

**Concept Note  
Economic and Sector Work (ESW)**

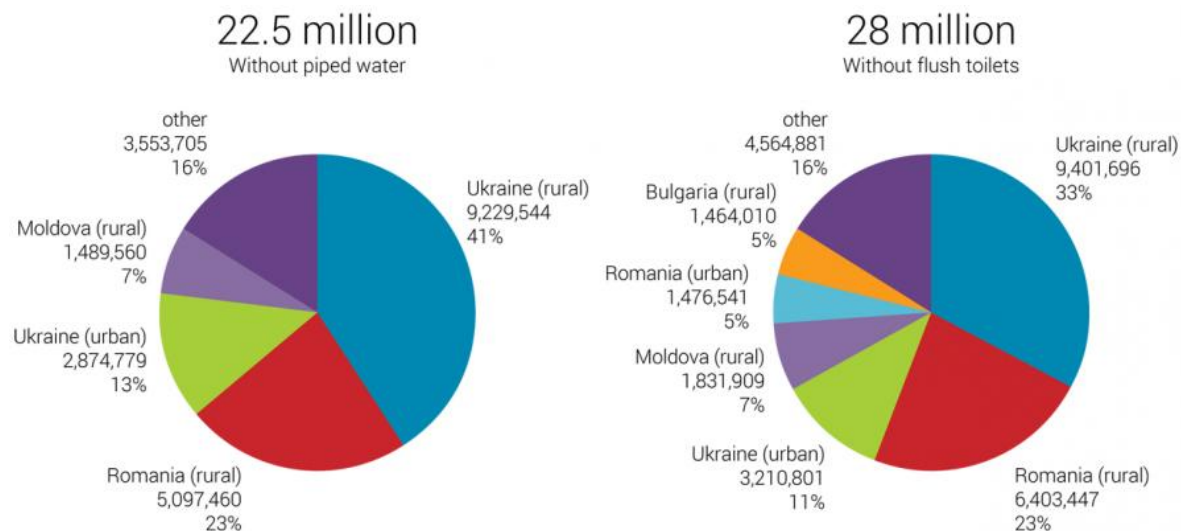
**Serving those living beyond utility reach in the Danube Region**

**Context**

1. The 19 countries which form the Danube region<sup>1</sup> are at various stages of integration into the European Union (EU). This process has shaped much of the countries’ policy and financing frameworks over the last decade. As a result of EU requirements (see Box 1), much of the region’s attention and financing is directed to urban wastewater collection and treatment and, to a lesser extent, to improving drinking water quality.

2. However, among the recent EU members or candidates, some more fundamental services access gaps remain. In May 2015, the World Bank / IAWD’s Danube Water Program, a regional Technical Assistance Program focused on water services around the Danube region, released a new report “A State of the Sector”, analyzing the water and wastewater services in the region (World Bank, 2015). The report showed, among other things, that while universal access to basic services is a reality in the Danube region, there were still 22.5 million people without access to piped water and 28 million people without flush toilets in their homes (Figure 1). The report therefore mentions the combined challenge that governments of the region face of meeting their citizens’ demand for sustainable services while catching up with the environmental requirements of the EU.

**Figure 1: Where are those without modern services living?**



SOURCE: AUTHORS’ ELABORATION FROM SOS DATA COLLECTION.

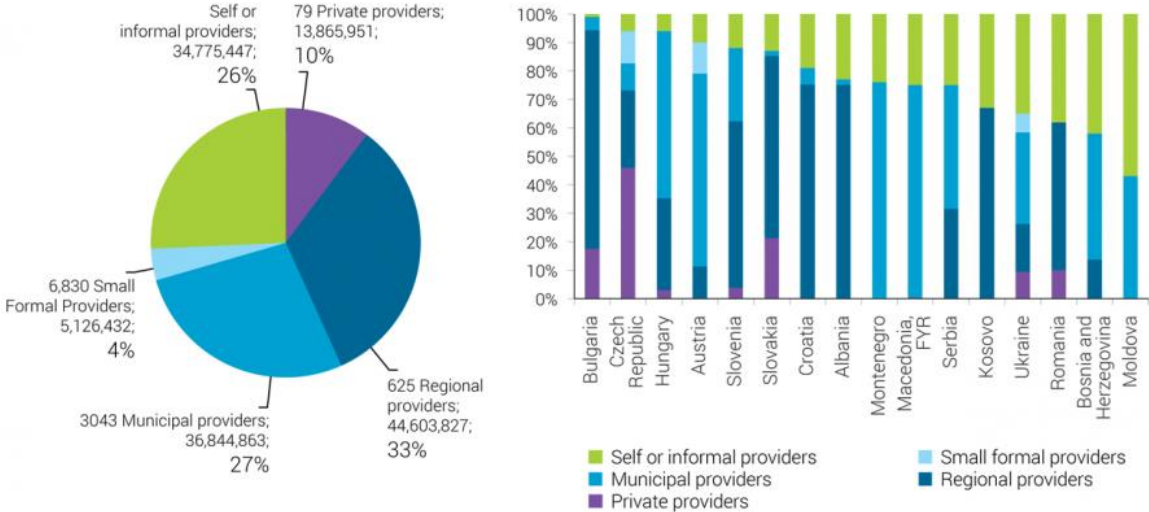
<sup>1</sup> Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Kosovo, Macedonia, FYR, Moldova, Montenegro, Romania, Serbia, Slovakia, Slovenia, Ukraine, plus small parts of the Western European countries of Germany, Italy and Switzerland.

**Box 1 Requirements of EU water services legislation**

In the late 80’ and early 90’, when European Union legislation for water and wastewater services were drafted<sup>1</sup>, most of the then Member States had already achieved universal access to piped water and flush toilets. The Members were more focused on increasing wastewater treatment for environmental reasons, and, to a lesser extent, on ensuring safe drinking water. As a result, the legislation does not include formal objectives or access requirements for the provision of piped water or flush toilets in Member States. Instead, EU legislation is primarily focused on improving the quality of drinking water and the collection and treatment of wastewater in larger settlements and formal providers. For example, the EU Drinking Water Directive (98/83/EC) allows Member States to exempt from monitoring water “intended for human consumption from an individual supply providing less than 10 m<sup>3</sup> a day as an average or serving fewer than 50 persons”; and the Urban Wastewater Treatment Directive (91/271/EEC) does not require wastewater collection and treatment in agglomerations below 2000 equivalent inhabitants.

3. The analysis also confirmed that the poor, rural population and ethnic minorities – those beyond traditional public utilities’ reach - were overrepresented among those without modern services. In accordance to data extrapolated from recent household surveys, people without access to modern services live predominantly in rural areas: 80% of the 22.5 million people without access to piped water, live in rural areas; on the sanitation side, 75% of the 28 million people without flush toilets are in rural areas, presenting a particular policy and service delivery challenge. Indeed, while about 75% of the total population in the region is currently served by formal utility providers located in urban areas (Figure 2), informal providers or self-supply are the predominant service delivery mechanism in rural areas in most countries.

**Figure 2: Water service providers and population served in the Danube region**



SOURCE: AUTHORS’ ELABORATION FROM SOS DATA COLLECTION.

4. Unfortunately while information about formal<sup>2</sup> service providers is of relatively good quality in the region, the report identified significant knowledge gaps in terms of informal and self-supply in the region. The assumption is that even in situations where providers are formally mandated to take on rural services, those beyond the reach of their services experience a service

<sup>2</sup> There is no region-wide definition of what constitutes a formal or an informal provider. This Concept Note defines a formal service provider (or “utility”) as one that operates in accordance to a model formally recognized as providing a public service in the respective country’s legal or regulatory framework. Formal providers can therefore come in various governance structure, ownership, size or legal form depending on each country’s framework.

gap, both in terms of exclusion as well as in the level and quality of services accessed, either through self-supply or informal providers. In fact, contrarily to other developed parts of the world, most countries within the Danube region do not have specific regulatory or legal framework for small providers, neither a registry of such informal, small providers, that may be managed through different arrangements, e.g. privately run, village or community-based, or run by other types of local associations (e.g. building or irrigation associations). A standard policy answer to the challenges outlined above is to expand the service areas of larger urban service providers<sup>3</sup>. Practices and policies for utility regionalization will be investigated in another parallel global study in collaboration with the Danube Water Program, which may further yield insights that can contribute to the recommendations under this piece. However, alternatives may be considered by bringing such informal providers under the regulatory framework, formally recognizing self-supply and introducing measures that would ensure quality standards for self-supply.

5. For those without flush toilets, the common expectation is that economic development will lead to gradual self-upgrading to pour-flush facilities by concerned households, through self-investments in better toilets, although this may not be true for the poorer segments of the society<sup>4</sup>. For sanitation in small towns little is known about existing informal providers of services for collection and treatment of septage from on-site sanitation systems, even less so about disposal practices. Starting to address such knowledge gaps will be a first stepping stone to suggest relevant policy directions complementary to the EU wastewater directive, as many agglomerations above 2000 population equivalent in the region may be beyond the medium to

### **Box 2. Safely managed services versus basic services as defined in the Sustainable Development Goals**

**Drinking water supply:** the core indicator for the water supply SDG refers to the percentage of the population using “*safely managed water services*” comprises four elements: i) basic drinking water source (previously “improved” water), ii) located on premises, iii) available when needed, and iv) compliant with fecal and priority chemical standards. *Piped water supply services at premises*, provided they are of sufficient quantity and adequately regulated for water quality, would obviously fall under this core indicator. Access at premises through *self-supply by protected springs and boreholes*, where water quality and year round availability is guaranteed (e.g. through adequate inspection and accreditation measures) could also fall under this category. Regulated self-supply could be especially relevant for disperse, remote, depopulating regions, where networked services may not be (or become) viable. “Basic” water supply services are defined (as per previous definition of “improved”) to include services not on the premises, such as standpipes, boreholes or tubewells, protected dug wells, or springs and rainwater, provided that collection time is no more than 30 minutes roundtrip including queuing.

**Sanitation:** the core indicator for the sanitation SDG refers to the percentage of population using “*safely managed sanitation services*” comprises three main elements: i) a basic sanitation facility (previously “improved”), ii) not shared, and iii) where excrete are *safely disposed in situ, or transported and treated off-site*. Unlike the EU wastewater directive which applies to settlements above 2000 equivalent inhabitant, the SDG definition recognizes that other options than centralized sewerage with wastewater treatment plants may be required for small towns and dense rural settings (above 2000 inhabitant equivalent) to ensure safe disposal, transport and off-site treatment, such as fecal sludge management solutions. “Basic” sanitation includes flush/pour-flush to piped sewer system, septic tank or soak pit, as well as pit latrines with slap, composting toilets or ventilated improved pit latrines, if not shared with others.

compared to the average of 35%, 20% for Romania, compared to 61% as average and 41% for Ukraine, compared to average access to flush toilets of 71%.

long-term reach of formal urban utilities.

6. While the EU directives for drinking water and wastewater, setting high levels of service standards, are critical driving forces for sector development in member countries (i.e. Croatia, Romania), candidate (Albania) and potential candidate countries (i.e. Kosovo and Bosnia and Herzegovina), these directives are equally important for the non-accession countries as Ukraine and Moldova, as sector development frameworks in these countries are calibrated to such higher level of services. However, despite aspirations to adhere to EU standards, given the existing low levels of services, the “service ladder”, as articulated in the Sustainable Development Goals also presents a useful framework to use for sector improvements (see Box 2 below)

## Development Objectives and Outcomes

7. The objective of the proposed study is to analyze the situation of water supply and sanitation services in selected countries of the Danube region in areas beyond formal providers reach and recommend possible paths forward to improve service quality and access to safely managed water supply and sanitation services.

8. Since access to “basic” drinking water services (previously called “improved services”) in the region is already high<sup>5</sup>, the focus of the study will be to i) understand the extent of informal and self-supply and the type and quality of services provided outside the formal utility areas, and ii) how and specifically through which institutional management models such services could be enhanced and access could be expanded to safely and sustainably managed piped water services (including networked and non-networked individual solutions). Understanding what services households are *not* receiving due to barriers they face (exclusion), or due to a lack of demand or satisfaction with the offered services will be important to analyze existing and potential institutional models to enhance service provision.

9. For sanitation, access to “basic” services is also already high, except for Moldova and Romania<sup>6</sup>. The study - aligning with the focus of the EU-directive, but also recognizing that above-mentioned countries still face access issues in rural areas - will aim to i) understand what level of sanitation services households are accessing outside of formal utility areas, and ii) how such services could be enhanced to safely managed sanitation services. The main focus will be on denser rural agglomerations and small towns below 2000 inhabitants and pertains to services for on-site sanitation management, and transport and treatment of waste/sludge off-site<sup>7</sup>. In few countries where basic rural sanitation access is still relevant, this scope will be expanded to understand how to increase access.

10. To achieve the objective, the study will carry out national assessments and a regional comparator analysis across participating countries, using – to the extent feasible - a unified methodology. Participating countries are prioritized based on i) having a large share of the population not served by formal providers and/or large disparities in access to piped services (Ukraine, Moldova, Romania, and/or ii) having an on-going dialogue with the Bank on water and sanitation services on small towns (and rural areas), (Moldova, Albania, Croatia, Bosnia

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<sup>5</sup> Other than Moldova with estimated level of only 81% improved services in rural areas (JMP, 2015), all other countries have virtual 100% access to improved (or “basic”) water services in rural areas.

<sup>6</sup> For sanitation, basic services are lowest for Moldova with 67% in rural areas and 63% for Romania in rural areas (JMP, 2015 estimates). These figures include dry-toilet solutions.

<sup>7</sup> Separate studies under the Danube Water Program may be commissioned that would investigate challenges and solutions for increasing use and improving management of networked wastewater systems.

Herzegovina) or iii) having developed a relevant approach to water services in rural areas (e.g. Kosovo). Using these criteria, Albania, Bosnia and Hercegovina, Croatia, Kosovo, Moldova, Romania and Ukraine, are selected, which constitutes half of the countries from the original State of the Sector review. It covers 86% of the population not covered by formal providers, 94% of the population without piped water and 84% of the population without flush toilets, the large majority of those residing in rural areas. Austria will be included as a comparator to understand how water and sanitation services by small providers have been formalized, quality of self-supply is being quality assured, and how thus services have expanded to rural areas<sup>8</sup>. In addition, other relevant global examples may be investigated to shed light on policy options for expanding and improving services beyond the reach of urban utilities (e.g. Turkey’s village utilities to anticipate compliance with the EU, and best practices on regulating rural water supply in the United States of America).

11. The intermediate outcomes and indicators for study are defined as follows:

<i>Intermediate Outcome</i>	<i>Indicators</i>
Policy/strategy informed	<ul style="list-style-type: none"> <li>• Policy reviews on reaching people beyond utilities’ reach conducted for at least 5 countries</li> <li>• Policy recommendations discussed by decision makers in at least 2 countries</li> </ul>
Knowledge deepened	<ul style="list-style-type: none"> <li>• Knowledge regarding service levels and gaps outside of formal utility reach documented and disseminated through a regional assessment and five country briefs as annexes</li> <li>• Knowledge disseminated to clients and stakeholders in the Danube region and global for a</li> </ul>

**Strategic Relevance**

12. This activity is well aligned with the overall Bank, ECA region and Water Global Practice strategies of ensuring inclusion of the poor and underserved into the service delivery agenda. The work is of strategic relevance as evidence-based advocacy for clients (e.g. Ukraine, Moldova, Romania, etc.) to encourage expansion of their policy and investment activities in the water and sanitation sector beyond urban areas to also include rural service delivery. It is also aligned with the objectives of the Danube Water Program, which supports policy dialogue and capacity development in the water supply and sanitation sector in the Danube Region. It represents a natural continuation of the work previously conducted as part of the State of the Sector report. Finally, the work will contribute strategically to two global challenges identified by the Water Practice’s Water and Sanitation Services Global Solutions Group, i.e. “Improving Access and Sustainability of Rural Water Supply” and “Achieving Universal Sanitation”.

**Audience**

13. The primary audience of the study are the stakeholders in the water and sanitation sector of the participating countries in the study: Albania, Bosnia and Hercegovina, Croatia, Kosovo, Moldova, Romania and Ukraine. Relevant government departments in selected country governments, regulators, national utility associations, and other sector stakeholders, are the primary audience, while other opinion leaders, such as key utilities, local government associations, private sector stakeholders or think tanks are also targeted. A secondary audience

<sup>8</sup> Without primary data collection, relying on secondary data and desk review.

are the water and sanitation sector stakeholders in the other half of the countries in the Danube Water Program, for whom the analysis could also influence their policy debate on underserved or informally served areas. Country management units and World Bank Task teams in participating countries are an important secondary audience to help take forward the recommendations in policy dialogue as well as lending portfolio. Finally, the study will be relevant for both an internal and external global audience of practitioners, given the knowledge gaps in rural water provision and sanitation.

## Scope

14. The study will result in the following complementary products:

- **Regional Assessment report “Beyond Utility Reach”**, presenting a comparative analysis of the service delivery situation outside of formal utilities in the seven selected countries for the Danube region, for key transversal topics.
- **Country Briefs**, presenting a short and structured diagnostic of service delivery situation outside of formal utility providers; the country briefs will provide recommendations to improve access and quality of services in those areas, outlining potential policy options for country governments<sup>9</sup>.

15. The main Regional Assessment report will consist of an overall comparative analysis of the service quality and service provider situation in the various countries. The emphasis will be on rural water supply services, as client interest in on-site sanitation solutions in rural areas is dwarfed by the larger questions of compliance with the EU accession requirements, prioritizing larger urban cities and smaller towns. Nevertheless the study will present limited scope analysis for sanitation, including both quantitative and qualitative comparisons. The final list of topics will be established once the country surveys are completed, and will be harmonized to the extent feasible with a global analytical framework which is being used for a global Rural Water Supply Sustainability Study. Within the overall country and sector context, the assessment will look at various levels critical for service delivery, such as the national enabling environment, the level of service authority (can be local or regional governments), as well as the level of the service provider, acknowledging the different management models that co-exist in any given country, such as community-based provision, direct local government provision, municipal services, private sector providers, and supported self-supply. The report would at least cover i) enabling environment and governance; ii) legal, institutional and regulatory framework, iii) number of informal providers and settlement sizes, service quality and levels, iii) financing and investment mechanisms for informal services/self-supply, iv) management models and role of private sector, v) service authority functions/local government role, and vi) monitoring<sup>10</sup>. The report would include a number of boxes with regional and global best practices identified, showcasing concrete examples of excellence in various topics above (drawn from Austria, USA, Turkey and other relevant countries).

16. The Country Briefs will be short notes (target: 5-10 pages plus data annexes) describing the sector performance, enabling environment, and main challenges of the sector in the seven

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<sup>9</sup> Building on the country annexes and expressed client demand and traction with the agenda in country, follow-up policy notes would be drafted. Such policy notes may also harness other analytical work done under the Danube Water Program, such as on the regionalization of utilities.

<sup>10</sup> Further tailoring of analysis of water supply and sanitation services within the regional assessment report will be required

countries (Albania, Bosnia and Herzegovina, Croatia, Kosovo, Moldova, Romania, and Ukraine). The briefs will describe i) historic context and trends, ii) current situation of service provision for water and sanitation outside of formal utility reach, iii) quantification (if possible) for a typology of population segments (or typical geographies) served by different management models, iv) gaps in legal, institutional arrangements, and regulatory framework, v) financing of informal service provision, vi) gaps in other building blocks relevant for sustainable service delivery approach and vi) preliminary recommendations for sector development directions).

17. Bank teams in the country may use the Country Briefs to further develop and discuss policy recommendations with counterparts on a demand-driven basis (using additional country ASA resources under DWP if needed). It is expected that in a minimum number of at least two countries, and where a lot of interest is generated through the study, a formal policy discussion will be facilitated, and – beyond the horizon of this ESW – formal Policy Notes will be developed by the Bank team.

## Methodology

### *Conceptual Framework*

18. The study will analyze the service delivery capacity and directions for progress of participating countries to achieve higher levels of services in areas currently not receiving formal services, using the service ladder concept as articulated in the Sustainable Development Goals (see Box 2). Since most formal service providers are already providing high levels of urban access, the focus of the study automatically shifts to rural agglomerations, including small towns. The State of Sector Report (see Figure 2) analyzed sector performance for formal providers (urban utilities, small formal providers, private formal providers, and municipal providers), leaving a knowledge gap to understand the service level and management models for informal provision and self-supply.

19. For water supply services, the study will aim to firstly quantify segments (as per .

20. Figure 3) or “typologies” of service provisions and estimated their share in a given country context across various geographies (rural dispersed, rural agglomerations, small towns).

**Figure 3 Typology for water services**

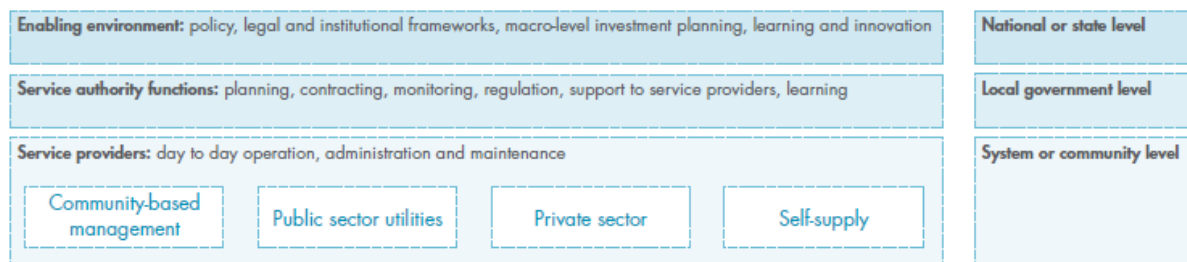
Level of service \ Service provider	Self-supply	Informal providers <sup>a</sup>	Formal providers
Piped water services <sup>b</sup>			
Basic water services (or ‘improved’)			
Unimproved services and surface water use			

<sup>a</sup> Management models can be community-based/village-based service providers, small informal private providers, or other collective initiatives for service provision, such as through housing or other associations

<sup>b</sup> Piped services can include networked or non-networked (self-supply from source through piped connection in own yard) services. As a second step the extent to which these services are safely managed will be examined (meaning: affordable, available on premises when needed and compliant with fecal and priority chemical standards).

21. For rural water services to work, not only an understanding of the management models at service provider level are important but the entire service delivery approach, which is illustrated in Figure 4 below (derived from Lockwood and Smits, 2013).

**Figure 4 Service Delivery Approach for rural water**

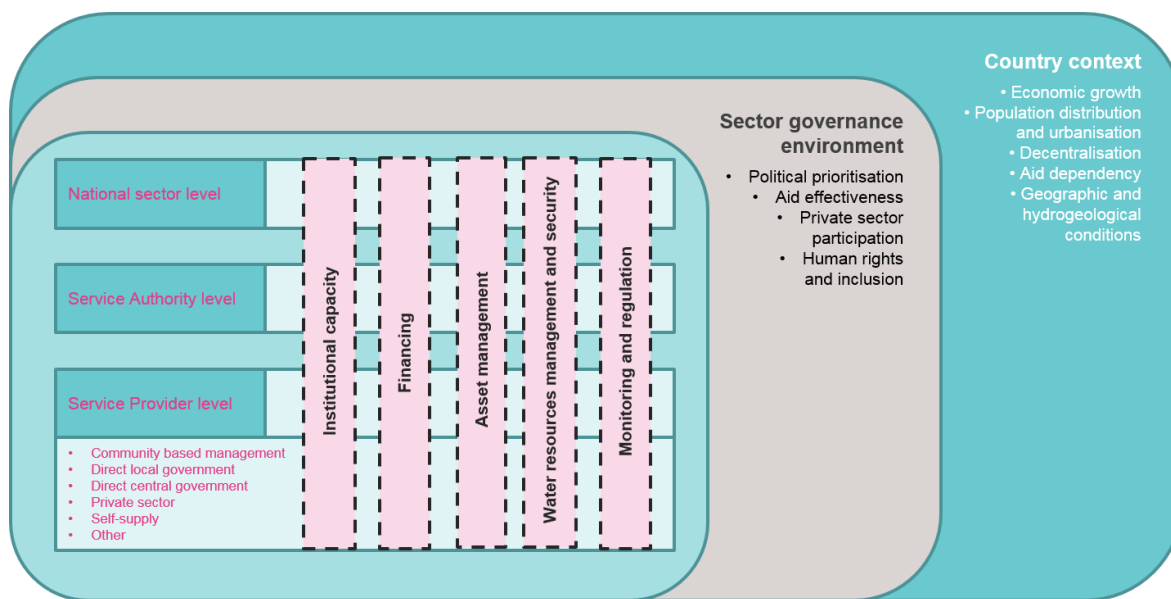


22. The analytical framework to understand service levels, performance of informal providers / self-supply (or other service provider management models), institutional roles and responsibilities at various levels of government (service authorities), and challenges to improve service levels will be based on a number of critical building blocks<sup>11</sup>. The analytical framework developed under a Global rural water supply sustainability study, led by the GSG on Water Supply and Sanitation, will be used as an overall guidance for this study and consists of the following building blocks shown below:

- **Institutional capacities at all levels**, including post construction support services, but also capacities for resource planning, coordination, contracting and supporting rural water governance functions; and modalities to provide capacity building to service authorities and service providers
- **Financing** of the sector, including affordability issues. This would look at sources of funds and whether life-cycle costing is taken into account, such as new investments, major capital maintenance/rehabilitation, operation and maintenance and indirect costs to support to service authorities and informal service providers, monitoring and regulation
- **Asset management**, e.g. arrangements to ensure capital maintenance, clarification of asset ownership and inventory systems for asset management and rehabilitation
- **Water resource management**; including water quality management (links to regulation)
- **Monitoring and regulation**; for rural water services that is appropriate for small rural operators/schemes both for service level and economic; assessment of existing monitoring frameworks and metrics)

<sup>11</sup> This framework is drawn from the Triple-S initiative financed through Bill and Melinda Gates Foundation ([www.servicesthatlast.org](http://www.servicesthatlast.org)) executed by IRC.





23. The matrix below is used to understand service levels

els along the sanitation value chain in different geographies. It will be used for developing the analytical framework to understand to what extent services along the value chain are available to households through informal providers and how such services could be improved and formalized across different geographies (rural dispersed, rural agglomerations, small towns). A quantification of segments along the sanitation service ladder will not be attempted due the complexity involved and assumed lack of administrative and statistical data<sup>12</sup>.

**Figure 5 Typology for sanitation services**

Service provider <sup>a</sup> \ Level of service	Collection & Transport			Treatment & Disposal		
	Self-handling	Informal provider	Formal provider	Self-handling	Informal provider	Formal provider
Pour flush	network					
	on-site					
Basic sanitation – dry solutions						
Unimproved, shared or OD						

<sup>a</sup> As a second step, through settlement and provider surveys, the extent to which on-site or networked sanitation services are ‘safely managed’ (i.e. safely disposed in situ, or transported and treated off-site) will be examined outside formal utility areas, looking at service provision of self-handling/manual emptying of pit waste and septage, fecal sludge collection and transport services, and septage treatment and disposal

<sup>12</sup> Due to limited resources, the main focus of the study will be on drinking water services, while a more limited analysis for sanitation will piggyback on data collection driven by geographies with different types of water services.

### ***Methodology, data collection and processing***

24. The study will follow a phased approach, consisting of the following phases:

- **Phase 1:** Qualitative and – to the extent feasible – quantitative assessment of informal service provision, based on existing household surveys, secondary data sources and institutional questionnaires (including interviews with key experts) to find evidence on the service gap
  - i. Overall characterization of the financing, institutional and regulatory framework for service provision beyond utilities' reach.
  - ii. Description and quantification (to the extent possible) of service levels against provider models for water supply within certain geographies
  - iii. Description of sanitation service levels - beyond formal utilities - along the sanitation services chain (collection and transport; and treatment and disposal)
- **Phase 2:** Deep dive, including primary data collection at household, provider and service authority level, to understand gaps and challenges related to demand and supply, service management and oversight; This cannot be done at a nationally representative level, but will follow a deliberate sample across a number of service level typologies/management models in different geographies (rural dispersed, rural agglomerations, small towns):
  - i. Assess water supply service levels in different geographies across service provider models, including self-supply, and various informal providers; challenges in quality of services, performance of service providers, and execution of roles of service authorities, and gaps in the enabling environment;
  - ii. Assess sanitation service levels in different geographies across various service providers along the value chain (excluding networked solutions) to understand barriers for households to improve and access such services; includes institutional gap and capacity analysis of local government in service provision.

25. Phase 1 will aim to mine existing household surveys (and any new ones issued after the State of the Sector report), as well as administrative databases that did not yet surface in the State of the Sector report (e.g. Ministries of Health may have information on informal water service providers; or line agencies may have administrative data sources that are not communicated in official sector reporting). Phase 1 will also include a national-level assessment through institutional surveys with key national sector stakeholders. Phase 1 will also inform the sampling frame and primary data-collection protocol under phase 2, both in terms of selecting service model typologies (management models), geographies (administrative boundaries for rural dispersed, rural agglomeration, small towns), as well as in fine tuning the survey instruments.

26. Given the resource limitation for the study, phase 2 would not be able to include nationally representative household survey for areas not reached by formal providers. Hence a deliberate sampling framework is proposed. Different typologies of service levels and management models will be developed, including an understanding of the geographies where these models are prevalent (rural dispersed, rural agglomerations, small towns), so that findings can be extrapolated to similar environments. Within each service typology – and within that typology across the most relevant geographies – a number of *settlements* (determined by the lowest or most suitable administrative boundary) will be selected for phase 2 primary data

collection<sup>13</sup>. Tentatively, and based on indicative budget estimations, a number of fifteen settlements will be sampled per country, with larger countries allowing for more settlements to be sampled (such as Ukraine)<sup>14</sup>. Within these settlements, the following survey instruments covering both water and sanitation are proposed to be carried out:

- Water service provider structured interview (and collection of quantitative data if available to understand performance)
- Service authority structured interview (local government authority)
- Household survey (random) across the settlement<sup>15</sup>
- Interviews with other relevant service providers (private sector), e.g. providers of desludging services or drilling/water quality testing services<sup>16</sup>

27. Data collection will be done through local individual consultants under close supervision of the task team. An international data analyst, with rural water and sanitation profile will support the task team in developing templated survey instruments for phase 1 and phase 2<sup>17</sup>, and processing and analyzing the data. Recognizing the high diversity across the selected countries, the instruments will aim to collect to the extent feasible comparable quantitative and qualitative data and indicators. However, due to the lack of nationally representative data, the regional comparison will have a qualitative nature due to the expected variability in informal service provision and/or self-supply.

## Gender

28. The study aims to diagnose and propose ways to improve levels of services for water and sanitation in underserved areas. Women and girls mostly bear the brunt of lack of inadequate services. For example, benefits of increased access to and consumption of water and access to pour-flush toilets, will disproportionately accrue to women and girls, in terms of time-savings, productivity, health, safety, as well menstrual hygiene due to higher water consumptions. In addition to improving water quality, much greater health impacts can be achieved by improving hygiene. Evidence shows that hygiene practices improve when water use is more convenient and easy to access, such as through piped water supply or self-supplied wells in the yard.

29. In addition, one of the most popular informal water service provider models in rural areas around the globe is the community-based one. In such models, women – who are traditionally responsible for water and as strong behavior change agents – can gradually gain voice and gauge leadership positions in the management of the community water systems. Their active participation in the water committees can pave the ground to empower them for more active participation in additional community/local activities.

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<sup>13</sup> Ideally this would also be done proportionate to the number of people to be served within each of these typologies and geographies and based on the expected heterogeneity, if such quantification can reliably be established

<sup>14</sup> It should be noted that such study is already underway for Moldova (financed through another initiative)

<sup>15</sup> Sample size to be determined, but on average for each country an indicative sample size of 300-400 households is expected dictated by budget limitations; the survey is representative at the settlement level, so that in case settlements are not too different from each other, policy recommendations can be inferred

<sup>16</sup> These can be located outside of the administrative boundaries of the settlement

<sup>17</sup> Phase 1 instruments would be institutional surveys to gather existing information (in addition to existing hh-surveys); Phase 2 instruments would include questionnaires for households, service authorities and service providers.

## Client Ownership

30. As a result of the State of the Sector Report, IAWD/ Danube water program joint work planning identified this study as one of the priority knowledge gaps in the region. Based on a survey among clients of the Danube Water Program, over 50% of respondents expressed their interest in rural water service provision and closing the equity and service level gaps, being the second ranked topic among eight listed priorities. The study will work closely with relevant government departments and carry out a series of validation and consultation exercises to ensure that analysis and proposed recommendations are actionable and tailored to the country context. Early engagement from clients in the study is indispensable to ensure interest in governments acting on the findings of the study. For this purpose, the team will set-up a regional steering committee with a representative of each of the countries that would be asked to provide light-touch guidance during implementation and comment on the draft regional report and respective country briefs. At country level clients - as well as interested development partners - will be briefed upfront (through missions/technical visits, audio/VC events as per their preferences/needs) and once draft results are available, validation sessions with clients will be organized as part of ongoing sector meetings or our existing client dialogue. This process will be managed in close coordination with country TTLs.

## Partners

31. This study will be implemented in partnership with the Swiss Development Cooperation (SDC), who are co-financing the primary data collection in Moldova. In Bosnia Herzegovina, a partnership in country with the EU (human rights program) will be developed. In Kosovo, potential partnership with SDC financed rural water project is foreseen. In Albania, close collaboration with ADA, KfW as well as other partners will be pursued, given their prior engagement in the rural sector. In Ukraine, an SDC supported decentralization program could potentially be engaged as well as a technical collaboration partner. For all countries, in close consultation with country TTLs, partners with an interest/prior engagement in the rural space will be consulted during the design and implementation of the study. At a regional level, the EU will be consulted and informed about the study, given the EU-funds for regional rural development, and where appropriate, in country EU delegations will be consulted. Risks to Achieve Objectives

Risk	Rating	Explanation
Lack of national secondary data (household surveys, administrative data)	Moderate to High	Phase 1 is based on the assumption that by mobilizing highly qualified local consultants in country, previously uncovered data (during the State of the Sector) can be found within line agencies and other government departments and statistical agencies. This is important to make some generalizable statements of the level of informal service provision/self-supply. In case such data will not exist, it may be necessary to revisit the methodology and scope for phase 2 to generate meaningful data to draw up recommendations and policy directions.
Lack of commitment and willingness by client countries to adopt inclusion agenda and take further the recommendations for	Moderate	It is important to acknowledge this risk, given the ongoing EU accession agenda, the focus on urban utilities, and the availability of financing for candidate countries to build wastewater infrastructure. Nevertheless, most countries expressed a direct concern for rural water provision. Carrying out the study through a regional comparator approach, will help to create interest and further raise inclusive service provision on the political

Risk	Rating	Explanation
formalizing service provisions		agenda. In case countries show limited interest and collaboration during phase 1, it may be decided to replace such countries. Active engagement through CMU and Bank task teams in country using the study findings will further support this.
Low internal WB interest in and uptake of study findings	Low	The ultimate outcome and actions taken by clients to expand services beyond utility reach, such as with support of World Bank operations, will depend on the willingness of county teams to collaborate, engage in the policy discussions and help to advocate the inclusion agenda to the clients. Hence, the study will aim to encourage country teams to engage with and contribute to the study, allocating resources to that end, such as in the validation workshops of the country findings, the drafting of country briefs and potential policy notes and in-country dissemination activities.

### Quality Assurance Measures

32. The quality assurance measures are as follows:

- Given the number of partners associated with the Danube Water Program, particular emphasis will be placed on validating the study's main findings will take place at two levels:
  - i. at national level the country briefs will be validated initially by Bank operational teams working on the country's water sector, who will be involved throughout the process, including, particularly in quality review; through validation discussions, government and other partners will provide input and help shape the recommendations
  - ii. at regional level, the assessment report will follow a normal Bank quality assurance process, using peer review. In addition, drafts will be shared with key institutions such as the International Association of Water Supply Companies in the Danube River Catchment Area (IAWD), the European Commission, and potentially other external experts (such as from the Rural Water Supply network)
- The *decision review* will ensure that the regional product will be strategic and aligned with the Bank's priorities.
- In case formal Country Policy Notes will be developed for a select number of countries, a country review will be carried separately (this will not be the case for the individual country briefs, developed as annexures to the regional assessment report).

### Dissemination/Outreach Strategy

33. Upon completion and final publication of the report, the specific in-country dissemination mechanisms (short workshops, press conferences, individual visits etc.) will be agreed with the corresponding Bank water teams / Task team leaders. Key messages should be aligned with the ongoing policy engagement (country briefs will be translated into the local language). The final report will be translated in the region's main languages and disseminated at the Annual Danube Water Conference, scheduled for May 2017, as well as in other sector forums in the region, on a

demand-basis. The report will also be made available the Danube Water Program website, including the country portals of Danubis ([www.danubis.org](http://www.danubis.org)) and will be accompanied with social media and email announcements (blogs, etc.). The regional assessment report will be posted internally on the Water Practice Webpage, but also externally shared through email listserves, twitter, blogs and postings on WB and partner platforms and websites such as RWSN. Knowledge will also be customized for different audiences through presentations and dedicated sessions during global and regional conferences.

## Team and Resources

### *Team Composition*

Name	Title
David Michaud	Senior Water and Sanitation Specialist, TTL, GWA09
Susanna Smets	Senior Water and Sanitation Specialist, Co-TTL, GWASE
Stjepan Gabric	Senior Water and Sanitation Specialist, GWA03
Kirsten Hommann	Senior Economist, GSU09
Andrew Shantz	International Research Analyst / Water and Sanitation Specialist (STC)
Bank staff in participating countries	
Individual consultants in participating countries	

### *Budget and Funding*

34. A total budget of USD 250,000 will be made available, of which USD 150,000 from the Danube Water Program and USD 100,000 from the Water Partnership Program. The budget breakdown by component is indicated below. Additional variable costs will be made available for time allocations of core staff members of the Danube Water Program (not included below), as well as already committed resources to support data collection in Moldova. Approximate direct budget available for country data collection is around USD 20,000. To allow for a larger sampling in Ukraine and Romania, additional efforts will be undertaken to mobilize resources through the GSG Water and Sanitation – Global Challenge on Rural Water Supply.

Amount in USD	FY16	FY17	Total Budget
<b>Total</b>	<b>50,375</b>	<b>199,775</b>	<b>250,150</b>
<b>Total Fixed costs</b>	<b>10,500</b>	<b>21,000</b>	<b>31,500</b>
<b>Total Variable costs, of which</b>	<b>39,875</b>	<b>178,775</b>	<b>218,650</b>
Consultants (firm and STC)	37,625	135,625	173,250
Travel and accommodation	1,250	21,400	22,650
Workshops and dissemination	1,000	21,750	22,750

### Time Frame and Deliverables

	Milestone	Proposed dates
1.	Concept Note Review	June 15, 2016
2.	Management Approval of Concept Note	June 21, 2016
3.	Phase 1 completed	Sept 30, 2016
4.	Phase 2 completed, including Regional Assessment report	Mar 30, 2017
5.	Decision Review Regional Assessment and Country Briefs	Apr 15, 2017

6.	Management Endorsement of Deliverable(s)	May 15, 2017
7.	Delivery of Output to Client(s)	May 30, 2017
8.	Final Delivery/Completion Summary	Jun 15, 2017

35. This schedule does not include the preparation of Country Policy Notes that may be developed for selected countries, where deemed appropriate, once the regional review is completed.