

**Danube Water Program (P128416 / P152569)****IMPLEMENTATION SUPPORT MISSION*****AIDE-MÉMOIRE*****July 6 - 10, 2015**

1. A World Bank team visited Vienna, Austria on July 6 – 10, 2015 to conduct an Implementation Support mission for the Danube Region Water Supply and Wastewater Utility Capacity Building Program and Additional Financing (hereinafter referred to as the Danube Water Program). The Bank team was comprised of David Michaud, Sr. Water and Sanitation Specialist and Task Team Leader; Kirsten Hommann, Senior Economist; Stjepan Gabric, Senior Operations Officer, Iwona Warzecha, Sr. Financial Management Specialist; Barbara Ziolkowska, Procurement Analyst; and Angelika Heider, Consultant. The Bank team met with the management of the International Association of Water Supply Companies in the Danube River Catchment Area (IAWD), the implementing agency of the recipient executed component of the Danube Water Program, as well as members of IAWD's Technical Secretariat. IAWD was represented by Walter Kling, Secretary General; Philip Weller, Technical Secretariat Coordinator; Katherine Wagner, secretary, and Violeta Wolff, technical and procurement specialist. During the mission, IAWD also organized a separate strategic discussion with key current and potential members on its own future development, which is closely linked with the second phase of the Danube Water Program.

2. The Bank team wishes to express its appreciation for the courtesy with which it was received and the constructive dialogue that it enjoyed with all parties. This Aide-Mémoire summarizes agreements reached and recommendations for next steps.

***PROGRAM STATUS***

3. **Implementation Status.** Since the previous mission in October 2014, the Program has continued to progress well. Most of the Work Plan's activities are either completed or under full implementation and on track for a successful completion by October 15, 2015. The Program's outcome and intermediate outcome indicators are largely reached or exceeded except for a few that will require additional time because of their more transformational nature. In a February 2015 meeting, the Steering Committee endorsed the revised and final work plan for the current DWP activities completion.

4. **Financial Situation.** Since the last mission disbursement has also significantly accelerated and reached 84% on the Bank-implemented Component 1 and 80% on the IAWD-implemented Component 2. As shown in Annex 7, the on-going net commitments as well as limited planned activities to take place until Program current closing date are expected to consume most remaining funds allocated to either component. However, due to exchange rates and other reasons, around 300,000 Euros remain unallocated at Program level. The participants in the mission agreed, subject to the Steering Committee members approval, to set this amount aside to finance the Program team's operation during a transition period of a few months, should the processing of the DWP Additional Financing be delayed.

5. **Additional Financing Status.** In November 2014, the Steering Committee endorsed the proposed Additional Financing for the Danube Water Program with an additional financing of 5M Euros from the Ministry of Finance of Austria, and an extension to December 2018, with

the main aim of creating transformational and sustainable impact with strategic partners. Bank management approved the appraisal package in December 2014 and the team is now awaiting the formal green light of the Austrian Ministry of Finance to proceed with the signing of the amendments to the Administrative Agreement and Grant Agreement. In parallel, during the mission the priorities for the second phase were discussed and are described under the respective paragraphs below.

6. **ORF/GIZ grant status.** The grant agreement between IAWD and the GIZ/SDC Open Regional Fund is now under full implementation and largely complements on-going DWP activities on asset management, benchmarking and the organization of knowledge sharing events such as the 2015 Danube Water Conference. The parallel implementation of DWP (including AF) and the ORF funding has however not been without challenges, and has revealed the need for IAWD to strengthen its implementation and fiduciary capacity to ensure a continued successful implementation of such simultaneous programs.

### ***COMPONENT 1 (BANK-EXECUTED): PROVISION OF POLICY AND REGULATORY SUPPORT TO NATIONAL LEVEL AUTHORITIES AND SUPPORT TO PROGRAM IMPLEMENTATION***

#### **Analytical and Advisory activities**

7. **RA.1 State of the Sector:** Data collection was completed at the end of January. The report underwent a Quality Enhancement Review in February and was in parallel validated with in-country and IAWD counterparts, as well as internally by a team of consultants. At the beginning of April the Decision Meeting approved the report with some minor comments and the regional report and the 16 country notes were launched at the annual Danube Water Conference at the beginning of May. The next steps are:

- On-going: Following the demand from counterparts in the region, the regional report and a majority of the country notes are being translated into several regional languages and planned to be concluded in early September.
- In parallel, the dissemination of the documents at relevant events in the region and among relevant stakeholders is ongoing. Additionally, there are plans to present and disseminate the translated versions at events in the region before the end of the first phase. IAWD suggested such dissemination be also directed to and discussed with national waterworks associations for example at the upcoming national associations roundtable.
- From 2017, assuming the approval of phase II, it is also planned to conduct another review in 2018 to document the progress in the interval.

8. **RA.2 Review of Aggregation Experience.** Given challenges to obtain primary utility performance data from countries with recent aggregation experience, the team reduced expectations and adjusted the methodology to using only IB-Net/DANUBIS data and aggregation experiences in all countries of the region. A supporting paper was prepared on the side of the State of the Sector report and the main findings were including in the report itself. Given the high relevance of this agenda for the region and beyond further work will be considered under phase II of the Program.

9. **RA.3 Access.** Using existing household survey data, household access to water and wastewater services have been computed by income or wealth quintile, and rural-urban location for 16 Danube region countries and are disseminated in the State of Sector Report. As new household survey data becomes available, these statistics require updating. Therefore an

approach will be developed that enables simple and quick updating of these statistics, as new data becomes available. The modelling – assisted by a consultant based in Washington – will be finalized by September 30, 2015.

**10. RA.4 Social Impact Analysis of Tariff Reform in the WSS sector.** The same household surveys were applied to compute – by income or wealth quintile – the percentage of expenditure on water and wastewater in total household income. Where expenditure on water and wastewater were not reported in the survey, an estimate of household expenditure was made, assuming minimum levels of consumption (100 liter per capita per day) and current average tariffs. The results have been disseminated in the State of the Sector Report, and will – together with the access statistics – be updated using a simplified approach to the data management. In addition, for two countries – Albania and Belarus (outside of the DWP region) – more detailed analyses on the social impact of tariff reforms will be conducted, using funding from the Water Partnership Program. Lessons of these deeper analyses will guide how and whether such replication may be useful for and of interest to other Danube Water countries in the future.

**11. Future areas of policy and analytical work.** Priorities for the Phase II's analytical and advisory work will be aligned with the sector challenges identified at regional and national level in the State of the Sector report. One first priority will be to develop a regional analytical piece on non-public supply and service provision in rural areas, which was identified as a significant service access gap in the SoS report. The Bank team will aim at developing a concept note by end of September 2015 and will consult with IAWD on the scope and objective of the proposed work.

**12. NA.2 Targeted Policy Support in Flagship Countries.** The specific policy activities agreed upon in the latest version of the Work Plan (refer to Annex 2 for details) are now on-going and are well underway, including:

- Support to Albania on sector financing, where close to 500K USD have been mobilized to hire a consulting firm in charge of developing a sector financial model;
- Support to Croatia where discussions and exchanges continue on the on-going sector reform and consolidation process.
- Support to Kosovo, where the technical reports on the use of Performance-Based contracts to improve the efficiency of public utilities, have been delivered to the client.
- Support to Serbia on tariff setting, where a consultant is finalizing a first set of reports to submit to the Client in July 2015;
- Support to Ukraine on regulatory practices, where a training workshop is being planned for late August 2015;

### **Knowledge Sharing activities**

**13. RC.III.1 DANUBIS Water Platform.** Several Steering Group meetings have taken place in 2014 and early 2015, and have allowed the launch of a revamped version of DANUBIS in March 2015 with a more interactive interface for the various countries, and a more amicable report for specific utilities (one-click report). Country portals in Albanian (for Kosovo) and Bulgarian (for Bulgaria) are currently under development jointly with national institutions in the respective countries. The DANUBIS website has also been used to host the many resources collected during the preparation of the State of the Sector review and the report itself. As a result of continued improvements, the website has seen a positive evolution in the number of users, currently averaging close to 300 single users every week. IAWD considers it a strong asset and is committed to gradually take over a greater responsibility in its maintenance and

updating. In the fall of 2015, the roll out of country portals and upload of resources will continue.

**14. DANUBIS Data collection and management platform.** Following discussions among the DANUBIS steering group, IAWD and the Bank committed to support the establishment of a regional utility data collection and management platform that would allow regulatory agencies, ministries or utility associations to easily collect and manage utility performance data from their countries. Until now two countries (Montenegro and Kosovo) have committed to participate in the development of the platform and the contract with the developing company has been signed. It is expected that the first phase of the development (conceptual design) will be completed by the current closing date of DWP and the decision to go ahead with the rest of the platform development will depend on a green light for the DWP Phase II.

**15. RS.1 2015 Danube Water Conference.** The 2015 Danube Water Conference was held on May 7 and 8, with side meetings on May 6, in Vienna, and jointly organized by IAWD, the World Bank and GIZ. It attracted more than 150 stakeholders from around 20 countries and was bigger than the previous conference in terms of attendance and offered more thematic sessions. For the first time, about two third of the attendants covered their own costs of transport – a policy change aimed at ensuring greater sustainability of the event. The event also saw the formal launch of the State of the Sector report and 16 country notes which had been finished at the end of April. The conference was well received by participants and mostly used as a networking forum and an opportunity to learn from best practices in the region.

### **Capacity development activities**

**16. RC.I.2 Regional Exchanges on EU Integration.** This activity has objective to deepen the knowledge on requirements and challenges of EU accession process in water sector among responsible Ministries and Water Agencies from the EU candidate and to-be candidate countries of the region, trough transfer knowledge from Croatia as the latest EU member state, and exchange of experience between the counties themselves. A workshop is planned to take place in Croatia in the second half of September, with participation of representatives from Bosnia and Herzegovina, Montenegro, Serbia, Albania, Kosovo, FYROM, and Croatia as the host country. Following the workshop, participating water sector representatives will visit a few water utility investments financed with the assistance of EU funds (proposed sites includes Karlovac, Sisak and Slavonski Brod), to gain a first-hand experience on challenges of EU funded infrastructure development.

**17. NC.III.1 National Benchmarking Systems Support.** Assistance in establishment or strengthening of benchmarking activities represents important part of DWP activities. In addition to the established regional benchmarking activities, the Bank and IAWD are moving ahead with implementation of activities aimed to support establishment of initial data collection and benchmarking initiatives for Serbia, Montenegro and Bosnia and Herzegovina (ongoing activity includes promoting benchmarking awareness, collecting data, feeding data to the benchmarking platform and analyzing results), promoting institutionalization and establishment of benchmarking processes in FYR Macedonia, Serbia, and supporting regulators and existing benchmarking systems in in Croatia, Albania, Ukraine (on hold), and Kosovo.

**18. RC.V.1 Energy Efficiency.** Since the last supervision mission, the consulting firm Econoler concluded the formal capacity building program, yielding 18 energy audits in 17 facilities with a potential cost saving of 2.5M €/y. The third phase of the assignment – supporting the most promising utilities in seeking financing for their investments – is currently nearing completion and financing for 10 measure in 8 utilities (total cost 2.2M €) has been identified. In the coming months, Econoler will prepare a final report including the finalized

training materials. Continued activities in the DWP second phase will depend on priorities identified at Program level in consultation with national waterworks associations. Finally it was also agreed that this activity should be fully incorporated into the main capacity-building activities under IAWD's overall responsibility, should it continue under the Additional Financing.

## ***COMPONENT 2 (RECIPIENT-EXECUTED): CAPACITY BUILDING FOR WATER SUPPLY AND WASTEWATER UTILITIES***

### **Sub-Component 2.1: Regional Capacity Building and Training Activities**

19. **RC.1 WSS association Strengthening and Support.** IAWD has continued working closely with associations, and it has been agreed that DWP's second phase will include resources to strengthen waterworks associations. In a recent meeting, most associations have confirmed their interest in a closer and more formal partnership facilitated by IAWD, and 10 associations have signed letters of intent confirming their commitment to work together. Both sides agreed that the partnership should be launched in early 2016. The next steps are therefore:

- By October, IAWD will submit to the Bank a proposed set of principles for the support to the waterworks associations under DWP Phase II, based on the principles agreed during the Additional Financing preparation (support for business plan preparation; proposal by WW associations linked to Business Plan and key results; two tranches with second tranche depending on results from first tranche).
- In November 2015, IAWD will organize the next meeting of waterworks associations and will use the meeting to continue validating proposals on formalizing its relationship with them; discuss the proposed training partnership, and provide guidance on the association strengthening available under Phase II of DWP.

20. **RC.III.1 EBC/Danube initiative.** Utility benchmarking activities are well underway in the three hubs of Bulgaria, Kosovo and Serbia / BiH / FYR Macedonia / Croatia / Montenegro, with a second round on-going, and in Ukraine, which started later but and is going through a first round. Hub staff has been trained and 40 utilities are currently participating. It is expected that activities will continue in the Program's second phase, assuming confirmation of the interest of waterworks associations.

21. **RC.IV.1 Asset management.** This activity is aimed at helping utilities plan and implement improved asset management practices through a capacity building training program, capitalizing on development efforts and knowledge built in Belgrade Waterworks utility. The activity included participation of representatives from 17 water utilities from Serbia, Montenegro, FYR Macedonia and BiH, and is currently in final stage of implementation. A total of 15 utility assessment reports are completed until now, while 3 commercial data analysis reports for best performing utilities are still under preparation. With contract completion date in August 2015, there is a need to extend the contract until end of September to allow for completion of reports that are currently in preparation. The program has received very good feedback so far and is generating interest in other countries, and utilities in the region. It is expected that activities will continue in the Program's second phase, assuming confirmation of the interest of waterworks associations.

22. **RC.V.2: Regional results-based commercial efficiency TA program.** This activity aims to improve commercial efficiency of utilities in the region through preparation of business plans addressing selected commercial issues (collection management, utility operations and customer relations), and is focused on utilities from Kosovo, Moldova, Montenegro and FYR Macedonia.

An implementation contract with a consortium led by Valu Add (Albania) has been signed. The activity implementation started at the beginning of November 2014, with completion expected in mid-October 2015. Despite some difficulties in recruitment, 22 utilities participated in 3 trainings respectively and 19 business plans have been received.

**23. Completion and evaluation of on-going Capacity Building activities.** As presented in Annex 4 a total of 93 utilities in 12 countries have participated in the various capacity building activities of the Program, with the support of eight hubs. The overall activities are seen as moving forward in a very positive manner, however there have been some delays in IAWD's ability to bill participating utilities for training fees. As capacity building is expected to play an important technical and potentially financial role in the future development of IAWD, it was agreed that:

- Immediately, IAWD will confirm the pending amounts for billing / and payment and seek to invoice / collect fees from all utilities that have not fully paid their dues to participate in a capacity building activity; utilities that do not pay their dues, will be excluded from participating in future activities;
- By August 30, IAWD will design a simple survey for all participating utilities and waterworks associations to seek their evaluation and feedback on the respective capacity-building programs. The survey should include questions with regards to overall satisfaction, willingness to participate in future similar trainings, topics of interest and feedback on areas of improvement.

**24. Creation of a Danube Training Partnership and Phase II priorities.** As discussed throughout the previous year, IAWD is promoting the creation of a formal Danube Training Partnership together with national waterworks associations in the region. An initial concept has been circulated and commented in previous waterworks associations roundtable meetings, and 10 associations have already indicated their commitment through a formal letter of intent. Participants in the mission agreed that capacity-building activities supporting by the Program's second phase should be closely aligned with the vision of a training partnership and therefore agreed on the following next steps.

- By late July, IAWD will prepare the ToRs and select an individual consultant to provide support in proposing a more detailed concept and business plan for the Danube Training Partnership (the same consultant might provide help in preparing the survey of utilities currently participating in capacity building activities). The business plan would need to highlight the overall type of activities, organizational structure, financing/pricing, roles and responsibilities, forms of delivery and audiences for the Partnership.
- By November, IAWD will discuss the proposed concept with waterworks associations (in the next associations roundtable) and finalize the concept; It will also seek inputs from waterworks associations on their interest to launch capacity building programs in their respective countries on the various topics offered.
- In parallel IAWD will develop further the concept of an additional capacity building program on risk management in water utilities; partnerships with Central European waterworks associations will be explored in addition to the already established contacts with WHO, and the experience of the City of Vienna and Vienna Waterworks will be used as possible.
- By December, IAWD will settle on the curriculum to be offered and will prepare the promotion / commitment materials necessary to confirm the participation of waterworks associations and individual utilities. Those documents should clearly highlight the

benefits and commitments for all actors (IAWD, national associations, trainers and participating utilities).

- In parallel IAWD will finalize the agreements with national associations on the curriculum supported by the DWP's second phase so activities can be launched in early 2016.

**25. Financing Line for efficiency improvement activities.** During the mission, the Bank team suggested evaluating whether a financing facility for efficiency improvement activities could be setup to help participating utilities access funding for the investment needs identified during the capacity-building offered by IAWD. The idea will be discussed further in the coming months as it could be part of the capacity building overall value proposition. A first meeting will take place the week of July 20th with participation from IAWD to discuss potential ideas and a first concept note will be prepared by the Bank team by September 30 should there be mutual interest.

### **Sub-Component 2.2: Country-Specific Utility Management and Operational Practices Improvement Support (hereinafter referred to as Competitive Grant Window)**

**26. Status of Implementation.** Cooperation agreements (detailing the roles and responsibilities of both sides) have been signed with a total of 14 grantees, but the implementation of the grant to the Ukrainian regulator was suspended given the restructuring of the regulatory framework and problems in the country. Out of 13 grants that were/are implemented through Competitive Grant Window, 6 grants are by now completed, and 7 are still in implementation phase with completion deadline not later than end of September. Grant implementation is currently facing difficulties on two grants: Romania WTC strengthening capacity (NC.2.3.) where there are problems with consultant responsiveness and performance, and Bosnia and Herzegovina Technical rules editing (NC.2.6.) where the activity is delayed in implementation. For Romania grant, it was agreed that IAWD will monitor quality and relevance of deliverables prepared by the consultant, and authorize payments only when and if those satisfy required quality standards and ToR requirements. In relation to BiH grant, expectation is that activity will be completed and that translated technical rules will be available before closing of the first phase. Total of 36 technical rules (2x18 rules) will be translated by complementary activities in two grants, for Serbia (NC.2.5.) and BiH (NC.2.6.). The Bank team considers that it is important that grant financed translated rules are being widely distributed at the fair price (recognizing legal and licensing obligation to DVGW), so that they can reach the largest number of end users in utilities.

**27. Completion phase.** In order to ensure adequate completion and documentation of the CGW window, the following steps were agreed for the completion phase:

- Immediately, IAWD will confirm to the Bank team up to which point the various CGW activities are contributing to the Program-level results framework, so as to incorporate those results in the Program's next quarterly report.
- By July 17, IAWD will prepare a template for a simple completion report as required in the grant agreement. At a minimum the template should document main steps and achievements, results (including those following the DWP results framework), financial expenditures, main contact points and deliverables, and any specific lesson learned.
- Upon completion of each grant, but no later than October 1<sup>st</sup>, IAWD will request a short summary report will need to be prepared by beneficiary at the end of each grant implementation, based on the template that the team will prepare. For those beneficiaries who have already presented a final report, IAWD staff will create the short templates.

- By August 22, IAWD will ensure that the IB-Net data for all participating utilities is collected either directly or indirectly through other Program activities, as required in the Grant Agreement they signed.
- The final documentation of activities under the CGW window will proceed, based on the completion report, as outlined in Paragraph 31.

**28. CGW window under Phase II.** The next call for competitive grant proposals is expected to be launched in fall 2015 (after signing of the Program second phase), with submission deadline in late 2015 or early 2016 and a signing of agreements and launch of activities, in the winter / spring of 2016. It was agreed that topics of grant activities in the second phase should be more directly aligned with IAWD priorities, and that the team will consider sub-window structure of competitive grant window that might include both thematic and open financing windows. In addition as discussed during the previous mission, the handling of operating costs and training expenses has proven costly and time-consuming; and both sides agreed that it would make sense to provide a limited advance to each grant recipient to process payments locally and have the corresponding documentation communicated to IAWD periodically. In addition to the proposal discussed in the October 2014 mission, both sides confirmed that (a) trainer fees should be considered under the training and operating costs category and not subject to IC selection process; (b) the City of Vienna requirement that hotel and restaurant consumptions be itemized is challenging to achieve in some of the countries and the rule can be relaxed through an amendment in the Operating Manual; and (c) the selection of small contract for Individual Consultants as well as limited shopping processes could also be handled on an ex-post IAWD review up to a given amount, with IAWD still retaining the final contract signing and invoice approval function. The next steps are therefore:

- By November 1<sup>st</sup>, IAWD will propose a draft call for proposals for the CGW
- By the same date, IAWD will submit the revised CGW operating manual and Cooperation Agreements to switch to the new Operating Cost modality, to the Bank's No Objection (refer to paragraph 41 for more details).
- By early 2016, IAWD will have selected the CGW recipients.

### **Sub-Component 2.3 Sub-component 2.3: Project Management and Coordination of Program Implementation**

**29. Technical Secretariat.** The Technical Secretariat continues to be properly staffed for the implementation of Phase I of the Program. An additional knowledge and training management specialist, Mr. Christoph Leitner, was hired on a termed basis until September 2015. However, the mission participants agreed that the Technical Secretariat structure and mission would need to be revisited for IAWD's future development and the Program's second phase, in particular to (a) mainstream the role of the technical secretariat into an IAWD secretariat, rather than an exclusive DWP secretariat; (b) clarify the respective roles and responsibilities of the different secretariat members (leadership, financial management, communication, membership services, training and capacity building, procurement, etc.); and (c) define the needs to recruit additional staff, as needed, to strengthen the secretariat to absorb the additional workload resulting from its role in the support of IAWD's further development. It was agreed that IAWD will evaluate the various needs and current skillset and propose a revised organigram and organization by September 1<sup>st</sup>.

**30. RS.3 Development of Communication Platform.** Since the last mission the Danube Water Program has continued to develop further its communication instruments. The website continues to be a well visited and appreciated resource, and two newsletters have been



distributed. In order to continue maintaining the high standards set, an *information manager* has been hired in late May under the Program to help improve the existing website and manage, document, consolidate and share knowledge and capacity-building activities (incl. the website, the newsletter, the various events and conferences and the training programs). In addition, the following next steps were discussed:

- Given the importance of underlining the institutions (and IAWD in particular) behind the DWP activities, discussions will continue in terms of the role of the IAWD website and newsletter, vs. the DWP ones, and how and where to promote the various DWP-financed activities and products;
- A *website designer* will be hired to provide support to the adjustments to the IAWD website, with financing from GIZ/ORF. The Bank team recommended that such further development be closely aligned with the association's own strengthening and also coordinated with the development of activities financed by DWP to avoid duplications (DANUBIS, DWP website etc.).

**31. Documentation of Program Activities.** Given that many activities of the Program's first phase are now concluded or concluding, it was agreed that the outcomes of the program activities under Phase I will be collected and documented to showcase their impact in the respective institution and / or region. While the best vehicle to share the documentation will need to be discussed (see paragraph 30 for more details) further, the collection and validation of information should take place in parallel with the Phase I completion process. To this end:

- The IAWD and Bank teams will prepare a short summary of key achievements for each one of the activities under the Work Plan; those will be used to prepare a revised program brochure (with a stronger focus on the IAWD role); as well as the IAWD and/or DWP websites; and
- A few of the most successful institutions will be visited in fall by a small team comprising a member of the Bank and IAWD in order to validate the results achieved, receive personal feedback and create short videos of the accomplishments.

## **Financial Management Aspects**

**32. Status.** The FM review demonstrated that the some of the previous mission actions are still waiting for resolution namely the actions related to upcoming additional financing including: (i) Update Operational Manual to reflect FM arrangements existing in practice including also handling of Operating Costs for Competitive Grants through a new, delegated modality, (ii) taking stock of the current arrangements with outsourced AFM and redesigning arrangements in order to build FM arrangements to support IAWD's growth (see table below). The role of outsourced FM manager is limited mainly to making payments (based on authorized and fully verified documents from IAWD), accounting and preparing the financial reports. Other FM aspects in the area of flow of funds, liquidity and cash flow forecasting, preparation of disbursement WA, internal control of expenditure, contract monitoring, financial planning are performed by IAWD staff itself, and additionally the staff needs to monitor the work of FM firm. However IAWD lacks a professional and reliable IT system for project and contract monitoring, accounting, financial planning, reporting with online access for the core IAWD staff to enable effective and efficient project management and decision making based on accurate and up to date information. The basic accounting system used by the outsourced FM manager does not have information on contract monitoring, planning etc. and IAWD does not even have online access to the system which undermines the added value of using this outsourcing facility. Therefore IAWD in parallel is maintaining own project records in excel which is duplication of work, and not sustainable for long term and IAWD's growth.

**33. FM management adjustments for next phase.** During the mission the parties discussed various options of FM arrangements to address the current shortcomings quickly in view of IAWD's strengthening and the upcoming negotiations for the Additional Financing. Following those discussions IAWD management informed the Bank team that it intends to revert back to the original intention of outsourcing day to day financial services to an external company while retaining overall control in the secretariat. This company would process invoices and payments (after due authorization from IAWD), prepare withdrawal applications and offer an online platform accessible to all IAWD staff, which would among other things allow for contract monitoring, budget monitoring, reporting (including IFRs and other customized reports), the archiving of all supporting documents, handle payroll accounting (which required license in Austria) and other bookkeeping activities. This company will be contracted using a "Consultants' qualifications" process, with Bank prior review. Given the urgency to set in place those arrangements before the Phase II begins, the following next steps were agreed:

- By end of July, IAWD will prepare and publish Call for Expressions of Interest
- In parallel IAWD will also prepare Terms of Reference and a full Request for Proposal, starting from the models shared by the Bank team and the existing ToRs for Lummerstorfer, but incorporating lessons learned;
- By late September, the process should be completed and the contract should be in place. In parallel the Operating Manual should be updated to reflect those arrangements;
- During the next mission, the Bank will confirm that arrangements are functioning as agreed.

**34. Disbursement.** The project's Component 2 disbursed € 2.2 million from the TF account or 80.2% out of the € 2.7 million grant. The balance of the Designated Account was € 193 ths as at July 9, 2015. The Bank recommends to prepare the next withdrawal application over the summer also to show progress in TF disbursement to support the decision on Additional Financing.

**35. Financial Reporting and Financial Audit.** Project accounting, record keeping, and financial reporting is provided by the outsourced accounting firm LUMMERSTORFER Steuerberatung & Wirtschaftsprüfung GmbH (AFM). The AFM is responsible for preparation of semiannual IFRs for the project expenditures on cash basis, based on the accounting record kept in BDM IT system and duplicated project financial records kept in excel by TS. Outsourced external FM firm was not available during the mission nor there was access to the accounting information or reports as of June 30, 2015. The reconciliation of the project records kept in excel with the World Bank disbursement record revealed a discrepancy of € 45,873.9 due to the fact that not all transactions were recorded in excel accounts at the time of the mission. The cash transactions and the balance on the Designated Account have been fully reconciled to the World Bank Disbursement records. The discrepancy confirms the hypothesis of unstable and time consuming excel records and importance of double entry accounting, periodic reconciliations, checks and balances, and record transactions in reliable IT financial management system which is accessible to the whole IAWD staff at all time for controlling, monitoring and project management purposes.

<b><i>Per Excel project Record</i></b>	<i>In €</i>
<i>Cumulative expenditures as of June 30, 2015 per excel</i>	<i>1'939'292.92</i>
<i>Balance of the Designated Account as of June 30, 2015</i>	<u><i>211'951.58</i></u>
<i>Total project expenditures + funds on DA</i>	<i>2'151'244.44</i>
 <i>TF Grant funds disbursed as of June 30, 2015</i>	 <u><i>2'197'118.32</i></u>
 <b><i>Discrepancy due to not up-to-date recording of the project transactions</i></b>	 <b><i>45'873.90</i></b>
 <b><i>Per Designated Account bank transactions</i></b>	
<i>Expenditures per Designated Account as of June 30, 2015</i>	<i>1'985'166.74</i>
<i>Balance of the Designated Account as of June 30, 2015</i>	<u><i>211'951.58</i></u>
<i>Total project expenditures per DA + funds on DA</i>	<i>2'197'118.32</i>
 <i>TF Grant funds disbursed as of June 30, 2015</i>	 <u><i>2'197'118.32</i></u>
	 <b><i>Reconciled</i></b>

36. **IFRs.** The most recent IFRs were received on time and after revision of the discrepancy between reports they were acceptable. The audit report including clean opinion issued by KPMG was prepared on time, however the first version of the attached financial statements had discrepancy between reports which was subsequently corrected. Revised version of the audited financial statements was acceptable to the Bank. Auditors did not raise any issues or findings in the accompanying management letter. IAWD published the audit report on its website.

### 37. Updated FM Action Plan

Action	Responsibility	Deadline/Status
<i>Contract professional AFM company to support IAWD in accounting and financial management functions.</i>	IAWD	September 30
<i>Update Operational Manual to reflect new FM arrangements</i>	IAWD	September 15

## Procurement Aspects

38. **On-going procurement.** Overall the procurement performance under the Component 2 has continued to be Satisfactory. Currently all consultancy contracts are already signed and ongoing, expecting to be completed by the current Grant Closing Date. One contract for development of data collection platform for utility information was recently signed and continuation of services covering next phases is subject to the approval of the Additional Financing. There were are two other smaller value consultancy contracts signed.

39. **Procurement Plan.** The updated Procurement Plan dated July 3, 2015 has been discussed with the Bank. Since there are some savings left in the Program, any proposed new activities shall be reflected in the revised Procurement Plan. In addition, the Procurement Plan will be further revised to reflect the first initial activities under the second and will be submitted to the Bank for review and no-objection by July 31, 2015. In accordance with the Bank's Procurement Guidelines, para. 1.16, including the footnote, any subsequent updates of the PPs will be disclosed on the World Bank's external website after approval.

40. **Procurement Post-Review.** The Bank conducted a procurement post-review during the current mission. Out of 40 contracts signed, 4 contracts were selected for review. The Bank has shared its findings and recommendations with IAWD. The Bank positively assessed

compliance of the Program's funds utilization with the purposes defined in the trust fund agreement, and application of the Bank's Procurement and Consultant Guidelines including procedures agreed in the Operating Manual, however further improvements and simplifications of the current procurement practices have been recommended in order to facilitate the program's implementation and improve contracts monitoring.

41. **Operating Manual.** In view of the upcoming second phase of the Program and the changes to the FM arrangements, IAWD will introduce further revisions and simplifications to the Operating Manual to reflect the changes in the implementation of the future second phase (refer to paragraph 33 for more details) and the simplification of the CGW management (refer to Paragraph 28 for more details). IAWD should finalize those revisions (in particular those focused on the overall Financial Management aspects) and submit the revised Operating Manual for the Bank's review and No Objection no later than September 15, 2015. The revisions pertaining to the CGW window can be completed subsequently if necessary.

### ***OVERALL PROGRAM IMPLEMENTATION AND NEXT STEPS***

42. **Program Work Plan.** The Program Work Plan was revised in February 2015 to reflect the latest status of all activities, cancelling those with no perspective of moving forward in a timely manner and rebalance the overall Program budget taking into account the ORF funding. No further update is expected under Phase I of the Program. As soon as the Phase II of the Program (additional financing) is confirmed, IAWD and the Bank will start preparing a tentative Work Plan for 2016 – 2018 building on the discussions held during the last six months, which will be presented and discussed with the Steering Committee in September 2015. To this end, a joint workshop might be organized, and as much as possible representatives of IAWD's members will be informed and involved.

43. **Donor Reporting.** The team continues to provide regular updates on program activities under both components to the Austrian Ministry of Finance. The last quarterly report was submitted to the Ministry in April 2015 and the next report covering activities from April to June 2015 will be submitted before the end of July.

44. **Results and Results Framework.** Overall, the Program has met and exceeded all but two of the indicators ([NUMBER] of target countries in which regulatory and policy recommendations have been discussed by decision makers and [NUMBER] of participating countries that have implemented and are using a sector information system to track utility performance) for which the team has agreed to take a more careful approach, resulting in the indicator being only met in the proposed Additional Financing. As agreed during the preparation of the Additional Financing, some of the indicators from the Results Framework will be revised; Annex 3 presents the current status of the Program as well as the proposed changes.

45. **IAWD's development.** In parallel with the mission, IAWD organized a meeting of representatives of key stakeholders (management, current and prospective members and strategic partners) to discuss the future of the association. Stakeholders confirmed their support for a stronger, professionalized IAWD drawing on the strengths of its network, and identified activities such as offering a networking and knowledge exchange platform, building capacity together with partners and acting as a voice of the region, as core priorities. The importance of involving IAWD's partners and members in this development, for example through secondment of staff or delegation of specific activities to members and partners, was underlined. On the basis of the inputs, a strategic paper will be prepared by one of the IAWD members to summarize the discussions; and a business / strategic plan will be prepared to elaborate further the lines of activities of the association and the necessary adjustments (organization, staffing,

membership, financing, legal situation etc.). The Bank team welcomes this positive development and insisted that DWP activities under the Phase II should be closely aligned with the IAWD vision. In that sense, the Bank team looks forward to an early draft of the strategic paper for feedback and to inform Phase II activities and resources allocation.

**46. Coordination with UPP.** The team had a VC with representatives from the World Bank's Urban Partnership Program (also funded by the Austrian Ministry of Finance) to discuss possible synergies between both Programs. With the second phase of DWP expected to start in fall 2015, and the second phase of UPP just starting, it is important to ensure close coordination between programs and discuss possibilities for future cooperation. It was agreed that, building on successful coordination in the first stage, both Programs would continue to develop: (i) mutual coordination of activities and objectives, including their geographical focus, which would ensure that local governments are aware of opportunities offered by the DWP for their utilities, and are exposed to the same policy messages, (ii) organization of joint LGU / utility events in the context of the DWP capacity building programs, to bring together both sides and ensure the local authorities understand the approaches being developed in their utility companies, (iii) possible parallel capacity building programs on issues of joint interest (for example on issues such as asset management).

**47. Next mission.** The next supervision mission will take place in the fall of 2015 to document and evaluate Phase I activities and, as relevant, to launch of Phase II activities. The exact dates will be set closer to that time. In the meantime, formal follow-up meetings will be scheduled on a needs basis to check on the progress towards the commitments taken during the mission and reflected in the aide-memoire.

## **Annexes**

- Annex 1: Work Plan / Regional Activities Overview
- Annex 2: Work Plan / National Activities Overview
- Annex 3: Results Framework
- Annex 4: Overview of status of capacity building activities
- Annex 5: Agreements With Other Programs And Donors
- Annex 6: Overview Of Competitive Grants Approved
- Annex 7: DWP current financial situation

## ANNEX 1: WORK PLAN / REGIONAL ACTIVITIES OVERVIEW

Color indicates main responsibility: *Joint / case-by-case*; *IAWD-led*; *World Bank-led*.

	<b>R</b> Regional / Sub-regional activities	<b>N</b> National activities
<b>A</b> Analytical and Advisory policy work	<ul style="list-style-type: none"> <li>RA.1: State of the Sector study</li> <li>RA.2: Review of aggregation experience of water and wastewater utilities</li> <li>RA.3: Access and performance of WSS sector</li> <li>RA.4: Social Impact Analysis of Tariff Reform in the WSS sector</li> </ul>	<ul style="list-style-type: none"> <li>NA.2: Targeted analytical and advisory support in Flagship countries <i>(refer to next page for full list)</i></li> </ul>
<b>C</b> Capacity Development	<ul style="list-style-type: none"> <li>RC.1: WSS association strengthening &amp; support</li> </ul> <p><b>Pillar I Sector governance and structure</b></p> <ul style="list-style-type: none"> <li>RC.I.1: Regional support for WSS sector policies and governance</li> <li>RC.I.2: Regional EU accession cross-support in water sector</li> </ul> <p><b>Pillar II: Regulation, tariffs and subsidies</b></p> <ul style="list-style-type: none"> <li>RC.II.1: Regional support on WSS sector regulation</li> </ul> <p><b>Pillar III: Benchmarking</b></p> <ul style="list-style-type: none"> <li>RC.III.1: Regional PI System initiative (DANUBIS)</li> <li>RC.III.2: Benchmarking for utility improvement (EBC/Danube)</li> </ul> <p><b>Pillar IV: Asset mgmt and investment</b></p> <ul style="list-style-type: none"> <li>RC.IV.1: Regional results-based asset management program for interested utilities</li> </ul> <p><b>Pillar V: service efficiency improvement</b></p> <ul style="list-style-type: none"> <li>RC.V.1: Regional results-based energy efficiency capacity-building program</li> <li>RC.V.2: Regional results-based commercial efficiency capacity-building program</li> </ul>	<ul style="list-style-type: none"> <li>NC.2: Competitive Grant Window activities <i>(refer to next page for full list)</i></li> <li>NC.III.1: National Benchmarking Systems Support <i>(refer to next page for full list)</i></li> </ul>
<b>S</b> Knowledge sharing platform	<ul style="list-style-type: none"> <li>RS.1: Annual regional event</li> <li>RS.2: Participation in key regional events</li> <li>RS.3: Development of communication platform</li> <li>RS.4: Outreach to strategic partners</li> </ul>	<ul style="list-style-type: none"> <li>NS.1: Participation in targeted national events</li> </ul>

## ANNEX 2: WORK PLAN / NATIONAL ACTIVITIES OVERVIEW

	NA.2 Analytical and Advisory activities	NC.III Benchmarking activities	NC.2 Competitive Grant activities
<b>Sub-regional activities</b>		<ul style="list-style-type: none"> <li>• NC.III.7: Support to regional EBC/Danube hub for BiH, HR, Ma, Me and Se.</li> <li>• NC.III.8: Support to regional EBC/Danube hub for Albania and Kosovo</li> <li>• NC.III.9: Support to regional EBC/Danube hub for Moldova and Romania</li> </ul>	<ul style="list-style-type: none"> <li>• NC.2.13: BiH, Me and Se Strengthening Capacity of Water Utilities with Benchmarking</li> </ul>
<b>Albania</b>	<ul style="list-style-type: none"> <li>• NA.2.1: Water Supply and Sanitation Sector Support</li> </ul>	<ul style="list-style-type: none"> <li>• NC.III.1: Albania Support to Benchmarking Activities</li> </ul>	<ul style="list-style-type: none"> <li>• NC.2.11: Western Balkans Training Centre - Framework &amp; Business Model</li> <li>• NC.2.12: Training Course for Business Planning for Water Utility Associations</li> </ul>
<b>Bosnia and Herzegovina</b>		<ul style="list-style-type: none"> <li>• NC.III.2: BiH Support to Benchmarking Activities</li> </ul>	<ul style="list-style-type: none"> <li>• NC.2.6: Editing DVGW Technical rules / guidelines in Bosnia language</li> <li>• NC.2.7: WSS network GIS for efficiency improvement in East Sarajevo</li> </ul>
<b>Bulgaria</b>			<ul style="list-style-type: none"> <li>• NC.2.4: Utility Benchmarking</li> </ul>
<b>Croatia</b>	<ul style="list-style-type: none"> <li>• NA.2.2: Support to Croatia' utility aggregation process</li> <li>• NA.2.3: Croatia sector regulation support</li> </ul>	<ul style="list-style-type: none"> <li>• NC.III.3: Croatia Support to Benchmarking Activities</li> </ul>	
<b>Kosovo</b>	<ul style="list-style-type: none"> <li>• NA.2.4: Review of PPP policy framework</li> </ul>	<ul style="list-style-type: none"> <li>• NC.III.11: Support Benchmarking Activities</li> </ul>	<ul style="list-style-type: none"> <li>• NC.2.10: Development of Young Professionals Network</li> </ul>
<b>FYR Macedonia</b>		<ul style="list-style-type: none"> <li>• NC.III.4: Coordination of Benchmarking and Policy Support Activities</li> </ul>	<ul style="list-style-type: none"> <li>• NC.2.8: Capacity Development for Utilities: Regulation, Efficiency and Quality</li> <li>• NC.2.9: Reduction of NRW in PUC</li> </ul>
<b>Moldova</b>			<ul style="list-style-type: none"> <li>• NC.2.2: AMAC members retraining on operation of WSS systems</li> </ul>
<b>Montenegro</b>		<ul style="list-style-type: none"> <li>• NC.III.5: Support to Benchmarking Activities</li> </ul>	
<b>Romania</b>			<ul style="list-style-type: none"> <li>• NC.2.3: Strengthening capacity of the Water Training Center and water utilities</li> </ul>
<b>Serbia</b>	<ul style="list-style-type: none"> <li>• NA.2.5: Support for EU accession process in the WSS sector</li> </ul>	<ul style="list-style-type: none"> <li>• NC.III.6: Serbia Support to Benchmarking Activities</li> </ul>	<ul style="list-style-type: none"> <li>• NC.2.14: Performance improvement of the water utilities in South Serbia</li> <li>• NC.2.5: DVGW technical rules Training of Trainers</li> </ul>
<b>Ukraine</b>	<ul style="list-style-type: none"> <li>• NA.2.6: Review of national water strategy's alignment with EU directives</li> <li>• NA.2.7: Support regulatory capacity building</li> </ul>	<ul style="list-style-type: none"> <li>• NC.III.10: Support to national EBC/Danube hub for Ukraine</li> </ul>	<ul style="list-style-type: none"> <li>• NC.2.1: Improvement of the national benchmarking system in WSS sector</li> </ul>

### ANNEX 3: RESULTS FRAMEWORK

Status	PDO LEVEL RESULTS INDICATORS	Base-line	Cumulative Target Values (current year updated up to report date)					
				2012	2013	2014	2015	2018
No change	<b>Indicator One:</b> [NUMBER] of target countries in which regulatory and policy recommendations have been discussed by decision makers.	0	Planned	0			8	8
			Actual		0	0	4	
Revised (old)	<b>Indicator Two:</b> [NUMBER] of Operational Performance Improvement Action Plans or equivalent drafted by participating utilities.	0	Planned	0			15	
			Actual		0	3	54	
Revised (new)	<b>Indicator Two:</b> [NUMBER] of participating utilities that have completed an operational performance improvement program.	0	Planned					50
			Actual				54	
No change	<b>Indicator Three:</b> [NUMBER] of participating countries that have implemented and are using a sector information system to track utility performance.	0 <sup>1</sup>	Planned	0			6	6
			Actual		0	1	2	
Dropped	<b>Indicator Four:</b> [NUMBER] of participating utilities that have defined and undergone at least one cycle of efficiency improvements monitored in the sector information system.	0	Planned	0			10	
			Actual		0	0	28	
New	<b>Indicator Four:</b> [NUMBER] of participating utility associations that are implementing their business plans.	0	Planned	0				6
			Actual		0	0	0	

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<sup>1</sup> Baseline to be changed to 4 to reflect actual situation at start of Program



INTERMEDIATE RESULTS									
Intermediate Result (Component One): Developed regulatory and policy instruments for improved country framework conditions.									
Revised (old)	Intermediate Result indicator One: [NUMBER] of sector regulation reviews conducted.	0	Planned	0			11		
			Actual		0	0	16		
Revised (new)	Intermediate Result indicator One: [NUMBER] of sector reviews conducted.	0	Planned					22	
			Actual				16		
Dropped	Intermediate Result indicator Two: [NUMBER] of sector policy reviews (including identification of opportunities for Private Sector Participation) carried out.	0	Planned	0			11		
			Actual		0	0	16		
No change	Intermediate Result indicator Three: [NUMBER] of energy audits conducted for participating utilities.	0	Planned	0			15	30	
			Actual		0	0	18		
Revised (old)	Intermediate Result indicator Four: [NUMBER] of participating utilities reporting performance data to the sector information system.	0	Planned	0			20		
			Actual		1	3	39		
Revised (new)	Intermediate Result indicator Four: [NUMBER] of utility records reported to IBNET/DANUBIS from participating countries.	TBD	Planned					TBD	
			Actual						
Intermediate Result (Component Two): Increased institutional capacity in participating utilities.									
No change	Intermediate Result indicator One: [NUMBER] of policy makers, higher-level technical and managerial staff from participating countries that benefited from cross-country capacity building activities.	0	Planned	0			45	250	
			Actual		85	150	287		
No change	Intermediate Result indicator Two: [NUMBER] of utilities that have prepared business plans.	0	Planned				15	30	
			Actual		0	0	19		
New	Intermediate Result indicator Three: [NUMBER] of participating utility associations that have prepared business plans.	0	Planned	0		0		8	
			Actual		0	0	0		
New	Intermediate Result indicator Four: [NUMBER] of Competitive Grants completed as planned.	0	Planned	0				20	
			Actual		0	0	6		

**ANNEX 4: OVERVIEW OF STATUS OF CAPACITY BUILDING ACTIVITIES (as of May 31, 2015)**

<b>Topic</b>	<b>Hubs</b>	<b>Countries / Utilities</b>	<b>Billable €</b>	<b>Billed €</b>	<b>Collected €</b>
<b>Energy Efficiency</b>	3 (Serbia, Romania, Ukraine) <sup>2</sup>	33 (BiH, Montenegro, Romania, Serbia, Ukraine)	33,000	21,000	9,000
<b>Asset Management</b>	1 (Serbia)	18 (BiH, Serbia, Montenegro, FYR Macedonia)	16,500	16,500	8,500
<b>Commercial Efficiency</b>	4 (Kosovo, Montenegro, FYR Macedonia, Moldova) <sup>2</sup>	22 (Kosovo, FYR Macedonia, Moldova, Montenegro)	10,500 <sup>3</sup>	0	0
<b>Benchmarking</b>	4 (Kosovo/Albania, Ex – Yugoslavia, Ukraine, Bulgaria)	45 (BiH, Croatia, FYR Macedonia, Montenegro, Serbia, Slovenia, Albania, Kosovo, Bulgaria, Ukraine)	39,500	24,000 <sup>4</sup>	24,000 <sup>4</sup>
<b>Total</b>	<b>8 hubs</b>	<b>12 countries, 93 (without double-counting)</b>	<b>99,500</b>	<b>61,500</b>	<b>41,500</b>

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<sup>2</sup> Not actually operational

<sup>3</sup> Excluding in-kind contribution from Moldova utilities, which were deemed not in position to pay cash contributions

<sup>4</sup> Billed and collected by national waterworks associations in Bulgaria, Kosovo and Ukraine

## ANNEX 5: AGREEMENTS WITH OTHER PROGRAMS AND DONORS

Partner	Area of collaboration	Amount	Status
Energy Sector Management Assistance Program (ESMAP)	Regional results-based energy efficiency training program	USD 120,000	Received and being used
International Benchmarking Network for Water and Sanitation Utilities (IB-NET)	Support to regional performance indicator system and national benchmarking systems	USD 100,000 (In-kind)	Confirmed and being used
European Benchmarking Cooperation (EBC)	Support to benchmarking for utility improvement	In-kind	Confirmed and being used
Open Regional Funds for South-East Europe (ORF)	Development of a regional WSS benchmarking platform in SEE	EUR 490,000	Confirmed and being used
Open Regional Funds for South-East Europe (ORF)	Establishment of a regional dialogue platform in SEE	EUR 370,000	Confirmed and being used
European Union (EU)	Support implementation of the water strategy in Albania	EUR 200,000	Confirmed and received
Water Partnership Program (WPP)	Study on designing financially sustainable and socially acceptable water tariffs in Albania	USD 180,000	Confirmed and received
Public-Private Infrastructure Advisory Facility (PPIAF)	Support development of Private Sector Participation contract in Kosovo WSS sector	USD 75,000	Currently on hold pending decision by Kosovo government

## ANNEX 6: OVERVIEW OF COMPETITIVE GRANTS APPROVED

Country	Activity	Proponent	DWP funding	Other funding	Total cost	Expenses to date	Disburs. level
Ukraine	NC.2.1: Improvement of the national benchmarking system in water and sanitation sector (Ukraine)	National Commission for Public Utilities Regulation	€ 75'000	€ 75'000	€ 150'000	€ 0	0%
Moldova	NC.2.2: AMAC members retraining on operation of WSS systems	Moldova National Association of WSS Utilities (AMAC)	€ 72'624	€ 85'625	€ 158'249	€ 45'913	63%
Romania	NC.2.3: Strengthening the capacity of the Water Training Center and water utilities	FCFPDA (ARA) (Romania)	€ 74'399	€ 48'298	€ 122'697	€ 12'706	17%
Bulgaria	NC.2.4: Benchmarking in Bulgarian water sector	Bulgarian Water Association	€ 75'000	€ 50'000	€ 125'000	€ 55'426	74%
Serbia	NC.2.5: DVGW technical rules Training of Trainers	Assoc. for Water Technology and Sanitary Engineers (Serbia)	€ 25'000	€ 25'000	€ 50'000	€ 22'184	89%
Bosnia and Herzegovina	NC.2.6: Editing Technical rules for drinking water and wastewater in Bosnia language	VIK Sarajevo (BiH)	€ 29'700	€ 14'300	€ 44'000	€ 1'656	1%
Bosnia and Herzegovina	NC.2.7: WSS network GIS for efficiency improvement in East Sarajevo	UC Waterworks East Sarajevo (BiH)	€ 42'500	€ 16'000	€ 58'500	€ 42'499	100%
FYR Macedonia	NC.2.8: Capacity Development for Water Utilities: Regulation, Efficiency and Quality	FYR Macedonian Water Utility Association (ADKOM)	€ 60'000	€ 14'000	€ 74'000	€ 59'738	100%
FYR Macedonia	NC.2.9: Reduction of NRW	PUC Vodovod – Kumanovo	€ 37'690	€ 8'000	€ 45'690	€ 37'690	100%
Kosovo	NC.2.10: Development of Young Professionals Network	SHUKOS	€ 14'780	€ 4'500	€ 19'280	€ 6'167	42%
Albania	NC.2.11 Western Balkans Training Centre - Framework & Business Model	SHUKALB	€ 50'760	€ 6'300	€ 57'060	€ 45'024	100%*
Albania	NC.2.12: Training Course for Business Planning for Water Utility Associations	SHUKALB	€ 54'760	€ 6'300	€ 61'060	€ 50'051	100%*
Sub-regional	NC.2.13: BiH, Me and Se Strengthening capacity of utilities with benchmarking	Vodovod Bistrica Biljelo Polje (Montenegro, BiH, Serbia)	€ 75'000	€ 14'000	€ 89'000	€ 74'810	100%
Serbia	NC.2.14: Performance Improvement of water utilities in South Serbia	PUC Naissum Nis	€ 48'240	€ 11'850	€ 60'090	€ 35'244	73%
<b>Total</b>	<i>* reflects amounts after reassigning grant savings.</i>		<b>€ 735'453</b>	<b>€ 379'182</b>	<b>€ 1'114'635</b>	<b>€ 489'108</b>	<b>67% 74%*</b>

## ANNEX 7: DWP CURRENT FINANCIAL SITUATION

	COMPONENT		TOTAL
	1 (WB)	2 (IAWD)	
<b>Original amount</b>	<b>1'440'510 €</b>	<b>2'739'499 €</b>	<b>4'180'009 €</b>
Disbursed	1'206'208 € 84%	2'197'118 € 80%	3'403'326 €
<b>TOTAL PENDING WORK PLAN ACTIVITIES</b>	<b>110'000 €</b>	<b>574'500 €</b>	<b>684'500 €</b>
OTHER ACTIVITIES			
TS operation		88'000 €	88'000 €
Bank team operation	100'000 €		100'000 €
DANUBIS data collection platform		103'500 €	103'500 €
Jordan Conference		10'000 €	10'000 €
Documentation DWP, Phase I	10'000 €	10'000 €	20'000 €
Capacity Building Business Plan		20'000 €	20'000 €
<b>TOTAL</b>	<b>220'000 €</b>	<b>806'000 €</b>	<b>1'026'000 €</b>
<i>AVAILABLE in each window</i>	<i>234'300 €</i>	<i>826'000 €</i>	<i>1'060'300 €</i>
<b>Window Surplus</b>	<b>14'300 €</b>	<b>20'000 €</b>	<b>34'300 €</b>
<i>Available under Admin</i>	<i>84'300 €</i>		<i>84'300 €</i>
<i>Unallocated (both windows)</i>	<i>191'664 €</i>		<i>191'664 €</i>
<b>Overall surplus</b>	<b>310'264 €</b>		<b>310'264 €</b>