



DANUBE
WATER
PROGRAM

Smart policies, strong utilities, sustainable services

2019 ANNUAL REPORT

**DANUBE
WATER
PROGRAM**

March 2020

I. SUMMARY

1. This is the Danube Water Program (DWP)'s seventh Annual Report. The report covers activities that took place under the Program between January and December 2019. During this time, the focus of the program was directed at: i) the finalization of the 2018 update of the State of the Sector report; ii) the continued roll-out of the Danube Learning Partnership (D-LeaP) for sustainable water and sanitation; iii) the continued support to benchmarking activities, iv) the dissemination of knowledge through the Danube Water Conference (DWC) 2019 with the participation of more than 200 stakeholders from the region and participation in other key regional events and workshops; v) preparatory steps for the water security activities; and vi) the preparation and adoption of the Program's third phase Work Plan.
2. Since the program's onset, more than 860 policy makers, higher level technical and managerial staff from water institutions benefitted from cross-country capacity building activities. In addition, 123 utilities have participated and completed at least one course under the [Danube Learning Partnership](#) (D-LeaP), which are being delivered by eight utility associations that have established program specific [D-LeaP Hubs](#) across the region. Four countries have continued to use the [Data Collection Management](#) system (DCM) and are sharing data with [IB-NET](#) and [Danubis.org](#), with a total of 4,912 utility records available for the region (also shared by utilities from countries not using the DCM). The results framework of the DWP has been updated for the third phase following recommendations derived from the external review of the program to adjust targets and to measure results under the expanded scope of the activities towards water security topics (annex 1). The indicator targets, as defined under the third phase, are largely on track to be achieved.
3. The DWP's second phase closed with 100 percent disbursement for Component 2 and a 91 percent disbursement for Component 1 (approximately EUR 250,000 have been rolled over to the third phase). Disbursements by December 31, against the total budget of the three phases, amount to 65 percent for Component 1 and 88 percent for Component 2. Disbursements under the third phase are expected to further pick up in the first half of 2020 with the implementation of new activities. The Bank team and IAWD have elaborated an update for the Work Plan which was endorsed by the Steering Committee in November 2019, further specifying the activities for the third Phase of the Danube Water Program from 2019 to 2021.
4. The [Danube Water Conference \(DWC\) 2019](#) took place on May 20-22 in Vienna. This edition of the conference under the overarching topic "Achieving resilience in water and wastewater utilities in the Danube region" brought together 200+ people coming from 25+ countries representing a wide range of stakeholders of the water sector, that discussed the way forward towards smart policies, strong utilities and sustainable services. The participating country and sector delegates reflected throughout the Conference on the water challenges for the region in the context of resilience - and how sector institutions can work better together, including policy makers, local governments, the utility sector and national associations to achieve this. The DWP team has received excellent feedback from participants. The Conference's presentations were posted [online](#) and a [closing report](#) (including the inputs from the Young Water Professionals team) was prepared by end of June and made available on the website and to all participants.
5. Under Component 1 (Bank executed), all regional analytical activities planned for the program's second phase have been completed and published. The results of the State of the Sector report 2018 Update were presented at the 2019 Danube Water Conference. The full report can be accessed at <https://sos2018.danubis.org/>. During this reporting period, the World Bank team has begun defining the analytical activities to be financed under the third phase. These include *inter alia* the elaboration of a water security analysis for the Danube region, followed by further detailed analytical and advisory work on both water security and water and sanitation related subjects depending on the country's priorities. At country-level, analytical and advisory work are defined and regularly updated according to ongoing results and future strategic priorities under the third phase. Benchmarking, regulatory and policy support for the water supply and sanitation sector will also continue in the third phase.
6. Under Component 2, the focus has been on the continued roll-out of the D-LeaP programs towards ensuring their sustainable implementation. During this period a series of workshops were held in Serbia for the Utility Benchmarking Program (Danube Hub), in Bosnia and Herzegovina for energy efficiency (Aquasan) and in North Macedonia for the Water Safety Planning course (ADKOM). Overall commitment to the idea of D-LeaP remains strong, but additional support is needed particularly to secure the launch of

the Hubs. In general, the establishment of the Hubs is proceeding more slowly than planned (the major reason seems to be anxiety of financial obligations). The team is exploring alternatives for external funding, in addition to strengthening the D-LeaP business plan model. In terms of communication, the team has hired an expert for the development of a communication strategy to better disseminate and raise awareness about the DWP products.

II. COMPONENT 1 PROGRESS

Overall situation

7. The Bank team continues to work on the analytical, policy advice and regulatory support activities of the program. During the period of January to December 2019, the team focused on finalizing the State of the Sector report, the preparation of the Danube Water Program third phase, the on-boarding of the new Program leader, and the preparation and adoption of the Work Plan to define the activities to be supported under phase III of the program. The team continues to support dialogue among policy makers in the region, provide advice on benchmarking activities and actively participate in knowledge exchange activities on key technical topics such as rural water services and urban wastewater management. The bank team also continues supporting IAWD in the implementation of the D-LeaP Water Safety and Crisis Management course which is being successfully rolled-over by ADKOM in Macedonia.

8. During 2019, there have been two changes in the composition of the team. Mr. Raimund Mair joined as incoming Program Leader to respond to the expanded scope of the program towards water security topics. Ms. Patricia Lopez will remain as co-Task Team Leader together with Mr. Stjepan Gabric, and each of them will continue to lead specific water supply and sanitation activities as core team members of the DWP team. In addition, Ms. Kathia Havens joined the team in October 2019 replacing Ms. Elvira Broeks, as the new program analyst for the Danube Water Program.

9. The following section describes in more detail the progress achieved under each of this component's activities.

Main activities

10. The main activities under Component 1 included:

- ▶ **State of the Sector (SoS) Report 2018 Update.** The State of the Sector 2018 Update was published in June 2019 at <https://sos2018.danubis.org>. The results were [presented](#) at the 2019 Danube Water Conference to more than 200 attendees from the Danube region's ministries, regulatory agencies, utilities and utility associations. The SoS 2018 presents the state of knowledge on water supply and sanitation (WSS) challenges and opportunities in the Danube region according to the latest available data following the same approach and methodology as the SoS 2015, and it identifies trends and sector progress since the first edition. The report highlights a number of positive trends, such as the proportion of the population receiving water supply by a formal utility service provider (as opposed to informal, locally managed cooperatives or self-provision) has notably increased; the quality of both the services and utility performance is showing positive trends in most countries; overall sector financing has increased and is flowing to the sector, albeit not at the required amounts; and cost recovery levels are generally increasing. However, the access to services agenda and ensuring "last-mile" delivery to reach universal access to the three services (water, sanitation and wastewater management/collection and treatment), particularly in rural areas continues to lag. Additionally, WSS utilities are not always well run, performing satisfactorily nor operating on a financially viable basis. Therefore, dissemination of the report is an important priority to raise awareness and to further engage in discussions on the required actions.
- ▶ **Dissemination efforts.** Following the publication of the State of the Sector Report – Update 2018 (SoS 2018), the Bank team prioritized dissemination efforts of DWP analytical work related to water supply and sanitation. These included presentations at conferences (Network of European Water Service Regulators in Budapest and Rome, Danube River Basin Commission, UNECE Conference of the Parties to the Protocol on Water and Health, Serbia Water Forum in Belgrade) and meetings at country level (missions to Montenegro and Serbia). Further dissemination efforts are planned, including presentations at meetings and conferences and the submission of hardcopies, based on a list of relevant institutions, including regulators, ministries, water associations, Bank CO's and international organizations. The team will continue using the report's recommendations to advance the dialogue with country counterparts.
- ▶ **Regional Water Security Diagnostic.** This is a new planned analytical activity for the DWP's third phase. The Danube region is undergoing many demographic, economic, climate and technological changes. Although important work on integrated water resource management is ongoing since many years, an analysis from the aspect of water security is still lacking, which would be relevant to inform a focused

policy dialogue towards building a water secure future for the Danube region. Based on the outlined considerations, a Water Security Diagnostic for the Danube region will be conducted, exploring the linkages between water and important development topics. The Water Security Diagnostic will result in two complementary products: a (i) Regional Water Security Diagnostic, presenting a comparative analysis of the situation in the Danube region; and (ii) Water Security Country Notes, presenting a short and structured account of the results for the analyzed countries. Data collection on basic water security indicators is ongoing and talks with potential institutions supporting the development of the Diagnostics have been held in autumn 2019. Contracting and launch of the diagnostics are planned for the first half of 2020.

- ▶ **Regional knowledge exchange and capacity building.** Activities on topics relevant to the regional community of knowledge in water policy and governance remains one of the most important activities in the 3rd phase of the DWP. In May 2019, discussions around water utility sector reform in the frame of a Program-for-Results workshop were held in Vienna with government representatives from Albania, Bosnia and Herzegovina, and Romania. During the implementation of the third phase, this activity will be better defined to include a number of regional knowledge exchange activities on topics relevant to the regional community of knowledge in water policy and governance. In the latter half of 2019, discussions between Danube countries in the frame of the Danube River Basin Commission (ICPDR) (last related meetings held in October and December 2019) revealed that wastewater management and treatment remain a key topic of concern for the countries in the region, generating strong demand for knowledge and experience exchange. Topics that are found to be of particular interest include inter alia: rural wastewater collection and treatment, storm water runoff collection and treatment, individual wastewater solution, UWWTD alignment and sustainability of wastewater management under EU directives. In order to address this articulated need, and following the request from participating countries, targeted wastewater management workshops are planned to be organized in the frame of the DWP in 2020, that would focus on exchanging experience on: a) financial sustainability of wastewater management (present and future), and b) rural wastewater management. Both workshops will be used for presenting and discussing recent papers/studies/projects that are relevant for the topic prepared in the frame of the DWP, ICPDR, and at EU level (including the results of the recent UWWT evaluation) in order to make it a knowledge dissemination event, focus on specific selected areas of wastewater management.
- ▶ **Policy Support.** The team continued close policy dialogue through country visits in several countries, including Albania, Bosnia and Herzegovina, Serbia, and Montenegro. During the November visit of the World Bank team to **Serbia**, and following discussions with relevant national stakeholders, it was agreed to intensify efforts on identifying targeted support that the DWP can provide to Serbia. The main elements of a future WSS sector reform are expected to include the regionalization of water utilities and a change of the tariff model to allow for sustainability and service regulation. Regarding **Montenegro**, a water sector reform has been under preparation for some time (a part of it also included the establishment of the Regulatory Agency), which was already supported by DWP Phase II. Considering the good results achieved so far, the Bank team is planning to continue with targeted support needed to finalize the ongoing developments. The most critical support needed by the line Ministry (Ministry of Sustainable Development and Tourism) and Regulatory Agency, as flagged during the July 2019 Mission, is technical support in the finalization of the utility aggregation process, and the finalization of the tariff setting methodology in form of targeted expert advice and guidance.
- ▶ **Regional support on WSS sector regulation.** A roundtable discussion was held in May 2019 with representatives of the regulatory agencies of the Czech Republic, Hungary, Kosovo and Montenegro, as a side meeting to the Danube Water Conference. The objective of the meeting was to share experiences in the regulation of water services in the countries, including the use of the DCM platform for data collection and benchmarking. As an agreement of the meeting, the DWP team will hold further discussions with interested regulatory agencies to define specific activities to be supported in the third phase. The approach will be to provide targeted regulatory policy support to one or two regulatory agencies rather than organize more general knowledge exchange workshops. A second roundtable discussion with regulatory agencies is planned to be organized in the frame of the Danube Water Forum 2020. Regarding individual countries, in **Montenegro** the water utility benchmarking report covering the period 2015-18 was prepared by the Regulatory Agency with DWP support and published in October 2019. This is the first such report ever published in Montenegro, and an important step towards more efficient regulation of water services. Since the Water Department in the Agency has only recently been established, there is a need for Bank support in capacity building, and finalization of legal regulatory framework. Considering demonstrated commitments and willingness to develop further, the DWP and the Bank is willing to support this effort with concrete actions developed in early 2020. The team is prepared to provide similar

assistance to the Regulatory Agency of **North Macedonia**, which is in a similar situation. However, support will only be considered after receiving a formal request and evaluating its justification. Last, in **Albania**, the Albanian WSS Regulatory Agency (ERRU) has requested support for expert advice in developing upstream work needed for a new tariff setting methodology in Albania and this is expected to be supported during 2020. Terms of reference are under preparation, and the new tariff model would be rolled-out under the World Bank new upcoming programmatic operational engagement.

- ▶ **Regional exchange on Water Security topics.** This activity is in the planning stage. The analytical work and exchange to be held with relevant institutions and stakeholders for the elaboration of the Water Security Diagnostic for the Danube region will allow to identify specific key-topics where a further in-depth analysis and exchange is considered as particularly beneficial. The identification of such topics will be conducted based on the (draft) results of the analytical work and in exchange with relevant representatives and stakeholders. Closely following the discussions amongst water authorities from Danube countries in the frame of the International Commission for the Protection of the Danube River (ICPDR), the preliminary identification of relevant topics includes Water Scarcity and Droughts which is increasingly becoming an issue also in the Danube catchment.
- ▶ **Data Collection and Benchmarking Activities (jointly executed with IAWD).** Support to national benchmarking activities has been further defined, as countries have rolled-out the DANUBIS DCM platform as a data collection and management system (BiH, Serbia, Kosovo, North Macedonia and Montenegro) and the need for continued support for local capacity building and data collection exercises has been evidenced. In June, a number of training workshops were held to train 35 staff from 17 utilities on the utilization of the DCM platform in Bosnia and Herzegovina. Meanwhile, resources have been allocated to national benchmarking activities in Albania, Bulgaria, Moldova and Ukraine, aiming to maximize the use of DANUBIS DCM. The ultimate goal is to support the existence of a performance data collection and benchmarking system in each country to inform sector policies and the WSS utility industry at national level, as well as to make publicly available utility performance information (needed to conduct international benchmarking, tracking official aid effectiveness, undertaking research and analytical work, and overall to add to global sector knowledge for evidence-based policies). Additional measures to ensure the success of this activity are discussed below under *Challenges encountered*.

Challenges encountered

11. The main challenges under Component 1 included:

- ▶ Finalizing the State of the Sector 2018 Update for the 2019 Danube Water Conference given the tight timeline for delivery. Thanks to coordinated efforts between the firm in charge of data collection, consultants and core team members, the results of the report were presented during the 2019 DWC. However, for future analytical work it will be necessary to set-up a delivery timeline that allows for unexpected delays.
- ▶ Ensuring the onboarding of the new DWP staff, on the Bank side: program leader and program analyst, given the broad range of targeted countries and activities of the program. Therefore, the core team has held various meetings with the new program leader, and the new program analyst is being trained for a smooth transition.
- ▶ Progress regarding Policy Support to Serbia has been slow due to a current dispersion of responsibilities in the country and lack of adequate resources needed to manage the sector at the central level and moving forward the reform agenda. The Serbian Water Directorate sent a list of assistance needs which are evaluated by the team. This includes also an exchange with the Delegation of the European Union to Serbia in order to coordinate the envisaged activities.
- ▶ The aim of benchmarking activities under the Danube Water Program are (i) to achieve national PI data collection in each supported country; and (ii) to offer the IAWD Utility Benchmarking Program (UBP) for every country (format to be discussed). In December, a Utility Benchmarking exchange was held, discussing status updates in each country as well as specific issues to be addressed. Some of the overarching issues are summarized here: (1) the activities regarding national PI data collection and utility benchmarking need to be managed on a complementary level, thus the relationship between the platforms in use, i.e. IAWD UBP and DANUBIS DCM needs to be further clarified for relevant actors in the region. (2) For UBP, IAWD's commitment under Phase 3 is to secure UBP in the four Hubs established. However, the financial support to each of these Hubs has been reduced.

For the Danube Hub at least 30 utilities are needed to achieve sustainability. (3) It is critical to link UBP to other D-LeaP programs as well as small-scale IFIs investments. Overall, more participants are needed in the program and recruitment to the platform should be seen as a priority. Joint activities, including exchange and discussions with IFIs and donors, may allow to increase participation in the IAWD UBP.

Priorities for 2020

12. The main priorities for 2020 under Component 1 and for the World Bank team with the DWP are the following:

- ▶ Further dissemination of the State of the Sector Report 2018 Update to spur sector dialogue with individual countries around policy reforms;
- ▶ Further deployment of the water security related activities, linked with the regional analytical work conducted for the ECA region. This will include the preparation of a methodology for the water security assessment and benchmarking activities, and more detailed assessments and modeling for the Danube region. Furthermore, more detailed work on topics of particular relevance for the Danube region are planned to be initiated in the first half of 2020, whereas the topic of integrated drought risk management is under discussion.
- ▶ Deepen policy and institutional support in the program's countries where there is stronger willingness to implement policy recommendations developed under the program, establishing where possible strong links with World Bank operational engagements and other IFIs;
- ▶ Further support under D-LeaP for the roll-out of the curriculum for the Water Safety Planning course, expansion towards the risk-related assessments by using the remaining funds from GFDRR and launch of the D-leaP program on Financing of Municipal WSS Services/Utility Financing (starting in BiH);
- ▶ Collaborate and support IAWD in the design of the Utility Management Training, exploring linkages with global work by the World Bank under the Utilities of the Future Initiative and others (see description in Component 2 section);
- ▶ Continue supporting the training of utility's staff in data collection and validation using the DCM platform, and close coordination with the IAWD team for encouraging utility participation in the D-LeaP Utility Benchmarking Program;
- ▶ Integrating DANUBIS.org in the new Communication Platform that is developed in the context and as a follow-up to the DWP Communication Strategy which is under development, promoting its usage, seeking partnerships for the use of the platform as widely as possible and exploring the use of social networks to increase its current usage, jointly with IAWD;
- ▶ Supporting IAWD's strategic reform agenda and evolution with the aim of ensuring long-term sustainability of the DWP's impact;
- ▶ Further facilitation of the discussions on improving the coordination of Capacity Development activities in the frame of RCDN and D-LeaP;
- ▶ Update of the DWP Phase III Workplan for discussion at the mid-2020 DWP Steering Committee Meeting, taking into account expected effects of the coronavirus pandemic on the implementation of activities and related timeframe.

III. COMPONENT 2 PROGRESS

Overall situation

13. In 2019, rollout of the Capacity Building Programs (D-LeaP) has continued and efforts have been focused on achieving sustainability. There has been an emphasis on organizing utility benchmarking and data collection efforts using DCM and a revised Utility Benchmarking tool (IAWD Utility Benchmarking Platform – IAWD UBP) which will make the program more economically viable. The Danube Water Conference was a key focus in this period. The team has taken efforts to secure long-term capacity to manage the activities beyond the end of the Phase 3. Unfortunately, due to the lack in clarity regarding IAWD's role in RCDN, the position for RCDN coordinator is still open at the end of this period and IAWD involvement in RCDN has been on hold.

14. Discussions have taken place at donor level and facilitated by the Bank on coordinating the support available for capacity building activities through the RCDN project managed by GIZ and funded by SECO and BMZ. The exchange resulted, in a first step, in increased awareness on the need to coordinate Capacity Development activities under RCDN with the DWP activities conducted in the frame of D-LeaP, and to discuss general principles and possible future scenarios for improved coordination. The significant efforts are continued and progress to find practical solutions to overcome the current stalemate is expected in the frame of the RCDN mid-term review and follow-up discussions taking place in the first half of 2020.

Main activities

15. The main activities under Component 2 included:

- ▶ **Danube Learning Partnership.** IAWD continued to put considerable energy into ensuring the sustainability of D-LeaP and an effective rollout in more countries. The contract with an individual consultant, who supported the roll out of the D-LeaP in different countries and who has been key for identifying challenges and solutions, has been continued. Two D-LeaP Committee Council meetings were conveyed in May and November 2019. The meetings identified the need for a strategic rethinking of some of the elements of the program. In the second meeting the Annual Report 2018 has been acknowledged by the D-LeaP Committee Council and further been submitted to the IAWD Board. In addition, the draft Annual Report for 2019 as well as the draft Work Plan for 2020 have been discussed and will be finalized for the first meeting in 2020.

Figure 8.1 and 8.2 in the Annex summarize the key characteristics of each of the programs as well as the number of trainers trained and the number of Hubs and the status of implementation by each Hub. In total over 337 utilities have participated in the Capacity Development activities under D-LeaP (including UBP). The progress on the individual programs has been as follows:

- **Energy Efficiency:** AQUASAN has successfully delivered the first cycle of Energy Efficiency in BiH. WASS has signed a Hub Agreement for roll out in South Serbia and SHUKALB for roll-out in Albania/Kosovo (launch pushed to 2020 due to earthquake). Meanwhile, Synergies with ESMAP and other potential trust funds need to be explored for additional funding.
- **Commercial Efficiency:** a tailored offer was developed by ADKOM for three water utilities in North Macedonia that are supported by SECO.
- **Non-Revenue Water:** A Hub Agreement with UVCG for the delivery in Montenegro is under preparation. Peer-to-peer activities between UVCG and AQUASAN are ongoing and supported by RCDN, however the amount of the Equipment Grant is still under discussion. The regional water supply company will act as utility host. The Hub in BiH delivered by AQUASAN is in its third cycle, with two workshops already delivered.
- **Asset Management:** The Hubs in BiH (delivered by AQUASAN) and Serbia (delivered by UTVSI, also covering Montenegro and North Macedonia) have finalized the third cycle of the

program. The first cycle of Asset Management has almost been finalized in Kosovo (delivered SHUKOS) and Albania (delivered by SHUKALB). Technical support is currently being subsidized by both IAWD and GiZ. Therefore, there needs to be further discussion on sustainability of the program – particularly as under the current setting the DWP closes in 2021 and GIZ funds will fade out in 2021/2022 (end of 2021 for AQUASAN/UTVSI and end of 2022 for Alb/Kos). A sustainability workshop is planned for 2020.

- **Water Safety Planning:** The Hub in North Macedonia delivered by ADKOM has successfully implemented the first cycle of the program. SHUKOS has delivered a preparatory workshop and launch for Alb/Kos is scheduled for early 2020 (although follow-up support is needed).
 - **Utility Management Training:** A concept for a Utility Management Program (Curriculum) was presented and discussed at the Danube Water Conference. Progress on securing support for the initiative was achieved in the second half of the period and an expansion and modification of the existing curriculum in a new delivery scheme has been worked on. The concept and basic steps for this have been adopted by the D-LeaP Committee Council in November and a formal decision on launching will be made at the 2020 Council meeting. Finally, linkages with global work by the World Bank under the Utilities of the Future Initiative and others are being explored.
- ▶ **Benchmarking for Utility Improvement and Leading utilities Benchmarking Program (IAWD Executed):** Under the Utility Benchmarking Program, the fifth cycle has been successfully delivered in three Hubs (Bulgaria, Ukraine and Kosovo/Albania) as well as the second cycle for the Danube Hub. The second Danube Hub utility benchmarking exercise, which started as a pilot in late 2017 and finished in May 2018, concluded with a very positive final workshop in Subotica in March 2019 (2017 data). Local Government officials also participated in the event and overall support for expanding this initiative seems to exist. The CEO dinner for Danube Hub utilities took place in the context of the Danube Water Conference in Vienna on May 22. Most of the utilities continued to participate in the third cycle of the Danube Hub in 2019 (2018 data), but also a number of new utilities from all 17 countries of the Danube region will join the Danube Hub and recruitment efforts are underway to expand participation. Important changes were initiated in the Utility Benchmarking Program, with the change from use of the EBC Platform to a new data upload platform and reporting tool (the IAWD Utility Benchmarking Platform - UBP), for which considerable effort was invested. This will increase the economic viability of the Program.
- ▶ **DANUBIS.org Water Platform (jointly executed with World Bank).** Regarding the use of DANUBIS.org and other communication and outreach activities under the program, the need to strengthen related activities has been further discussed and agreed. IAWD has prepared Terms of Reference to hire expert support (through an individual consultancy), to help delineate a communications strategy and action plan, considering the need to update/revise existing websites and the potential for the use of social media to increase and take advantage of communication and outreach opportunities which could improve the knowledge sharing and development of a regional community of practitioners through the DWP platform. This activity will be essential to increase the profile of the work and to secure support for further activities and active participation of utilities in all the programs offered.

Challenges encountered

16. The main challenges under Component 2 included:

- ▶ The uptake of the D-LeaP activities continues to be slower than expected but results in some countries (BiH, North Macedonia) show significant progress. The completion of the Annual Reports and the updated Work Plan have documented in detail the progress and measures to address problems. Utility associations have been cautious to commit to launching of the programs because of concerns about securing the participation of utilities given the level of fees necessary to maintain the offer by the Hubs. As mentioned above, a consultant has been hired under the program to support the Hubs in initiating actions and in further promoting the programs with regional utilities. Regular fine tuning and efforts to support the Hubs is needed and continued financial support may be needed to keep the momentum going. Securing sufficient funding to support existing Hubs and to launch new Hubs will be a challenge in the coming year.

- ▶ Creating synergies between D-LeaP and the Regional Capacity Development Network project (RCDN) developed by GIZ has continued to create challenges, as capacity building activities with partners such as those under D-LeaP, and additional activities focused on local municipal governments, are also the goals and focus of the RCDN project. SECO and BMZ, deploying GIZ as an implementing agency, have committed to involving IAWD in the implementation of the RCDN but the efforts to do so have been weak and some direct overlap between the programs has existed. Effort to secure staff complementarity with DWP staff were undertaken by IAWD but the position is now vacant as a result of GIZ's request to keep the position open. Suggestions to address this problem at donor level have been made by IAWD leading to discussions between the Austrian Federal Ministry of Finance and SECO, which is facilitated by the Bank, to resolve this issue. This conflict will need to be resolved in the interests of ensuring progress in creating synergy between the activities.
- ▶ Key elements of IAWD strengthening (membership offer, business plan adoption, membership brochure, website etc.) have continued despite some set-backs. The IAWD General Assembly was held in May 2019 and new members and utility associations participated. Members at the General Assembly were committed to move forward on key elements for ensuring strengthening of IAWD going forward. The General Assembly also approved the decision of the IAWD Board to change IAWD's English name to International Association of Water Service Companies in the Danube River Catchment Area to reflect the expanding scope of the association from water supply to wastewater. The Strategic Vision and Strategy for IAWD development from the consultant hired to prepare a document for internal discussion was presented. Members were positive on the results and next steps in refining the document and confirming the vision and strategies for IAWD development are underway. Based on this document it was agreed in the last Implementation Support Mission in December 2019 that IAWD will prepare by March 2020 an action plan for implementing IAWD's strategy.

Priorities for 2020

17. The main priorities for the next year under Component 2 and for the IAWD team are the following:

- ▶ Further strengthen the uptake of D-LeaP programs and launch of D-LeaP Hubs and capacity building programs (Asset Management, Energy Efficiency, Non-Revenue Water, Commercial Efficiency, Water Safety Planning, and Utility Benchmarking Program) and the implementation and management of the D-LeaP Learning Management System (D-LeaP Academy);
- ▶ A revision of the Business plan for D-LeaP is in preparation to document more clearly the expected income and long-term sustainability of the activities;
- ▶ Developing the Utility Management Training Curriculum, exploring synergies and linkages with the global work by the World Bank under the Utilities of the Future Initiative, and identification of additional funding sources supporting the roll-out of the program;
- ▶ Creating an exchange with IFIs and other donors in the region to establish a funding strategy for D-LeaP and benchmarking activities in the region;
- ▶ Ensuring the creation and utilization of synergies between the ongoing D-LeaP activities and the RCDN project;
- ▶ Creation of an Action Plan for implementing IAWD's Strategy will be completed and used to create a more solid foundation for IAWD to manage its future development and secure the needed capacities and organizational reforms to assist this process;
- ▶ Support for the national water utility associations;
- ▶ Full implementation of the IAWD Utility Benchmarking Platform in all UBP Hubs and further recruitment of utilities to the Danube Hub;
- ▶ Ensuring the DANUBIS DCM platform is used by participating institutions and that data for 2017 and 2018 is collected, continuing to curate the knowledge and promoting the usage of the DANUBIS.org, (including exploring the use of social networks to increase its current usage) jointly with the WB team.
- ▶ Implementation of IAWD's communication strategy

18. The situation which emerged with the coronavirus pandemic may impact the delivery of some of the programs because of the inability of meetings to take place and the stress that exists on the workforce in water utilities. It is hoped that the problems in this respect are short term and that in some instances virtual meetings and other measures can be used to compensate for the inability of organizing personal meetings. This issue will be evaluated carefully to determine if strategies for managing the existing delivery of programs (D-LeaP and UBP) need to be revised based on the health situation and measure taken to control it.

IV. ANNEXES

1. Results Framework

PDO LEVEL RESULTS INDICATORS	Base-line		Cumulative Target Values									Status	
			PHASE I				PHASE II			PHASE III			
			2012	2013	2014	2015	2016	2017	2018	2019	2020		2021
Indicator One (New): [NUMBER] of participating utilities that have improved their operational performance as a result of a capacity building program under the Danube Learning Partnership.	0	Planned								5	15	20	Delayed
		Actual								2			
Indicator Two (Revised): [NUMBER] of participating countries that have implemented and are using a sector information system to track utility performance and are sharing data with IB-NET Danubis.org.	5	Planned	3	3	4	6			6	8	9	10	Achieved
		Actual	3	3	4	5	7	8	8	10			
Indicator Three (New): [NUMBER] of participating utility associations that have established a hub and are delivering capacity development programs under the Danube Learning Partnership.	4	Planned								5	6	7	Exceeded
		Actual						4		8			
Indicator Four (New): [NUMBER] of target countries in which regulatory and policy recommendations for the water sector have been discussed, endorsed and are being implemented.	0	Planned								2	5	7	On track
		Actual								1			
Indicator Five (New): [NUMBER] Cumulative income generated by IAWD from the implementation of DWP activities (in EUR).	0	Planned								25000	65000	165000	On track
		Actual								30536			

Note: For PDO Level Indicator One a specific approach for tracking the improvement of operational performance will be developed and the Results Framework subsequently updated.

INTERMEDIATE LEVEL RESULTS INDICATORS	Base-line	Cumulative Target Values										Status	
		PHASE I				PHASE II			PHASE III				
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
Intermediate Result (Component One): Developed regulatory and policy instruments for improved country framework conditions in Water Supply and Sanitation and Water Resources Management (BETF)													
Intermediate Result indicator One (Revised): [NUMBER] of target countries in which regulatory and policy recommendations on water supply and sanitation have been discussed by decision makers.	0	Planned	0			8			8			10	Achieved
		Actual		0	2	5	7	7	9	10			
Intermediate Result indicator Two (Revised): [NUMBER] of water supply and sanitation sector regulation and policy reviews conducted.	0	Planned	0			11			22			40	On track
		Actual		0	0	16	17	19	28	36			
Intermediate Result indicator Three (New): [NUMBER] of policy makers, higher-level technical and managerial staff from participating countries that benefited from cross-country capacity building activities on water security topics	0	Planned										40	On track
		Actual								0			
Intermediate Result indicator Four (New): [NUMBER] of sector regulation and policy reviews conducted in water security topics	0	Planned										5	On track
		Actual								1			
Intermediate Result indicator Five (Revised): [NUMBER] of utility records reported to IBNET/DANUBIS from participating countries.	0	Planned							3500			5300	On track
		Actual				3896	4206	4313	4727	4912			

Intermediate Result (Component Two): Increased institutional capacity in participating utilities (RETF)													
Intermediate Result indicator Six (Revised): [NUMBER] of participating utilities that have completed an operational performance improvement program under the Danube Learning Partnership	0	Planned	0			15			70			120	Exceeded
		Actual		0	22	49	49	50	79	123			
Intermediate Result indicator Seven (Revised): [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			350			730	Exceeded
		Actual		85	200	367	515	607	701	861			
Intermediate Results indicator Eight (Revised): [NUMBER] of female representatives that benefited from capacity building activities.	0	Planned							100			280	Exceeded
		Actual				134	197	229	252	307			
Intermediate Results indicator Nine (New): [NUMBER] of curricula developed and offered under the Danube Learning Partnership.	5	Planned										8	On track
		Actual							5	6			
Intermediate Results indicator Ten (Revised): [NUMBER] of water utilities that the project is supporting.	0	Planned							150	195	210	230	On track
		Actual				108	114	135	182	201			
Intermediate Results indicator Eleven (New): [NUMBER] of new members joining IAWD.	0	Planned										9	On track
		Actual							0	3			
Intermediate Results indicator Twelve (New): IAWD revises its membership categories and adopts a revised fee structure	0	Planned								Yes	Yes	Yes	Delayed
		Actual							No	No			
Intermediate Result indicator Thirteen (Revised): [NUMBER] of participating utility associations that are implementing their business plans.	1	Planned							6				Completed
		Actual				0	0	1	8				
Intermediate Result indicator Fourteen (No change): [NUMBER] of Competitive Grants completed as planned.	0	Planned							20				Completed
		Actual				12	12	17	21				

Note: In relation to Intermediate Result Indicator Twelve IAWD agreed during the Implementation Support Mission in December 2019 to prepare by March 2020 an action plan for implementing IAWD's strategy, which also addresses the revision of the membership categories and adoption of the fee structure.

2. Disbursement levels¹

All amounts in EUR 1,000

Component	Starting Balance	Annual Disbursements	Ending Balance	Undisbursed Balance	% disbursed
Component 1 / World Bank	2,624	595	3,219	2,041	61%
Component 2 / IAWD	5,725	740	6,465	861	88%
Total	8,349	1,335	9,684	2,902	77%

3. Missions and technical visits

Dates	Location	Participants ²	Purpose
30 January – 1 February	Skopje, North Macedonia	Philip Weller, Walter Kling, Katherine Wagner	RCDN Management and PIT Meeting
20-22 February	Pristina, Kosovo	Philip Weller, Rado Russev	SHUKOS and SHUKALB Joint Board Meeting incl. introduction to NRW program
24-26 February	Tirana, Albania	Philip Weller	AM Steering Committee Meeting and Launch AM Hub Albania and Kosovo
27 February – 1 March	Subotica, Serbia	Philip Weller, Walter Kling, Katerina Schilling	2nd Danube Hub Benchmarking workshop (back to back with the conference Joining Forces toward better services)
8-11 April	Sarajevo, Bosnia and Herzegovina	Philip Weller	4th Regional Conference “Modernisation of Water Services in B&H”
16-19 April	Budva, Montenegro	Stjepan Gabric	Policy dialogue
9-10 May	Belgrade, Serbia	Philip Weller	AM sustainability workshop
20-21 May	Vienna, Austria	Raimund Mair, Patricia Lopez, Stjepan Gabric, Elvira Broeks, Philip Weller, Katerina Schilling, Anna Koch	Danube Water Conference

¹ As of December 31, 2019. The table takes into consideration a total budget for Component 2 of 1.47 Million EUR for Phase III as outlined in the Grant Agreement between the Bank and IAWD. This will be taken into consideration for the preparation of an updated DWP Workplan to be presented for endorsement at the DWP Steering Committee Meeting in mid-2020.

² Only core IAWD and WB team members' travel is included

Dates	Location	Participants ²	Purpose
5 June	Budapest, Hungary	Raimund Mair	Water Connects – Enabling the Environment for Investments in the Water Sector – Lead-up event to the 2019 AIIB Annual Meeting and the Budapest Water Summit, Budapest
13-14 June	Vienna, Austria	Raimund Mair, Patricia Lopez, Stjepan Gabric, Elvira Broeks, Philip Weller, Katerina Schilling, Anna Koch	DWP Implementation support mission and handover
17-18 June	Bratislava, Slovakia	Raimund Mair	Water Resources Protection Conference 2019 – From environmental goals towards drinking water quality: Presentation of key results of the Danube Water Program and plans for the 3rd phase;
26-27 June	Budapest, Hungary	Raimund Mair	Participation at 17 th ICPDR Standing Working Group Meeting; Presentation key results of the Danube Water Program and plans for the 3 rd phase; discussion on planned water security activities due to relevance for ICPDR's IWRM agenda.
22-25 July	Kiev, Ukraine	Philip Weller	Meetings with IFIs and work to assist in the formation of the Danube Water Centre Ukraine
9-10 September	Munich, Germany	Philip Weller	Participation in a Meeting with Ukrainian water utilities at an event at the Bayern Ministry of Environment
22-24 September	Bucharest, Romania	Philip Weller	Participation and Presentation at the IWA/ARA Regional Water Loss Conference
1-2 October	Prague, Czech Republic	Katerina Schilling	Pre-conference workshop on utility benchmarking at the Eastern European YWP Conference
19-24 October	Brisbane, Australia	Philip Weller	Participation in the International River Symposium
5-8 November	Pristina, Kosovo	Philip Weller	Participation and presentations at the Balkan Joint Conference
5-8 November	Pristina, Kosovo	Patricia Lopez	Key note presentation of SOS at the Balkan Joint Conference
21-22 November	Belgrade, Serbia	Stjepan Gabric, Raimund Mair	Meeting with UTVSI, Serbian Water Directorate, Jaroslav Černi Institute and Delegation of the European Union to Serbia
3-6 December	Ivano Frankisk, Ukraine	Philip Weller	Participation at the Year End Ukraine Benchmarking Hub Workshop

4. Regional Events, Trainings and conferences

Dates	Location	Number of participants	Purpose
12 February	Skopje, Macedonia	50	Promotional event for Water Safety and Crisis Management Program
20 February	Prishtina, Kosovo	20	Kosovo & Albania HUB - Final Workshop to Complete the Fourth Benchmarking Cycle
26 February	Tirana, Albania	70	Kick-Off Workshop of the “Asset Management Advisory Services to Water Utilities in South East Europe” Project
27 Feb – 01 March	Subotica, Serbia	90	2nd Danube hub Benchmarking Workshop
26 March	Banja Luca, Bosnia and Herzegovina	10	First Training Cycle on Energy Efficiency - Aquasan
26 – 29 March	Tirana, Albania	50	Training of Trainers and Training of users in the framework of the “Asset Management Advisory Services for Water Utilities” Project
9-11 April	Sarajevo, Bosnia and Herzegovina	200	4 th Regional Conference “Modernization of Water Services in B&H”
15-16 April	Skopje, North Macedonia	20	First Workshop on Water safety and Crisis Management
8-9 May	Nis, Serbia	100	Nis Water Days
20-21 May	Vienna, Austria	200+	2019 Danube Water Conference
22 May	Vienna, Austria	50	D-LeaP Committee Council Meeting
22 May	Vienna, Austria		IAWD General Assembly
22 May	Vienna, Austria	12	Regulator’s roundtable meeting
29-31 May	Jahorina, Bosnia and Herzegovina	150	18th International conference on water supply and wastewater systems
5 – 6 June	Pristina, Kosovo	15	Asset Management Advisory Services Hydrocomp visit
27 June	Pristina, Kosovo	15	Second Benchmarking Workshop of Kosovo and Albania Hub for 2019
29 – 30 August	Pristina, Kosovo	15	WSP Preparatory Workshop
7 – 13 September	Bavaria, Germany	18	Study trip of the Ukrainian Benchmarking Hub
1 – 2 October	Doboj, Bosnia and Herzegovina	24	First workshop of the third cycle under the NRW program delivered by AQUASAN
6 – 8 November	Pristina, Kosovo	400	Joint Balkans Conference
13-14 November	Tashkent, Uzbekistan	100	“Towards Sustainable and Climate Resilient Water Supply and Sanitation Services in Central Asia” – presentation provided on DWP and CD activities
19 - 21 November	Belgrade, Serbia	200	Fifth session of the Meeting of the Parties to the Protocol on Water and Health
20 – 22 November	Belgrade, Serbia	100	Serbia Water Forum
26 – 27 November	Vienna, Austria		D-LeaP Committee Council meeting
27 – 28 November	Bihac, Bosnia and Herzegovina	18	Second workshop of the third cycle under the NRW program delivered by AQUASAN
4 – 6 December	Ivano-Frankivsk, Ukraine	50	Final seminar of the Ukrainian UBP Hub

5. Publications and documents

Date of publication	Title
March 2019	Webinar on Gender Assessment in Three Water Utilities
May 2019	Gender Assessment in Three Water Utilities of the Danube region – EDGE Gender and Age Diagnostics
June 2019	Women in Utilities: A Driving Force for Workforce Modernization – Water Knowledge Note
June 2019	State of the Sector report 2018 Update
June 2019	Danube Water Conference Report
June 2019	Danube Water Program Newsletter
October 2019	D-LeaP Asset Management extended leaflet - update
October 2019	D-LeaP Commercial Efficiency extended leaflet - Albanian
October 2019	D-LeaP Energy Efficiency extended leaflet - update
October 2019	D-LeaP Energy Efficiency extended leaflet - Albanian
October 2019	D-LeaP Non-Revenue Water extended leaflet - update
October 2019	D-LeaP Non-Revenue Water extended leaflet - Albanian
October 2019	D-LeaP Water Safety Program extended leaflet - update
October 2019	D-LeaP Water Safety Program extended leaflet - Albanian
October 2019	D-LeaP Utility Benchmarking Program extended leaflet - Albanian
November 2019	D-LeaP Annual Report 2018
December 2019	Danube Water Program Newsletter

6. Agreements with other programs and donors

Partner	Area of collaboration	Amount	Status
Global Facility for Disaster Risk Reduction	Co-financing for the “water safety planning and business continuity” capacity-building activity	USD 250,000	Confirmed and being used
Global Water Security and Sanitation Partnership (GWSP)	Co-financing of FUEL pre-feasibility study and new D-leap course on Financing of Municipal WSS services (and launch in BiH)	USD 100,000	Confirmed and being used

8. Overview of D-LeaP programs

PROGRAM	TECHNICAL PARTNER	CURRICULUM READY	TOT DELIVERED	TRAINERS TRAINED	HUBS OPERATIONAL
	MACROCONSULTING	✓	✓	5	4
	ECONOLER	✓	✓	20	1
	VALU ADD	✓	✓	9	2
	HYDROCOMP	✓	✓	18	4
	UNA CONSULTING	✓	✓	17	1
	INFRAPROTECT	✓	✓	12	1

Figure 8.1: Key characteristics of each D-LeaP programs (Status 10/2019)

COUNTRY	ASSOCIATION	2019 DELIVERY	2018 DELIVERY	2017 DELIVERY	IN PREPARATION
	AQUASAN	  	  	 	
	ADKOM				
	BWA				
	SHUKALB				
	SHUKOS	 			
	UTVSI				
	WASS				
	DWCUKR				
	IAWD				

Figure 8.2: Status of implementation of the D-LeaP courses by each hub (Status 10/2019).