



**POSITION PAPER  
FOR A BETTER INTEGRATION OF CAPACITY DEVELOPMENT  
INTO CAPITAL INVESTMENT PLANS**

**TIRANA, MARCH 2021**

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# Abbreviations

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AKUM	National Agency for Water supply, Sewerage and Waste Infrastructure
CBA	Certification Boards Association
EBRD	European Bank for Reconstruction and Development
EU	European Union European Investment Bank
EWA	The European Water Association
GIZ	The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GoA	Government of Albania
IC	Implementation Consultants
IEB	European Investment Bank
IFI	International Financial Institutions
IPA	Instrument for Pre-Accession Assistance
IWA	International Water Association
IAWD	International Association of Water Service Companies in the Danube River Catchment Area
KfW	Kreditanstalt für Wiederaufbau
MED	Ministry of Economic Development Kosovo
MIE	Ministry of Infrastructure and Energy
MIP	Municipal Infrastructure Program
NSDI	National Strategy for Development and Integration
RCDN	Regional Capacity Development Network for Water and Sanitation Services
PEA	Project Executing Agencies
UN	United Nations
WB	The World Bank
WSS	Water Supply and Sanitation
WWTP	Water Water Treatment Plants

# 1 Introduction

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This position paper is prepared in the frame of the Project “Delivering Capacity Development Products for Water Supply and Sanitation Utilities in Albania” financed by the “Regional Capacity Development Network for Water and Sanitation Services” (RCDN). The overall objective of this project is to improve the capacities of responsible staff in municipalities and water utilities in charge for provision of water supply and sanitation services to citizens, through the delivery of high-quality capacity development products and engagement of both municipal decision makers and management of water utilities.

SHUKALB’s particular focus of work is to provide capacity development and performance improvement products. The organization is committed to self-development progress, in altering to a national reference for capacity development in Albania.

Among the specific results expected from the project was development of SHUKALB’s Advocacy Strategy, which has already identified some priority topics to drive organization’s advocacy work in capacity development of the

water sector in Albania. Advocacy Strategy is followed by development of a Position Paper for the identified topics. This Position Paper seeks to highlight usability of SHUKALB’S current and future roles in Capacity Development for the Capital Investment topic. The paper tries to look into capital investment component and associated measures as part of a bigger policy and donor engagement context. It evaluates the usefulness and the constructive roles its engagement in the Government – Donor dialogue could generate for the water sector, especially with regards to capacity development measures. The paper concentrates on capacity development aspects and institutional’ needs by advocating for options that seek to channel how SHUKALB delivery and offer on capacity development for capital investment could be better explored/utilized by donor community and municipalities.

A Joint Advocacy Strategy has also been developed in partnership with Albanian Associations of Municipalities, aimed at addressing common topics of concern for the three associations.

# 2 Problem History

Despite the support and interventions made through the years, the water sector infrastructure in Albania remains largely either in a poor or unsatisfactory condition to fulfil its overall objectives for providing drinking water to the population and treatment of the wastewater afterwards. While the country is rich in water resources, it suffers from shortages of water supply – a considerable part of water distribution network is old and severely deteriorated, and losses are high. Consequently, the water supply is unreliable and water quality rather poor. Water supply is limited to 12 hours per day on average, while almost one third of the population does not have access to safe and clean drinking water. Due to under-billing, bypassing of water meters, illegal connections, and improperly working metering devices, the share of so-called non-revenue water is high, estimated at 65 per cent of the produced drinking water in 2017. The wastewater collection and treatment services lag behind that of water supply services; only 50 per cent of the population is covered by the public sewerage system, compared to 78 per cent having access to water supply system.

Previous support in water sector included

various technical assistance, equipment and investments in order to align the country with the extensive and complex environmental and water European Union (EU) regulatory framework and improve policy development. EU assistance to the water sector over the period 2007-2013 amounted to more than 110 million EUR. Various donors provide resources to support the sector; among them International Financial Institutions (IFIs) with loans and grants from the World Bank (WB), the European Investment Bank (IEB), the European Bank for Reconstruction and Development (EBRD), and other donors. Germany is a very important contributor to the water sector through Kreditanstalt für Wiederaufbau (KfW), while other donors are Italy, Japan, Austria, Sweden, Switzerland and the United Nations (UN). The action in frame of EU was built on the Instrument for Pre-Accession Assistance IPA 2016 assistance to be expanded further. Capacities enhanced under IPA 2016 support for better managing the sector and operating and maintaining infrastructure will be further reinforced, as the IPA 2018 action is spanned over a longer timeframe.

## 2.1 Background

There are various policy commitments related to the water sector in Albania that are staggered through a hierarchy of important documents. Water sector is recognized by National Strategy for Development and Integration (NSDI) 2015-2020 in the Water for

people pillar- with objectives that include: (i) achieving coverage of sewerage network in urban and rural areas; (ii) increasing the number of households connected to wastewater treatment; (iii) applying the principle of full cost recovery; (iv) reviewing and

adjusting water tariff structure; and (v) construction of Waste Water Treatment Projects (WWTPs) in accordance with the National Master Plan for Water Supply and Sewerage. In 2013, Government of Albania (GoA) had already endorsed the Water Supply and Sanitation (WSS) strategy 2011-2017 with World Bank assistance. The 2011-2017 strategy updated the 2003 Sector Strategy with a vision to develop proper policies and commit sufficient resources to improve the provision of water supply and sewerage services and move toward compliance with EU standards.

Having indicated to donors that the water sector should be a major focus of infrastructure support going forward, the GoA subsequently prepared a comprehensive capital investment Master Plan for the sector with the support of KfW. However, at the national level, there is a need to upgrade/ expand key sector strategic documents. Also, there is a need to properly implement the Integrated Water Resources Management Strategy 2018-2027 as well as to adopt and implement the overarching National Sector Programme for Water, 2018-2030<sup>1</sup>.

## 2.2 Current status

### 2.2.1 Capital investments interventions and need for financing

The WSS sector is characterized by poor planning and programming capacity resulting in an overall low level of investment in water supply and wastewater collection and treatment systems, compared to the large demand estimated in the WSS Strategy 2011-2017 (868 million EUR for capital investment plus immediate replacement of defective infrastructure).

A Medium-Term Budget Framework is in place, covering the overall sector and funds specifically allocated to the responsible line ministries. However, budgets for the water sector are either constant or decreasing, which is not aligned with the capacity needs of the sector in view of water reform, including increasing performance and implementing the legal requirements and progressive alignment with EU water directives. Also available finances are not in line with reaching the targets of national strategies. On a mid-term budget

perspective, a significant proportion is funded through foreign IFI and donor sources. The national Single Project Pipeline sets out a medium- and long-term investment needs list- (twelve WSS projects totalling 648 million EUR proposed), but the projects are not mature, time bound and lack a clear link to national targets and budgets, as well as to national absorption capacity and foreign financing availability<sup>1</sup>. Nevertheless, the national water sector policy relative to water supply and sewerage is relevant with significant efforts been made to address key constraints and weaknesses, particularly through sector coordination and monitoring mechanisms.

A progressive implementation of investment is envisaged in frame of IPA for Albania. In its early phase, investment planned to address pre-selected municipalities according to set criteria, including municipalities of Berat-Kucova, Elbasan, Fier, Gjirokastra, Lezha,

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<sup>1</sup> European Commission 2016: Commission implementing decision of 13.12.2016 adopting the Country Action Programme for Albania

Lushnja, Saranda, Shkodra, Kamza and Vlora. Final project locations and scope will be established based on the on-going feasibility studies. The follow-up phase it will potentially be requiring additional funding, and a nationally coordinated municipality driven mechanism for municipal water sector infrastructure projects selection, development and implementation. The aim is to develop an open and effective mechanism which can channel additional funding into the municipalities for sustainable investments into the sector.

Building on the Municipal Infrastructure Programmes I-IV, Phase V has been established by the GoA and the KfW, with envisaged donor contributions from the EU and Switzerland, with the objective of increasing funding in the sector to implement priority investments identified in

the National Water Supply and Sewerage Master Plan and contribute to corporate development. The Master Plan estimates the investment needs of €5 billion until 2040, equal to €160 million capital allocation per year. Phase V envisages the implementation of €130 million in water supply, sewerage, and wastewater treatment priority infrastructure in up to 10 municipalities, to which the WBIF contributes with a €1.4 million grant for the preparation of technical documentation. The investments in these municipalities are expected to ensure sustainable access to safe drinking water at socially acceptable and cost-covering tariffs, adequate sanitation, and improved performance of utilities. The construction of these infrastructures is planned to be completed by the end of 2023.

### Structure of Municipal Infrastructure Program (MIP)

The Municipal Infrastructure Programme MIP I- IV is an infrastructure development programme aiming at the improvement of water supply and wastewater services of eight municipalities: Berat and Kuçova Librazhd and Prrrenjas, Delvina, Gjirokastra, Lushnja and Kamza. The 5 water utilities (UKs) and the Water Department of these municipalities act as Project Executing Agencies (PEA). See the map picture for locations.

The Programme consists of two components:

- **Institutional development** – this Institutional Training Project (ITM)- through consultancy assistance to the six utilities to improve on notably financial performance and sustainability.
- **Physical investments** for the six water utilities. This physical component consists of financing of the investments as well as technical assistance for feasibility studies, detailed design, tender preparation, procurement and supervision of construction in the second phase of the programme. These physical investments

are supported by so-called 'Implementation Consultants' (IC).

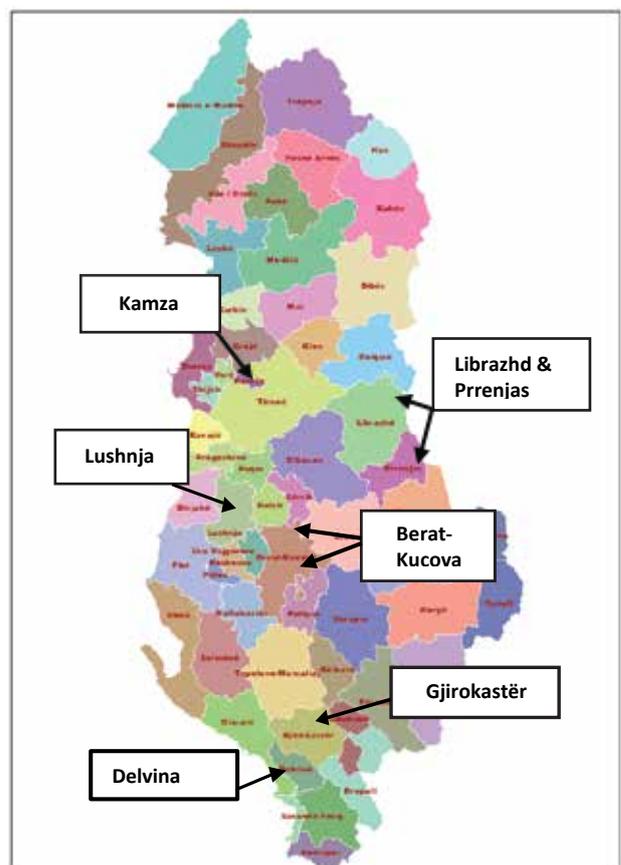


Table 1: Estimated investment in Master Plan, 2013 – 2040<sup>2</sup>Total Investment Needs  
(in million EUR)

Sector	Item	Rehabilitation	Extension	New Systems	SUM	Percentages
Water Supply	Utility based	530.5	352.7	3.4	886.6	17.45%
	OJ based	0.0	0.0	154.7	154.7	3.04%
	<b>Total</b>	<b>530.5</b>	<b>352.7</b>	<b>158.1</b>	<b>1,041.3</b>	20.50%
Sewerage	Utility; Treatment Stage 1	285.2	1,714.0	482.1	2,481.3	48.84%
	Utility; Treatment Stage 2/3	0.0	185.8	39.9	225.7	4.44%
	OJ; Treatment Stage 1 or combined	1.3	15.5	1,280.0	1,286.0	25.31%
	OJ; Treatment Stage 2	0.0	0.7	45.7	46.4	0.91%
	<b>Total</b>	<b>286.5</b>	<b>1,916.0</b>	<b>1,847.7</b>	<b>4,039.4</b>	79.50%
<b>Grand Total</b>		<b>817.0</b>	<b>2,268.7</b>	<b>2,005.8</b>	<b>5,080.7</b>	100.00%

Including an additional 10% contingencies (508.1 million EUR) and an additional 15% in consultant fees (762.1 million EUR) the overall cost reaches **6.4 billion EUR**

Based on 10 priority water sector investments and 14 priority wastewater sector investments of the Master Plan and complementary measures to improve the functionality of past investments, AKUK has prioritized 9 water

utilities (PUC/UK acronym in Alb) based on their performance. Projects covered by other financing partners (JICA, Italy, World Bank, etc.) and very small projects have been excluded.

Table 2: Selected indicators of preselected utilities (data 2015)

Utility Name:	Sarandë UK Sh.A	Berat Kucovë UK Sh.A	Lezhë UK Sh.A	Elber Sh.P.K.	Shkodër UK Sh.A	Fier UK Sh.A	Mallakastër UK Sh.A	Gjirokastër (Q) UK Sh.A	Lushnje (Q) UK Sh.A	Kamëz UK Sh.A
NRW	78%	76%	47%	76%	73%	61%	57%	71%	79%	54%
DOC coverage collections	110%	125%	98%	105%	88%	94%	56%	109%	85%	82%
Collection efficiency	83%	93%	89%	92%	81%	77%	87%	101%	95%	73%
Connections (with outsourced staff)	6,6	9,8	9,6	7,2	8,3	11,6	22,7	10,4	9,8	10,5
Connections (without outsourced staff)	6,6	9,8	9,6	6,3	8,3	11,3	18,8	10,4	9,8	10,5
Own staff	99	245	84	196	230	338	82	99	110	90
Outsourced staff	0	0	0	28	0	10	17	0	0	0
Metered customers	9.784	11.152	5.659	20.09	10.868	16.456	1.312	95	8.947	0
Unmetered customers	5.285	13.873	3.128	11.159	16.840	13.578	3.027	9.367	2.274	8.563
Meter ratio 2015	65%	45%	64%	64%	39%	55%	30%	1%	80%	0%

<sup>2</sup>KfW: Water Supply and Sewerage Master Plan for Albania, 2013

## 2.3 Technical capacities a joint principle

In 2016 there was a guideline developed to assist the water sector with a transition plan in the framework of the reform, with focus on the organization and management of the Water and Sewage Utilities. The Transition Plan was meant to address the following functional areas/issues related to the organization of the water supply and sewerage service as a result of the administrative territorial reform and the water sector reform.

Lack of technical capacities at the level of water utilities is well recognised by donors. There are insufficient trainings of employees in the PUCs, especially technical staff. Human resources are a vulnerable aspect of PUCs sector, as the professionals are either difficult to find, or in many other cases subject of frequent 'hiring and retiring'. Infrastructure investment supported by donors is usually combined with accompanying technical assistance measures, however capacity building of PUC staff is usually offered upon hand over of investment to end beneficiary by donor. Delivered assistance from donors is rather fragmented or disunited in terms of capacity and institutional development.

Despite delivered funding, technical assistance needs are huge. Estimations made for Albania in the Master Plan for a projected timeline of 28 years (2013-2040) reach up to 762 million EURs (Table 1).

According to EU sector approach assessment 2020, the sector reform process in terms of institutional arrangements, track record and political commitment is credible. However, further efforts are required with regards to investment planning and coordination, building up capacities of the main actors at both national and local levels, improving governance at all levels, improving water utilities to control costs and achieve full cost recovery of operations, and improving sector performance monitoring.

Local Authorities at the Municipal level are having direct responsibility as the water and sanitation utilities are no longer centrally managed. Instead, their ownership is being transferred to the cities and municipalities, and they have effectively become independent companies overnight. Many of these service providers, especially the smaller ones, are finding it difficult to cope with this transition. The new water infrastructure built by the capital investments requires new skills and capacities to be managed and operated efficiently. To date, the Measures component in the Capital Investment projects, seems to be tackling only the targeted intervention area, with limited outreach to build long term management capacities neither at Water Utilities, nor within the responsible units at Municipalities.

## 2.4 SHUKALB, a resource of established expertise and know-how

SHUKALB ongoing assessment and experience in Albania shows that institutional weakness and malfunctions are a major cause of ineffective and unsustainable water services. Urgent attention needs to be given to build institutional capacity at all levels. Pressure for

improved local delivery of water services and responsibilities related to operation and maintenance of new investments suggest that development of institutional capacity should be more demand responsive. Capacity building is foremost a strategic element in the sustainable

development of the water sector, which is a long-term continuing process that needs to be spread throughout all activities in the sector.

SHUKALB has 20 years of experience connecting water utilities, professionals in the sector, toward sharing concerns and development ideas. It is a hub that draws valuable experience from domestic expertise and the best available international one from Regional, Pan-European and International Water Associations. Its capacities were honed over two decades of experience. From the time it was established SHUKALB has developed and implemented various programs and projects, adding value to

information and knowledge exchange in water sector. It has provided opportunities for young professionals to gain more experience in profession advancement and is continuously doing so.

One of SHUKALB's most important achievements in the field of capacity building is the Test-Based Certification Program, which was initiated in partnership with and under the guidance of Ministry of Infrastructure and Energy (MIE) with USAID support. In 2018, Albania's Minister of Infrastructure and Energy extended formal endorsement<sup>3</sup> of the Program to all water and sewage utilities.

### About SHUKALB Networking

SHUKALB considers networking and partnerships key in leveraging knowledge and know how. The membership at national and international professional partnerships is considered as contributing factor to increased professional development and understanding across borders. SHUKALB is already member of:

- **International Water Association (IWA)** is a global reference point for water professionals, spanning the continuum between research and practice, and covering all facets of the water cycle. Through its network of members and experts in research, practice, regulation, industry, consulting and manufacturing. SHUKALB is a member of IWA since 2010, and since 2015 is a member of the Governing Board of IWA.
- **European Water Association (EWA)**, is an independent, non-governmental organization dealing with the management and improvement of water environment. It is one of the major professional associations in Europe. SHUKALB is a member with full voting rights in EWA since 2006, and has been represented in the Management Council since 2009.
- **Association of Boards of Certification (ABC)**, is the association of certifying authorities for water and wastewater operators in the USA. SHUKALB is a member of ABC since 2015.
- **International Association of Water Service Companies in the Danube River Catchment Area (IAWD)**, is a regional platform that facilitates the voice of water utilities in the Danube region offering information exchange, peer to peer networking and knowledge sharing. SHUKALB is an extraordinary member of IAWD since 2017.

Program objective was to help ensure that Albania's water and sewage sector workforce has the knowledge and skills to meet the country's water supply and sewerage services needs and bring them into compliance with

European Union directives. A subsequent achievement of institutionalization of the Program was the signing of a cooperation agreement between MIE Albania and Ministry of Economic

<sup>3</sup> Ministry of Infrastructure and Energy, Instruction, no. 660, dated 28.9.2018, On the Establishment and Implementation of a National Training and Test-Based Certification Program in The Water Sector, Wastewater Collection, Removal and Treatment

Development Kosovo (MED) for a joint certification program, based on testing for Water and Sanitation Operators in both countries. Albania is a pioneering country in the region to have formalised a National Training and Certification Program for operational managers of Water and Sanitation Utilities. Governing body of the program is the Certification Board, constituted by key stakeholders which have allowed Albanian Institutions to have started the implementation of the Certification Program<sup>4</sup> in the short term. As a result of SHUKALB's work over the 20 years with developing and delivering training and

capacity building programs, as part of partnerships and support from donors such as USAID and GIZ, SHUKALB has today a wide and rich offer that responds to the needs of water utilities in improving their managerial as well as technical skills, at different levels of the utility. SHUKALB's offer for capacity development consists in:

- 46 training courses that cover water supply and treatment, sewerage and wastewater treatment, management, and cross cutting areas.
- A pool of more than 126 trained experts

### SHUKALB's offer for capacity development:

#### Management

- Management
- Supervising
- Personal and Professional Skills
- Ethics for Water and Wastewater Professionals
- Financial Management for Non-Financial Managers
- Crisis and Emergency Management
- Customer Service and Public Relations
- Financial Statements and their Role in Decision Making

#### Sewerage and Wastewater Treatment

- Operation and Maintenance of Wastewater Collection System I
- Operation and Maintenance of Wastewater Collection System II
- Repair and Rehabilitation of Wastewater Collection System
- Overview of Wastewater Treatment
- Safety for Wastewater Professionals
- Preliminary and Primary Wastewater Treatment
- Secondary Wastewater Treatment – Ponds, Lagoons and Wetlands
- Secondary Wastewater Treatment – Fixed Film Methods
- Secondary Wastewater Treatment – Activated Sludge Methods
- Sludge Treatment and Biosolids Management
- Mathematics for Wastewater Treatment Professional
- Nutrient Removal – Biological and Chemical
- Sampling and Laboratory Procedures for Wastewater

#### Distance Learning (online)

- Guidelines for Advisory Council Members

#### Cross Cutting

- Asset Management
- Performance Management Through Benchmarking
- Guidelines for Advisory Council Members
- Business Planning for Performance Improvement
- Water Loss Management I
- Water Loss Management II
- Leakage Control
- General Safety for Water and Wastewater Professionals
- Equipment maintenance – Motors, pumps and valves for Drinking Water and Wastewater Professionals
- General Mathematics for Water and Wastewater Professionals
- Energy Efficiency in Water and Wastewater Utilities
- SCADA System Overview for Water and Wastewater Professionals

#### Water Supply and Treatment

- Water Treatment Plant Operation and Maintenance
- Water Sources and Intake Structure
- Small Water Systems
- Introduction to Water Treatment
- Water Quality in the Distribution System
- Sampling and Laboratory Procedures for Water and Wastewater
- Water Meters, Valves and Fire Hydrants
- Fundamentals of Water System Hydraulics
- Wells Operation
- Water Mains and Storage Facilities
- Applied Mathematic for Water Treatment Operators
- Pretreatment, Taste and Odor
- Metals Control

<sup>4</sup> USAID: Performance Evaluation of the Sustainable Water Sector Capacity Development Activity. Final Evaluation Report, May 2019

engaged in respective water sub-areas, from water and sanitation operators, academia and private sector in both countries, Albania and Kosovo engaged in respective water sectors.

- Professional and experienced staff and best practices in place for supporting the development and delivery of SHUKALB's diverse

offer of training and capacity development programs. In addition, SHUKALB has established partnerships with the Danube Learning Partnership (D-LeaP) under which offers a range of programs that are developed at the regional level. Few highlights in the table below:

**In the framework of the Danube Learning Partnership (D-LeaP) the following programs are offered:**

- Energy Efficiency Program
- Integrated Asset Management Program
- Utility Benchmarking Program
- Commercial Efficiency Program
- Non-Revenue Water Program
- Water Safety Planning and Crisis Management Program

**In the framework of the Project "Regional Capacity Development Network (RCDN) the following products are offered:**

- Training on Capital Infrastructure Investment Projects in the Water Sector
- Peer Exchanges for successful Infrastructure Waste Water Collection and Treatment Projects
- Capacity Development Program for Wastewater Collection and Treatment

# 3 Policy Options

Based on the Water Supply and Sewage Master Plan, donor organizations and decision-makers should delineate (i) the sector related investment measures to be undertaken by the Government; (ii) the financing requirements to be covered by the Government, the municipalities, the banks and/or external donors. The specific objectives of the Master Plan are the development of a prioritization system for water infrastructure investments, and the creation of a phased short, medium- and long-term investment plan 2018/2019. The existing master plan was updated in terms of contents and technology<sup>5</sup>.

At the same time, decentralisation process demands a process of **building financial, managerial and institutional capacities of local institutions**. Experience in many countries has shown that local capacities have to be developed considerably and with sustained effort in order to deal with decentralised responsibilities. Such need of Water Utilities and Local Authorities should be addressed by an open approach of integrating in the whole process of planning, design and implementation of each Capital Investments the national institutions, such as SHUKALB, which can support and assist the water actors in a long run.

Although, significant efforts are made from various actors in assisting GoA with Policy design and drafting of a new law, as well as with the development and update of the master plan, as yet no endorsement of the new draft

Strategy for Water Sector, 2018-2030 and of the new draft Law have been made. It is of imperative importance **adoption and implementation of an overarching National Sector Programme for Water 2018-2030 and a Capital Investment Plan 2020 – 2030** which would scale down the priorities of the Master Plan in neither broad nor limited termly bases. Such an instrument would further help to improve the inadequate distribution system (Rehabilitation & Improvement), and assist stakeholders shared contributions to better define the technical capacity needed for the areas as to where the investment will be directed.

Albania with KfW support has already adopted a prioritized Master Plan for the years to come until 2040, and the distribution of roles regarding investment follows a semi decentralized structure with municipalities themselves handling over 80% of investment work and Albanian Development Fund ADF, handling the 20% of remained investment out of the entire funds available for Capital Investment. Whereas associating measures to capital investment are administered by respective donors through bidding procedures and the hiring of local and international expertise, or consulting companies **that deliver technical expertise**. Such a complexity in distribution of roles could be better addressed via more cohesive capacity development interventions and utilization of in-country existing expertise. Over the last 20 years,

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<sup>5</sup> KfW: Water Supply and Sewerage Master Plan for Albania, 2013

qualitative expertise and products are developed within Albanian institutions, such as SHUKALB, which is available, but considered as untapped resource.

**Capacity development is an important aspect of human resource development** and is closely related to company development. Existing shortcomings of staff in terms of knowledge and skills are the result of educational level of individuals themselves, but also of the policies and strategies for staff to attract and retain more qualified personnel. Capacity development of the necessary capacities is important for filling in gaps and weaknesses in relation to existing knowledge. Sub-sectors that may require training and capacity building are many, diverse and dynamic over the time. However, the training should not rely only on training conducted by resources of external expertise. Rather the needs and strategies should be addressed based on specific

weaknesses and in line with corporate/sector development objectives taking advantage of domestic sources available in capacity building.

Preserving water resources, water quality and sanitation services are challenges that will continue to be addressed persistently with infrastructure investments along with capacity building programs to face the lack of expertise and lift the capacities of sanitation professionals' in-progress. **Capacity development is cross-cutting objective** which cuts across and applies to all programs, professional groups and stakeholders involved in water sector. Because commitment to sustainability underlies components of stakeholders' work in Albania there is a potential to collaborate with and support SHUKALB workability.

# 4 Policy Statements

• **A Multi-sectoral and inclusive accommodating arrangement to institutionalise a collaborative approach** on policy development, co-ordination, monitoring, and the overall support of municipal infrastructure delivery, will have to be established. This would create an empowering environment for SHUKALB to contribute with own knowledge and expertise to such important processes.

• **The same collaborative formation is encouraged to be established for development of water sector Programme Plans.** SHUKALB is able to address to this table-set the needs of more advanced municipalities to the weakest ones. SHUKALB is a growing pool of a mobile expertise. On one hand whatever the international expertise is used to, involvement of SHUKALB will be useful for development of the interventions that are well grounded. On the other hand, international expertise will not only pass from international experts to the local ones, but relying on SHUKALB close and well-established ties with water utilities all over Albania it will also help distribute benefits of intervention to the entire country.

• **An essential setting for downsizing the Updated Master Plan into A Capital Investment Plan to enfold a timeframe of 5-10 years** would have to be encouraged to allow for a better linking and recognition of capacity development associating measures to capital investment ones. Developing such a setting would thereafter help to measure capacity development needs aimed at being properly matched with dedicated assistance to the local level (Municipalities & Water Utilities). Adoption of a Capital Investment Plan embracing

responsible state agencies for water sector and related institutions, donors and capacity development suppliers or organizations, such as SHUKALB, will help getting a picture of who is doing what and how could cooperation among players be complemented, as well as improved. Such a planning has a central importance, as would mean not only production of good Investment plans, but also implementation.

• Given the various performance satisfaction levels of water utilities and the various local contexts in which they operate **finding out an effective mechanism to reach the cascade effect in assisting with capacity development at the municipal level** would be useful in addressing the danger of disparity among end beneficiaries (water utilities). Continuous development of SHUKALB as vector for sharing experience and know how between operators, municipalities and countries will maximise the use of good practice and local expertise.

• Even though SHUKALB has assessed the need of utilities in capacity development in ongoing way, **a more comprehended and structured assessment can be carried through donor support** which one will have to be entirely devoted to capital investment aspects aimed at establishing a structured and complementing demand driven capacity development process on efforts, roles and contributions against projected capital investment plans.

• **Establishing an enabling environment for capacity development actors towards shared and forward-looking engagement.** Working in complex reformation and change processes that are supported by insufficient and scarcity of

financial resources that involve two governance levels requires viable solutions to

implementation objectives of programs at the public benefit.

### **Message of Policy Paper:**

Donors' development assistance and other forms of aid that subsidize most **capital investment** for the provision and financing of water sector in Albania (as a source of finance and capacity development) should consider to better align their Strategic Financial Plans, **(SFPs)** with Sector Wide Approach Plans, **(SWAPs)**; and draw on **SHUKALB's domestic experience** where relevant in the field of **capacity development** for WSS, to fill in **the local capacity development gaps** through **peer-group assistance** and **bilateral twinning**.

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