 

EVALUATION AND REVISION

OF THE PROJECTS OF

CONSTRUCTION OF WATER INFRASTRUCTURE IN THE MUNICIPALITY OF

PROBIŠTIP IN NORTHERN

MACEDONIA 2012-2019

ABSTRACT

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# Abstract

The subject of evaluation are the projects of construction of water infrastructure in the municipality of Probištip in Northern Macedonia, namely the project of construction of a drinking water treatment plant in the municipality of Probištip in 2012, co-financed by the Ministry of Foreign Affairs, and the project of revitalization and automation of existing water supply facilities in the municipality of Probištip, implemented in 2018 and 2019, co-financed by the Ministry of Finance. Both projects were implemented through the Center for International Cooperation and Development (CMSR). Taking into account the defined subject of evaluation, the objectives of the evaluation are twofold: (i) assessment of the achievement of project objectives and results, effects, impacts and circumstances of project implementation, and (ii) preparation of recommendations for a more efficient project cycle, i.e. planning and selection, preparation, monitoring and implementation of projects through CMSR in the future.

Funds under the Slovenia's Development Cooperation complemented the financial participation of local stakeholders and a loan by the Japan International Cooperation Agency (JICA). Slovenia contributed a grant of EUR 480.000 for the first project, while the total value of the project amounting to EUR 1.400.000. In the second project Slovenia co-financed half of the eligible cost of the project, namely EUR 599.800, with the total value of the project amounting to EUR 1.199.600 EUR.

The objectives of both projects were: to enable a sustainable use of water and to provide adequate drinking water, to promote social and economic development in a degraded environment, and to increase capacity of water filtration. Based on the review of documentation and a series of interviews with stakeholders in the Republic of Slovenia (ministries, CMSR) and in the recipient country (local stakeholders, contractor, embassy), which were involved in the project implementation, we establish that the objectives of both projects were fully achieved. Both projects have successfully addressed the identified needs to provide an adequate amount of drinking water for the inhabitants of the municipality of Probištip. They also partly followed a human rights-based approach, as there is no longer a shortage of water during droughts, which supports the human right to health, the right to a healthy living environment and the right to water. Both projects also partly contributed to the protection of the environment, as the construction of the treatment plant ensures a sustainable use of the natural resources in the area, while the approach to achieving gender equality was not followed and is not relevant for the evaluated projects. The two projects are complementary, as the first project provides clean water and the second increases the capacity of the supply system and further upgrades the capacity of the water treatment infrastructure.

The projects have a potential positive long-term impact on the final recipients, as the water supply facilities that have been built/revitalized are used over a longer period and the installed equipment has a long lifetime. We recognize the improvement of the quality of life of the inhabitants of the municipality of Probištip as a potential long-term impact, as their access to quality drinking water has significantly improved and the supply of water is now uninterrupted. By transferring the knowledge from the contractors of both projects regarding the management of water infrastructure to the facility manager, the sustainability of the achieved effects is also ensured to a certain extent.

The key shortcomings revealed by the project evaluation relate to project selection and approval process within Slovenia's development cooperation, as well as project management and monitoring system.

Project proposals are based on inadequate, non-standardized forms. Similar also applies to project appraisal forms that are based only on short project descriptions (these have been agreed upon in the past with the Ministry of Foreign Affairs) and do not offer sufficient justification for scoring. During the preparation of the project proposal, an appropriate risk analysis and risk mitigation plan, which could serve as a basis for planning appropriate control mechanisms during the implementation stage, was not requested and has therefore not been conducted.

The project selection system exists, however it is vague and in some aspects non-transparent. The investment documentation is not supported by appropriate analyses and studies and is therefore left entirely to the local partner. The investment documentation for both projects was prepared the recipient of the funds (municipality of Probištip), while CMSR and other stakeholders did not have the complete documentation at their disposal, but rather possessed only the project conceptual design. This shortcoming is crucial because the decision to finance depends on the chosen variant or solution, which must be based on relevant studies, which were not part of the project documentation (e.g. feasibility study, environmental impact study, cost-benefit study, etc.).

When reviewing the technical and financial items of project proposals, CMSR has previously not been consulting with external experts in order to verify the accuracy of the items, which also increases the risk of irrational use of public funds and, to some extent, corruption risks, as the overall decision regarding the chosen project variant or solution as well as related costs estimates are left to local stakeholders. Nevertheless, the practice of involving external experts in the review of the project proposals has been introduced in the past year. Nevertheless, we have not detected concrete cases of irregularities or irrational use of funds in the evaluation of the two projects.

Both projects were implemented before the process of standardization of procedures and forms by the national coordinator of Slovenia's development cooperation started, therefore certain shortcomings and findings have already been addressed. It would still be advisable to supplement the project preparation procedures with ex-ante conditions for local stakeholders regarding the minimum requirements for the preparation of investment documentation and related studies. Part of the Slovenia's development cooperation funds should be used, especially in the case of stakeholders with limited capacity, for the preparation or at least the review and expert assessment of technical items of investment documentation, by involving independent external experts.

The current management system, as well as monitoring and reporting system are deficient, as the program framework itself does not provide clearly defined operational objectives. Moreover, the projects to not envisage measurable indicators to measure project objectives, on the basis of which the evaluator could assess project and / or program progress. We therefore propose to establish mechanisms for monitoring of projects already in the project planning phase in accordance with the best practice and good project management standards. We also propose strengthening the role of CMSR in project management, as well as a clear audit trail in the project selection and implementation phase.

Several findings regarding the systemic deficiencies in the process of project selection, validation and management stem from a systemic arrangements of Slovenia's development cooperation. Several stakeholders at the national level cooperate and coordinate within a relatively complex system, bringing together the national coordinator, financers, project contractors and other stakeholders. One of the evaluation recommendations therefore refers to the broader context of systemic arrangements under Slovenia's development cooperation in case of bilateral projects, where we suggest to analyse the possibilities for greater integration of the system and decision-making procedures.

When implementing Slovenia's development cooperation projects in Northern Macedonia, it is very important measures to ensure the sustainability of projects are incorporated in the project design. An important tool in this regard is the so-called soft conditioning, a concept where the implementation of projects is linked to the fulfilment of certain requirements by the recipient country, either in terms of adapting the legal framework or in terms of providing resources or capacity to ensure the sustainability of the project after its completion. One of the identified shortcomings of the evaluated projects is that the project design did not take into account the issue of sustainability of financing the maintenance of the infrastructure in the long run, therefore it would be advisable to take such issues into account already in the stage of analysing the technical solution in the investment documentation. In the case of evaluated projects, the issue of sustainability is partially related to the system of financing water infrastructure. In the future, sensitivity of aid receipts to possible cost increases should already be considered in the project design and project documentation.

In general, we find that the key shortcomings in the implementation of the evaluated projects relate to the management of the project cycle, while from the point of view of the adequacy and success of the projects there are no major findings or recommendations. Slovenia is recognized as an important donor in Northern Macedonia. Both evaluated projects were also recognized as successful by the stakeholders from Northern Macedonia involved in the project implementation. All of them also emphasized the efficiency of implementation and the responsiveness of project partners and contractors.

Both evaluated projects directly correspond to the local needs of recipients of aid and thus further strengthen the existing historical, linguistic, cultural and administrative proximity and relations between Slovenia and Northern Macedonia. Given that several municipalities in Northern Macedonia face similar challenges in ensuring an uninterrupted supply of quality drinking water, it makes sense to prioritize those that require similar solutions and can thus be replicated using existing Slovenian knowledge and experience. The added value and reach of projects could be further increased by paying special attention to projects with a regional dimension (e.g. regional waste management centres, inter-municipal water infrastructure, etc.).