



## **CABO VERDE II**

### **MCC Learning from**

## **THE WATER, SANITATION, AND HYGIENE PROJECT IN CABO VERDE: INTERIM EVALUATION REPORT**

**MATHEMATICA, MARCH 2020**

MCC has identified the following programmatic and evaluation lessons based on the on the Water, Sanitation, and Hygiene (WASH) Project in Cabo Verde: Interim Evaluation Report.

### **PROGRAMMATIC LESSONS**

- *Building on existing reform efforts and coordinating efforts with other donors can improve impact and sustainability of policy and institutional reform.* It is challenging to fully implement complex sector reform activities from beginning to end within the five-year compact timeline. As discussed in the political economy analysis of the interim evaluation report, the compact built on work already being done in the WASH sector by the Government of Cabo Verde (GoCV), municipalities, stakeholders and other donors, particularly Luxembourg Agency for Development Cooperation (LuxDev). That work resulted in the development of corporatized water utilities on two islands in Cabo Verde. These earlier efforts contributed to building the political will for national water sector reform and corporatization of the water utility on Santiago Island, and served as a model for the compact reforms. While it was not realistic for MCC to complete all of the identified policy and institutional reform (PIR) needs in the sector in five years, and although by the end of the compact there was still work to be done, MCC's investments had moved the WASH sector beyond the point where the reforms could be reversed. At the end of the compact, the newly established institutions and utilities continued to need technical support. LuxDev, which had supported the reform process prior to MCC's compact continues to offer technical support to the entities created by the compact. MCC should focus on encouraging coordination with other sector donors to help to ensure that the reform work will continue when a compact closes. MCC should also be intentional about conducting PIR in settings where its investments can build on work already being done, or if MCC starts a PIR process, it should be clear how it will continue once MCC's timeline is up.

- *Financial incentives along with other key factors can move a reform process forward.* The interim evaluation concluded that availability of infrastructure grant funds helped to influence support of the reforms by persuading leaders of the municipal water utilities to join the new water utility, Águas de Santiago (AdS), in order to qualify for grant funds. But in addition, effective communications and stakeholder engagement were also important, and contributed to activities such as the retrenchment of municipal water utility staff and creation of a unified block tariff on Santiago Island. While financial incentives are important, they should be linked to other factors such as these to be effective.
- *Consider the need for sustainability of infrastructure grant facilities in project design and early on in implementation.* During the compact, the Fundo de Água e Saneamento (FASA) infrastructure grant facility funded capital investments for WASH utilities. In this context, the grant facility plugged the gap for funding but it was not a permanent solution to meeting utilities’ needs in this area. The interim evaluation report noted that without a successor to the FASA, there is no sustainable solution to how capital investments in the WASH sector will be financed. Not until well into the compact was it decided that establishment of a mechanism to sustain the FASA (the WASH Revolving Fund) should be a “stretch goal.” Near the end of the compact, the WASH Revolving Fund was established as a successor to the FASA to continue making funds available to water utilities. However, at the time of the interim evaluation, the WASH Revolving Fund was not operational—promised seed funding was no longer available, the fund had been merged into the government’s Environmental Fund, and no projects had been funded. In some settings, it might be enough for a compact grant facility to fill a funding gap, but in this case, a continuation mechanism for the grant facility can serve ongoing need for funds. Given the need, sustainability of infrastructure grant facilities should be considered early on. It may be challenging to establish the sustainability mechanisms in an opportune time to garner the needed buy-in and financial support from the Government and other donors to sustain the mechanism after the compact, so early planning is important.
- *Objectives to address the conditions of women and the poor must be integral to program logics and made a strong, shared priority in order to be effective.* Provisions to systematically address gender and the conditions of the poor at the national and utility levels were intricately integrated in policies, institutional organigrams, objectives, and strategy documents at the national and utility levels. Also, the National Agency for Water and Sanitation (ANAS) and AdS had gender and social units established with strategies, workplans and some activities underway by the end of the compact; however, these received little attention or support outside of the units, which operated mostly in isolation despite many efforts to mainstream. At the time of the interim evaluation, the social and gender units were not fully staffed and not very active. Gender and social inclusion objectives and activities must be core to program logics, shared priorities across all sectors and conveyed to the government as priorities with equal standing to the others, in order to ensure strong commitment from implementers during the compact to increase the chances that those stakeholders will prioritize gender and social inclusion results even after the compact has ended.
- *Allow flexibility where possible in contracting method for infrastructure works.* The interim evaluation observed that for this compact, “design and build” was a more effective approach than “design-bid-build” for contracting the infrastructure works. The first tranche of projects were procured through a “design-bid-build” process through which, MCA-Cabo Verde contracted with

a single responsible entity that designed the project and then bid the construction services out to a third party, which remained responsible for the implementation of the project. In Cabo Verde, many municipal governments submitted projects with relatively weak designs. MCA-Cabo Verde had to support these municipalities to strengthen their designs, which were not very strong, and then bid out and procure the construction component, which took more time. Whereas, the second tranche used a “design and build” approach, which along with greater support and supervision from MCA technicians in the design phase, enabled the works to proceed more quickly. This approach may also have been effective because the works were relatively straightforward, of short duration and had minimal resettlement which could be managed effectively. Having the flexibility to change its approach to contracting the works based on its experiences from the first tranche helped to minimize some of the MCA’s challenges in implementing this activity.

- *Sequencing infrastructure works and household connections can be challenging but there should be greater coordination between such activities when possible to increase access to the poor.* The two FASA projects on Sao Vicente aimed to expand the water and sewer networks. This island had one of the few cases where activities to provide subsidized connections through the Fundo de Acesso Social (FAS) interventions took place in the same community as the FASA. The evaluation found that the FASA and FAS activities missed out on the potential for synergy because network expansions happened after household connections in most neighborhoods and did not make as much progress as hoped toward reducing social inequalities in access to improved water and sanitation. As a result, projects should work to align implementation of infrastructure works to expand water distribution networks with activities that support subsidized household connections.
- *Consider network capacity when pursuing water access goals.* The interim evaluation report noted that of the households surveyed on Santiago Island, about 45% with a connection still only had water service for three or fewer days per week, on average. Consequently, although more households were connected to the water network, the proportion of households with intermittent supply was still relatively high. MCC’s investments sought to increase household connections to the network through pipe extensions under the infrastructure grant projects and through subsidized connections for poor households, and aimed to reduce technical losses through infrastructure grants intended to rehabilitate the network. The Japan International Cooperation Agency (JICA) had also been planning to build a desalination system to increase water supply. At interim, the evaluation did not find evidence of reductions in technical losses, the new desalination plant had not yet been built and the amount of water available for supply on the network had not increased. Projects that focus on increasing connections to the network should also consider how the network capacity could constrain or maximize benefits to connected households.
- *Validate expectations for changes in productive use of time as a result of time savings from reduced time spent fetching water.* Changes in productive use of time was built into the program logic as a key outcome of the compact. Evaluation results showed that time spent fetching water at the interim stage was relatively low on average, thus it is unlikely that households will realize increases in income on the basis of re-allocations of time spent on household activities to income generating activities as a result of time savings. It is not known at this time, however, whether changes in the quantity of water—or increased access to sanitation services—now available to households are inducing household time reallocations and subsequently changes in behavior relevant to the generation of income. MCC project logics in WASH no longer require time saved from a project to be “productive” for benefits to result. Projects should carefully examine the WASH context and

the assumptions and risks in the project logic to determine whether time savings is a valid benefit stream. Use of more granular data on the areas that are targeted (such as urban vs. rural data) may also be beneficial in this determination.

- *NGOs can be effective partners in project implementation to increase awareness, prepare communities to take advantage of new infrastructure and serve as a bridge between households and utilities.* All of the infrastructure grant facility projects were required to conduct IEC campaigns on topics related to explaining the infrastructure works to households in the project's catchment area, encouraging more households to connect to the piped water network, and addressing gender and social inclusion objectives. The interim evaluation found that the most effective approach seemed to be partnering with an NGO, whereas the contractor that attempted to just have in-house staff lead IEC activities fell far short of expectations in terms of community engagement and enabling disadvantaged households to benefit from the infrastructure. For the subsidized household connections through the FAS, NGOs were contracted to implement the project in local communities and to conduct IECs sessions on topics including, but not limited to, creating demand for household water connections and/or sanitation, reading and paying utility bills, conserving and handling water at home, and using and maintaining toilets. The NGOs' significant knowledge of and ability to bond with the communities in which they worked contributed to IEC that effectively engaged poor households to connect to the network and increased their WASH knowledge, and to the willingness of households, local government officials and technicians to donate labor and materials to extend the reach of the FAS. The interim evaluation found that "based on stakeholder reports, the work the local NGOs accomplished in Cabo Verde was one of the most resounding successes of the project." NGO's with experience working in project communities should be integrated into project implementation, particularly when high levels of community engagement is essential to achieving expected outputs and outcomes.
- *Flexible payment modalities were beneficial for poor households to gain a connection.* Under FAS, households that were selected to receive a subsidized connection were required to make a contribution toward the cost of connecting to the network. One of the NGOs implementing this activity recognized that requiring monetary contributions from households could be a barrier for poor households regardless of how inexpensive the contributions may be. The interim evaluation found that permitting households to contribute through labor and/or other in-kind payment helped to both maintain a lower project budget and generate local ownership over works. Projects should include options for flexible payment modalities where participant contributions are a requirement.

## EVALUATION LESSONS

- *Ground truth/pilot tests of new data collection tools are necessary.* The interim evaluation included an activity to use ultrasonic meters alongside the water utility's meters to assess meter inaccuracies and as a potential source of water consumption data. One of the challenges encountered in the ultrasonic metering activity, for example was that the meters purchased did not fit many of the boxes where they were to be installed. This issue caused delays in data collection and affected the water supply test response rate and sample size. Testing of the equipment prior to roll out would have determined whether or not these meters would work in this context and the challenge could have been avoided.

- *Primary data collected through the evaluation combined with administrative data can be useful to a utility.* Evaluation data on customer satisfaction and knowledge of bills can be useful for utilities that are nascent and lack the capacity to collect or analyze these data themselves. One of the outcomes assessed in the evaluation is the satisfaction of water utility customers and so the evaluators collected primary data on this topic. These data were particularly useful when combined with administrative data. The water utility found these data to be valuable and believed they could be used to better target customer messaging. It is important to consider whether and how to share results from data collection and analyses conducted for the purpose of an evaluation with the utility.