

1. EXECUTIVE SUMMARY

This report provides a summary of the final evaluation mission for Project CVE/069 carried out by Jean-Charles Belley and Jose Henrique Veracruz from 2 to 9 November 2009 on behalf of Lux-Development, following the intermediate evaluation mission carried out by Lionel Huet in November 2008.

The objectives of this mission were, among others, to assess the following points:

- The development of the São Domingos Autonomous Water and Sewage Service's (SAAS) management capacities towards rigorous, sustainable operation,
- The improvement of technical and commercial management performance and, from the customer point of view, of service quality,
- The impact of the institutional environment on the project, especially its sustainability, and
- The relevance and effectiveness of the approach adopted for sanitation.

A few weeks from the finalisation of the project, the general balance sheet of the project is good, with an overall achievement of the objectives set, due in particular to having taken into consideration the recommendations made during the intermediate evaluation mission.

The overall objective of contributing to the general improvement of the water and sanitation sector has been achieved and this is recognised not only by the local and national authorities but also by various other donors currently supporting the Cape Verde government on the water and sanitation issue (AFD, EU, Spanish government cooperation, etc.). The idea of adding a major component for improving management, a component which was lacking in the previous project (CVE/054) and which is intended to work towards sustainable development, to the capital investment programme has made the project a model of its kind, one that is already being replicated on Fogo and Brava by Lux-Development and will soon be replicated on Santa Catarina by AFD. In addition, besides this cooperation model, the project has provided ideas and concrete tools for the Cape Verde government, especially with regard to water pricing and appropriate solutions for individual sanitation in urban and rural areas with low availability of water resources.

The specific aim of putting the São Domingos SAAS on the road to sustainable operational effectiveness has generally been achieved, although the notion of sustainability clearly means an awareness and political and institutional will to effectively consolidate it and consider it as the necessary route to sustainable development. At this level, the Project has put in place the necessary management tools but with little available time to have enough withdrawal to ensure their total assimilation by the SAAS. However, a fair number of indicators have improved over recent months (invoicing, reduction of physical and commercial losses, reduction of operational costs, etc.) which, coupled with a good degree of receptiveness on the part of SAAS staff to the new work tools and procedures put in place, are favourable signs for the future.

Result 1, "The São Domingos SAAS applies a consistent price structure to all users" has been positive in the sense that the Project has developed a model of calculating prices which was approved by the representatives of the sector (National Water Council [CNAG], Economic Regulation Authority [ARE] and the municipality). This tool should act as a basis, or be directly reproducible in some cases, to make the calculation criteria and evaluation of the SAAS's prices uniform. However, the price increase calculated by Hydroconseil and generally accepted by the municipality has not been agreed by the CNAG, either for drinking water or for irrigation water. This semi-failure can be partly explained by the procedure followed for the presentation of the request and by its formulation, which in reality demonstrated the gaps in organisation and procedures for the current regulation of the sector: which body approves the prices? Which criteria should be adopted to specify the prices and subsidies? With regard to formulation, the justification of operational costs (...and their reduction as part of a policy of sustainable effectiveness) does not seem to have been specified or developed enough to enable the CNAG to understand how the SAAS, which currently has high prices, could request an increase in its sale price of water by 14% to 20%, depending on the case.

The activities linked to Result 2 (effective and sustainable management of the SAAS) have been the subject of a special effort by the Chief Technical Advisor (CTA) during this last year of the project. Although there has been a delay, the management systems are now in place and have already demonstrated their usefulness, in particular through an observed net improvement of the commercial management effectiveness following the introduction of the new customer management system, which also involved refining and updating the customer database. The impact of this system in invoicing terms

is still difficult to evaluate, due to the lack of withdrawal, control and analysis of the figures from the first invoicing operated with this system, but the impact should be significant in every way. The procedures and operation sheets have been partially introduced: the process is taking its course. The reporting now covers all the SAAS's operational sectors and has seen the reliability of the information feeding it increase, due to training and awareness-raising work both on obtaining the information and on the analysis of the indicators derived from it. Analytical accounting is not yet operational due to delays in integrating data recorded since the beginning of the year. Therefore, there is still not enough withdrawal to be able to judge the concrete effects of the organisation and work tools put in place nor to analyse the operational indicators in order to translate them into decision-making and action plans: naturally, this aspect is fundamental for enabling the sustainability of business improvement implemented in the framework the project.

Regarding the organisation of the service and its governance, a first limitation corresponds to its status as an SAAS, which is de facto that of a service wholly integrated into the municipality: this creates a very routine involvement of the mayor in the SAAS's decisions and greatly limits the Managing Director's autonomy. This situation can only be corrected or improved if the SAAS is changed into an independent body, that is, an entirely separate enterprise with a board of directors not solely made up of civil servants representing the municipal administration. The second factor which is limited at the moment is the Managing Director's capacity to delegate to his heads of departments: this is part of the fundamental work of the "Change Management" initiative, which was started by the project team but is to be continued by the SAAS. This lack of delegation is also due to the SAAS's current lack of objectives and concrete strategy: the introduction of a medium-term plan (5 years) should enable this situation to be improved to the extent that it would be a road map that is consistent with the improvement and sustainable development plan, which would enable the introduction of annual objectives and performance indicators for each area. These objectives would then be the specific objectives for the various sectors of the service. The dashboard developed by the CTA will then have to be adapted by the SAAS itself in line with its medium-term plan in such a way that the results of the new management policy can be measured and monitored.

Result 3 (the São Domingos SAAS manages infrastructure commensurate with its management capacities) activities involving work on improving production and distribution costs on the one hand, and on the other hand increasing revenue, were carried out in two main stages: the first aimed mainly to increase the reliability of the installations and technical information, the results of which have been observed since 2009, and the other was focused on extending the service and lowering costs for the water-tankers, the effects of which will only be precisely seen in the coming months, due to the late completion of the work.

We must note the importance of accompanying this works programme with, in the short term, putting into service a third borehole for connection to the main system, in order to be able to increase SAAS's production capacity, which will be required due to the extension of the distribution network (expected rise in the demand level of current communal tap users when they receive water directly from the network). This increase in production capacity is a condition to uphold the service quality provided to users, which has distinctly improved since the start of the project. However, the management of water resources in the long term remains one of the weak points of the project, in the absence of a water resources management plan to specify the current capacity of subterranean water and direct either its use or the development of alternative resources (surface water or desalination) in order to cover all the drinking water and irrigation needs.

Result 4, "The São Domingos SAAS promotes independent and semi-independent systems for the treatment of waste water and sewage" has achieved its set objectives: the project has enabled sanitation systems to be provided that are adapted to local conditions (low-income population and a need for systems with low water consumption), while the promotional campaign has been a success, since now almost 100 families have a dry toilet and more than 400 others are registered on a pre-selection list to be provided with a kit funded by the project. This contribution is very important because it the first national initiative that can be used by the Cape Verde government to develop an appropriate policy to improve sanitation conditions, in a country where currently over 80% of the population does not have access to toilets.

Conclusions and recommendations

The project design, linking management capacity development with a capital investment programme, is relevant and innovative and in itself a recognised success, since it is a cooperation scheme that brings together a sectoral aid strategy and a sustainable development assistance policy.

However, it is clear that sustainability does not only depend on the tools put in place by the project but also on the people and on there being a genuine political will to convert the SAAS, control of which is a major political asset, into an independent service. In this context, it seems indispensable that the SAAS changes as soon as possible from a public utility to a fully-fledged company (publicly-funded or with mixed capital funding).

In order to consolidate the work done and thus to contribute to increasing the sustainability of Result 2, it is suggested that a light accompaniment schema be planned for a period of 18-24 months that is justified by the following reasons:

- The integration of all the management tools has only been effective at the end of the project: this demonstrates a need to withdraw to check if the expected results have been achieved or if minor adjustments should not be made in the coming months.
- These tools require a new management culture if the SAAS is to benefit from them to the maximum and move towards sustainable effectiveness: this requires not only managers and staff to buy into this change of mentality but also to learn new techniques of analysis and decision-making. This training work still remains to be done and cannot be effective via a one-off session but rather through periodic, extended assistance. The final result cannot be guaranteed, since it depends on the will and learning capacity of the staff in place, but this accompaniment is in any case a necessary condition to arrive at it.
- The third reason is more subjective and intended to change the mentalities of the beneficiaries of aid: contrary to a loan, aid does not require any special resulting effort of the beneficiary. His commitment is simply to try to highlight as best as possible the corresponding technical contribution, but there is no direct consequence for him if he fails. It is desirable that the donor exerts a “moral pressure” on the beneficiary, highlighting through his presence and monitoring the importance of maintaining lasting results of the project over the course of the first years following its closure.

Moreover, over the course of the project some major lacunae on the part of the national administration have been identified in terms of water sector policy and regulation (pricing, supervisory body, standards and procedures, water resource management policy, subsidy policy, energy aspects, etc.). It is absolutely necessary, for genuine sustainable development to occur, based, for example on the system of the São Domingos SAAS, that the Cape Verde state invests deeply in an effective, pragmatic reform of the water sector, an initiative that could receive the support of Luxembourg development cooperation. One of the basic requirements for this to occur will be that a precise inventory of water resources is drawn up and a forecast analysis made of needs plotted against resources by geographical area, as well as finding technical solutions which enable the population's needs to be satisfied at the domestic level while still continuing to assist the promotion of agricultural development by supplying the required water resources.