



SUMMARY NOTES

WEBINAR: Collaboration of the Key Actors in Supporting the Emergency Needs of Water Utilities

22.05.2020

On 22 May 2020, SHUKALB organized the second webinar to discuss the impact of COVID-19 pandemics on Water Utilities in Albania “*Collaboration of the Key Actors in Supporting the Emergency Needs of Water Utilities*”. The main objective of the webinar was to stimulate discussions on the challenges posed by the pandemic to the sector and water utilities, and the mitigating measures that can be taken.

The webinar was attended by more than 60 participants from various stakeholders of the water supply and sewerage sector from Albania, the region and beyond, such as water utilities, donors, LGUs, central government, financial institutions, academia, embassies, private companies etc.

The webinar was moderated by Elisabeta Poci, Deputy Executive Director of SHUKALB, who welcomed the participants and the panelists. She stressed the fact that this webinar comes as a continuation of SHUKALB’s commitment not only to deliver information and knowledge to water utilities, but also to enable the exchange between different actors in the water sector, and to reflect on the potential needs of water utilities, and the lessons learned from this crisis, as a way to increase resilience of the utilities.

In addition, Elisabeta Poci shared briefly a summary of the results of the online survey that SHUKALB conducted during April 2020, in order to measure the initial impact of the pandemic and actions being taken to manage risk and plan for contingencies. The full report of the survey results is found at this [link](#).

Ms. Poci introduced the panelists and invited them to share their thoughts on the challenges caused by the COVID-19 pandemic crisis.

Ndriçim Shani, Chair of National Regulatory Commission, Water Regulatory Authority (WRA), divided his analysis into two aspects: in short term, the last 2-3 months and the near future, the period to be predicted. The challenges faced by the water utilities during last months were to ensure the safety of employees, additional costs for the system maintenance, revenues decline, difficulty for the staff to move as in normal business activity and the services quality. Cooperation with the police and the local government has greatly facilitated the issues of the movement of staff. WRA has suspended the process for applying the new tariffs, as the procedures require public hearings, financial balance sheets to be certified by independent auditors, which have been impossible to be carried out, and the council of ministers has rightly postponed them until the end of July 2020.

In the mid-term, next 2-3 years, it is expected the pandemic to continue, so the utilities have to prepare their Business Continuity Plan. The future scenarios are the rise of unemployment, business closure, and further financial deterioration of the vulnerable population group, which means that

they will no longer have the ability to pay for the utilities the services. Revenues of the local government are expected to decrease, which impacts the amount that the government plans for subsidies, and the contribution given by the central government to investments. WRA foresees reduction of the bill collection rate and an influx of applications for tariffs increase.

Currently in Albania there are 54,000 families categorized as vulnerable or 7% of the population, with an average income of 40 Euro per month. This percentage of this population category is expected to increase and WRA will take this in consideration and carefully analyze any proposal for the tariffs increase.

Flauers Shoshi, Deputy General Director, Agency for Water Supply, Sewerage and Waste Infrastructure (AKUM), stated that since the start of the pandemic the AKUM has been closely in communication with all the municipalities and water utilities through emails and phone calls. On 15 March 2020 AKUM made available two dedicated phone numbers for every municipality and water utilities in regard of any issue related to water supply and sewerage services. After AKUM request 95% of water utilities have submitted their work continuation plan. Once in 3 days, the information gathered by the utilities is being analyzed and consulted with the Ministry of Infrastructure and Energy. In March 2020, utilities faced a decrease of the billing collection due to lockdown, but the billing increase due to increase of consumption. In April the collection increased by 50% vs. March.

AKUM has prepared a draft plan for tackling this situation, as well as a database to include all the issues and problems faced by the water utilities. A special fund has been established to help the utilities in difficulty, where 50% of this fund to cover the operation costs of utilities and 50% to cover the costs for staff wages, social and health insurance, hypochlorite, disinfectant etc. The disbursement of this fund to the selected utilities will start in the coming weeks, and it will remain available till the end of this year 2020.

Petrit Tare, President, SHUKALB, and General Director, Korçe Water Supply and Sewerage Utility, stressed that the vulnerable population category is deteriorating and this leads to decrease of bills payment. In this regard, he urged AKUM to address the subsidies in a wider context, not as a support to utilities for covering wages costs, insurance etc, but the attention should be addressed to the vulnerable groups and the costs they cause to water utilities. The water utilities should review their program of 2020, to ensure the proper operation of their activity. AKUM should undertake a broader reform in mid and long term in order to support the utilities to overcome difficulties. The increase of tariffs for this year should be suspended, as it will increase the vulnerable group, causing decrease on the revenues of utilities.

Patricia Lopez, Senior Infrastructure Finance Specialist, Water Global Practice, World Bank, USA, stated that the need is to focus on what is relevant for Albania right now and the emergency part has been handled quite well. WB has developed a financial model tool to assess the impact of COVID-19 on financial situation of the water service providers. There are 2 models, a light version to assert the cash flow impact, and a longer version that is able to produce the 3 key statements: balance sheet, profit & loss and cash flow. This tool is available and can be used case by case to backup any request of utilities for funding.

WB has developed a guidance note for financial facilities for service providers. After the need is established there are some considerations to be taken, such as: what is the scale of financing need, what are the sources of finance available, whether the funds will be disbursed as grants, loan, equity, conditions for disbursement, what entities are eligible etc. Mr. Lopez stated that the guidance note will be available, and proposed that it can be crossed with the AKUM draft fund.

WB is preparing a new program called “Modernization of the National Water and Sanitation Sector in Albania”, a government led program by the Ministry of Infrastructure and Energy, AKUM and WRA, and this can be worked on in order to make this program as relevant of this COVID situation.

Bledar Dollaku, Senior Project Coordinator, Municipal Infrastructure Albania, KfW Tirana Office, stated that the crisis situation should be included in utilities business plan so that the response to be accurate. With the pandemic spread, the KfW suspended the works for the investment project. Measures were taken to guarantee the salaries for the 300 contract workers of these projects.

During these last 3 months, KfW has disbursed nearly 4 million euros in Albania and this was important to resume the works, which will be accelerated in order to meet the terms set.

Currently, KfW in Albania is closing the feasibility study for about 10 water utilities throughout Albania. This is a co-financing of the German government, EU and Swiss government and the achievement of the program is related to the achievement of the performance targets by the utilities included in this program. The financial aspect of the utilities will have a bigger impact from the crisis, and KfW will have to review the performance targets, in order for utilities to be involved into investments and benefit them on time.

Gabriele Lames, Programme Manager, Water Programme, GIZ Albania, shared that the Programme postponed a lot of trainings, events concerning lots of topics, where physical presence is necessary. Since the programme is working on the national level with the law, water standard, it is needed to have a check whether these emergencies are appropriately addressed. There are additional challenges to the water sector due to the crisis: electricity caught off because of some utilities lack of paying electricity bill, lack of emergency and communication plan, lack of equipment for remote sensing, technical difficulties due to reduce staff and special requirements for the health and safety of staff, sometimes no budget foreseen for personal protective equipment, lack of spare parts, and chemical and disinfectant.

The Programme’s short term support consisted on elaboration of information on the COVID-19 virus, production of leaflets, distribution of information on internet, elaborated videos, use of the customer service portal by utilities to communicate with the public and customers, preparation of webinars on how to deal with this situation and on financial issues, as well as delivered personal protective equipment and disinfectant where it was needed. Concerning the mid and long-term support, currently discussing with all partners to elaborate emergency and communication plans, increase the internal communication between the staff in utilities, how can remote working be possible, management and communication system, online payment support on crisis etc. Utilities need a sound financing, need support in technical guidance, and backstopping from central institutions.

Adelina Farrici, Executive Director, Association for Local Autonomy, praised the good coordination and communication between municipalities and the water utilities. The Association played an important role in coordinating all the main actors at central and local level. The utilities faced a decrease in collection, on the other hand the billing level has increased due to increase of water consumption. Proper attention needs to be addressed toward vulnerable groups of population. Some of the future challenges for utilities are the financial stability, continuity of ensuring qualitative water supply and sewerage services, good management of resources and assets. Utilities need to learn from this situation, exploit and share best practices between each other. A program for all utilities needs to be developed, such as online communication to all customers: billing, payment and

online solving of problems. It is important that donors continue to invest in the sector. Another issue of importance is the need for qualified staff in the sector.

Agron Haxhimali, Executive Director, Albanian Association of Municipalities stated that both the municipalities and utilities had the high responsibility to ensure the proper quantity and quality of the water supply service. He emphasized the need for attention from the central government toward the vulnerable groups, the reduction of electricity tariffs for water utilities. He called for a more active role of the municipality's council and the board of utilities and praised the draft funding planned by AKUM which be of very support to water utilities.

After the statements by the panelists Elisabeta Poci, moderated the discussion session with questions from the audience. One question was addressed to the WRA, whether will continue to consider increasing the tariffs, which was answered by Ndricim Shani, who responded that: "We look at the issues by analyzing them case by case, and try to be as efficient, convincing and rationale as possible, in order to analyze all the factors to reach a desired and realistic conclusion about what is proposed".

Another question from an academic group was in regard of tests done for evidence of COVID-19 in wastewater. Petrit Tare explained that due to the very small number of infected people it is impossible to trace the presence of this virus. For example in Korca, the wastewater treatment plant serves for a population of 85,000 – 100,000 inhabitants and in total resulted only 19 infected inhabitants.

Another question was related whether utilities have existing practices on risk management plans or models. In this regard Petrit Tare stated that utilities in Albania do not have long-term plans for risk management or to anticipate a pandemic situation. This was confirmed by Mr. Shani's as well, who urged GIZ, KfW and WB, to include such model in their assistance plan in support of utilities. In addition, Elisabeta Poci informed that there is a program in the framework of the Danube Learning Partnership, Water Safety and Crisis Management: Business Continuity Essentials for Disaster Risk Management, which SHUKALB with the support of WB, may provide to water utilities as a model that can be followed regardless of the crisis.

At the end, Elisabeta Poci thanked all the panelists for their contribution and asked them to deliver their final messages, who mention the online complains to be possible for all utilities, the importance of paying the water bills, utilities good management of revenues, review of investments, appraisal of utilities work and importance of such webinars for exchanging issues of the water sector.

The full video of this webinar, as well as the translation in English, can be found at the below links:

- [Full original video](#)
- [Translation in English](#)