



1. Project Data:		Date Posted : 06/18/2002	
PROJ ID: P000217		Appraisal	Actual
Project Name: Water Sup Sector	Project Costs (US\$M)	54.7	13.7
Country: Burundi	Loan/Credit (US\$M)	32.7	7.6
Sector(s): Board: WS - Water supply (83%), Central government administration (17%)	Cofinancing (US\$M)	18.8	5
L/C Number: C2288			
	Board Approval (FY)		92
Partners involved : Kfw, AGCD (Belgian Aid Agency)	Closing Date	06/30/1998	06/30/2001
Prepared by :	Reviewed by :	Group Manager :	Group:
Kavita Mathur	Patrick G. Grasso	Alain A. Barbu	OEDST

2. Project Objectives and Components

a. Objectives

The project objectives were to:

- (a) improve the living conditions of the population by increasing the quantity and quality of potable water;
- (b) implement the policy of payment for water in urban and rural areas;
- (c) enhance responsibility of local governments for maintaining water supply facilities;
- (d) strengthen the institutions involved in water supply; and
- (e) help the government develop and implement appropriate institutional arrangements in the water supply sector.

b. Components

The project consisted of the following three components:

- (a) **Rural Water Supply Systems** (US\$33.2 million; 79% of total base cost (TBC)). It includes construction of new rural water supply systems in nine provinces. The component was split into two stages: stage 1 - provinces of Kayanza, Ngozi, Karuzi and Musinga; stage 2 - provinces of Gitega, Muramvya, Cibitoke, Bubanza, and Makamba.
- (b) **Springs** (US\$1.7 million, 4% of TBC). Catchment and Development of about 3,000 springs.
- (c) **Institution Building** (US\$6.1 million, 14.5% of TBC). It includes (i) strengthening of DGER (General Directorate of Rural Water and Energy) and DHA (*Direction de l'Hydraulique et de l'Assainissement*) through the provision of technical assistance, equipment, and training; (ii) technical assistance to the Project Unit; (iii) training of communal water board staff and water supply attendants; (iv) consulting services for construction supervision, auditing of accounts and feasibility and design studies; and (v) updating of the urban water tariff and master plan for water supply in Bujumbura.

Revised Components:

The Development Credit Agreement was amended on February 5, 1996, following the 1993 -95 crisis. This resulted in substantial reduction in the scope of project components. The rural water systems component was cancelled and the institution building component was significantly reduced. The Government dismantled the Project Unit, and cancelled the TA contracts.

The project resources were reallocated for:

- (a) constructing of at least 1,000 protected springs;
- (b) development of Bujumbura Water Supply Master Plan;
- (c) water tariff study for REGIDESO (National Water and Electricity Authority); and
- (d) preparation of a new water project.

The project was further revised on June 22, 2000, to include the technical audit of REGIDESO. This audit was part of the studies required to assist in the eventual privatization of REGIDESO.

c. Comments on Project Cost, Financing and Dates

At appraisal the Bank approved US\$32.7 million. About US\$25.2 million of the credit was cancelled on August 18, 1995, following the 1993 -95 crisis and ethnic violence. IDA suspended credit disbursements twice, first in May 1995 and for the second time on October 10, 1996. The actual cost of the project is US\$13.7 million, 25% of the appraisal estimate of US\$54.7 million. The project closed on June 30, 2001, six months after the original closing date.

3. Achievement of Relevant Objectives:

Project implementation was adversely affected by a severe socio-political crisis in Burundi beginning in 1993, followed by a coup d'etat in 1996. About 77% of the credit was cancelled and 73% of cofinancing was withdrawn. The project did manage to complete a limited amount of investments. However, the development objectives of the project were partially achieved.

(a) **The objective of improving the living conditions of the rural population by increasing the quantity and quality of potable water was successfully achieved.** According to the impact survey, 85% of the respondents obtained their drinking water from protected springs compared to 32% before the project. The project resulted in considerable health benefits - 81% of the respondents observed a reduction of diarrhea and parasitic diseases.

(b) **The objective of implementing cost recovery policies in rural and urban areas was partially achieved.** In rural areas, community mobilization efforts have improved revenue collection. However, revenue collection is insufficient to cover operations and maintenance. In urban areas, the policy to terminate free water for urban standpipes was not implemented. Average urban water tariffs were raised but were lower than the SAR targets and insufficient to cover operating expenses.

(c) **The objective of enhancing local governments capacity for maintaining water supply facilities was fully achieved.** The project clarified the responsibilities of local government by eliminating the overlap between REGIDESO, DGHER and the communes.

(d) **The objective of strengthening the institutions involved in water supply was partially achieved.** At the local level, 66 out of 101 Communal Water Board (RCE) were reactivated. At central level, DGHER support functions including centralized community mobilization, back-up maintenance and financial supervision of RCE, are not operational. According to the ICR, the performance and capacities of REGIDESO have not "markedly" improved.

(e) **The objective of assisting the government in developing and implementing appropriate institutional arrangements in the water supply sector was largely achieved.** The government has agreed to reform REGIDESO by introducing private sector participation (PSP) in delivery of water services. The government has adopted the necessary legal framework and have asked the Bank to assist in designing and implementing the PSP process.

4. Significant Outcomes/Impacts:

The project contributed significantly to improving the quantity and quality of potable water. The project was instrumental in setting the stage for potential private sector participation in delivery of water services.

5. Significant Shortcomings (including non-compliance with safeguard policies):

- Project implementation was very slow at the outset. It took more than two years after the Board Approval to finalize the technical design and to award the first civil works and pipe supply contracts.
- There was a disconnect between the decentralization goal supported by the project, the allocation of project resources and the institutional/legal arrangements for its implementation.
- Tariff setting and collection are the weak points and have not met the appraisal expectations.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Moderately Satisfactory	[OED's moderately sat. rating is not possible under the ICR's 4-point rating scale]. The project outcome warrants a moderately satisfactory rating as the project only achieved some of its major objectives. <ul style="list-style-type: none"> ● The objective of implementing cost

			<p>recovery policies in rural and urban areas was partially achieved.</p> <ul style="list-style-type: none"> The objective of strengthening the institutions involved in water supply was partially achieved.
Institutional Dev .:	Modest	Modest	
Sustainability :	Likely	Likely	<p>Tariff setting and collection are the weak points and have not met the appraisal expectations. Actual revenue collection is insufficient to cover operations and maintenance costs of the piped water systems which serves about 40,000 people. Sustainability of piped water systems in unlikely.</p> <p>However, 630,000 people are estimated to receive water from protected springs, and achievements from development and protection of springs are likely to be sustainable, OED rates overall sustainability of the project as likely.</p>
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

The project experience suggests three important lessons:

- (i) Where local institutions are weak or the country is facing political crisis, the Bank's projects can still provide basic rural water services through NGOs and community participation.
- (ii) Even with an explicit cost recovery objective, the implementation of cost recovery policies for water schemes is extremely difficult. To ensure timely implementation of cost recovery policies, the Bank needs to make cost recovery a condition for credit disbursement. Failure to satisfactorily implement agreed cost recovery policies should be a strong signal for the Bank to suspend disbursements.
- (iii) Projects that are re-started at the end of the war/conflict need to be re-appraised or restructured to respond to new circumstances and conditions.

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The quality of ICR is satisfactory. It covers all the relevant and important issues pertaining to project implementation.