RWC Hidromorava, Gjilan	[redacted] (MD)
RWC Radoniqi, Gjakova	[redacted] (MD)
RWC Bifurkacioni, Ferizaj	[redacted] (MD)
RWC Ujesjellsi Mitrovica	[redacted] (MD)
Representatives from other Institutions	
POEPMU-MEF	[redacted]
WWRO	[redacted]

Workshop: Customer Consultative Committee & Challenges

Date: February 1, 2011

Place: Villa Germia, Pristina

Company	Members of CCCs
RWC Pristina	[redacted]
RWC Hidrodrini RWC, Peja/Pec	[redacted]
RWC Hidroregjioni Jugor, Prizren	[redacted]
RWC Hidromorava, Gjilan	[redacted]
RWC Radoniqi, Gjakova	[redacted]
RWC Bifurkacioni, Ferizaj	[redacted]
RWC Ujesjellsi Mitrovica	[redacted]
Representatives from other Institutions	
USAID	[redacted]
WWRO	[redacted], Watreg/WWRO [redacted] Watreg/WWRO
SHUKOS	[redacted]

Workshop: Private Sector Participation in Kosovo Water Sector

Date: May 25, 2011

Place: Regional Water Company Pristina, Pristina

Company	Members of Board of Directors
RWC Pristina	[redacted]
RWC Hidrodrini RWC, Peja/Pec	[redacted] (MD)
RWC Hidroregjioni Jugor, Prizren	[redacted]
RWC Hidromorava, Gjilan	[redacted] (MD)
RWC Radoniqi, Gjakova	[redacted] (MD)
RWC Bifurkacioni, Ferizaj	[redacted] (MD)
Representatives from other Institutions	
POEPMU-MEF	[redacted]
WWRO	[redacted], Watreg/WWRO
Delloitte/USAID Contractor	[redacted]

Workshop: Improving Customer Services in Regional Water Companies

Date: February 16, 2012

Place: AFA Hotel Pristina

Company	RWC STAFF
RWC Pristina	[redacted] (MD)
RWC Hidrodrini RWC, Peja/Pec	[redacted] (MD)
RWC Hidroregjioni Jugor, Prizren	[redacted] (MD)
RWC Hidromorava, Gjilan	[redacted]
RWC Radoniqi, Gjakova	[redacted]
RWC Ujesjellsi Mitrovica	[redacted]
RWC Bifurkacioni, Ferizaj	[redacted] (MD)
Representatives from other Institutions	
POEPMU-MEF	[redacted]
WWRO	[redacted], Watreg/WWRO [redacted], Watreg/WWRO
WTF	[redacted]
SCO, Lux Development Project, KfW, WSS Project, SIWS Project , NPHI, SHUKOS POEPMU-MEF	[redacted],SCO [redacted] KfW [redacted], SIWS Project [redacted], NPHI, [redacted], WSS Project [redacted] WSS Project [redacted] SHUKOS [redacted], SHUKOS [redacted], SHUKOS [redacted] SCO [redacted], SCO

Workshop: Financial and Administration issues of RWCs: Financial Asset Management, Internal Auditing, Taxes and Bad Debts, Privatization of SOEs

Date: May 30, 2012

Place: AFA Hotel Pristina

Company	RWC STAFF
RWC Pristina	[redacted] (MD)
RWC Hidrodrini RWC, Peja/Pec	[redacted] MD)
RWC Hidroregjioni Jugor, Prizren	[redacted]
RWC Hidromorava, Gjilan	[redacted]
RWC Radoniqi, Gjakova	[redacted]
RWC Ujesjellsi Mitrovica	[redacted]
RWC Bifurkacioni, Ferizaj	[redacted] (MD)
Representatives from other Institutions	
USAID	[redacted], Democracy and Governance Office Director, USAID,
POEPMU-MEF	[redacted], Kosovo Tax Agency, Ministry of Finace
WWRO	[redacted]
WTF	[redacted]
KEK Tetra Tech	[redacted], Internal Audit/Anti-Corruption Advisor for KEK Tetra Tech
Privatization Agency of Kosova	[redacted], Licensed Attorney in Kosovo,
SHUKOS	[redacted] SHUKOS [redacted] Vitija, SHUKOS [redacted], SHUKOS

ANNEX 7: PROCURED EQUIPMENT, FURNITURE, AND INFRASTRUCTURE

Item Description	Unit Cost (Euro)	Unit Cost (USD)	Purchase Date	Exch. Rate (Date of Purchase)	Final Destination
Office desk 200x76	140.00	203.35	12/18/2009	1.45	RWC Hidroregjioni Jugor
Office desk 160x76	107.00	155.42	12/18/2009	1.45	RWC Hidroregjioni Jugor
Office desk 160x76	107.00	155.42	12/18/2009	1.45	RWC Hidroregjioni Jugor
Office desk 160x76	107.00	155.42	12/18/2009	1.45	RWC Hidroregjioni Jugor
Office desk 160x76	107.00	155.42	12/18/2009	1.45	RWC Hidroregjioni Jugor
Corner for desk	51.00	74.08	12/18/2009	1.45	RWC Hidroregjioni Jugor
Corner for desk	51.00	74.08	12/18/2009	1.45	RWC Hidroregjioni Jugor
Corner for desk	51.00	74.08	12/18/2009	1.45	RWC Hidroregjioni Jugor
Corner for desk	51.00	74.08	12/18/2009	1.45	RWC Hidroregjioni Jugor
Office desk 80x76	78.00	113.30	12/18/2009	1.45	RWC Hidroregjioni Jugor
Office desk 80x76	78.00	113.30	12/18/2009	1.45	RWC Hidroregjioni Jugor
Drawers for desk	78.00	113.30	12/18/2009	1.45	RWC Hidroregjioni Jugor
Drawers for desk	78.00	113.30	12/18/2009	1.45	RWC Hidroregjioni Jugor
Drawers for desk	78.00	113.30	12/18/2009	1.45	RWC Hidroregjioni Jugor
Drawers for desk	78.00	113.30	12/18/2009	1.45	RWC Hidroregjioni Jugor
Office chair on wheels	106.00	153.97	12/18/2009	1.45	RWC Hidroregjioni Jugor
Office chair on wheels	106.00	153.97	12/18/2009	1.45	RWC Hidroregjioni Jugor
Office chair on wheels	106.00	153.97	12/18/2009	1.45	RWC Hidroregjioni Jugor
Office chair on wheels	106.00	153.97	12/18/2009	1.45	RWC Hidroregjioni Jugor
Static chair	23.00	33.41	12/18/2009	1.45	RWC Hidroregjioni Jugor
Static chair	23.00	33.41	12/18/2009	1.45	RWC Hidroregjioni Jugor
Static chair	23.00	33.41	12/18/2009	1.45	RWC Hidroregjioni Jugor
Static chair	23.00	33.41	12/18/2009	1.45	RWC Hidroregjioni Jugor
Static chair	23.00	33.41	12/18/2009	1.45	RWC Hidroregjioni Jugor
Static chair	23.00	33.41	12/18/2009	1.45	RWC Hidroregjioni Jugor
Bookshelves with doors	155.00	225.14	12/18/2009	1.45	RWC Hidroregjioni Jugor
Bookshelves with doors	155.00	225.14	12/18/2009	1.45	RWC Hidroregjioni Jugor
Bookshelves with doors	155.00	225.14	12/18/2009	1.45	RWC Hidroregjioni Jugor
File cabinet with four drawers	171.00	248.38	12/18/2009	1.45	RWC Hidroregjioni Jugor
Security Safe Box	426.72	613.41	1/28/2010	1.44	RWC Hidroregjioni Jugor
Telephone switchboard 3CO, 8 extensions	350.00	503.13	1/29/2010	1.44	RWC Hidroregjioni Jugor
Main telephone with LCD display	118.00	169.63	1/29/2010	1.44	RWC Hidroregjioni Jugor
Telephone KX-TS50000	13.00	18.69	1/29/2010	1.44	RWC Hidroregjioni Jugor
Telephone KX-TS50000	13.00	18.69	1/29/2010	1.44	RWC Hidroregjioni Jugor
Printer (HP DJ F2280)	62.00	91.26	11/12/2009	1.47	RWC Hidroregjioni Jugor
Photocopy machine (Canon PC D320)	299.14	450.42	12/9/2009	1.51	RWC Hidroregjioni Jugor
Printer (Samsung CLP-315, color printer)	126.90	191.07	12/9/2009	1.51	RWC Hidroregjioni Jugor
Lap top (Dell NB Inspiron 1545)	458.62	690.54	12/9/2009	1.51	RWC Hidroregjioni Jugor
Desktop - Dell Optiplex 755	406.90	612.67	12/9/2009	1.51	RWC Hidroregjioni Jugor
Desktop - Dell Optiplex 755	406.90	612.67	12/9/2009	1.51	RWC Hidroregjioni Jugor
Monitor - Dell, 18.5" E1910H	112.93	170.04	12/9/2009	1.51	RWC Hidroregjioni Jugor
Monitor - Dell, 18.5" E1910H	112.93	170.04	12/9/2009	1.51	RWC Hidroregjioni Jugor
Shredder 360S - Rexel	44.83	64.44	1/22/2010	1.44	RWC Hidroregjioni Jugor
UPS, APSX 1250 Tripp Lite inverter	650.00	891.25	3/12/2010	1.37	RWC Hidroregjioni Jugor
Lap top (Gigabyte M1022G(1.66/1GB/160GB-GPRS)	308.62	420.65	10/1/2010	1.36	RWC Hidroregjioni Jugor
Telephone KX-TS580FX	45.00	61.10	1/31/2011	1.36	RWC Hidroregjioni Jugor
UPS, 650 VA Smart	32.80	44.35	2/14/2011	1.35	RWC Hidroregjioni Jugor
UPS, 650 VA Smart	32.80	44.35	2/14/2011	1.35	RWC Hidroregjioni Jugor
LCD TV, Sony	399.00	554.58	10/30/2010	1.39	RWC Hidroregjioni Jugor
Wireless Broadband Router 54 MBPS sweex	30.00	41.70	10/30/2010	1.39	RWC Hidroregjioni Jugor
Digital Camera EX-Z350, CASIO (silver)	111.21	161.72	4/22/2011	1.45	RWC Hidroregjioni Jugor
Lap top, IdeaPad G560L Intel Core Duo P6200/3GB	430.17	614.22	6/1/2011	1.43	RWC Hidroregjioni Jugor
Printer, HP LaserJet P1102	86.21	123.10	6/1/2011	1.43	RWC Hidroregjioni Jugor

Item Description	Unit Cost (Euro)	Unit Cost (USD)	Purchase Date	Exch. Rate (Date of Purchase)	Final Destination
Digital Camera EX-Z350, CASIO	111.21	159.03	6/21/2011	1.43	RWC Hidroregjioni Jugor
Bookshelves without doors (open) 222x316x32	350.00	503.12	6/23/2011	1.44	RWC Hidroregjioni Jugor
Portable light (Cata), model: KN-9932L	9.00	12.73	11/17/2011	1.41	RWC Hidroregjioni Jugor
Portable light (Cata), model: KN-9932L	9.00	12.73	11/17/2011	1.41	RWC Hidroregjioni Jugor
Electrical Space Heater	24.99	33.07	12/13/2010	1.32	RWC Hidroregjioni Jugor
Cooling fan	9.90	11.99	6/14/2010	1.21	RWC Hidroregjioni Jugor
Cooling fan	9.90	11.99	6/14/2010	1.21	RWC Hidroregjioni Jugor
Philips Kettle	33.00	49.83	12/1/2009	1.51	RWC Hidroregjioni Jugor
Office Bulletin Board (cork)	15.50	19.07	6/1/2010	1.23	RWC Hidroregjioni Jugor
Office Bulletin Board (cork)	15.50	19.07	6/1/2010	1.23	RWC Hidroregjioni Jugor
Office waste bin	6.50	9.34	1/29/2010	1.44	RWC Hidroregjioni Jugor
Office waste bin	6.50	9.34	1/29/2010	1.44	RWC Hidroregjioni Jugor
Office waste bin	4.30	6.25	12/16/2009	1.45	RWC Hidroregjioni Jugor
Office waste bin	4.30	6.25	12/16/2009	1.45	RWC Hidroregjioni Jugor
Office waste bin	4.30	6.25	12/16/2009	1.45	RWC Hidroregjioni Jugor
Cash Box	40.00	59.72	11/21/2009	1.49	RWC Hidroregjioni Jugor
Desk lamp	17.07	23.83	11/1/2010	1.40	RWC Hidroregjioni Jugor
TV stand	35.00	47.62	2/18/2011	1.36	RWC Hidroregjioni Jugor

Item Description	Unit Cost (EURO)	Unit Cost (USD)	Purchase Date	Exch. Rate (Date of Purchase)	Final Destination
Office desk 200x76	140.00	203.35	12/18/2009	1.45	RWC Hidrodrini
Office desk 160x76	107.00	155.42	12/18/2009	1.45	RWC Hidrodrini
Office desk 160x76	107.00	155.42	12/18/2009	1.45	RWC Hidrodrini
Office desk 160x76	107.00	155.42	12/18/2009	1.45	RWC Hidrodrini
Office desk 160x76	107.00	155.42	12/18/2009	1.45	RWC Hidrodrini
Corner for desk	51.00	74.08	12/18/2009	1.45	RWC Hidrodrini
Corner for desk	51.00	74.08	12/18/2009	1.45	RWC Hidrodrini
Corner for desk	51.00	74.08	12/18/2009	1.45	RWC Hidrodrini
Corner for desk	51.00	74.08	12/18/2009	1.45	RWC Hidrodrini
Office desk 80x76	78.00	113.30	12/18/2009	1.45	RWC Hidrodrini
Office desk 80x76	78.00	113.30	12/18/2009	1.45	RWC Hidrodrini
Drawers for desk	78.00	113.30	12/18/2009	1.45	RWC Hidrodrini
Drawers for desk	78.00	113.30	12/18/2009	1.45	RWC Hidrodrini
Drawers for desk	78.00	113.30	12/18/2009	1.45	RWC Hidrodrini
Office chair on wheels	106.00	153.97	12/18/2009	1.45	RWC Hidrodrini
Office chair on wheels	106.00	153.97	12/18/2009	1.45	RWC Hidrodrini
Office chair on wheels	106.00	153.97	12/18/2009	1.45	RWC Hidrodrini
Office chair on wheels	106.00	153.97	12/18/2009	1.45	RWC Hidrodrini
Static chair	23.00	33.41	12/18/2009	1.45	RWC Hidrodrini
Static chair	23.00	33.41	12/18/2009	1.45	RWC Hidrodrini
Static chair	23.00	33.41	12/18/2009	1.45	RWC Hidrodrini
Static chair	23.00	33.41	12/18/2009	1.45	RWC Hidrodrini
Static chair	23.00	33.41	12/18/2009	1.45	RWC Hidrodrini
Static chair	23.00	33.41	12/18/2009	1.45	RWC Hidrodrini
Bookshelves with doors	155.00	225.14	12/18/2009	1.45	RWC Hidrodrini
Bookshelves with doors	155.00	225.14	12/18/2009	1.45	RWC Hidrodrini
Bookshelves with doors	155.00	225.14	12/18/2009	1.45	RWC Hidrodrini
File cabinet with four drawers	171.00	248.38	12/18/2009	1.45	RWC Hidrodrini
24 port network switch, 10/100MB	85.00	122.19	1/29/2010	1.44	RWC Hidrodrini
Telephone KX-TS50000	13.00	18.69	1/29/2010	1.44	RWC Hidrodrini
Telephone KX-TS50000	13.00	18.69	1/29/2010	1.44	RWC Hidrodrini
Telephone KX-TS50000	13.00	18.69	1/29/2010	1.44	RWC Hidrodrini
Telephone KX-TS50000	13.00	18.69	1/29/2010	1.44	RWC Hidrodrini
Lap top (Dell NB Inspiron 1545)	458.62	690.54	12/9/2009	1.51	RWC Hidrodrini
Desktop - Dell Optiplex 755	406.90	612.67	12/9/2009	1.51	RWC Hidrodrini

Item Description	Unit Cost (EURO)	Unit Cost (USD)	Purchase Date	Exch. Rate (Date of Purchase)	Final Destination
Desktop - Dell Optiplex 755	406.90	612.67	12/9/2009	1.51	RWC Hidrodrini
Monitor - Dell, 18.5" E1910H	112.93	170.04	12/9/2009	1.51	RWC Hidrodrini
Monitor - Dell, 18.5" E1910H	112.93	170.04	12/9/2009	1.51	RWC Hidrodrini
Refrigerator - Samsung RA 21VASS	224.14	304.83	2/19/2010	1.36	RWC Hidrodrini
Projector, EPSON EB-X72	413.79	562.34	2/26/2010	1.36	RWC Hidrodrini
HP LaserJet M1522NF Multifunction	335.34	459.97	3/15/2010	1.37	RWC Hidrodrini
Server TX100S1, Interl Quad Core Xeon X3220	890.00	1,220.32	3/12/2010	1.37	RWC Hidrodrini
UPS, 650 VA Smart	32.80	44.35	2/14/2011	1.35	RWC Hidrodrini
UPS, 650 VA Smart	32.80	44.35	2/14/2011	1.35	RWC Hidrodrini
Digital Camera EX-Z350, CASIO (black)	111.21	161.72	4/22/2011	1.45	RWC Hidrodrini
Bookshelves without doors (open)	130.00	191.64	4/28/2011	1.47	RWC Hidrodrini
Lap top, IdeaPad G560L Intel Core Duo P6200/3GB	430.17	612.34	4/4/2011	1.42	RWC Hidrodrini
Printer, HP LaserJet P1102	94.83	134.99	4/4/2011	1.42	RWC Hidrodrini
Color Printer, HP OfficeJet 7000 A3	318.00	457.12	6/23/2011	1.44	RWC Hidrodrini
Water machine (cooler)	80.00	113.46	6/27/2011	1.42	RWC Hidrodrini
Portable light (Cata), model: KN-9932L	9.00	12.73	11/17/2011	1.41	RWC Hidrodrini
Electrical Space Heater	24.99	33.07	12/13/2010	1.32	RWC Hidrodrini
Cooling fan	9.90	11.99	6/14/2010	1.21	RWC Hidrodrini
Office Bulletin Board (cork)	15.50	19.07	6/1/2010	1.23	RWC Hidrodrini
Office Bulletin Board (cork)	15.50	19.07	6/1/2010	1.23	RWC Hidrodrini
Office waste bin	6.50	9.34	1/29/2010	1.44	RWC Hidrodrini
Office waste bin	6.50	9.34	1/29/2010	1.44	RWC Hidrodrini
Office waste bin	6.50	9.34	1/29/2010	1.44	RWC Hidrodrini
Office waste bin	6.50	9.34	1/29/2010	1.44	RWC Hidrodrini
Flipchart Table 70x100	45.00	65.36	12/2/2009	1.45	RWC Hidrodrini
LINKSYS, Wireless-G Broadband Router 2.4GHz	65.00	97.87	12/4/2009	1.51	RWC Hidrodrini

Item Description	Unit Cost (EURO)	Unit Cost (USD)	Purchase Date	Exch. Rate (Date of Purchase)	Final Destination
External HDD, 1TB, for regular backup of server data	145.00	198.82	3/12/2010	1.37	Tetra Tech in USA
Samsung Airconditioner AQ 18 FC	454.00	555.70	6/15/2010	1.22	K-WISER Office Landlord
Samsung Airconditioner AQ 09 SA	200.00	244.80	6/15/2010	1.22	K-WISER Office Landlord
Samsung Airconditioner AQ 09 SA	200.00	244.80	6/15/2010	1.22	K-WISER Office Landlord
Samsung Airconditioner AQ 09 SA	200.00	244.80	6/15/2010	1.22	K-WISER Office Landlord
Beko Airconditioner A/C BPK 120-121	220.00	310.93	7/15/2011	1.41	K-WISER Office Landlord
Catalog (DVD): Customer Service for Water Utilities	134.49	195.00	9/20/2011	1.45	SHUKOS
Catalog (DVD):On the Job: Customer Service	68.28	99.00	9/20/2011	1.45	SHUKOS
Banner 3m x 1.5m	160.00	230.32	8/31/2011	1.44	USAID
Translation of subtitles: Catalog (DVD): Customer Service for Water Utilities	270.00	356.95	2/14/2012	1.32	Tetra Tech in USA
Translation of subtitles: Catalog (DVD):On the Job: Customer Service	270.00	356.95	2/14/2012	1.32	Tetra Tech in USA
1st package: Hydraulic modeling software for water supply networks and sewage collection networks - DISC Bentley SewerCADV8i	0.00	0.00			USAID or WTF (Baton Begoli)

Item Description	Unit Cost (EURO)	Unit Cost (USD)	Purchase Date	Exch. Rate (Date of Purchase)	Final Destination
Bentley WaterCADV8i					
1st package: Hydraulic modeling software for water supply networks and sewage collection networks Book + Disc Wastewater collection system modeling and design	0.00	0.00	6/6/2012	1.25	USAID or WTF (Baton Begoli)
1st package: Hydraulic modeling software for water supply networks and sewage collection networks Book Water Loss Reduction	0.00	0.00			USAID or WTF (Baton Begoli)
1st package: Hydraulic modeling software for water supply networks and sewage collection networks Book + Disc Advanced Water Distribution modeling and management	0.00	0.00			USAID or WTF (Baton Begoli)
Intercom System (Audio Intercom panel with 2 buttons + 2 audio doorephones; electronic lock release, door closer)	345.00	491.01	6/24/2011	1.42	K-WISER Office Landlord
Fire extinguisher	40.00	57.50	1/26/2010	1.44	K-WISER Office Landlord

Item Description	Unit Cost (EURO)	Unit Cost (USD)	Purchase Date	Exch. Rate (Date of Purchase)	Final Destination
Emin Duraku Pipeline Replacement	73,282.70	101,023.85	10/30/2010	1.38	RWC Hidroregjioni Jugor
Backhoe (Excavator)	64,650.00	93,742.50	6/6/2012	1.45	RWC Hidroregjioni Jugor
Leak Detection Equipment - Prizren	53,068.00	76,389.81	7/12/2011	1.44	RWC Hidroregjioni Jugor
Bujar Godeni Pipeline Replacement	29,049.56	39,507.40	3/31/2011	1.36	RWC Hidroregjioni Jugor
Haziz Ismail Pipeline Replacement	124,815.03	171,732.29	6/15/2012	1.38	RWC Hidroregjioni Jugor
Kobaj Pipeline Replacement	115,850.30	159,705.41	11/15/2012	1.38	RWC Hidroregjioni Jugor
Bulk Flow Water Meters	139,931.14	175,067.11	8/31/2012	1.25	RWC Hidroregjioni Jugor
Pusi i Atit Pipeline Replacement	321,561.00	466,233.16	6/12/2012	1.45	RWC Hidroregjioni Jugor

Item Description	Unit Cost (EURO)	Unit Cost (USD)	Purchase Date	Exch. Rate (Date of Purchase)	Final Destination
Leak Detection Equipment - Peja	18,857.41	26,997.01	7/15/2012	1.43	RWC Hidrodrini
AMR Meters & Software	114,096.59	150,841.60	5/21/2012	1.32	RWC Hidrodrini
Sahat Kulla Pipeline Replacement	345,011.02	475,614.87	5/31/2012	1.38	RWC Hidrodrini
Zatrat Pipeline Replacement	244,868.41	362,553.17	9/23/2011	1.48	RWC Hidrodrini
Gurakoc Pipeline Replacement	172,756.75	247,325.34	1/6/2012	1.43	RWC Hidrodrini
Energy Efficient Equipment	129,515.90	159,561.30	9/27/2012	1.23	RWC Hidrodrini
Dardania Pipeline Replacement	187,534.31	258,525.39	12/20/2012	1.38	RWC Hidrodrini
Water Pressure Reduction Valves and Chlorination Equipment	90,421.70	113,126.11	10/20/2012	1.25	RWC Hidrodrini

Item Description	Unit Cost (EURO)	Unit Cost (USD)	Purchase Date	Exch. Rate (Date of Purchase)	Final Destination
Computer Hardware & Software	94,703.10	$ 130,301.46	9/20/2012	€ 1.38	Both RWCs
MIS and ERP Software	292,518.15	$ 424,123.76	10/31/2012	€ 1.45	Both RWCs
Hydraulic Modeling Software	103,057.17	$ 137,519.58	10/8/2012	€ 1.33	Both RWCs

ANNEX 8: NARRATIVE SUCCESS STORIES

Narrative 1

Regional Water Companies Board of Directors Development Program

The K-WISER project implemented a training and development program for members of the Boards of Directors of the seven regional water companies in Kosovo. The Boards' members were appointed after the incorporation of the water companies by the Government of Kosovo, in accordance with the Law on Publicly Owned Enterprises. This was the first time that many of the members had been appointed to a board, and the particular role of representing the citizens of Kosovo as owners and shareholders of the companies presented a challenge.

USAID's K-WISER Project recognized this challenge and in conjunction with the Policy and Monitoring Unit for Publicly Owned Enterprises of the Ministry of Finance and Economy, prepared a detailed training program for the 37 board members. A separately-funded USAID project had just completed the preparation of an ethics code and guidance on responsibilities for board members, and it was agreed that this should be incorporated into the training program.

The first objective was to understand the development needs of the board members, and so a workshop was arranged in which the objectives of the K-WISER Project were explained. Participants were then invited to take part in discussions based on situations a board member could encounter, to work in small groups to identify specific needs, and to brainstorm ideas for their role. The workshop clearly showed needs across all areas, including knowledge of the sector, financial understanding, business planning, resource management, target setting, sector reporting, roles of executive and non-executive directors, etc.

At the seminar

Following this initial workshop, the K-WISER team prepared a detailed training program that was rolled out in May 2010. The training included sessions on ethics, financial management and background on the water industry. All board members attended the training and are gaining understanding and experience of their roles as directors of the water companies.

Board members at Albaniku Water Treatment Plant in Pristina

Formal training on financial matters

Narrative 2

Improving Water Supply in Prizren

Lack of investment over many years led to serious deficiencies in the water supply networks in many of Kosovo's cities and towns, including Prizren. In this city, USAID funded the K-WISER Project to help build the capacity of the water system's infrastructure to meet the growing needs of the population. Prizren experiences a high level of water losses from its aged pipe network and from a large number of illegal connections.

The objectives of K-WISER included reducing the amount of water lost through leakage and illegal use, thereby bringing a more sustained level of service to all customers. Replacing obsolete infrastructure is one way in which the project met those goals. Several pipelines in the Hidroregjioni Jugor Regional Water Company's water supply area (the Prizren region) were in need of replacement and were included in the project. These included Emin Duraku, Bujar Godeni and Haziz Ismail streets in Prizren, the Village of Kobaj's water supply network, and a major transmission pipeline in Suhareka.

All of these projects went through a rigorous review for technical and environmental compliance before being approved for funding, after which a detailed design was prepared and a construction contract awarded. All of the infrastructure projects used local design engineers and construction companies to carry out the works.

The Emin Duraku project was the first one completed. It consisted of the replacement of a water distribution pipe along the Prizren City water supply network that was aged, leaky, and inadequate to meet growing demands. The 40 year-old Asbestos Cement (AC) distribution pipe with a 90 mm outside diameter was replaced with a 680 m high-density polyethylene (HDPE) pipe. The Emin Duraku distribution segment serves 368 connections/customers in all, or about 2,760 people, representing 1.6% of the total number of inhabitants served by the Prizren municipal supply network.

The photograph below is an aerial map of the project site with the new water supply pipes highlighted. The actual path of the replaced segment is shown in blue.

Pipe-laying in the narrow streets of Prizren