Water Regulatory Authority of Albania

Report on the Performance on the Water Supply and Sewerage Companies

2014

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Vision

A water supply and sewerage sector, financially self-sustainable, providing high quality as well as affordable services to all consumers in Albania.

Mission

Ensuring for all Albanian customers that water and sewerage service providers deliver the highest achievable quality at a fair price and in a financially sustainable manner.

Content

Abbreviations

WRA	Regulatory Authority of the Sector of Water Supply and Wastewater Disposal and Treatment
WSS	Water Supply & Sewerage
NRC	National Regulatory Commission
JSC	Joint Stock Company
MTI	Ministry of Transport and Infrastructure
WSSGD	Water Supply and Sewerage General Directorate
MBU	Monitoring and Benchmarking Unit
MH	Ministry of Health
PHI	Public Health Institute
RHD	Regional Health Directorate
PHD	Public Health Directorate
LGU	Local Government Units
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit / Agjencia Gjermane për Zhvillim Ndërkombëtar
IWA	International Water Association
KPI	Key Performance Indicators
WTP	Wastewater Treatment Plant
O&M	Operation and Maintenance Costs

Foreword

The performance report of WSS companies, presented by WRA since 2011 is for four years now part of regulatory reporting system.

Being one of the main transparency instruments, the report aims to provide information to all the stakeholders and the general public on the performance of licensed service providers. More over through this report every company can see their progress on service performance through years and compare it with the one of the companies belonging within the same group. Also this analysis helps to accomplish the mission of the Regulatory Authority as well as the improvement of standards, methodologies and practices used to make possible the performance comparison.

Achieving financial sustainability of the WSS service providers remains a major challenge for the sector, while the focus of the WRA is the service delivery in the highest achievable quality and at a reasonable price. The analysis of the performance indicators for 2014, in general confirmed a positive trend of the sector. Revenue collection, an indicator directly related to a better management has increased, although such performance was achieved supported also by the central government strategy.

As a consequence of the collections increase and the tariff policy followed by WRA, total and O&M cost coverage continued to have a positive trend. Similarly, the metering ratio and the water supply hours have increased compared to a year ago, although still far from the strategic objectives set for the sector. The main concerns for the sector performance remains the unacceptable level of non-revenue water, despite the apparent progress in the measured services ratio and the management capacity improvement. Keeping losses at an almost constant level has a negative impact on the companies' financial sustainability and directly affects the performance of services.

WRA, although not directly the responsible institution for monitoring drinking water quality, considers this an important indicator in fulfilling its mandate related to consumer protection. Although measures are taken to improve the quality of water at the delivery point, for many other reasons (water supply interruptions, changes of water pressure, illegal connections, tanks and out of standards pumps installed), the WSS companies do not guarantee the quality of water to consumers. This confirms once again the interdependence of the various areas of the companies' performance to ensure qualitatively clean water, but also requires an interaction and coordination of all the relevant structures, which are indirectly monitoring the water quality.

In our opinion, this coordination would unify not only the reporting standards and the needed types of analysis to measure the water quality, but it would improve also the accuracy of the information. Unfortunately, this year such coordination in monitoring the quality of drinking water and standard reporting is not achieved.

Although problems still exist in the sector and in many of WSS companies, I have the pleasure to say that the analysis of 2014, apart from marking an improvement on all sector indicators, showed also a positive tendency for more WSS companies which now are ranked in the best performers group. I am convinced that each company which has passed this threshold feels proud today and I hope they will keep this positive rhythm in the future years. WRA will always be ready to support their efforts in the development of the sector, in spite of many problems and challenges.

By the end, I would like to thank all the WRA employees for the work and dedication they have shown in the preparation of this report, as well as GIZ, as our main partner in increasing the institutional capacities of the WRA.

Avni **DERVISHI**

CHAIRMAN
Water Regulatory Authority

Introduction

The performance assessment of the WSS sector and of the licensed companies operating in it, which has started since 2011, is nowadays one of the periodic reports WRA prepares following the Annual Report, published in the end of January. This report assures an independent and objective picture of the WSS sector, enable all the stakeholders and the public to be informed on the performance of their service provider as well as compare its results with the achievements of each service provider that operates under the same conditions.

As one of the tools that helps increase transparency, the main purpose of this report is to promote competition between the water and sewerage services companies, which currently operate in the conditions of a monopoly. By analyzing the performance of individual companies and comparing them to other operators, on the basis of a series of performance indicators selected by the WRA, the companies can identify opportunities for further improvement. We believe that enabling all stakeholders, including consumers, to see the progress made in the water and sewerage sector and to assess the performance of their local operator is a powerful stimulus for the companies to increase their efforts in the service provision. We believe that the managers of each company would prefer to see their companies ranked among the best companies, certainly not among the weakest ones in every succeeding performance report.

The report consists of six parts where:

- The first part points out shortly the main WRA activities and achievements during 2014.
- The second part presents the general performance of the water supply and sewerage sector during 2014.
- The third part, as the most important part of this report, gives the analysis of the performance of WSS companies, for each of the ten KPIs taken into consideration. This part concludes with the fourth part of the report where the ranking of companies is given based on the achieved results.

- The fifth part of the report treats, as a special topic for this year, one of the most important regulatory functions, Consumer Protection focused on the instruments WRA has improved during the reported year.
- The report concludes with its sixth part, which makes a summary of the main conclusions.
- In the end, there is a summary of annexes with detailed data for the companies and the WSS tariffs they apply.

1

WRA and its Activity in 2014

Description of Role and Mandate of WRA

The Regulatory Authority of the Water Supply and Waste Water Disposal and Treatment Sector (WRA) is a public independent institution operating based on Law no. 8102, as amended, dated 28.03.1996 on the "Regulatory framework of the water supply and wastewater disposal and treatment sector ".

WRA exercises regulatory functions in the water supply and sewerage sector. These functions comprise licensing of service providers, approval of WSS service tariffs, setting uniform standards and rules in the sector, monitoring the performance of WSS companies as well as reporting on the sector condition, etc.

WRA Importance for the Sector Development

The existence of a regulatory institution in the sector is necessary to orientate these services towards the economies of scale, as well as in determining a fair, independent and impartial tariff policy. In addition, an independent regulator serves to increase the transparency in the sector and inform the public and the governance about the WSS sector developments, being so an alternative source of information, benchmarking and assessment review of WSS services.

In performing the duties provided by law, WRA is led by the principle of impartiality and balance amongst the interests of all stakeholders in the WSS sector, consumers, service providers, local government and investors.

Currently, the law of WRA functioning is undergoing changes. The main purpose of these changes is the transfer of the competence for tariffs approval of non-hazardous waste deposit at landfills and incineration plants, to WRA. This proposal is based on the argument that to date, the deposit of such waste is not regulated by law, with respect to the economic aspect of the tariffs for depositing them in landfills.

Moreover, several changes and additions have been made to the draft law, with the purpose of determining a clear institutional independence of WRA and strengthening of its role through:

- Approval of the members of the commission from the Parliament,
- Increase of the financial independence;
- Increase of WRA's role in customer protection;
- And the increase of sanctions against companies violating the legal obligations.

Licensing

An important aspect of WRA functions for 2014 has been the monitoring of the licensing situation in the sector with the attempt to bring to the attention of companies the fulfillment of licensing conditions.

In 2014, there are 22 WSS companies that applied for new licenses or renewal of existing licenses at the Water Regulatory Authority, of which was granted a license as per the NRC decision to 13 (thirteen) companies after completing all the needed documentation, whereas 9 (nine) other applications are still being processed. During the same year, 2 (two) other companies are licensed based on the NRC decision, the applications of which were done the previous year, but their documentation was completed in 2014.

When applying for licenses or renewal of licenses in 2014, the companies operating in the WSS sector faced problems that are known for WRA. As the most critical ones amongst them, we can mention the changing of the technical/legal manager in a very short time (and several times in a year), difficulties in finding a qualified technical manager or a second manager for the companies that operate treatment plants, difficulties in registration and reflection of changes in NRC, delays in the submission of needed documents to start the licensing procedure.

Due to the above problems, the licensing situation by the end of 2014, for 57 WSS companies operating in the water supply and wastewater sector is:

- 40 (forty) companies have a valid licenses;
- 9 (nine) companies are in process for the license renewal;
- 5 (five) companies have an expired license and did not apply yet for its renewal;
- 3 (three) companies do not have a license.

WRA has always been collaborative and willing to assist and support the companies in resolving these licensing problems.

Regulation of Tariffs

WRA is the authority approving the wholesale and retail water supply tariffs, wastewater disposal and treatment tariffs for all the licensees in the water supply and sewerage sector. Based on the competences given by law, WRA has defined rules for the application, examination and approval of tariffs for the water supply service, disposal and treatment of wastewater based on the Methodology "On Approval of Tariffs", obligatory to be applied by all licensed companies.

WRA should ensure the consumers that the tariffs they pay are based on the necessary and reasonable costs for the provided services. WRA's goal through tariff policy is immediate coverage of the maintenance and operation costs, whereas total cost coverage is a long term target. The tariff policy followed by WRA involves a gradual increase of tariffs for the future years, on the condition that each increase is reflected with improvement of service performance.

In 2004, WRA received requests for tariffs adjustment by 13 companies, of which:

- Sh.a. WSS Fier, Sh.a. WSS Gjirokastër, Sh.a. WSS Lezhë, Sh.a. WSS Lushnjë, Sh.a. WSS Sarandë, Sh.a. WSS Ersekë and Sh.a. WSS Korçë are companies that have applied for tariff changing also in the previous year. For these companies, the annual application for tariff change is based on their business plans.
- Sh.a.WSS Himarë and Sh.a.WS Korçë Fshat applied for the first time to WRA for tariff approval.
- The companies Sh.a. WSS Krujë, Sh.a. WS Elbasan Fshat, Sh.a. WS Poliçan and Sh.a. WSS Kukës apply tariffs approved by WRA respectively in 2007, 2010 and 2011.

The process of tariff approval (which goes through several steps) starts with the submission of the application for tariffs adjustment, which should be completed by WSS companies in accordance with the requirements set in the "Tariff Setting" Methodology. If the application documentation is not complete, the tariff approval procedure starts after the completion of such documentation. The submission of the applications by the companies is done within the 30th of June of each year. The final deadline for tariff approval by the National Regulatory Commission is 30th March of the succeeding year.

In March 2014, in compliance with the requirements and deadlines defined by the Methodology, NRC approved tariffs for Sh.a. WSS Fier, Sh.a. WSS Lushnjë Qytet and Sh.a. WSS Berat-Kuçovë, for which the tariff application process started in 2013.

With respect to the applications submitted for tariffs adjustment in 2014, WRA examined case by case the requests depending on the completion of the application documentation required for such tariffs adjustment.

For companies Sh.a.WSS Lezhë, Sh.a.WSS Krujë, Sh.a.WSS Kukës, Sh.a.WSS Gjirokastër, Sh.a.WSS Fier, Sh.a.WSS Lushnjë and Sh.a.WSS Himarë, the Commission decided not to take into examination the request for tariff adjustment because of the lack of application documents in conformity to the Methodology requirements. The tariff approval procedure

for these companies shall continue next year, after they have completed the missing documents and have updated the data and the required documentation.
Whereas based on the analysis made, the National Regulatory Commission approved the tariffs for Sh.a.WSS Korçë Qytet, Sh.a.WSS Sarandë, Sh.a.WSS Ersekë, Sh.a.WS Poliçan, Sh.a.WS Elbasan Fshat and Sh.a.WS Korçë Fshat.
The main objective of WRA in the process of tariff approval is finding a balance between protecting the interest of consumers and increasing the financial sustainability of companies. WRA through its regulatory instruments as the tariff structure, cross-subsidy, organization of the hearing session, monitoring of efficiency and effectiveness of service providers, has tried always to approve tariffs affordable for the consumers, but in the same time to ensure that companies have the needed financial means to cover their costs. For many companies, the payment of the loan costs and the maintenance of investments have considerably increased the costs of services they provide. A part of these costs could be covered through tariffs, but their total coverage may not be affordable by the customers and the further increase of tariffs could bring negative social effects.
In 2014, in the framework of the Program "Support to the Sector of Water Supply and Sewerage in Albania", "the Affordability of Tariffs for Water Supply and Sewerage Services for the Household Consumers with Incomes below the Poverty Level" has been treated as a separate issue. WRA has supported the study made.
The conclusions and recommendations of this report, prepared by the experts, were taken into consideration during tariff adjustment process and will also help in resolving the problems related to affordability. Finding the suitable instruments for subsidizing the people in need requires the cooperation of all stakeholders involved.

Consumer Protection and Increase of Transparency

With respect to the consumer protection, the proposed law changes are expected to regulate a very important aspect of the customer's rights as it is their right to complain.
This process remains one of the most sensitive problems between the WRA and consumers, an issue which is not easy to be handled. The treatment and resolution of customer complaints is not properly treated. The legal provisions and the legal norms in force, several of which are outdated, does not respond to the current developments and does not completely regulate the rights and obligations of both parties.
In this situation, a partial resolution of such issue are the changes expected to be made to the law no. 8102, dated 28.3.1996, "On the regulatory framework of the sector of water supply and waste water disposal and treatment", as amended, part of which is the increase of NRC competence in decision making with respect to the consumer complaints.
WRA mission is to ensure for all water supply and waste water clients in Albania the best qualitative and affordable services. Taking into account the consumers' right to have qualitative services and clear rights and obligations, WRA decided from September 2014 to

use the contract model as the main contract, which obligatorily regulates all the relations between consumers and WSS companies in Albania, despite of its signature by both parties. This contract, not only clearly defines the rights and obligations of the parties, but it also serves as an instrument sanctioning the procedures to be followed to ensure a fair and transparent relationship between consumers and companies.

2

Performance in the Water Supply and Sewerage Sector in 2014

Performance in the Water Supply and Sewerage Sector in 2014

This part of the report makes a general overview of the performance and the main developments in the WSS sector during 2014. Sector performance assessment shows the common achievements for 57 companies compared to the objectives set in the strategy for sector development 2011-2017 and the ones set by Water Regulatory Authority.

Main Developments

The main WRA objectives are license grating and tariffs approval for all companies operating in the WSS sector, creating so a stable regulatory and transparent environment in the whole sector. Currently, from 57 companies, 49 of them have a valid license to exercise their activity and 48 operate with tariffs approved by WRA. This situation is as a result of a successful cooperation within WRA and companies in order to apply a regulated water supply and waste water disposal and treatment service within a legal framework.

WSS sector mainly operates through operators organized as a joint stock companies owned by the local authority in whose administrative area, the operator provides the service. Provision of water supply service from these companies is carried out for 80.8% of the population living in their area of jurisdiction, and the sewer service is provided to 51% of this population. Only about 10% of the population in the jurisdiction area also benefits wastewater treatment.

Sewerage service continues to lag behind that of water supply. Improving the service requires much more effort to increase the level of coverage of the service and its level to enable the protection of water and the environment. The sewerage service is offered by 32 operators, 5 of whom also carry out the wastewater treatment.

For the other part of the population, such service is mainly carried out by local government units, which have not transferred it to the water utilities. For the population outside the areas of jurisdiction of operators, service is provided by departments that operate within the local government units, communes and municipalities, not licensed by the WRA. The study that Water Regulatory Authority completed about all such areas uncovered with water and sewerage licensed service will serve to reach concrete recommendations for the regulation of water supply and sewerage service provided in these areas.

The assets of WSS companies, pursuant to the reforms and decentralization of the LGUs functions, according to the law on local government, were gradually transferred to the local government units by various decisions of the Council of Ministers. In cases when a WSS company covers more than one unit of a local government, its shares were allocated in proportion to the number of population of each unit. However, local governments often do not exercise their responsibilities related to this service, therefore the WSS companies usually are not accountable for the service they perform and the work carried out almost does not function.

The administrative reform lately approved is a very important step for the WSS sector. This reform will organize the companies according to the new map of the territorial organization, creating all the conditions for a better management, based on the principles of regionalization and economies of scale. In addition, this reform eliminates several negative phenomena affecting the sector.

The reform shall facilitate considerably the legal regulation issues on the uncovered areas, because many units will become part of bigger municipalities/communes. In the future, WSS services shall be provided by licensed companies in the entire territory.

Identification and registration of the water supply and sewerage assets as well as their certification in the Office of Registration of Immovable Properties shall eliminate the irregularities found in this aspect. The asset inventory shall include not only the existing assets of WSS companies, but also the assets by the local government investments, shareholders of WSS companies, that are not currently part of the company inventory as well as local government assets, mainly communes, which to date are administered by departments within these communes and are not part of the WSS company jurisdiction.

In addition, WSS services reorganization as a function of the new local units is believed to resolve the problem of accountability of the company managers in relation to their owner.

In 2014 the sector is developing steadily. Most indicators have made progress compared to a year ago. Even this year the income of WSS companies cover 100% of the average operating and maintenance costs for the sector. Revenues in the sector increased 3% compared to 2013, while costs have decreased by around 3%, which has led to an increase on the coverage level of the cost with the income.

In addition, in 2014 the solvency of companies has improved, because the collection level has increased by about 11% compared to a year ago. The reason of the positive reflections, increasing the liquidity of companies is also the determination openly expressed by the government related to the liquidation of outstanding payments in all services both the companies and the consumers. So the companies have improved the economic indicators, and have reduced the outstanding payments towards third parties.

Although the average of the financial results is promising, the fact that water losses remain high remains one of the major concerns in the sector. WRA has continually emphasized that loss reduction should be a priority of the companies, even though the control and reduction of losses requires time and investments.

The analysis of losses based on "water balance" gives detailed information about the amount of water produced, billed, the level of losses and their causes. The analysis of this data serves to both the companies and the regulator to assess the situation and program the measures to be taken to improve it.

Capital investments play an important role in the sector improvement. The main investment source remains the funds allocated by the state budget and the loans and grants by foreign donors. These investments are focused on the rehabilitation and extension of the water supply and sewerage systems. An important investment is the construction of waste water treatment plants.

Maintenance of these investments and the loan costs for many companies comprise the biggest part on the total of costs, therefore finding the financial means for their coverage takes a special importance. Even during 2014, the government has accorded subsidies to the companies, but the main source of income for them should be the income from their main activity and the services they perform for consumers.

General Performance in the Sector and Tendencies

The following table presents the general sector performance for 2014 and its progress for the years 2012-2014. The table makes possible a quick comparison between the current performance for 2014 and the objectives presented in the sector strategy, as well as the target levels for a good performance set by the WRA.

Performance Indicators	2012	2013	2014	Performance Trend	Good Performance(WRA)	Sector Strategy Objectives(2014)
Water Supply Coverage(%)	80.8%	80.8%	80.8%	=	n/a	93%
Sewerage Coverage(%)	51%	51%	51%	=	75%	85%
Water Supply Hours (hour/day)	10.8	11.5	12.1	↗	18	15
Total Cost Coverage(%)	82.7%	84.6%	87%	↗	80%	74%
O&M Cost Coverage(%)	106.3%	113.8%	122%	↗	100%	100%
Collection Rate(%)	90.9%	82%	91%	↗	82%	92%
Staff Efficiency (staff/1000 connections)	9.3	9.5	8.9	↗	4/6/10	n/a
Non-revenue Water(%)	67.1%	67.4%	67.2%	≈	30%	54%
Metering Ratio(%)	55.1%	59%	61.2%	↗	85%	65%

Table1. Summary of the water supply and sewerage sector performance for 2014, Information Source: WRA

In 2014, most of the indicators had progressed, but only the indicators of cost coverage have reached the strategic objectives for the sector and the good performance set by the WRA.
Water supply and sewerage coverage represent the total number of population living in the jurisdictional area of WSS companies and benefits these services from the company. The coverage level with the water supply and sewerage services from WSS companies has not changed even this year. The population living in urban areas has more access to water supply and wastewater disposal and treatment by the WSS companies, 76% water supply coverage and 98% the wastewater treatment and disposal coverage belongs to the urban area. The population in rural areas has mainly access only to water supply services, 24% of this population benefits the service of water supply and only 2% of this population is covered by the wastewater treatment and disposal service. In rural areas, the reached levels show that WSS service coverage is far from sector development objectives.
In 2014, the results show good progress of the sector towards cost coverage. O&M cost coverage with incomes from the main activity is 122% and the number of companies

covering 100% of the operation and maintenance costs is now twenty one. WRA considers the O&M cost coverage with income from the main activity, as a first step towards full cost coverage in the future.

Total cost coverage average for the sector is 87%. Seven companies have managed to cover with their income all the expenses made for the services provided. It is mainly the big companies that have had this result. However, the overall result hides the poor performance of several companies, mainly small ones, which cannot even manage to cover half of the expenses with their income.

In the last three years, the level of covering the costs with the income from the activity has marked progress, as a result of increasing the income and keeping expenses under control.

The analysis of the cost structure makes possible to determine for what was spent the most, what are the reasons, and where the efforts should be focused to make possible the reduction of these expenses.

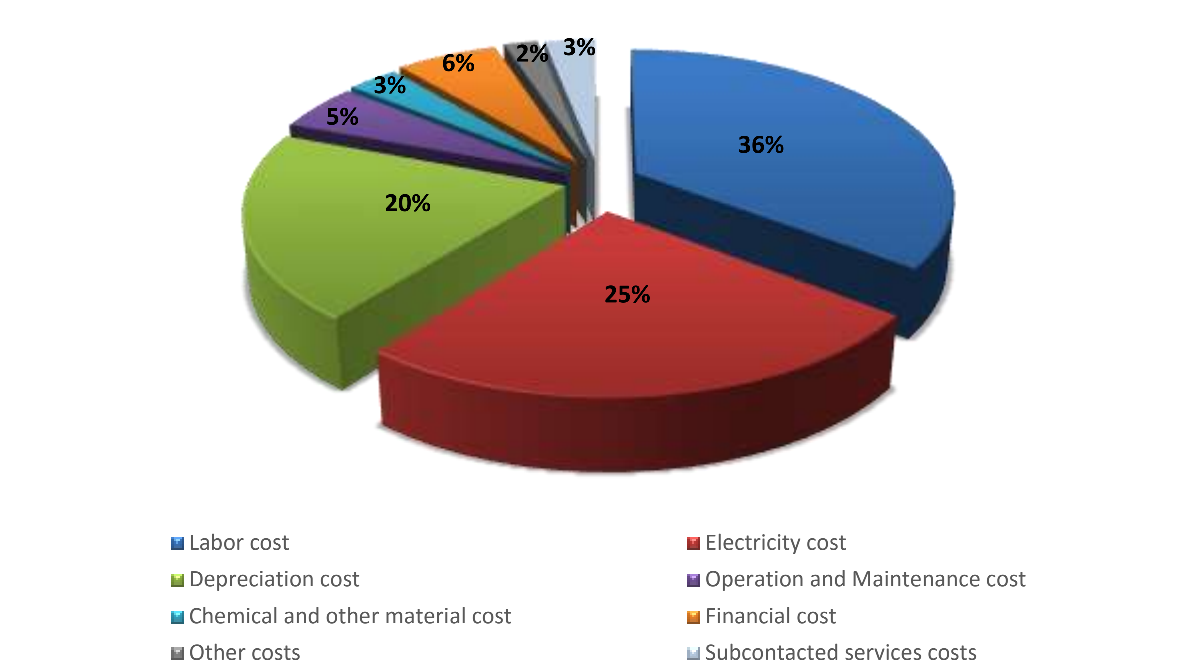


Figure 1. Structure of WSS service cost for 2014.

The biggest percentage of the total of costs consist on staff costs, electricity and depreciation, therefore the companies' efforts should be focused on lowering of such expenses. One of the main directions of providing an efficient service is the improvement of operational efficiency in order to reduce the service costs.

In general, WSS companies have a large number of staff per 1000 connections, which shows an inefficient management of human resources. In 2014, the average level of this indicator for the sector is 8.9 staff/1000 connections. For a small number of companies, the level of this indicator is close to the figures of the regional countries, where the average number of staff per 1000 connections is not more than 4-5 staff/1000 connections. But for some others the number of staff per 1000 connections is the double of the average level of the sector, which causes the staff costs to take up more than half of the annual expenses of the

company. After the staff costs, electricity costs are those that take up a considerable weight in the total of costs. For companies administering systems with mechanic elevation both for water supply and the waste water disposal, the electricity power efficiency is a very important indicator with direct effect on this component of expenses.
Reduction of the electricity costs for the water supply service is also related to the improvement of several other indicators as reduction of losses, installation of meters, and also a better management of the water supply system, which causes the reduction of the produced water volume and consequently reduction of power consumption. Electricity expenses have also increased for the wastewater treatment and disposal service, especially for those companies, which also manage wastewater treatment plants.
For companies, for which the source of investment financing is the loan, their costs take up an important place in the total costs. The depreciation expenses also take up an important part of this total. Drafting of plans for asset management would enable the reduction of these expenses. Asset management plans imply a service with a lower cost and a lower risk of operating and possessing assets during the entire cycle of their life span, taking into account the increase of service standards for consumers.
The main source of income for WSS companies is income collection coming from the water supply and wastewater treatment and disposal services for consumers in their area of jurisdiction. In 2014, the average collection rate reached 91%. The trend was positive because the collection rate has increased with about 11% compared to a year ago. The sector is close to the strategic objective (92%) for this indicator and has surpassed the WRA's best performance indicator.
In general, companies have shown more attention towards income collection during this year, but also the government statement not to allow the provision of services without payment has had its effect in their increase. However, for many companies, collection of bad debts continues to be problematic.
Another indicator showing increases in the last years is the metering ratio. This indicator helps companies operate with accurate data regarding the quantity produced, billed and the income to be generated by this billing. In 2014 the level of measured service in the sector has reached 61.2% and the tendency for this indicator is positive. Compared to 2012, the metering ratio in 2014 has increased by 6%. However, the level 65% of the national strategic objective for the sector is not reached. The sector is far from the level of 85% of the good performance objective set by the WRA.
In spite of improvements in this area, currently the level of flat rate billing for consumers remains at high levels. Until the end of 2010, consumers should have completed the installation of meters for all non-household clients, but the results show that in the sector level,23% of the non-household clients still belong to the flat rate service. In the sector, a limited number of companies have installed meters for all clients, the majority provides metered and unmetered service, but there are still companies, which almost provide no metered service to consumers. WRA has continually monitored the situation regarding the installation of meters for consumers and has required the completion of equipment of non-

household consumers with meters and that all new connections are included in the metered service. For WRA, elimination of the "flat rate" practice and the implementation of programs for installation of individual meters and production meters should be in the focus of the work of companies.

Non revenue water is an indicator, which for the last three years at least, remains in poor levels and this is a major concern in the sector. The level of losses in the sector is 67.2% of the produced water. This shows that the major part of the produced water losses. Apart from not generating income and increasing the cost, the losses affect adversely the financial sustainability of companies.

Considering the water balances as an important instrument for highlighting, assessment and drafting of action plans for reduction of non revenue water, WRA has continuously suggested to WSS companies to draft these balance sheets. In 2013 the authority prepared the Water Balance Model and required its obligatory completion from all companies. The analysis of losses based on the water Balance shows that managerial losses are at almost the same levels as the technical ones, thus apart from a depreciated system, the high level of losses is a result of a poor management of companies. This situation puts forward for all companies the taking of measures starting with highlighting and eliminating the illegal connections, increase of the billing and collection rate, installation of meters in production, balance meters and the bulk meters to know the real situation of losses.

WRA has assessed the performance of companies regarding the quality of water supply service to consumers based on the analysis and monitoring of the service and quality of drinking water. In 2014, the average supply hours with water have not changed compared to 2013. Consumers have been supplied with water 12.1 hours a day on average. The lack of continuous supply, in spite of its reasons, affects the water quality. However, the trend of this indicator is positive, the good performance indicator level and the sector strategy were not achieved. The water supply rate during 2014 varies from 4 – 24 hours a day. Companies that provide uninterrupted water supply with the needed pressure are only Sh.a. WSS Korçë, Sh.a. WSS Pogradec andSh.a. WSS Librazhd. The majority of companies provide water supply, according to a defined schedule.

The water supply service quality for consumers is not at a good level and is reflected in the non-continuous supply of clients with drinking water and the needed pressure. WRA, even though it is not the directly responsible institution for the monitoring of the drinking water quality, considers this one of the main indicators to fulfill its mandate regarding consumer protection. In addition, WRA demands of the licensed companies to implement appropriate procedures so that consumers are kept informed about the quality of water supply and the risk of pollution.

3

Performance Analysis of WSS Companies

Performance Analysis of WSS Companies

This part of the report analyzes and assesses the individual performance of water supply and sewerage companies for 2014 and their progress since 2012, identifying the best performing companies and the poor performance ones as well as the companies that had the best progress. Before the analysis and the presentation of the performance results we are making a description of the methodology used for assessment.

3.2 Performance Analysis Methodology

Main performance indicators

The monitoring and the comparative assessment of the performance of the water supply and sewerage companies is based on the key performance indicators (KPIs) approved by the National Regulatory Commission. Taking into consideration the need for improving the service and the increase of the financial sustainability, in selecting the KPIs priority was given to those indicators that assess the economic situation of the companies, their current managerial capacities as well as the consumer service. At first, the individual performance of each company was assessed and then we have compared the levels reached between them. These indicators are:

KPI	Description
1 – O&M Cost Coverage	The part of the operation and maintenance costs (excluding depreciation and capital costs) covered by income.
2 – Total Cost Coverage	The part of total costs for services provided that are covered by the company income.
3 – Collection Rate	The ratio between the collected income and the amount billed to clients.
4 – Staff Efficiency	Number of company staff serving for each 1000 connections.
5 – Non Revenue Water	The part of the produced water that is not billed to clients.
6 – Metering Ratio	The part of metered connections (number of clients) as a percentage to the general number of connections (clients).
7 – Water Supply Hours	Average hours of water supply in a day.
8 – Drinking Water Quality*	The part of tests of the water quality, which meet the standards
9 – Sewerage Coverage	The part of the population within a company's service area, which provides the sewerage service, but not necessarily the wastewater treatment.
10 – Regulatory Perception	It is the assessment of the company activity in compliance with the regulatory framework.

Table2. Table of main performance indicators 2014

Based on these indicators, the most important work components of the companies were analyzed and assessed, presenting an overall picture about the level of services provided. The level reached and the improvement of some indicators is influenced not only by internal factors like improvement of management, but also by external factors like investments from the Central Government, donor's grants, etc. For indicators like the collection rate, staff efficiency, non revenue water and the cost coverage, the internal efforts of companies play an important role in their improvement. But for indicators like the metering ratio or sewerage coverage, the levels reached does not depend only on the work of service providers, because to reach the needed level capital investment are needed. WRA will analyze and assess the performance of companies taking into account the influence of the internal and external factors, based as well on a detailed analysis regarding the internal factors that are directly related to the improvement of management.

Regarding the indicator "Collection Rate" for 2014,WRA shall make in this report a more detailed analysis about the O&M cost coverage and the total costs of collections. Company cost coverage with the income from billing is an important indicator, but the coverage with the income from collection takes on special importance because it has directly to do with what enters in the company budget and with which the economic independence and solvency is related. Regarding the indicator "Staff Efficiency" as well, we will make a deepened analysis of the work costs and the effect of the change of this indicator in these costs. In the analysis for the indicator "Total Cost Coverage", we will reflect what the costs are for 1$m^3$of produced water and the costs for 1m^3billed water and their effect on the cost.

In addition, based on the detailed water balance that WSS companies periodically report to WRA, a more detailed analysis will be presented for water losses, highlighting the influence that the apparent losses have on the total losses of the company, an indicator directly related to the managerial capacities of the WSS companies.

The regulatory perception is another analysis indicator, through which the cooperation between companies in the regulatory process is assessed, supporting WRA efforts to establish a transparent and stable regulatory environment.

*As it is stressed in the Performance Report for 2013, WRA's goal was water quality to be appraised completely based on the data taken by PHI, guaranteeing not only accurate information, but also a reliable assessment with respect to the drinking water quality. In addition, the procedures for water quality tests and reporting regarding the results of such testing would refer to the national standard of the drinking water quality. In spite of all the work done, the monitoring and reporting on the drinking water quality according to the cooperation agreement with the Ministry of Health and PHI is not realized. For this reason, this indicator will not be analyzed even for this year.

Groups of companies

In order for the comparative assessment of the performance of companies to be real, WRA has decided that water supply and sewerage companies are grouped according to the number of drinking water supply connections, as a good way to make the distinction between small and big companies.

	Company Size (number of connections)	Number of companies in the group
Group 1	→ 15,000 water supply connections	11
Group 2	3,000 - 15,000 water supply connections	11
Group 3	← 3,000 water supply connections	25[1]

Table 2. Group of companies, Information Source: WR

[1]Note: Sha WS Bradashesh has not reported any data. Number of analyzed companies in this group is 24.

The following table gives the division of 57 companies, according to the groups.

Service	Company	Number of consumer connections (WS)	Service	Company	Number of consumer connections (WS)
Group 1			**Group 3**		
WSS	Tiranë	176,122	WSS	Peqin	2,884
WSS	Durrës	73,044	WSS	Himarë	2,807
WSS	Vlorë	41,268	WS	Divjakë	2,786
WSS	Elber sh.p.k	30,229	WS	Ura Vajgurore	2,710
WSS	Fier	28,404	WS	Bulqizë	2,684
WSS	Shkodër	27,165	WS	Bilisht	2,546
WSS	Berat - Kuçovë	25,037	WSS	Delvinë	2,366
WSS	Kavajë	22,953	WS	Novoselë	2,314
WSS	Korçë	20,832	WS	Shkodër Fshat	2,287
WS	Elbasan Fshat	17,330	WSS	Fushë Krujë	2,150
WSS	Sarandë	16,218	WS	Malësi e Madhe	2,093
Group 2			WS	Orikum	1,898
WSS	Pogradec	14,106	WS	Çorovodë	1,761
WSS	Lushnjë	10,716	WSS	Ersekë	1,664
WSS	Gjirokastër	9,238	WS	Poliçan	1,600
WSS	Lezhë	7,478	WS	Tropojë	1,516
WS	Korçë Fshat	5,988	WS	Selenicë	1,506
WS	Lushnjë Fshat	5,835	WS	Has	1,361
WS	Kurbin	5,742	WSS	Mirditë	1,200
WSS	Kukës	4,973	WSS	Bashkia Pukë	1,117
WSS	Librazhd	4,780	WS	Këlcyrë	1,002
WS	Patos	4,652	WS	Vau i Dejës	911
WSS	Rrogozhinë	4,128	WSS	Libohovë	783
WSS	Burrel	4,080	WSS	Fushë Arrëz	560
WSS	Mallakastër	4,012	WSS	Rubik	534
WS	Gramsh	3,949	WSS	Pukë Fshat	523
WSS	Krujë	3,574	WSS	Krastë	413
WSS	Tepelenë	3,537	WS	Gjirokastër Fshat	132
WSS	Peshkopi	3,426	WS	Bradashesh	0
WS	Përmet	3,287			

Table3. Division of companies in three groups, Information Source:WRA

Performance analysis regarding the objectives set by the WRA

Due to the effect of the analysis for each KPI, WRA has defined the aimed objectives, setting like this the acceptable performance limits. In the analysis charts for each indicator performance, the yellow line shows the level of the objective aimed at reaching the good performance; everything below the red line shows poor performance.

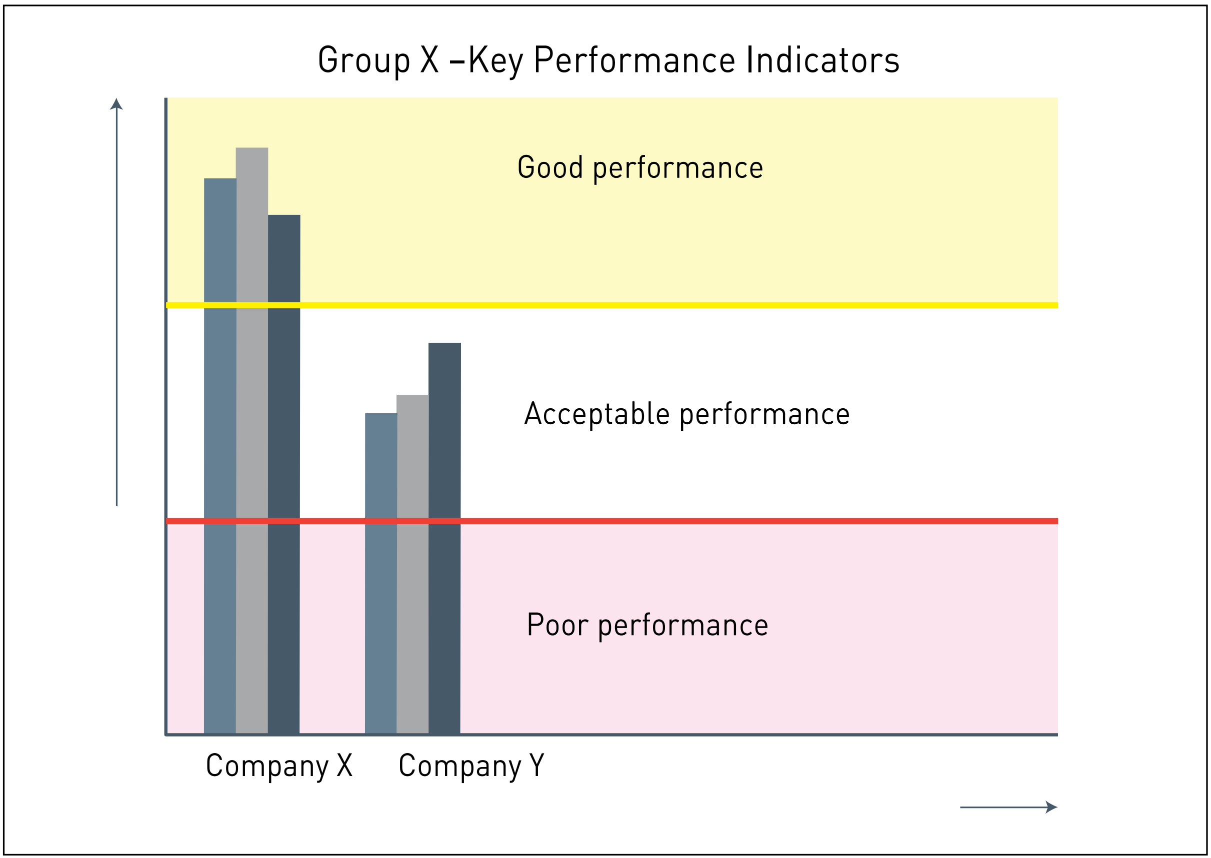


Figure 2: Example of Charts for the Analysis of KPIs

Table 5 shows the minimum and maximum limits defined for each KPI, whereas the below chart is an example of the charts of KPI analysis.

Key Performance Indicators		Objectives set		
		Good	Acceptable	Poor
1 – O&M cost coverage		≥ 100%	80 - 100%	≤ 80%
2 – Total cost coverage		≥ 80%	50 - 80%	≤ 50%
3 – Collection rate		≥ 82%	60 - 82%	≤ 60%
4 – Staff efficiency (number of staff / 1000 connections)	Group 1	≤ 4	≥ 6	≥ 6
	Group 2	≤ 6	≥ 10	≥ 10
	Group 3	≤ 10	≥ 15	≥ 15
5 – Non revenue water		≤ 30%	30 - 50%	≥ 50%
6 – Metering ratio		≥ 85%	n/a	<85
7 – Water supply hours		≥ 18 hours/day	8 - 18 hours/day	≤ 8 hours/day
8 – Sewerage coverage		≥ 75%	50 - 75%	≤ 50%
9 – Regulatory perception		n/a	n/a	n/a
10. Water quality		n/a	n/a	n/a

Table4. Target objectives for key performance indicators

Ranking of Water Supply and Sewerage Companies

To identify the best and poor performers and to compare the performance between companies, the water supply and sewerage companies are ranked according to the general performance assessment. Their ranking is based on the total amount of points collected from the detailed analysis of each KPI. Each indicator has been assigned a specific weight and the points given reflect the company performance towards the levels of objectives set by the WRA. For 2014, the general performance assessment is based on 8 from 10 KPIs.
The equal performance or the performance over the level of the target objective set by the WRA takes maximum points. For the majority of indicators, when performance is below the target objective for good performance, the company is assessed only with a part of the defined points. For indicators like staff efficiency, non revenue water, collection rate and drinking water quality, poor performance is penalized by taking no points. In this case, the assessment by points is done if the current performance is within the limits of acceptable performance.

Accuracy and Credibility of Data

The performance monitoring and assessment should be based on accurate and credible data, collected in time, which enable a meaningful assessment and comparison of the performance of companies. The data used for the performance analysis are taken by the Benchmarking and Monitoring Unit (BMU) at the Water Supply and Sewerage General Directorate (WSSGD), which collects and processes the data reported by the companies. In spite of the data control from the BMU staff during the performance analysis of 2014, inaccuracies were found in the reported data. During 2014, WRA and BMU have collaborated to improve the system of reporting and verifying the data, cooperation which will continue in the years to come.

For the WRA, the accuracy and credibility of data take on special importance in realizing its objectives set by law, to have a correct decision making regarding licensing of companies and setting of tariffs, in monitoring the targeted performance achievements of these companies and in using the rewards and/or administrative measures to achieve these objectives. In this framework, WRA in cooperation with GIZ has started a project for setting up a "Regulatory Reporting System". The basis of setting up this regulatory system is the breakdown of the objectives of WRA law and the inter-sectoral strategy 2011-2017 measurable indicators. The system, which is to be used for regulatory reporting (SIGMA), in the collection of data and their assessment, will use the same terminology and methodology used in international practices (IWA's indicators). The manner of assessment of data shall be based on a classification with 3 levels, according to credibility levels and accuracy of calculation, in order for the accuracy to be measurable, not only for the WRA but also for the other stakeholders in the sector. The preliminary system testing has resulted positive and the historical data since 2008 are already part of this system.

3.2 Performance Analysis of Water Supply and Sewerage Companies

3.2.1 Operation and Maintenance Cost Coverage

One of the main indicators enabling the financial situation assessment of a company is "O&M cost coverage". This indicator shows up to what level the company covers with its income the direct costs needed for the functioning of the system and its maintenance (without the capital costs and depreciation). In 2014, the average level of this indicator for the entire WSS sector is 122% from 113.8% that was the previous year. For 5 years in a row, the sector has made progress in covering the operation and maintenance costs.

First group of companies:

The first group consists in the big companies where the indicator "O&M cost coverage" is not anymore a problem, and they should aim at covering the total costs. However, there are still 3 companies in this group that their level of covering these costs is below 100%.

The level of the targeted objective of good performance set by WRA is surpassed by 8 companies, Sh.a. WSS Tiranë (187%) Sh.a. WSS Korçë (178%), Sh.a. WSS Berat-Kuçovë (145%), Sh.a. WSS Sarandë (138%), Elber SHPK (today Elbasan Qytet Sha) (135%), Sh.a. WSS Fier (129%), Sh.a. WSS Shkodër (124%) and Sh.a. WSS Vlorë (103%).

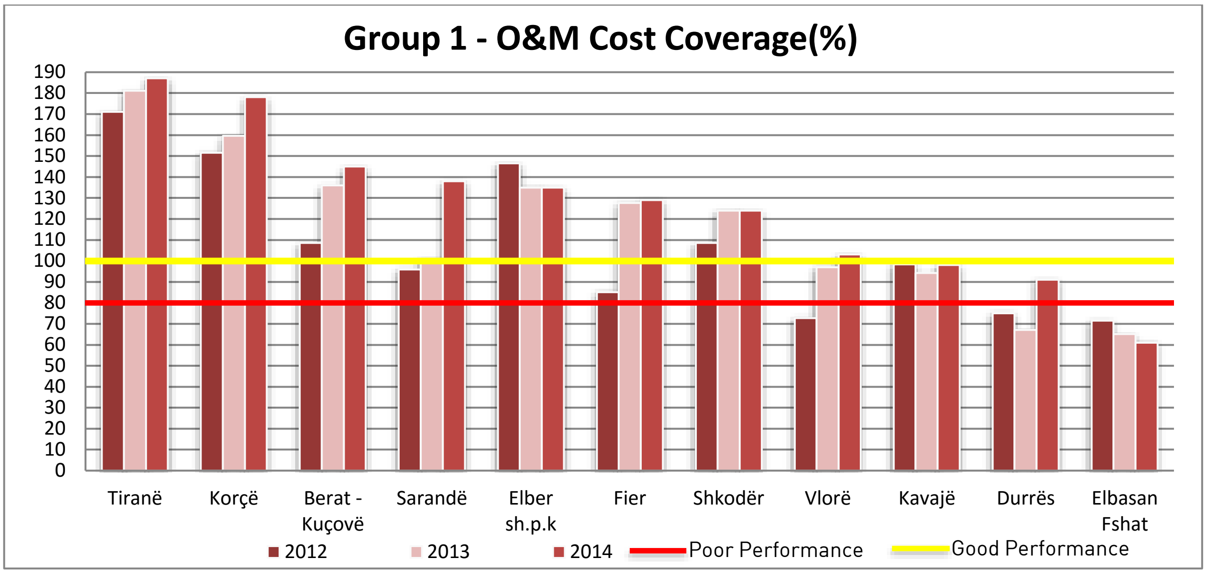


Figure 3. O&M cost coverage for group 1 in 2014

For 2014, the best performance company in the first group is Sh.a. WSS Tiranë, where the O&M cost coverage is at the level of 178%, where the poorest performance company is Sh.a. WS Elbasan Fshat, O&M cost coverage is at the level of 61%. Two companies are at the limits of acceptable performance (levels 80%-100%), Sh.a. WSS Kavajë and Sh.a. WSS Durrës respectively, with98% and 91%.The comparison of the reached levels in covering O&M costs for 2014 with those of the previous year shows that for 10 out of 11 companies of this group, the level of O&M cost coverage has a positive tendency. The biggest progress has been made by Sh.a. WSS Sarande with (+37.1%). Considerable improvement for this indicator has been marked by Sh.a. WSS Durrës with (+23.87%), which has raised this company from the poor performance level in 2013 to that of the acceptable performance.The biggest falling tendency (-4.14 %), is shown by Sh.a. WSS Elbasan Fshat, which is at the end of ranking.Keeping costs under control and the improvement of work indicators, especially the increase of the billing level that brings the increase of income, enables the increase of cost coverage. On the other hand, tariff adjustment has its positive effects towards the increase of income from billing. The correct combination of these three elements, taking also into consideration the affordability of the consumer, brings about the improvement of this indicator.

Second group of companies:

In 2014, 10 companies have managed to cover the operation and maintenance costs with more than 100%, thus being ranked as very good performance companies. The best performance in this group in covering the O&M costs is achieved by Sh.a. WSS Pogradec with (141%), followed by Sh.a. WS Peshkopi (132%), Sh.a. WSS Lezhë (127%), Sh.a. WSS Gjirokastër (119%), Sh.a WS Burrel (114%), Sh.a. WS Gramsh (112%), Sh.a. WS Bilisht (107%), Sh.a. WSS Lushnjë (106%), Sh.a. WSS Krujë (104%), Sh.a. WSS Librazhd (101%).
Referring to data reported at the Monitoring Unit, Sh.a WSS Burrel and Sh.a. WS Himarë result to have the best performance for this indicator in this group.
The O&M cost coverage for 2014 is respectively (210%) and (185%). But in fact, this indicator is not real because it has to do with an inaccurate reporting of data from these companies to the Monitoring Unit, found by the verification of the accounting financial tables and during the WRA inspections.
Based on the financial tables of 2014, there results that O&M cost coverage for Sh.a WS Burrel is (114%). For Sh.a WSS Himarë, the differences have been found during the inspection done by the WRA at this company. Sh.a WSS Himarë has not yet submitted the financial tables for 2014.
For this reason, Sh.a WSS Himarë cannot be part of the analysis, whereas Sh.a WSS Burrel remains a good performance company, but not in the first place (this comment is also valid for the "Total Cost Coverage" indicator).
At the threshold of acceptable performance lies only Sh.a. WS Përmet with (86%) of the O&M cost coverage. We stress that this company has dropped compared to the previous year with 9%.
Sh.a. WS Patos continues to be the company with the poorest performance where the level of O&M cost coverage with the income from the company activity is only (23%). Apart from this company, 8 other companies are ranked in the group of companies with poor performance, Sh.a. WSS Kukës (77%), Sh.a. WS Shkodër Fshat (73%), Sh.a. WS Lushnjë Fshat (66%), Sh.a. WSS Tepelenë (52%), Sh.a. WS Kurbin (52%), Sh.a. WS K Rrogozhinë (51%), Sh.a. WSS Mallakastër (48%) and Sh.a. WS Korçë Fshat (43%).

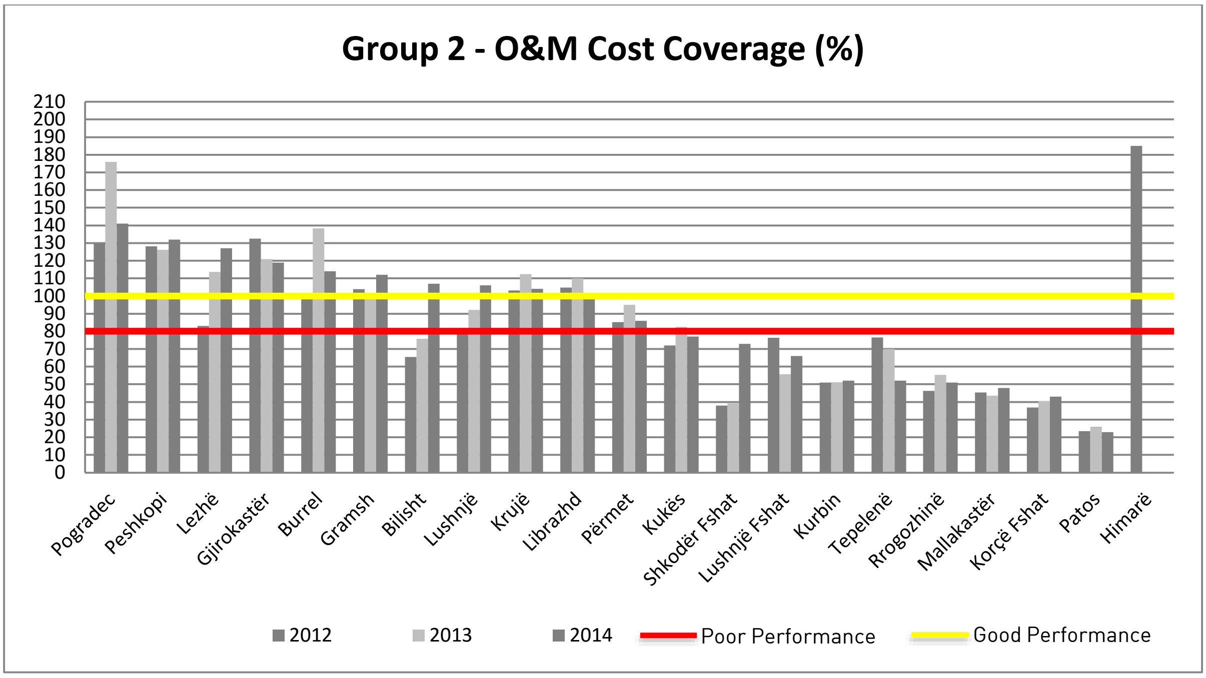


Figure 4. O&M cost coverage for group 2 in 2014

Compared to 2013, from 21 companies of this group, 12 of them have improved this indicator in 2014 and 9 other companies are in a worse position. Evident improvement in the increase of the operation and maintenance cost coverage level have made also Sha WS Shkodër Fshat with (+33.72%) and Sha WS Bilisht with (+31.16 %). In 2014 Sh.a WS Shkodër Fshat has increased the income with 26 million compared to 2013 as a result of the expansion of the service area. Currently, this company is merged with Sh.a WS Malësi e Madhe and the population covered with service has increased by63%. For Sh.a WS Bilisht, the increase of the cost coverage level has come as a result of the increase of the income with 38% and the reduction of costs with 15%. But also Sh.a WSS Lezhë, Sh.a. WS Gramsh, Sh.a. WSS Lushnjë Qytet, Sh.a WS Lushnjë Fshat have raised the level of this indicator with over 10%.

Sh.a. WSS Pogradec in 2013 had a positive experience in the activity management and performance of service as well as in the application of the block tariff system, which enabled the increase of the income and consequently the coverage of costs. For this year, although this company has the best level of O&M cost coverage, it has the biggest fall in covering the costs in the second group (-35%) compared to a year ago. This fall has come as a result of the increase of the level of expenses, especially the material component and other expenses, whereas the income is almost at the same level with those of 2013. This indicator also had a considerable negative tendency for Sh.a. WSS Tepelenë with (-18.3%). Sh.a. WSS Kruje and Sh.a. WSS Librazhd, and even though they are ranked in the companies with very good performance in covering the costs, this year the level of covering the O&M costs is reduced respectively by (-8.43%) and (-8.97%).

Third group of companies:

In this group, the level of the objective set by WRA for good performance in covering completely the O&M costs has been only achieved by three companies, Sh.a. WSS Ersekë (140%), Sh.a. WS Tropojë (130%) and Sh.a. WS Bulqizë (103%). In addition, in the acceptable performance area there are only 3 companies, Sh.a. WSS Delvine (93.%), Bashkia Puke WSS (88%) and Sha WSS Rubik (82%).

Out of 24 companies analyzed in this group, 18 of them are ranked below the red line, thus in the area of poor performance. These companies are: Sh.a. WS Ura Vajgurore (77%), Sh.a. WSS Peqin (76%), Sh.a. WSS Fushë Krujë (69%), Sh.a. WS Divjakë (66%), Sh.a. WS Këlcyrë(59%), Sh.a. WSS Fushë Arrëz (58%), Sh.a. WSS Krastë dhe Sh.a. WSS Mirditë (57%), Sh.a. WS Novoselë (55%) Sh.a. WSS Libohovë(48%), Sh.a. WS Has (47%) Sh.a. WS Vau i Dejës (44%), Sh.a. WS Orikum (42%), Sh.a. WS Poliçan(41%), Sh.a. WS Selenicë (49%) Sh.a. WS Pukë Fshat (28%). The results show that 9 of these companies do not manage to cover even 50% of the O&M costs. The poorest performance company continues to be Sh.a. WS Gjirokastër Fshat, which covers only 27% of the operation and maintenance costs.

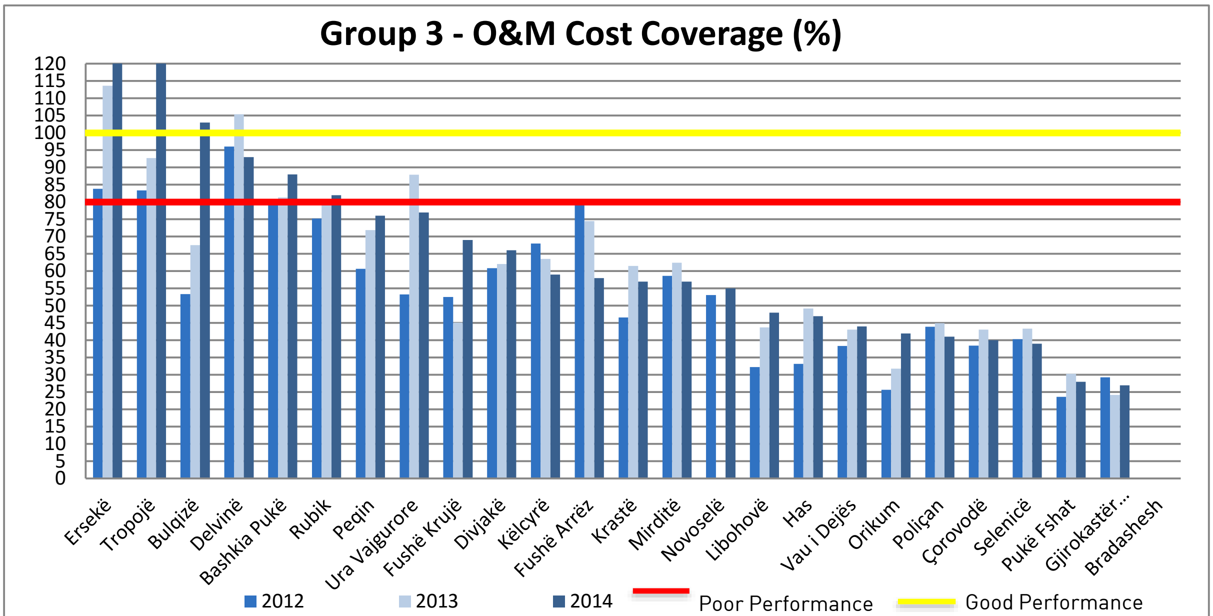


Figure 5. O&Mcost coverage for group 3 in 2014

The O&M cost coverage level has a positive tendency for half of the companies, and the other half shows negative tendencies for this indicator. The biggest increase has been made by Sh.a. WS Tropojë with (+37.26%) and the biggest negative tendency is marked by Sh.a. WSS Fushë Arrëz with (-16.50%). Worth mentioning for positive performance are the companies Sh.a WSS Bulqizë with (+35.48%), Sh.a WSS Ersekë with (+26.37%) and Sh.a Fushë Krujë with (+23.93%). The improvement has mainly come as a result of the increase of the income because the expenses have generally remained at the same level with that of the previous year.

The above analysis results show that the situation in this group, even though not satisfactory, has some positive changes. In 2012 there was no company in this group that covered O&M costs by 100%, thus having a very good performance, whereas today there are 3 such companies.

In increasing the operation and maintenance cost coverage level respectively by (+37.26%) and (+35.48%), Sh.a. WS Tropojë and Sh.a. WS Bulqizë has gone one step up and they have entered in the best performers of the group. Whereas for Sh.a. WSS Delvinë, the reduction of the cost coverage with (-12.43%), compared to 2013, has made the company drop from the very good performance to the acceptable performance.

Conclusions

By analyzing this indicator for all three groups of companies, it results that WSS companies have made efforts to increase the level of covering the O&M costs, a level which for 2014 is 122% from 114% that was in the previous year. Out of 56 analyzed companies, 21 of them have managed to cover over 100% of the O&M costs, 7 companies are in the coverage level of 80%-100% and 28 companies are below the level of 80%, 12 of them do not even cover 50% of the O&M costs. These companies do not have the financial skills to cope with the costs and the continuity of their activity is based on the subsidies from the state budget.

A financially stable company should have all the indicators positive (non revenue water, metering ratio, billing rate, staff efficiency and energy efficiency) because all these are interrelated and each of them affects the other, and ultimately the final indicator is the financial balance, which is negative for most of the companies.

WRA continues to consider the overall O&M cost coverage by the companies, as a first step towards full coverage of costs in the future. Adjustment of tariffs plays an important role in the level of company income and consequently in the cost coverage as well. Setting fair tariffs requires a cost assessment for every service provided. In application of the "Tariff Setting" methodology, the approval of tariff increase is conditioned by the improvement of key performance indicators. Thus, WRA supports and promotes those companies that make efforts to improve the operational efficiency and the service to clients.

3.2.2 Total cost coverage

This indicator has to do with the ability of WSS companies of covering its total costs with the billed income for Water Supply and Sewerage services. In conditions when the majority of WSS companies are not able to cover O&M costs, the sector is far from achieving this indicator.

For 2014, this indicator is 87% from 84% that was in 2013. Its positive performance during several years shows continuous efforts towards a good management of the financial and technical situation of companies in particular, and the WSS sector in general.

In 2014, the strategic objective (74%) and the target objective aimed by theWRA (80%) for this indicator in the sector has been surpassed, which shows an even more positive development.

First group of companies:

As it can be seen from the following chart, the level of total cost coverage for the companies in the first group is different. For 2014, there are 7 companies that are ranked at the level of good performance with over 80% of cost coverage and namely Sh.a. WSS Tiranë (123%), Sh.a. WSS Shkodër (106%), Elber sh.p.k. (today Elbasan Qytet Sha) (105%), Sh.a. WSS Berat-Kuçovë (103%), Sh.a. WSS Fier (94%) Sh.a. WSS Korçë (95%) as well as Sh.a. WSS Sarandë (82%).

In the acceptable performance area, there are four companies Sh.a. WSS Vlorë (65.%), Sh.a. WSS Durrës (65%), as well as Sh.a. WSS Kavajë (58%) and the Sh.a. WS Elbasan Fshat with (57%).

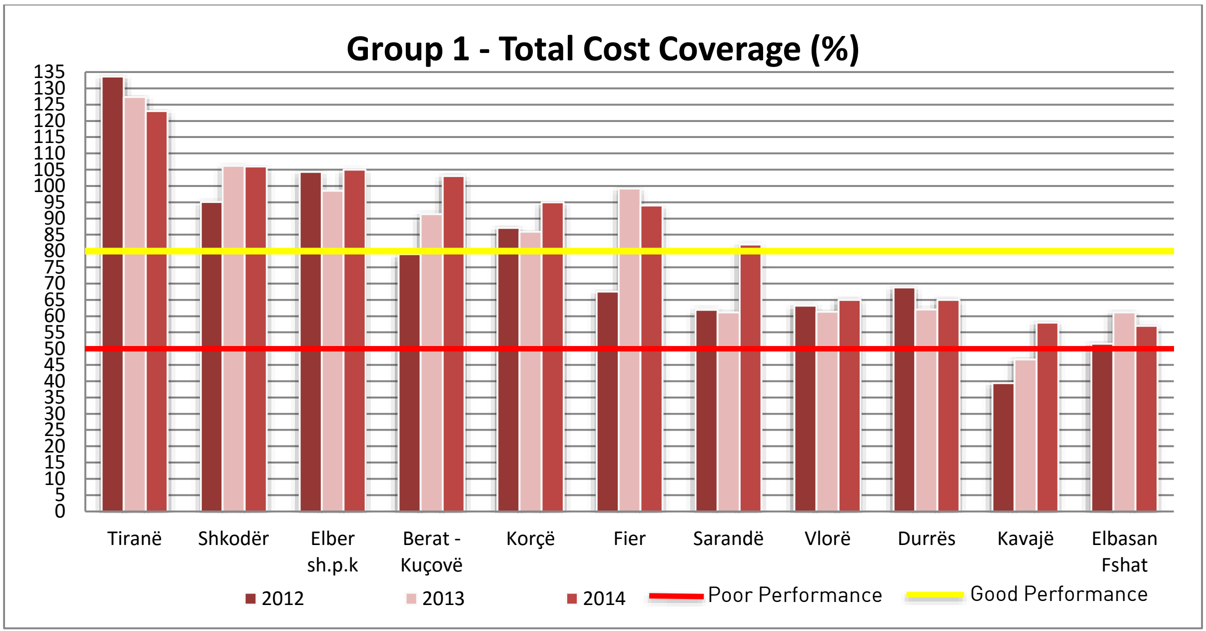


Figure 6. Total cost coverage for group 1 in 2014

At the end of ranking, there is still Sh.a. WS Elbasan Fshat with (57%), which has dropped by (-4.13%)compared to 2013.During 2014, even though the majority of these companies are at good levels, there are positive and negative fluctuations within them compared to 2013. The best positive performance has been made by Sh.a. WSS Sarande with (+20.9%), which has ranked this company from the acceptable performance level to the best performance level with 82%. Positive progress has also been made by Sh.a. WSS Berat Kuçovë (+11.7%), Sh.a. WSS Kavajë (+11.4%), Sh.a. WSS Korçë with (+9.1) as well as Elber sh.p.k (today Elbasan Qytet Sha) with (+6.5%). This indicator has had a negative tendency for four companies. For Sh.a. WSS Tiranë, even though it is the best performing company, the total cost coverage level has had a negative tendency, by falling with (-4.3%). The total cost coverage level has dropped for Sh.a. WSS Fier with (-5.3%), Sh.a. WS Elbasan Fshat (-4.13%), whereas for Sh.a. WSS Shkodër, the drop is insignificant with (-0.17%).

Second group of companies:

In the second group, the level of the objective set by WRA for good performance is surpassed by 8 out of 21 companies of this group, where Sh.a. WSS Gjirokastër with (112%) continues to remain for several years now the company with 100% coverage, followed by Sh.a. Bilisht (100%), Sh.a. WS Peshkopi (98%), Sha WSS Lezhë (91%), Sha WS Gramsh (88%), Sh.a. WSS Librazhd (85%).

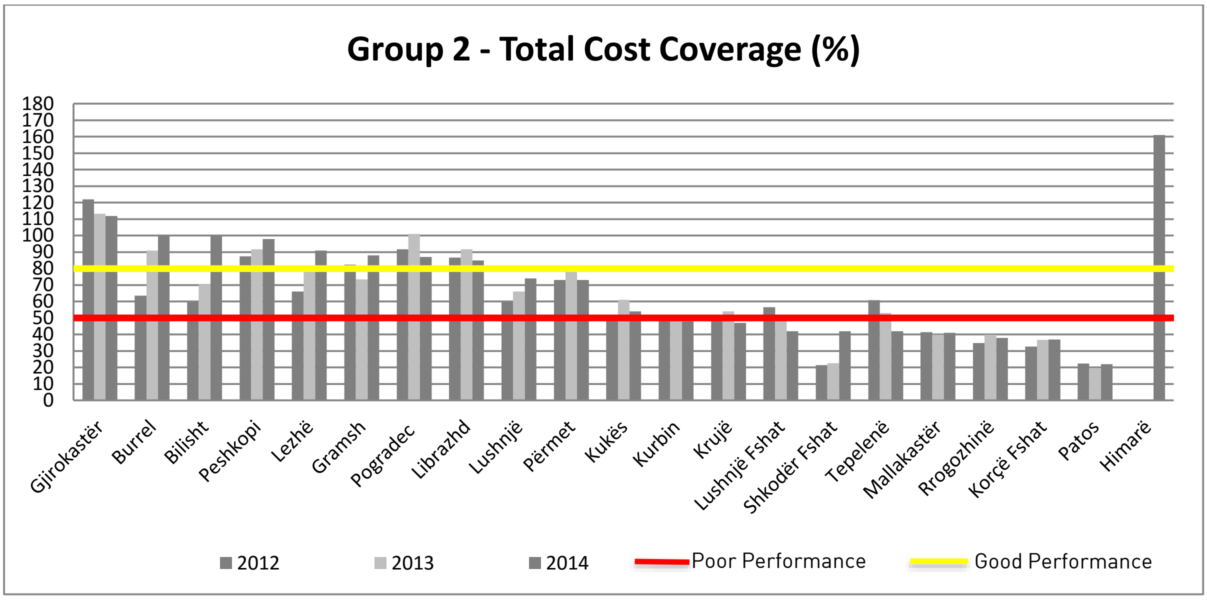


Figure 7. Total cost coverage for group 2 in 2014

4 companies are ranked in the level of acceptable performance in the range of 50%-80%, namely, Sh.a. WSSLushnjë (74%) Sh.a. WS Përmet (73%), Sh.a. WSS Pogradec (70%), as well as Sh.a. WSS Kukës (54%).

At the limits of poor performance, there are 9 companies, Sh.a. WS Kurbin, Sh.a. WSS Krujë, Sh.a. WSS Tepelenë, Sh.a. WSS Shkodër Fshat, Sh.a. WSS Mallakastër, Sh.a. WSS Rrogozhinë, Sh.a. WS Korçë Fshat and their total cost coverage goes up to 48%. Sh.a. WS Patos continues to be the last for the third year in a row with the lowest level for this indicator (22%).

During 2014 for 8 companies, this indicator has had progress compared to 2013. Companies with the most positive progress are Sh.a. WS Bilisht with (+29.59%), Sh.a. WSS Shkodër Fshat with (+19.4%) as well as Sh.a. WS Gramsh with (+14.52%).

For 10 companies of this group, the tendency was negative. The biggest decline was from Sh.a. WSS Pogradec with (-14.86%), which turned from a company covering 101.86% of the total costs in 2013, in 2014 it has managed to cover 87% of these costs. This result was influenced by the payment of obligations related to cost of credits, which are increasing from year to year. Even for Sh.a. WSS Përmet, the tendency of this indicator has been positive, the level of total cost coverage was reduced by (-8.47%). This negative tendency has made other companies move from the places they had in the ranking of 2013, and namely Sh.a. WSS Pogradec and Sh.a WSS Përmet from very good performers have passed to the area of acceptable performance. In addition, the negative tendency of covering total costs with (-11.5%) for SHA WSS Tepelene and (-7.07%) for SHA WSS Kruje has made these companies to pass from the acceptable performance to the poor performance, with a cost coverage below 50%.

Third group of companies:

In the third group, there are 4 companies ranked above the level of objective set by WRA of 80% for good performance and namely Sh.a. WS Ersekë (113%) that is ranked in the top of the list, Sh.a. WS Tropojë with (102%), Sh.a. WSS Bulqizë with (89%) that has the best performance in the group with +45% as well as Sh.a. WS Delvine with (83.%), which has had a considerable decline of(-13.58).5 companies are ranked in the area of acceptable performance, Sha WS Rubik (77%), Municipality Pukë (69%), Sh.a. WS Peqin (67%), Sh.a. WS Ura Vajgurore (65%), Sh.a. WSS Këlcyrë (57%), Sh.a. WSS Divjakë (52%), Sh.a. WSS Mirditë (51%). 13 companies are ranked in the area of poor performance, thus the majority of companies in this group do not cover even 50% of the total costs.
The lowest levels of total cost coverage are marked by Sh.a. WS Çorovodë with (28%), Sh.a. WSS Selenicë (26%), WSS Gjirokastër Fshat and Sh.a. WSS Pukë Fshat (20%).

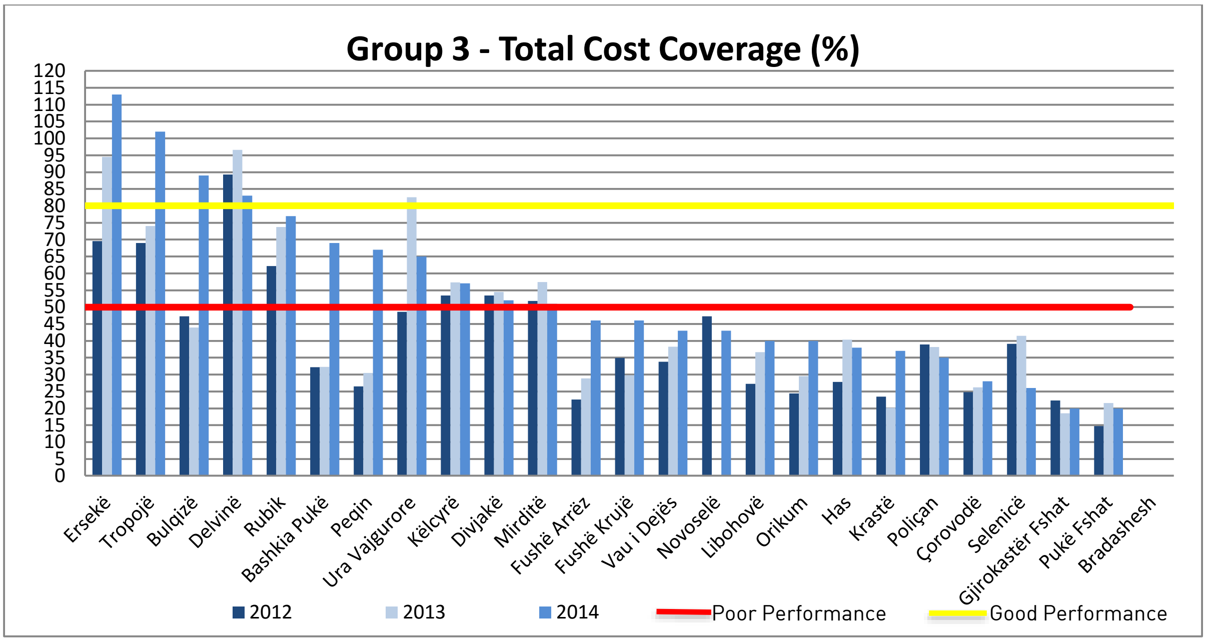


Figure 8. Total cost coverage for group 3 in 2014

During 2014, the majority of companies in this group has made efforts to improve this indicator. The total cost coverage level, compared to a year ago, was improved for 15 companies, where for 9 companies the tendency has been negative.
Sh.a. WSS Bulqizë has the best progress in the group with an increase in the total cost coverage by (+45%), improving the performance considerably. In 2013, this company was part of the poor performance companies, where in 2014 it was part of the good performance companies. This company has made efforts both to increase the income and reduce costs.

In 2014, the income hasincreased by 18% and the cost was reduced by 16% compared to a year ago.
Considerable improvement in covering the costs was also made by Sh.a. WS Peqin and Sha WS Bashkia Pukë with 36.6%, which moved these companies from poor performance in 2013 to acceptable performance in 2014. In addition, this indicator has had a positive tendency even for Sh.a. WS Tropojë with (+28%), Sh.a. WS Ersekë (+18%), Sha WS Fushë Arrëz (+17.10%), Sha WS Fushë Krujë (+16.10%), Sh.a. WS Orikum (+10.42%), Sh.a. WS Krastë 16.87%.
The level of covering the total costs has had considerable decline, compared to 2013, for Sha WS Ura Vajgurore (-17.51%), Sha WS Selenicë (-15.48%), and Sha WSS Delvinë (-13.58%). This result is because in 2014 these companies have increased the service costs and have reduced the level of income. For other companies, the positive or negative changes are less than 5%. But however, this group is still far from the strategic objective of cost coverage.

Conclusions

The average level of total cost coverage for the WSS sector in 2014 and the performance of this indicator show that WSS companies are making continuous efforts to cover with their income the costs of services provided. The performance analysis shows that the best results in total cost coverage were achieved by big WSS companies, whereas the majority of small companies continue to depend on external financing sources.
Even for this year, the same cost structure will be kept, where the best part of the total costs are taken up by the staff costs, power costs and depreciation costs, and for some companies the credit costs.
Companies should make efforts to keep costs under control, but on the other hand, they should work harder to reduce losses because the high percentage of losses is reflected in missing collections by the companies. This year, WRA has analyzed two other indicators and namely "cost per 1m^3 of produced water" and "cost per 1m^{3}billed water". The bigger the gap between these two indicators, the bigger the losses.
For 2014, the cost per 1m3 produced water is was 25 ALL and the cost per 1 m3 billed water was 79 ALL. The comparison of these two figures shows clearly that only 1/3 of the water is billed. Therefore, a better management of the system, drafting of business plans, better study of the needs for water, intervention with investments in the WSS network should enable the elimination of this gap. Its improvement will cause the reduction of costs and consequently, WSS companies shall be financially stronger. A more detailed analysis of these losses will be reflected in the analysis of the indicator "non revenue water". The companies will work harder and towards the accurate identification of clients, illegal connections, which will lead to the billing of consumer water. WRA will continue to urge and support all WSS companies for their increase of the financial stability and improvement of service to consumers.

3.2.3 Collection Rate

The collection rate represents the ratio of the collected income with the amount billed for the service provided for water supply and sewerage. Through this indicator, we understand how effective is a company to have the needed liquidity. The performance regarding the collection rate in essence is not a managerial function. For 2014, the average rate of collection in the water supply and sewerage sector is 91% from 82% that was in 2013. This indicator, even though considerably improved, is not yet at the level of the objective set in the WSS Service Sectoral Strategy, which in 2014 was determined at 92%.

First group of companies:

In the first group, the company with the best performance for this indicator for 2014 is Sh.a. WSS Tiranë, which has managed to collect 111.09% as well as Sh.a. WS Elbasan Fshat with 102.39%. However, it should be stressed that this collection rate of more than 100% is a result of the collection of delayed invoices from previous periods. The level of the objective set by WRA for good performance is also achieved by ElberSh.p.k. (today Elbasan Qytet Sha) with (93.37%), Sh.a. WSS Korçë (92.99%), Sh.a. WSS Berat-Kuçovë (84.48%) as well as Sh.a. WSS Durrës with (82.03%). The company with the lowest rate of collection, thus with the poorest performance is Sh.a. WSS Shkodër with 67.9%.

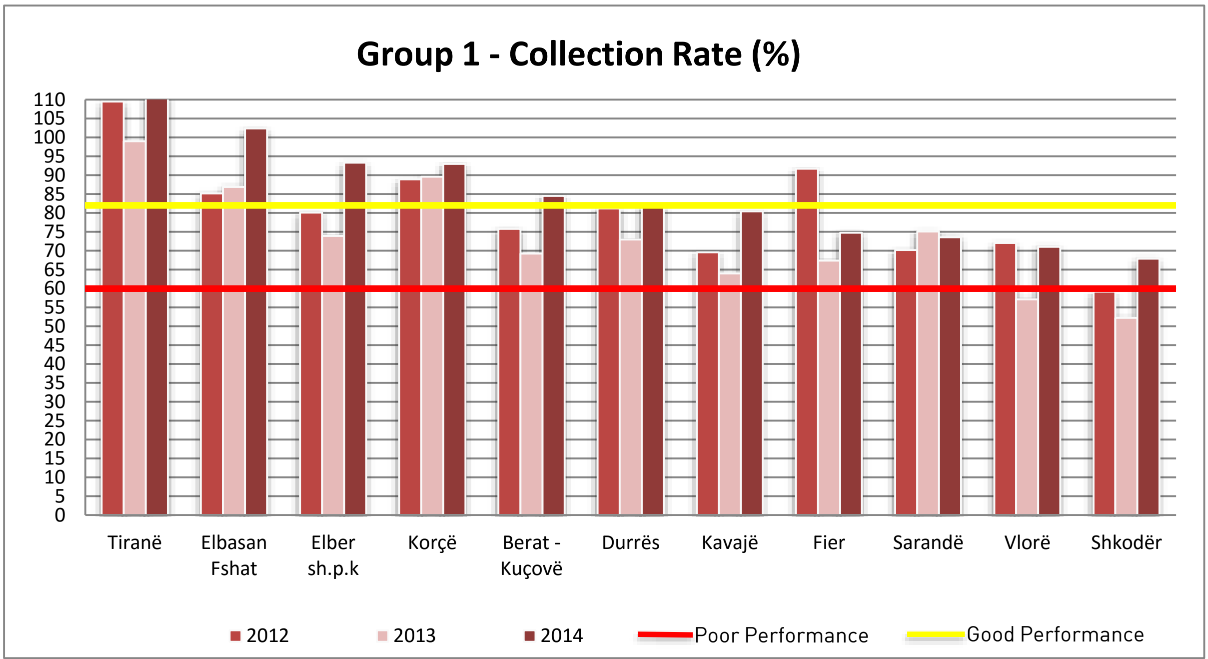


Figure 9. Collection rate for group 1 in 2014

The results, achieved for collection of income in 2014, compared to 2013 for the companies of this group, show that 10 companies had positive changes out of 11 companies in total in the first group.

The highest increase was recorded by Elber sh.p.k. (today Elbasan Qytet Sha) with +19.48%. Only Sh.a. WSS Sarandëhas suffered a small decline compared to 2013 with (-1.52%). As it can be seen, the improvement of this indicator is recorded for a bigger number of companies in this group, which has brought about the positive effect in increasing the collection rate in the sector. It is worth mentioning that in this group, there is no company with a poor performance level.

Second group of companies:

In the second group, 14 out of 21 companies have achieved the level of the collection rate with over 82%, which is the best performance, 5 companies are in the levels of good performance (levels of 60%-82%) and only 2 companies are at the level of poor performance (below 60%) and namely Sh.a. WSS Himarë with (33.33%) and Sh.a. U Shkodër fshat with (57.01%). The best performance belongs to Sh.a. U Bilisht where the collection rate is (104.92%), with an increase of about 19.24% compared to the previous year, followed by Sh.a. WSS Librazhd with (99.62%) as well as Sh.a. WS Përmet with (95.59%).

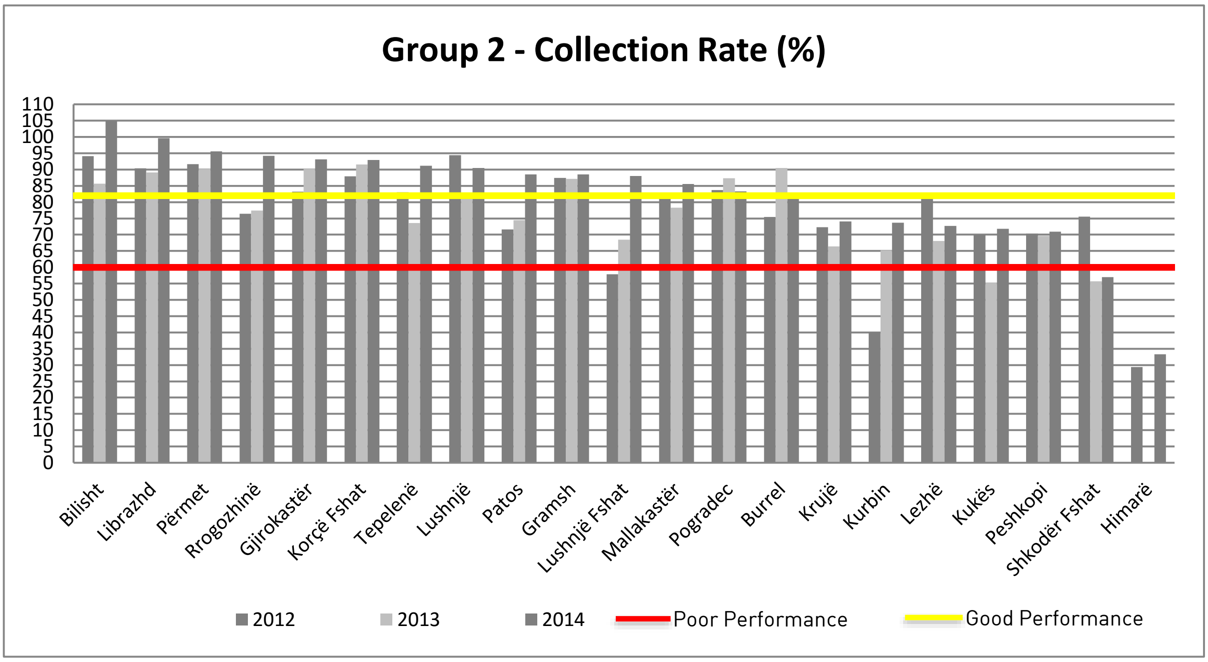


Figure 10. Collection rate for group 2 in 2014

Compared to 2013, the collection rate for 2014 for 19 out of 21 companies of this group has had a positive tendency. The company with the best progress is Sh.a.WS Lushnjë Fshat with an improvement of about 19.53%. It should be stressed that Sh.a. WSS Kukës has considerably improved this indicator with +16.5%, which has enabled the company to surpass the level of poor performance. We can also mention Sh.a. WSS Tepelene and Sh.a. WSS Rrogozhine with an improvement of the collection rate respectively, with +17.58% and

+16.8 %. This improvement has enabled these two companies to pass from good performance to the best performance.
The collection rate is decreased for 2 companies. The company with the biggest decline for this indicator with -7.86% is Sh.a. WSS Burrel and also Sh.a. WSS Pogradec with -3.96%. However, these companies continue to be in the best performance group.

Third group of companies:

In the third group, where there are 24 companies, 18 of them have a positive tendency of "collection rate" indicator. For 10 companies, their collection rate in 2014 is bigger that 82%, thus in the level of very good performance, 12 companies are at the level of good performance (60-82%) and only 2 companies are at the level of poor performance below 60%.

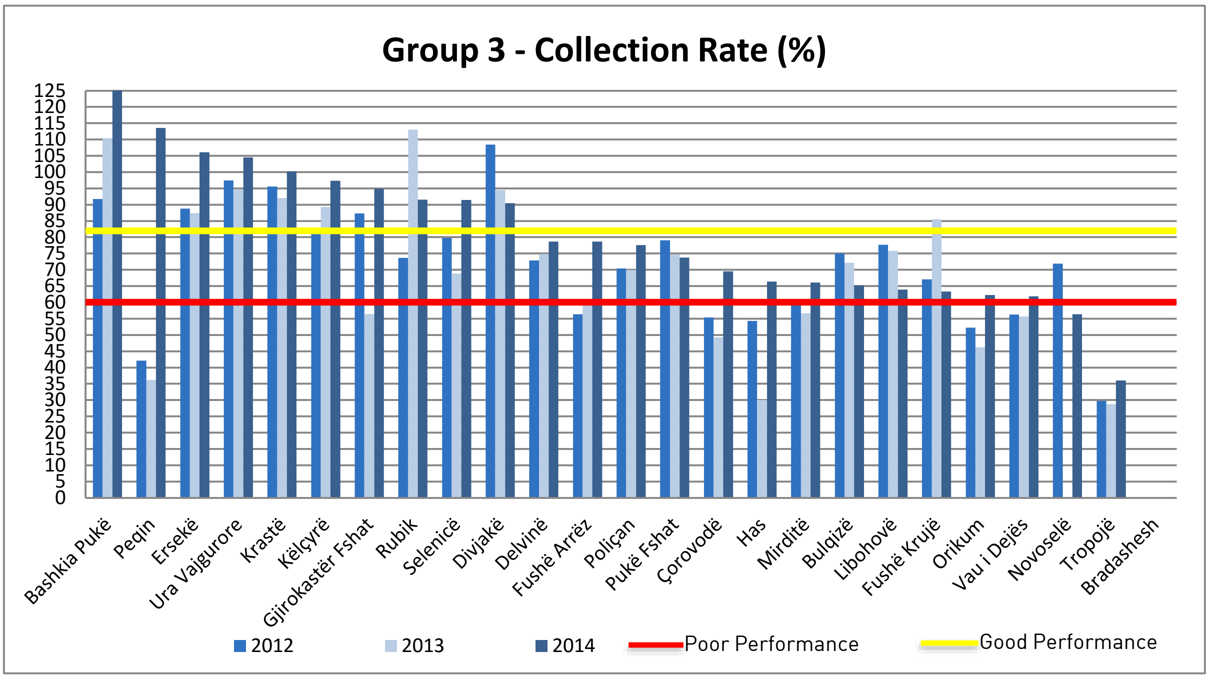


Figure 11. Collection rate for group 3 in 2013

The company with the best performance is Municipality Pukë with a collection rate of 126.52% followed by Sh.a. WSS Peqin with 113.55%, Sh.a. WSS Erseke with 106.11%. These results come as a consequence of the good work done in the collection of debts and also from previous periods.At the level of good performance, there is the company Sh.a. WSS Fushe Arrëz, whose collection rate is 78.66%, but it has an increase of about +19.5% compared to 2013, which has moved this company from the level of poor performance to the level of good performance.
Even though, approximately 50% of the companies in the group are at the level of good performance, with a collection rate of about 82%, we stress that two of them have dropped

in 2014, namely Sh.a. WSS Rubik with -21.48% and Sh.a. WS Divjake with -4.07%, but they still remain in the good performance level.
In the acceptable performance group,60%-82%, 3 companies have dropped to the level of the collection rate compared to 2013 and namely Sh.a. WSS Fushe Kruje with (-22.19%), Sh.a. WSS Libohove with (-11.94%) and Sh.a. WS Bulqizë with (-6.96 %). The companies with the poorest performance continue to be Sh.a. WS Tropojë with a collection rate of only (36.04%) as well as Sh.a. WS Novosele with (56.37%).
In 2014, the general tendency of this indicator in the third group has been positive. For the majority of companies 18 out of 24, the collection rate has been higher than a year ago. The absence of a good management has made possible that the collection rate falls for 5 companies in this group. However, just as the other two groups, we can say that the companies have generally worked well for the improvement of this indicator.

Conclusions

The average collection rate for the sector by the end of 2014 marked a considerable progress (91%) towards the collection rate by the end of 2013 (82%). Approximately 6% of the collections is a result of collections that companies have made from previous years, but also for this component, there was a considerable improvement during 2014 compared to 2013, where these collections took up only 3% of the total value of collections.
In 2014, an improvement of the collection rate was seen for 47 companies, which has brought about the financial improvement of the sector. However, there are still mainly small companies that are doing poorly in this direction. In 8 companies, there is a decline in the collection rate, and in 2 others the same collection rate is kept.
The WRA stresses that the main source of income in the WSS companies is the income from their activity, therefore, in spite of the objective and subjective reasons, the managers of companies should work for a better administration of the income. The collection in time of the obligations by the companies influences directly their solvency, which means payment in time of obligations to third parties.
Coverage of company costs with the income from billing is an important indicator, but their coverage with income from collection takes on special importance because it has directly to do with what enters into the company budget, with which its economic independence and solvency are linked.
For 2014, the coverage of total costs by billing as a sector is at the level of 87%, whereas the coverage with collected income is 75%. To create a better idea, the following table presents the situation of total cost coverage with collections and billings for the first group in 2014.

Companies	Total cost coverage by billing	Collection rate	Total cost coverage by collections
Tiranë WSS Sh.a	111%	111.09	123%
Elber WSS sh.p.k	105%	93.37	98%
Berat_Kuçovë WSSSh.a.	101%	84.48	86%
Korçë WSS Sh.a.	93%	92.99	86%
Shkodër WSS Sh.a.	106%	67.9	72%
Fier WSS Sh.a.	94%	74.74	70%
Sarandë WSS Sh.a.	81%	73.62	60%
Elbasan (F) WS Sh.a.	50%	102.39	52%
Vlorë WS Sh.a.	65%	71.05	46%
Kavajë WSS Sh.a.	55%	80.47	44%
Durrës WSS Sh.a.	62%	82.03	51%

Table 5. Total cost coverage by collections, First Group

The companies with high collection rate also have a high percentage of the O&M costs from collections. Companies like Sh.a. WSS Tirane and Sh.a. WS Elbasan Fshat that have a collection rate over 100% for reasons of delayed collections (respectively 111.09% and 102.39%), have increased their cost coverage. For all other companies with a collection rate below 100%, the indicator "cost coverage by collection" has a tendency to drop compared to "cost coverage by billing" and of course that the level of dropping depends on the % of the collection rate.

Since in the first group, this effect appears more clearly due to the size of companies, the more detailed analysis of the other groups is not presented in the report. But, in spite of that, the same thing may be also said for the second and third group, where there are problems with the level of the collection rate. Even though the companies have worked hard towards collections, which is reflected in the entries in the sector that have increased by +684000 thousand lek or 13% more than 2013, there are still many delayed debts in the balances of companies. Systematic billing of all clients in their area of jurisdiction, creation of facilities in making payments by opening customer care offices easily accessible, provision of contemporary methods of making payments, identification of problematic clients and also using the obligatory collection are helping in the improvement of the collection rate. A positive influence in improving this indicator is the provision of qualitative services. The experiences show that companies that offer qualitative services also have a high collection rate and clients do not hesitate to pay even though the tariffs are increased.

3.2.4 Staff Efficiency

The indicator used to assess the staff efficiency is the number of company staff serving per 1000 water connections. By the definition it, is clear that two are the factor affecting this indicator: number of water connections and the number of the operating staff.
Staff efficiency is the indicator that allows us to understand how the WSS company human resources are managed. One of the main directions for performing an effective service is the improvement of operational efficiency in order to reduce service costs. On the other hand, the big company expansion causes the increase of the number of staff providing the service. Taking into account the particulars of the operation of the service companies, WRA has set differentiated levels of objectives for all three groups of companies.
Staff costs currently take up about 47% of the O&M costs of the water supply and sewerage services. Based on this, this indicator takes on special importance, therefore it is included in the list of key performance indicator of operation and maintenance. In 2014, the average staff level per 1000 connections for the entire sector is 8.9 out of 9.5 that was by the end of 2013. This indicator is improved by 0.93 points % and this improvement was influenced by the reduction of the number of staff and the increase of the number of connections during 2014.

First group of companies:

For the first group, WRA has determined as the acceptable performance level 4-6 staff per 1000 connections, for poor performance more than 6 staff per 1000 connections and the very good performance with 4 staff per 1000 connections.
In 2014, 4 out of 11 companies of this group were ranked within the acceptable performance limit, namely Sh.a. WSSShkodërwith 4.4 staffper 1000 connections, Sh.a. WSS Vlorëwith 5.17, Sh.a. WSS Berat-Kuçovëwith 5.51 as well as Sh.a. WSSDurrëswith 5.64 staff.
At the level of poor performance (more than 6 staff per 1000 connections), there are 3 companies.The company with the poorest performance continues to be Sh.a. WS Elbasan Fshat with 10.35 staff per 1000 connections, even though compared to 2013 this company has made an evident improvement with (-2.49 staff per 1000 connections).
At the level of very good performance (below 4 staff per 1000 connections), along with Sh.a. WSS Korçë andSh.a. WSS Sarandë, which has been on this level in 2013 as well, other companies have improved this indicator like Elber sh.p.k.(todaySh.a. Elbasan Qytet) andSh.a. WSS Tiranë, respectively, with 3.53 and 3.67 staff per 1000 connections.

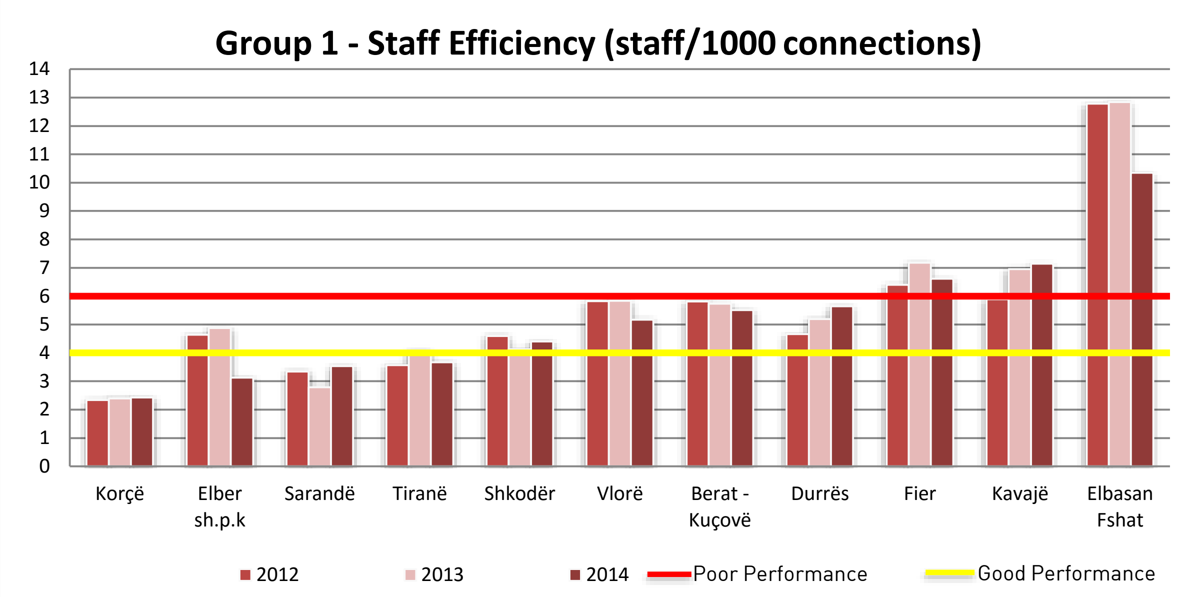


Figure 12. Staff efficiency for group 1 in 2013

Compared to 2013, for all companies of this group, this indicator has had small positive and negative changes. The tendency was positive for Elbasan fshat with -2.49, Elber sh.p.k.(today Elbasan Qytet Sha) with -1.75 and forSh.a. WSS Tiranë, Sh.a. WSS VlorëandSh.a. WSS Berat-Kuçovë where the number of staff per 1000 connections is reduced with less than 1 person per 1000 connections.
Amongst the companies with worse staff efficiency indicator with an increase of less than 1 employee per 1000 connections are Sh.a. WSS Sarandë, Sh.a. WSSShkodër, Sh.a. WSSDurrësandSh.a. WSS Kavajë, where it should be stressed that for these companies the number of staff by the end of 2014 is bigger than the number in the beginning of the year. Regarding the number of connections of water, it is almost at the same levels with 2013, thus, for small changes with an insignificant effect in this indicator.

Second group of companies:

For the second group, the objective level of acceptable performance set by WRA is 6-10 staff per 1000 connections, the level for poor performance is over 10 staff per 1000 connections and the level for very good performance is below 6 staff per 1000 connections.
In 2014, ten companies are below the acceptable level of this indicator. With the exception of Sh.a. WSS Kruje, where this indicator is worsened with (-0.75) for the other 9 companies the tendency has been positive. The positive tendency of this indicator for Sh.a. WS Tepelene, Sh.a. WSLushnjë fshat as well as Sh.a. WS Peshkopi has enabled these companies to pass from the level of poor performance to the level of acceptable performance.

The chart shows that six companies are with poor performance (they are ranked above the red line of the poor performance level) where Sh.a. WS Patos results to have 24.16 staff per 1000 connections, followed by Sh.a. WS Kurbin with 22 staff per 1000 connections.

In 2014, five companies have achieved the good performance level set by the WRA. Sh.a. WSS Pogradec, is the company with the best performance with 4.1 staff per 1000 connections. At the level of good performance, there are companies Sh.a. WSS Burrel, Sh.a. WSS Lezhë, Sh.a. WSS Rrogozhinë andSh.a. WSSLushnjëwith respectively 5.21, 5.25, 5.32 and 5.85 staff per 1000 connections.

It should be stressed that all these companies have a tendency of improving this indicator. Sh.a. WSSLushnjëandSh.a. WS Burrel has improved considerably with (-1.29)staff and (-1.12), which has brought about the passing of these companies from the category of acceptable performance to the group of good performers.

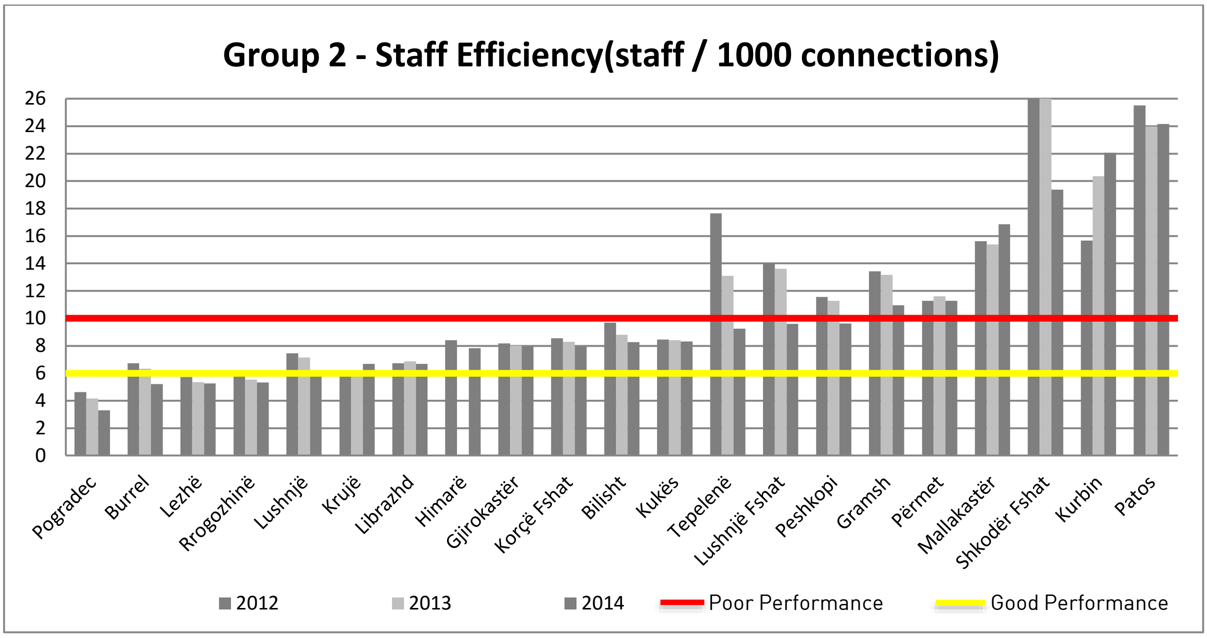


Figure 13. Staff efficiency for group 2 in 2013

Compared to 2013, positive changes are noticed of this indicator for 17 out of 21 companies of this group. The biggest positive change is forSh.a. WSSShkodër fshat where the staff efficiency is improved considerably (number of staff per 1000 connections is reduced by 15.07 employees). This improvement was influenced by the merger of two companies into single one.

There is also considerable improvement for this indicator for the companies Sh.a. WSLushnjë fshat and Sh.a. WSS Tepelene, respectively, with (-4.01) and (-3.85) staff per 1000 connections. Sh.a. WSS Kurbin has worsened this indicator by increasing the number of staff per 1000 connections with (1.69) employees.

Third group of companies:

In the third group, the level of the objective set by the WRA for acceptable performance is 10-15 staff per 1000 connections, the indicator for poor performance is more than 15 staff per 1000 connections and the indicator for very good performance is less than 10 staff per 1000 connections.

In the third group, 10 out of 24 companies have less than 10 staff per 1000 connections. The best performer is Sh.a. WSS Erseke with (5.81) staff per 1000 connections.At the level of good performance are ranked Sh.a. WS Selenicë, Sh.a. WSS Libohove,Sh.a. WSS FushëArrëz, Sh.a. WS Delvinë, Sh.a. WSS Fushë Krujë, Sh.a. WS Orikum, Sh.a. WS Vau i Dejës, Bashkia Pukë and Sh.a. WSS Rubik.

At the level of poor performance, there are 9 companies ranked above the red line. Even though there is a considerable improvement of this indicator with (-20.72 staff), the last company in this list continues to be Gjirokastër Fshat with 55.18 staff per 1000 connections. This is an unacceptable level of employees for the fact that this company serves to 200 customers with the water supply service and it has 11 employees in total.

In addition,Sh.a. WSS Pukë Fshat, Sh.a. WS Has, Sh.a. WSPoliçanandSh.a. WSSkrapar,respectively, with 31.6, 24.98, 24.45 and 23.42 employees per 1000 connections stand out for poor performance. The number of staff in these companies is 4-5 times higher than the number of the best company in this group.

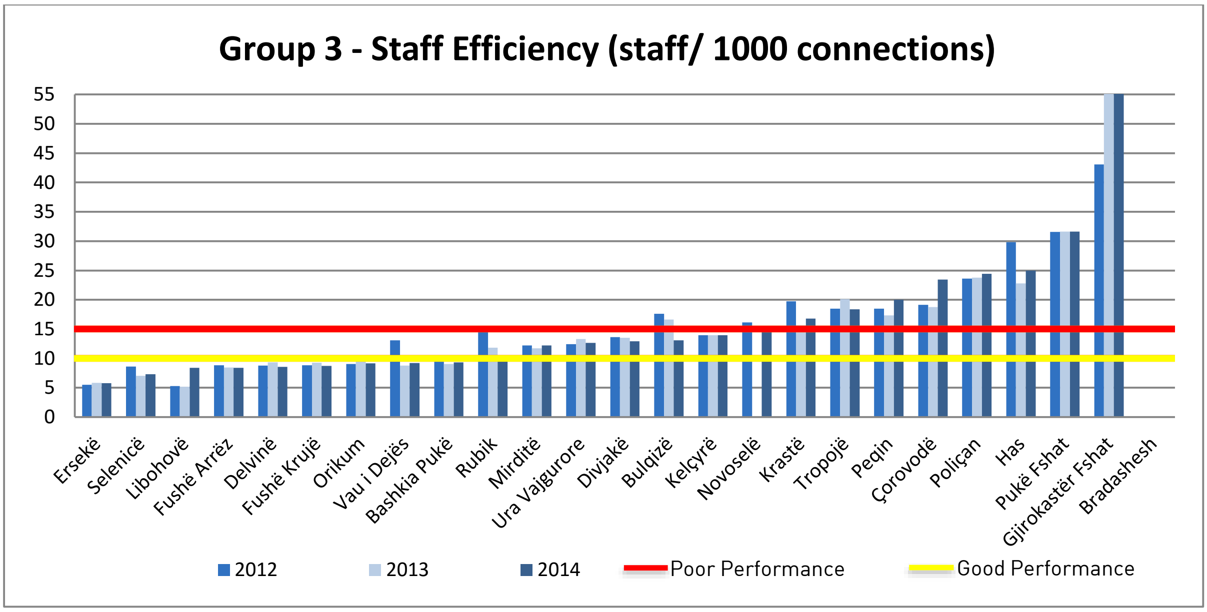


Figure 14. Staff efficiency for group 3 in 2013

In this group, 50% of the companies have improved this indicator, even though in small levels, but all the same these improvements are important taking into account the weight of the staff costs in the total of costs. After the company Gjirokastër fshat, the most positive changes with (-3.53) staff belongs to the company Sh.a. WSBulqizë, which has ranked this company from the level of poor performance to the level of acceptable performance.

Concerning the red area, there continue to remain the same companies that were in 2013. There is a considerable worse situation for this category for Sh.a. WSSkraparwith (+4.68)andSh.a. WSS Peqin with (+2,67)staff per 1000 connections. We'd like to stress that Sh.a. WS Has has worsened this indicator with (+2.21) staff per 1000 connections compared to the previous year 2013, where it had the most significant improvement in the group with (-7.1) staff, where the main factor was the increase of the number of customers.

Conclusions

The improvement of the operational efficiency is necessary for the achievement of the best service standards where the improvement of staff efficiency is an important element. WRA has selected this indicator, as one of the main indicators of assessing the performance because of its influence on the service costs and consequently on the financial sustainability of companies. At the end of the year, there is a decrease of the number of staff as a sector. Both variables, of which this indicator is derived, have had improvements compared to 2013, the number of connections at the end of 2014 is 18300, which is more than the end of year 2013 and also the number of full time staff is reduced with 195 employees. But on the other hand, in the 57 companies, there are tendencies of increasing the number of employees, and often unjustifiably. Placement of qualified, motivated and devoted employees, associated with a good internal organization, expansion and accurate identification of clients, will necessarily bring about the achievement of the objectives set by the WRA related to staff efficiency. In addition, the work costs in the O&M costs take up approximately 47%. Even though the number of full time staff is reduced, the expenses for salaries were not reduced for 2014.

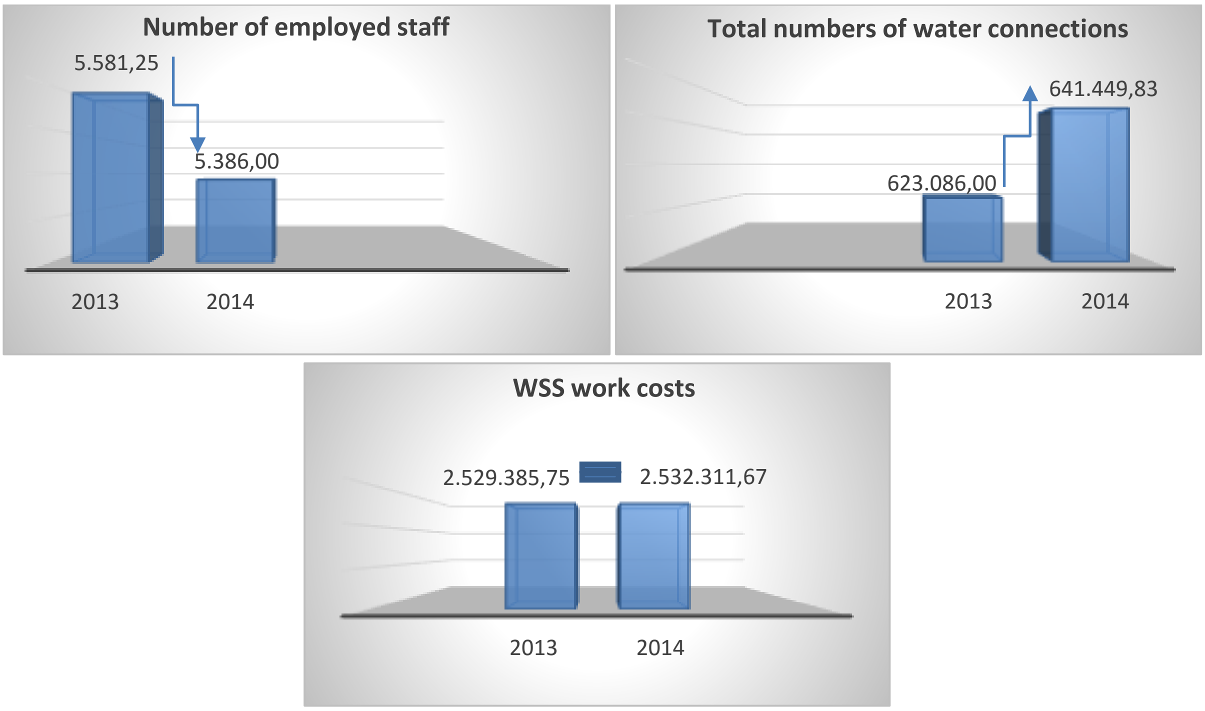


Figure 15. Staff efficiency and relation to work costs for WSS companies

With the 55 companies, those that have considerably increased the number of connections are Sh.a. WSS Tirane with (+10151) connections, Sh.a. WS Elbasan fshat with (+2636) connections, Sh.a. WS Bilisht with (+619) connections,Sh.a. WSSVlore with(+1570) connections, Sh.a. WSS Fierwith(+550) connections, Elber sh.p.k.(today Elbasan Qytet Sha) with(+597)connections andSh.a. WSS Lezhe (+400)connections, etc. Only 12 companies have had reductions of the number of connections where we can mention Sh.a. WSS Peqin with (-347) connections,Sh.a. WSSkraparwith(-277) connections, Sh.a. WSBulqizëwith(-166) connections as well as Sh.a. WSS Berat Kuçovë with(-134) connections.

Regarding the number of full time staff, around 50% of the companies have had improvements even though in minimum figures in the majority of them.

The biggest reduction in the number of employees is made by Sh.a. WSS Tirane with (-74) employees, continuing with Elber sh.p.k., (today Elbasan Qytet Sha) with (-21) employees, Sh.a. WSShkodër fshat with (-20) employees, where a positive effect was the merging of two companies in a single one and the Sh.a. WSSLushnjëwith(-22)employees.Around 14 companies have negative and positive movements in +or–up to 1 employee. The most significant increase of employees is made by Sh.a. WSSDurrëswith(+25)employees, because of making operational the Wastewater Treatment Plant, Sh.a. WSS Kavajë with (+8)employees as well as Sh.a. WSS Kruje with(+6)employees.

As mentioned above, the salary payments as a sector are on the same level with 2013. This does not mean that all the companies have not had a reduction of costs because there are companies that have reduced their costs of work. Here we can mention Sh.a. WSSDurrës me (-24945) thousand leks,Sh.a. WSS Fier with(-7635)thousand leksandSh.a. WSSLushnjë(-7021)thousand leks, as well as about 19 other companies with small reductions.

We cannot say the same thing for Sh.a. WSS Tirane, because the reduction of the number of employees was associated with the increase of the costs of work with (+25937) thousand leks or 4% more compared to 2013. Considerable increase was also made by Sh.a. WSS Kruje with (21%), Sh.a. WSS Berat Kuçovë with (10%), Sh.a. WS Bilisht with (21%), Sh.a. WS Peqin (18%)as well asSh.a. WS Has (16%).

Finally, we can say that in general, the reduction of the staff number per 1000 connections is associated with a reduction of the costs, but the positive effects are not that significant because the companies also make a review of salaries almost every year and the best employees are promoted with a better salary.

In general, based on the analysis of this indicator for all 57 companies, it can be seen that the level of the objective set by the WRA for good performance according to groups was achieved only by 19 companies. A positive tendency may be seen for 39 companies, and only 18 mainly small companies are in the red zone, thus performing poorly.

Big companies achieve high levels of staff efficiency more easily that the smaller companies. However, the above analysis shows that even the smaller systems can perform properly when they are managed well.

3.2.5 Non Revenue Water

The quantity of produced water, which is not billed to consumers, and consequently does not generate income, represents the indicator called "Non revenue water".
During 2014, the water quantity produced by 57 companies is 271 517 thousand m3, whereas the water quantity that does not generate income is 183 352 thousand m3, expressed in percentage the non revenue water average in the sector for this year is 67.2%. The level of this indicator, almost unchanged for the last four years, continues to remain a concern for the WSS sector and WRA because there was no considerable reduction and it continue to be far from the objective set for this indicator.
Water losses consist of two components, apparent losses, where losses from bad management of companies (administrative) are included, which are made up of losses by illegal connections, inaccuracy in metering (in production and at the consumers) as well the real losses or differently said technical losses that are caused as a consequence of the depreciation of the systems (losses of water in the depots, transmission and distribution network, etc.).
The analysis made on the "water balance sheets" for 2014 showed that in some companies, the value of apparent losses takes up the biggest part of the general losses, the commitment for their reduction would change considerably the economic situation of the companies. Based on this, the analysis of this indicator is based on the general losses and the apparent losses.

First group of companies:

In this group, Sh.a. WSS Korçë, with the level of 25,18 % of this indicator continues to be the company with the best performance in the last three years.
A deterioration of this indicator, compared to 2013, have suffered the companies Sh.a. WS Elbasan Fshat with 4,97%, Sh.a. WSS Vlorë with 3,36 %, Sh.a. WSS Durrës with1,48% and Sh.a. WSS Berat-Kuçovë with 2,74%, getting further away from the limit of good performance. The company Sh.a WSS Kavajë has increased this indicator by 11,75 % as a result of the decrease of the level of billing, the increase of illegal connections in transmission as well as water losses in the distribution network as a result of depreciation.
Out of 100 companies in the first group, 8 of them continue to have poor performance with the non revenue water level more than 50%. The tendency to reduce this indicator, as it can be seen from the chart, was seen at the companies Sh.a. WSS Fier, Sh.a. WSS Shkodër, Sh.a. WSS Sarandë.
Based on the analysis of the losses, for Sh.a. WSS Korçë, we notice that the administrative losses take up 80% of the general losses or 658 thousand m3, this being the result of inaccuracies in metering and illegal connections in the transmission network.

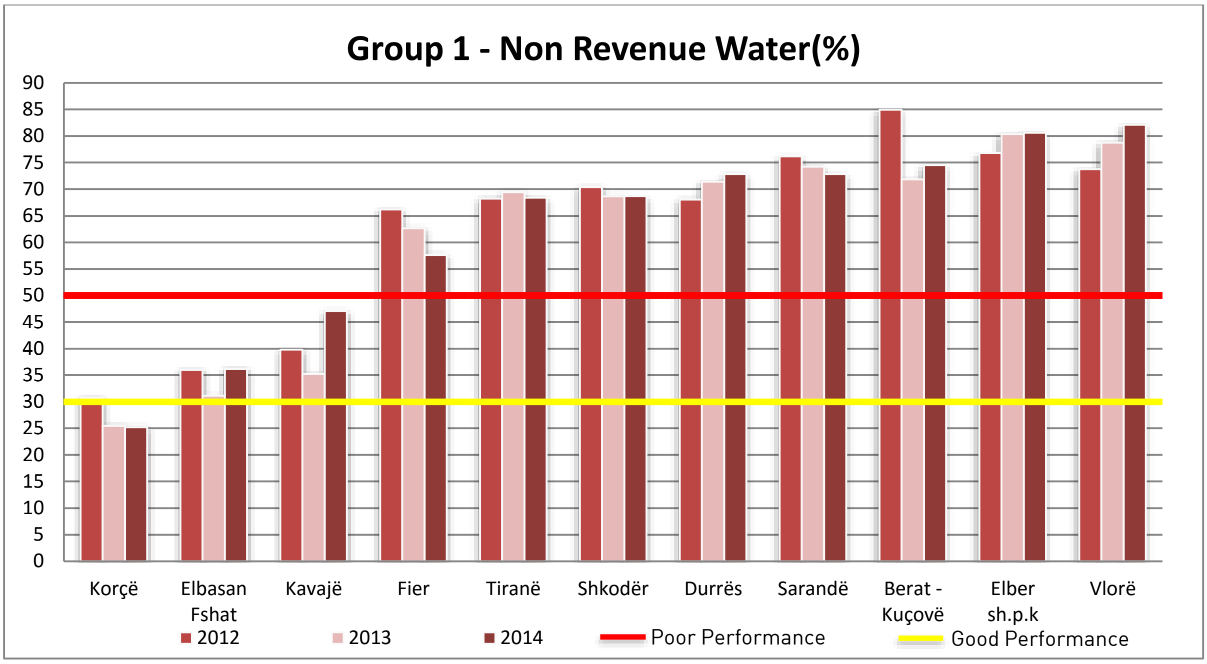


Figure 16. Non revenue water for group 1 in 2014

The apparent losses also take up a big percentage of the losses for Sh.a. WSS Tiranë (71%) or 44,500 thousand m3, Sh.a. WSS Elbasan (50%) or 5,515 thousand m3, and Sh.a. WSS Shkodër Qytet (90%) or 7,127 thousand m3, a situation aggravated by the many illegal connections in transmission and distribution and the absence of water meters. The work for their reduction, with a better administration of the company would enable the reduction of the indicator of non revenue water.

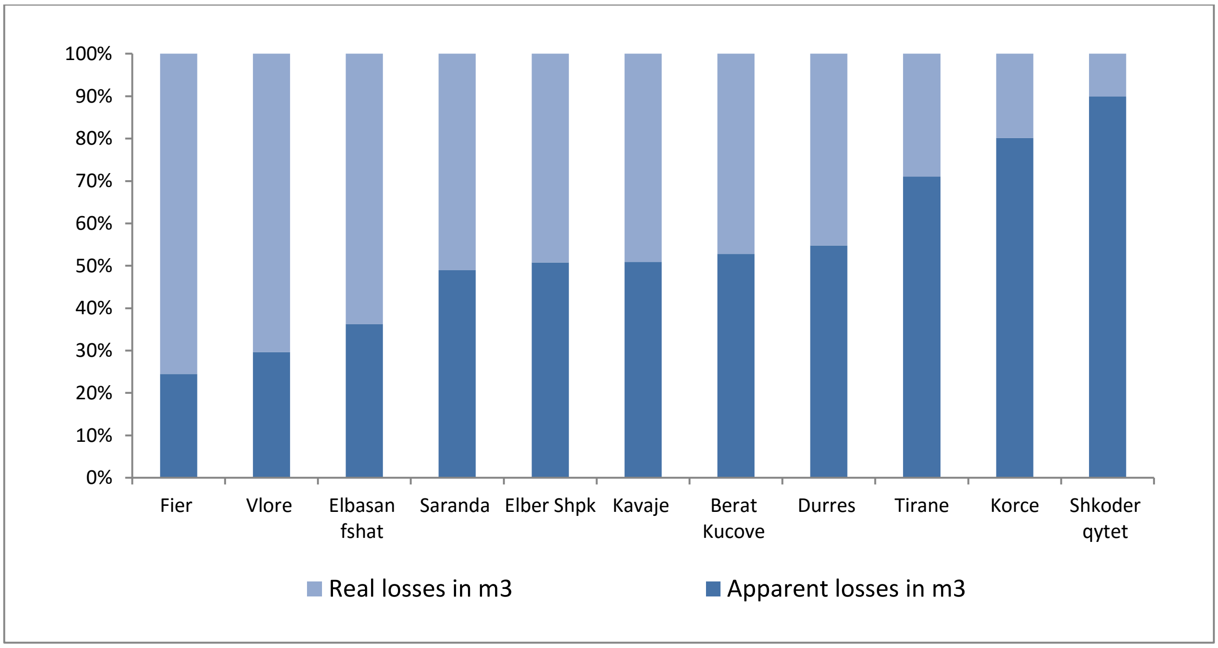


Figure 17. The trend of apparent and real losses for group 1 in 2014

Second group of companies:

In the second group made up of 21 companies, for 12 of them, the level of non revenue water is below 50%. Sh.a. WSS Kukës with 20.14%, Sh.a. WSS Librazhd with 23.07%, Sh.a. WS Bilisht with 24,13% and Sh.a. WS Korçë Fshat with 30,59% stand out for better performance. We have taken into consideration for credible data the company Sh.a. WSS Himarë with a value of 10,9 % of the losses.

For significant improvement of this indicator compared to 2013, it is worth congratulating the companies Sh.a. WS Bilisht, which as a result of constructing a new water supply system, increasing the level of metering for the produced water to 100% and reduction of illegal connections in the distribution network, has reduced the losses to (37,44%), Sh.a. WS Shkodër fshat with 21,72% as well as Sh.a. WSS Burrel with 10,02% as a result of the increasing of the quantity of billed water and the reduction of the illegal losses in transmission and distribution.

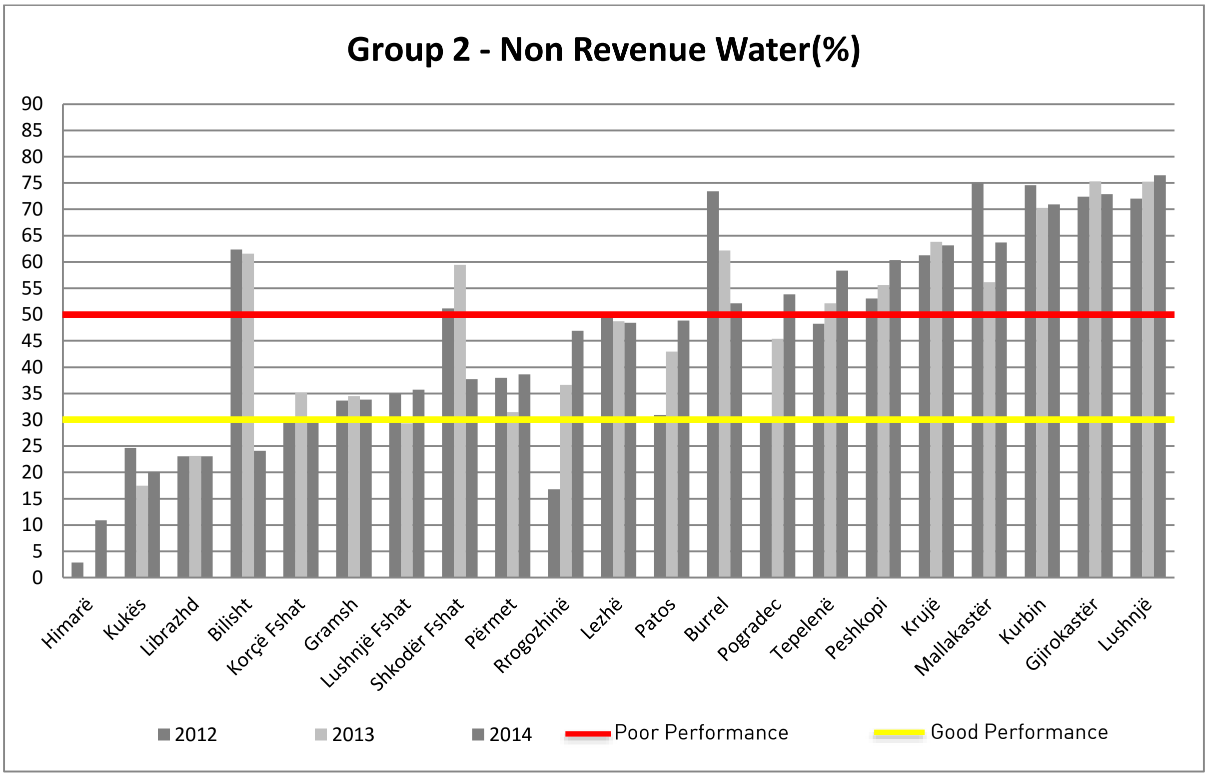


Figure 18. Non revenue water for group 2 in 2014

Bad performers for this year, increasing the non revenue water are Sh.a. WSS Lushnjë fshat, Sh.a. WSS Përmet, Sh.a. WS Rrogozhinë, Sh.a. WS Patos, Sh.a. WS Pogradec, Sh.a. WS Tepelene, Sh.a. WS Mallakastër.

The data for the last three years show a deterioration in big amount of the non revenue water for Sh.a. Tepelenë with 10,09%, Sh.a. WS Patos with 17,91% and Sh.a WSS Ballsh (Mallakastër) with 11,25% as a result of the big quantity of water losing in the very depreciated system and the lack of meters in production and distribution.Even though it has a system in good technical condition, Sh.a. WSS Pogradec has suffered a decrease by 23,56% of the non revenue water as a result of the decrease in the billed water, illegal connections, failure of installation of meters in informal areas and the negligence in eliminating the defects.

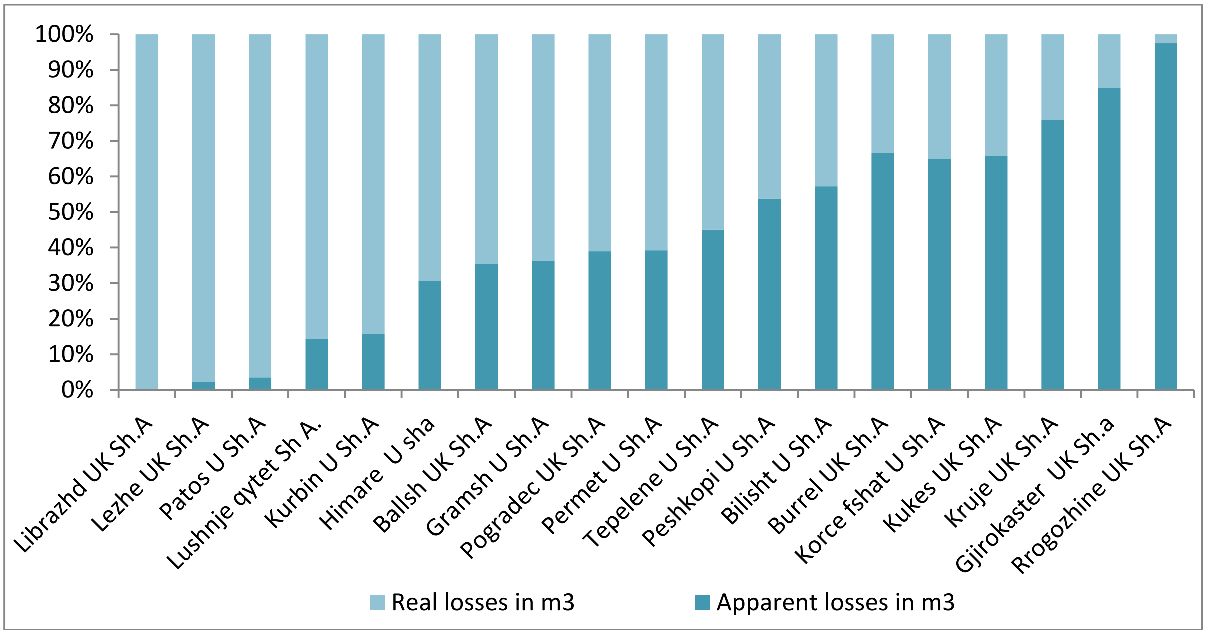


Figure 19. Trend of apparent and real losses for group 2 in 2014

In spite of the problems that these second group companies are encountering in completing the water Balance sheet and especially in dividing its components (e.g. Librazhdi reports 0% apparent losses or Rrogozhina 3% real losses, having a depreciated network), the trend of apparent losses is also clear from the chart. The apparent losses are considerable for Sh.a. WSS Tepelene (44% or 203 thousand m3), for Sh.a. WSS Gjirokastër Qytet (84% or 3,289 thousand m3), forSh.a. WSS Peshkopi (60,38% or 632 thousand m3), all of these coming as a result of many illegal connections and the absence of the water meters in distribution and production.

Third group of companies:

As it can be seen from the chart, the companies of this group do not show stability in their performance for the last 3 years. Out of 25 companies, 13 of them are at the level above 50% of the non revenue water, as a result not only of a bad management, but also because in most of the cases the systems are very old.
Standing out for good performance are the companies Sh.a. WSS Krastë with (27,71%) as a result of reducing the losses in pump stations and the distribution network, Sh.a. WSS Rubik with (20,81%), Sh.a. WS Gjirokastër Fshat with (23.11%).
Based on the comparison with 2013, a deterioration of this indicator was undergone by the companies Sh.a. WSS Divjakë with an increaseof (24,26%) as a result of the illegal

connections, lack of meters in production and distribution, Sh.a. WS Bulqizë with (18,45%) as a result of illegal connections and the big losses in the distribution network, Sh.a. WS Has with (6,42%) as well as Sh.a. WS Selenicë with (9%).
The companies improving this indicator are Sh.a. WSS Krastë with (9,34 %) as a result of the elimination of illegal connections and the reaction in time for repairing the leaking in the distribution network, Sh.a. WS Delvinë with (3,36%), Sh.a. WSS Ersekë with (6,14%), Sh.a. WSS Fushë Krujë with (14,21%), Sh.a. WS Ura Vajgurore with (11,78%), which has reduced the illegal connections in distribution and the leaking in pumping stations and water depots.

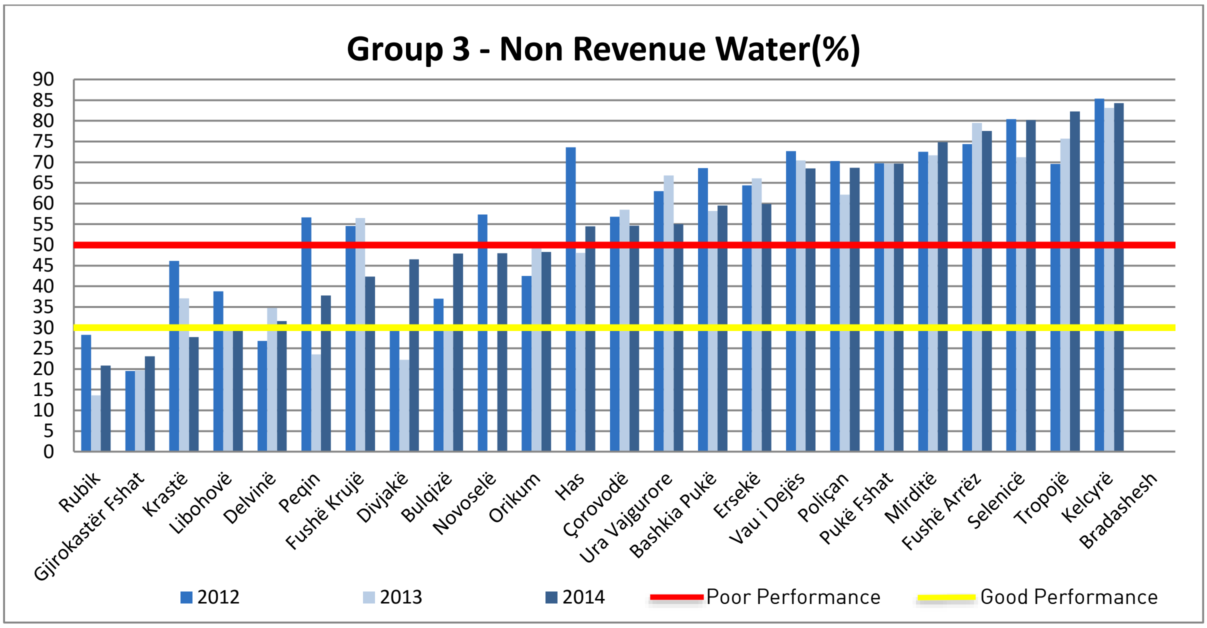


Figure20. Non revenue water for group 3 in 2014

In the water balance sheets sent for 2014 and 2013, the third group companies have the most problems in filling in the information in them and they are also inaccurate in their reports, therefore these companies have not undergone a detailed analysis regarding the apparent losses. In general, the apparent losses take up around 50% of the total losses for 12 companies.

Conclusions

During 2014 as well, we have no significant improvement in the non revenue water, the level of 67.2% of losses in production, transmission, distribution and billing is a result of the depreciated water supply systems and the bad management of WSS companies.
Based on the analysis made, it resulted that the sector situation is very disturbing, the number of companies with good performance has dropped to 7, poor performers are 18 companies and 30 of them continue to perform badly.

The water balance analysis showed that water volume getting lost by the bad management in relation to the annual quantity produced by companies is about 37% where the real losses are 30%.

Based on this, in order to reduce the non revenue water, WSS companies should make efforts to reduce the administrative reductions, highlighting and eliminating the illegal connections, giving water meters to all customer categories and at the same time reconstructing and constructing new segments in the water distribution network and also reducing the power consumption used for the produced water.

The format of the "water balance" is a document that WRA requires for all the companies, in order for them to control and assess the water volumes that does not bring income. The assessment and correct drafting of the water balance is the table where the companies see where to start work for elimination of these losses.

The forms submitted for this year have shown that many companies still do not know to make the assessment of losses according to components or they ignore it. Accurate and truthful presentation of reality helps first the companies in self-assessment of the situation, but also the stakeholders in this sector.

WRA has always seen the reduction of non revenue water as one of the key indicators to have a financially stable company; the Authority support through its instruments will be continuous for all companies that try to change the situation in the sector and achieve the strategic objectives set for this purpose.

3.2.6 Metering Ratio

Metering ratio is the ratio of metering connections in relation to the total number of connections. This indicator reflects the level of metering in the water supply system, after analyzing the metered connections of consumer categories. The increase of the metered water level also increases the accuracy of the "non revenue water" indicator.

Taking into consideration the last three years, this indicator has been positive from year to year, but compared to 2013, it did not have any considerable increase. For 2012, this indicator was 55.1%, for 2013 it was 59% and in 2014 this indicator reached to 61.2%.

Based on the Water Supply and Sewerage National Strategy 2011-2017, the objective of this indicator for 2014 is 65%, which means that we are still far from achieving this indicator, especially if we take into account the progressive increase in the previous years. For 2012, the increase was 4.5%, for 2013 the increase was 3.9% and for 2014 this percentage is increased only by 2.2 %, compared to 2013.

The metering ration is very important because it affects directly the quality of service to consumers and also the results of other indicators. WRA has set as an objective for all companies the value 85%, but according to the performance in years, there is still much to be in this director until the achievement of this indicator.

First group of companies:

This is the group of big companies. For the fifth year in a row, Sh.aWSS Korçë continue to be the only company with the indicator 100% in the service of metered water supply. The metering ratio for all other companies is below the good performance level of 85 %. The lowest level of metering for this group belongs to the WSS Company Vlorë with 26.92 %, in spite of small increases from year to year.

For 2014, in total, this group does not have any changes in performance, because the same 7 companies have had increases, 1 company suffered a small decrease with 0.36% and 2 companies have had a significant decrease for this indicator.

A drastic decrease in the metering ratio for this year is suffered by the WSS Company Kavajëwith 47.9 %, classified at the companies with the lowest metering ratio for this group. Compared to 2013 again the WSS Company Berat-Kuçovë has had a decrease of 5.34 %, whereas compared to 2012, this decrease goes to 10.01%.

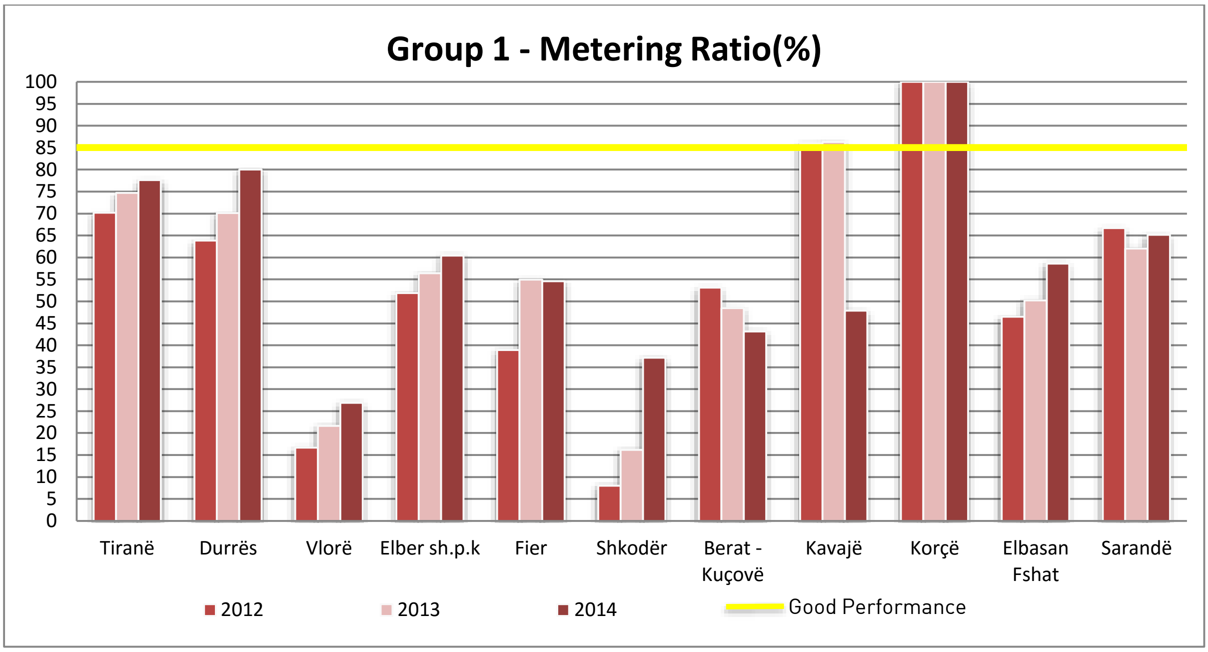


Figure 21. Metering ratio for group 1 in 2014

The biggest increase of this indicator by 20.95% belongs to Sh.a. WSS Shkodër ,taking this indicator to 37.14 %, but it still remains amongst the companies with the lowest indicator for this group.

The companies with good progress for this year are Sh.a. WS Elbasan Fshat with an increase of 8.41 % taking the value of metering ratio to 58.6 % as well as Sh.a. WSSDurrëswith an increase of 9.92 % compared to 2013 taking this value to 80.03 %.

Second group of companies:

This group has considerable increases of this indicator, where from 3 companies surpassing the good performance limit of 85% in 2013, in 2014 there are 5 companies surpassing this limit. Sh.a. WS Lushnjë Fshat (100%), Sh.a. WS Bilisht (96.57%) with the highest increase from 2013 with 17.66 %, Sh.a. WSS Pogradec (93.95%), Sh.a. WSS Librazhd (93.91%) and Sh.a. WSS Kruje (86.26 %).

In 2011, Sh.a. WS Lushnjë Fshat transferred the further sale of water in its coverage area.Thus, this company has measured only the part sold to the communes and not the end consumers. This is the reason why this company has a metering ratio indicator with 100 %.

Sh.a. WS Kurbin, Sh.a. WSS Gjirokastër andSh.a. WS Patos continue to have very poor performance regarding the metered service, where the indicator for is less than 1%,whereas Kurbin has had an increase of 3.01% taking this indicator to 3.91% but it still is a very low level for this indicator.

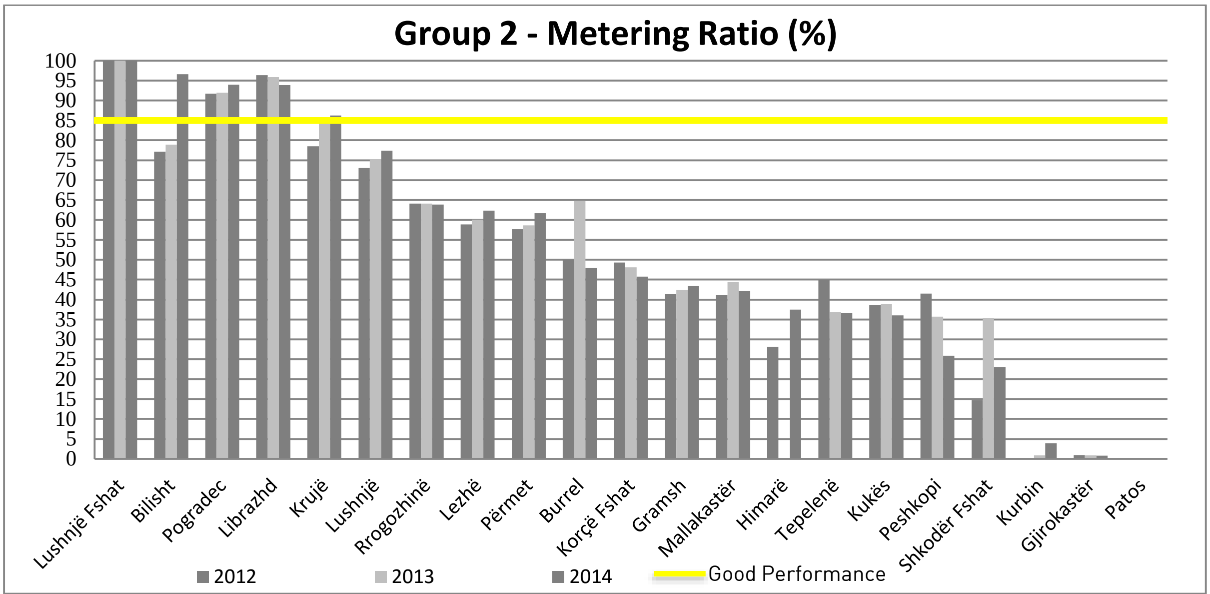


Figure22. Metering ratio for group 2 in 2014

Only Sh.a. WSS Bilisht has had progress with this indicator increasing the metering ratio, where the other companies have had small fluctuations of this indicator.

Significant decreases of this indicator during this year are also reported by 3 companies Sh.a. WSS Burrel (-16.88%) taking this indicator to 49.93 %, Sh.a. WSS Peshkopi (-9.86%) taking the indicator to 25.85% andSh.a. WSShkodër Fshat (- 12.25%) taking this indicator to 23.1%.

Third group of companies:

For several years in a row, this group remains with the lowest levels of metering ratio. This year there were also reports for the decrease of the metering ratio from 1 company for 2013 and 3 companies for 2014, Municipality Pukë (-3.74%)taking this indicator to 45.43 %, Sh.a. WS Delvine (-7.75%) taking this indicator to 40.62 % and Sh.a. WSS Mirdite (-3.30%) taking this indicator to 34.4 %.

Only Divjaka continues to report 100% metered service and it's the only company surpassing the level of good performance. Out of 25 companies in this group, 13 of them report less than 50% of metered connections, 6 companies have reported 0% metering ratio, whereas 1 company (Sh.a. WS Bradashesh) has not reported any data.

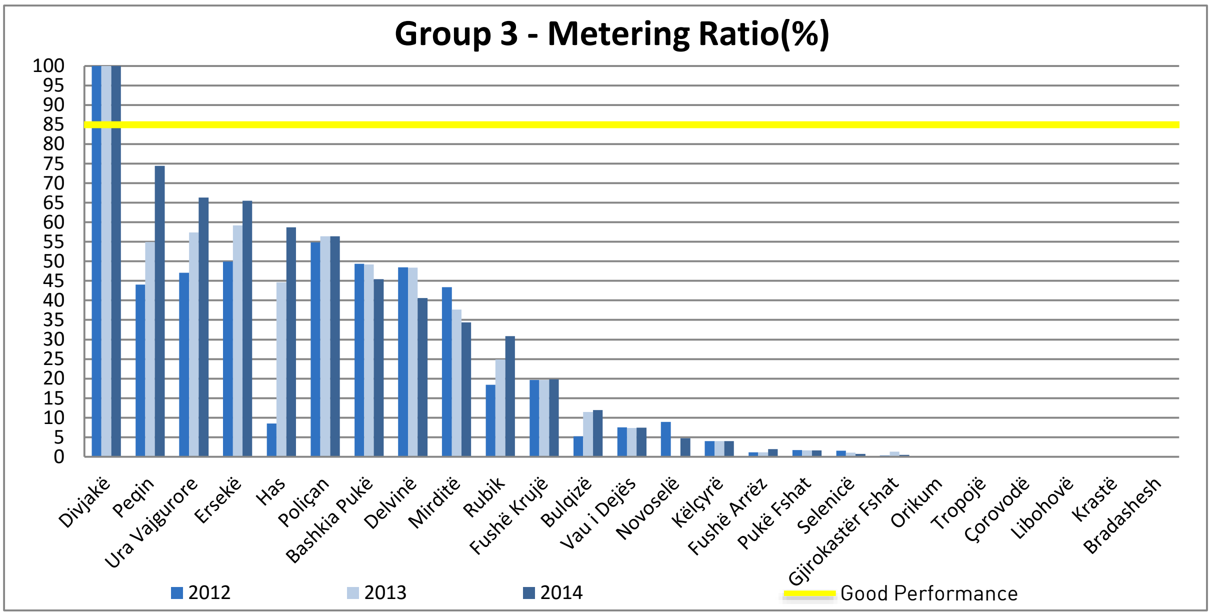


Figure23. Metering ratio for group 3 in 2014

5 companies have reported an increase of the metering ratio in evident %, where 2 companies are worth mentioning because the increase has been evident, respectively: Sh.a. WSS Peqin (+19.49%) compared to 2012(+30.40%) and Sh.a. WSHas (+14.07%) compared to 2012(+50.15%). Sh.a. WS Ura Vajgurore has had an increase of (+8.94%), Sh.a. WSS Ersekë (+6.35%) and Sh.a. WSS Rubik (+ 5.97%).

Conclusions

Analyzing this indicator, for all three groups taken together, it can be seen that in 2014 compared to 2013, only 17 companies have reported an increase of the indicator,whereas in 2014 only 13 companies have reported considerable increases; the other companies may have had increases but they were insignificant.

The companies having decreased this indicator have increased, compared to 2013 with 3 companies with evident decreases, whereas in 2014 this number was 8. Apart from the reduction of the number, these companies have had drastic decreases of the metering ratio indicator. This shows that the companies should do more work because they are still far from reaching the objectives set by the strategy.

Out of 57 companies, only 8 of them report they operate on the level of good performance regarding the metered service respectively 2 in the first group, 5 in the second group and only 1 in the third group. In the second and third group (but mainly in the third group) there are companies that almost do not measure this service at all, with less than 1%. These are mainly small companies.

The first group has an average level of water metering with 59.2%, the second group has an average level of water metering with 51.4%, whereas the third group has an average level of water metering with 25.02 having a very small increase from 2013 0.09 % and where the average for this group was 24.93%, as much as half of the first two groups. The average of three groups for the water metering ration for 2014 is 61.2 % with an increase of 2.2 % compared to 2013, but without managing to achieve the objective of this indicator for 2014, which was 65%, based on the National Strategy of Water Supply and Sewerage 2011- 2017.

WRA has continually monitored the situation regarding the installation of meters, making inspections to companies to reduce the high levels of unmetered services. The companies have had the obligation (based on two Council of Ministers' decisions) that until the end of 2010 they should have finished the installation of meters for all non-household customers and the future objective is to equip with meters all the non-household customers, they are still very far from the achievement of the objective.

3.2.7 Water supply hours

Two of the most important indicators in the water sector remain the water supply hours and the water quality. The changes of these indicators are directly related to consumers. By reaching the standards required for these two indicators, the companies improve the service towards consumers, increase the income of the company and reduce the consumers' request for other water supply sources.

For the assessment of this indicator, the average of the water supply hours in a day is used an indicator which is 12.1 hours/day in 2014, with an increase from 2013 when the average was 11.8 hours/day. In spite of this, much work is still needed by the companies to achieve the good performance objective defined in the National Strategy of Water Supply and Sewerage 2011- 2017, an objective, which is 15 hours in 2014 and what is more the objective set by the WRA with 18 hours a day.

First group of companies:

The first group of the companies in 2014 provides in average 13.69 hours of water a day, whereas for 2013 this indicator was 13.66 hours of water a day, not making any evident improvements.

Sh.a.WSS Korçë continues to be the only company providing 24 hours of water supply. Sh.a. WSS Shkodër andSh.a. WSS Fier, which provide respectively 21.54 and 20.28 hours a day, continue to be at the level of good performance, but almost at the same values as 2013.

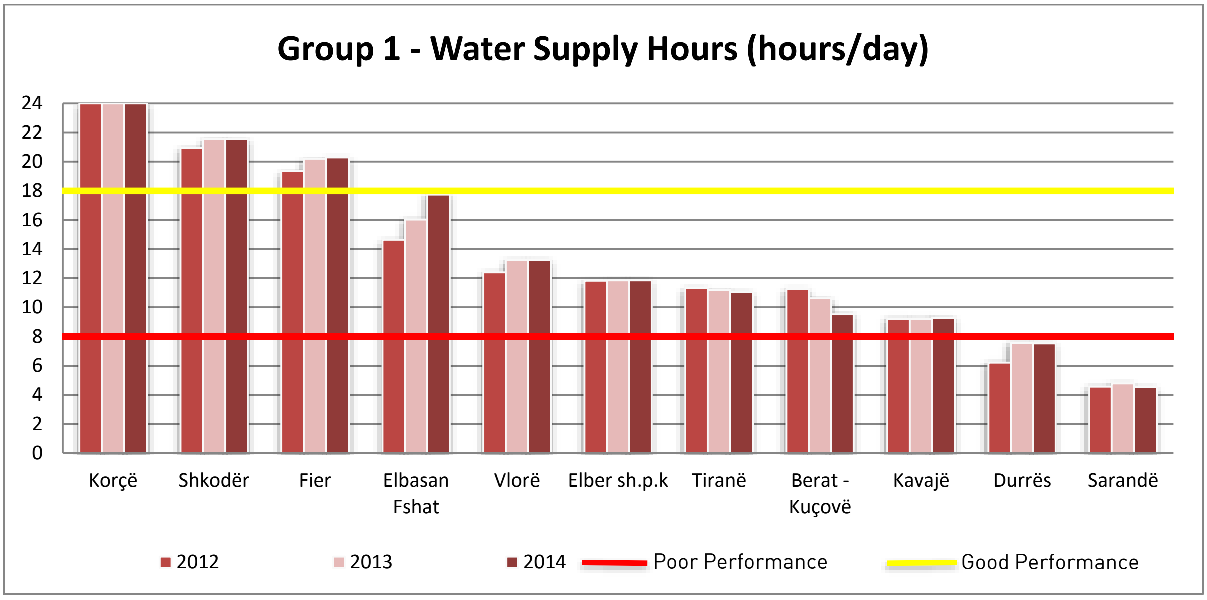


Figure24. Water supply hours for group 1 in 2014

The company WS Elbasan Fshat has had a satisfactory increase of about 1.72 hours, taking the water supply hours to 17.75 hours/day,very close to the good performance. Compared to 2012, the increase of this company was 3.11 hours. Other companies have almost negligible changes, compared to 2013.

In 2014 as well, the companies providing water supply below the limit of poor performance, with less than 8.0 hours/day are respectively Sh.a. WSS Durrës, supplying with 7.52 hours a day andSh.a. WSS Sarandë, supplying with 4.55 hours a day.

The company having a decrease of water supply hours is Sh.a. WSS Berat-Kuçovë, which for the third year in a row is decreasing this indicator. In 2012, the indicator was 11.27 hours, in 2013 it was 10.63 hours and in 2014 it dropped to 9.53 hours. This decrease has been 1.1 hours compared to 2013 and 1.74 hours compared to 2012.

Second group of companies:

The average of water supply hours for 2014 in the second group is 11.33 hours. Compared to 2013, this indicator has had a decrease of 0.52 hours.12 companies of this group have kept almost the same level with 2013, not having significant changes.

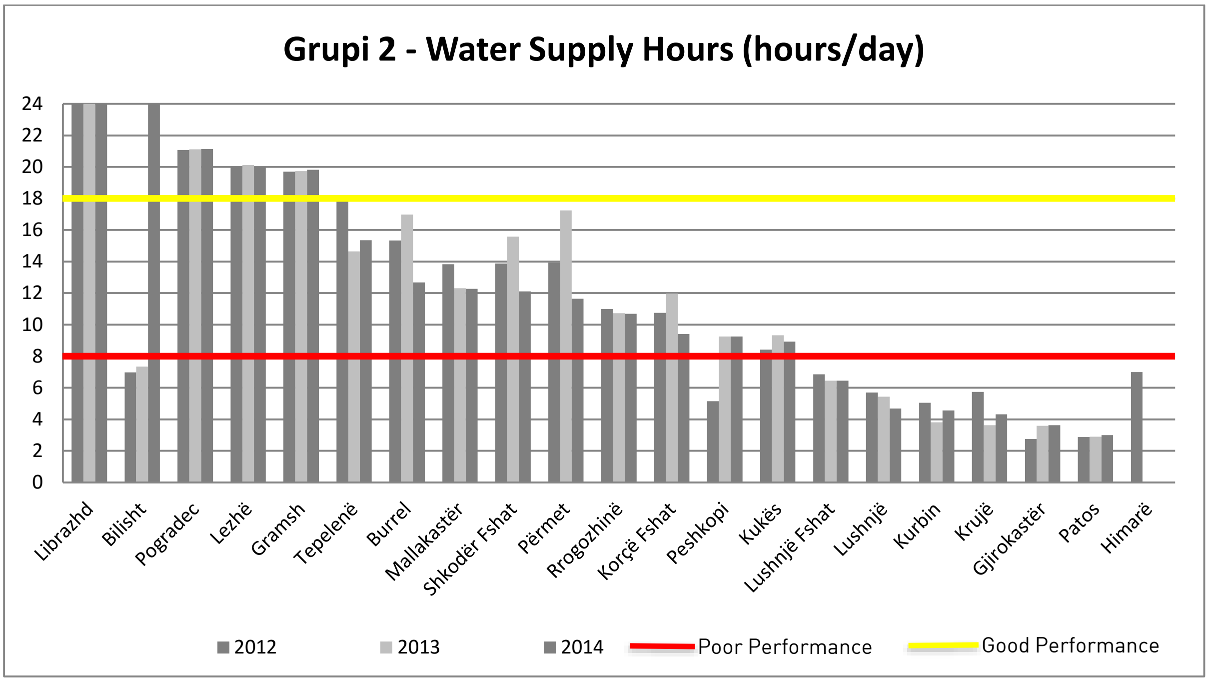


Figure25. Water supply hours for group 2 in 2014

Compared to 2013, the number of the companies reaching the good performance level in continuous water supply is increased. The companiesSh.a. WSS Librazhd, Sh.a. WSS Pogradec, Sh.a. WSS Lezhë andSh.a. WS Gramsh had an improvement of this indicator, and also the companySh.a. WS Bilisht with an increase of about 16.66 hours, taking this indicator to 24 hours of water supply service. For this group, the number of best performers goes to 2 with 24 hours of water supply service. Sh.a.WSS Librazhd is joined by the company Sh.a. WS Bilisht, which has completed the reconstruction project for the water supply network of the city, making possible the 24 hours a day of water supply for consumers.

The number of companies performing badly this year, with a considerable decrease, is the same with 2013, but there are different companies that don't perform well. Sh.a. WSS Burrel has had a decrease of 4.31 hours, Sh.a. WSShkodër Fshat with 3.46 hours, Sh.a. WSSPërmet with 5.61 hours, marking the biggest decrease for this group as well as Sh.a. WS Korçe fshat with a decrease of 2.54 hours. The companies with the level below the poor performance limit (8 hours/day) for this indicator are 6 and the same companies that were in 2013 (Sh.a. Lushnjë Fshat, Sh.a. WSS Krujë, Sh.a. WSS Lushnjë, Sh.a. WS Kurbin, Sh.a. WS Patos, and Sh.a. WSS Gjirokastër) whereas Sh.a. WSHimarëcontinues not to have reported.

Sh.a. WS Patos continues to be the company with the poorest performance for this group with 3 hours of water supply a day. Compared to 2013, there is an increase of only 0.11 hours, almost negligible and without any effect on the consumers.

Third group of companies:

The third group companies provided in average 10.33 hours of water supply a day for 2014, having an increase with a supply of 0.89 hours of water a day, compared to 2013.

Even for this year, Sh.a. WSS Rubik continues to be the best performer for this group, having an increase of 1 hour taking this indicator to 24 hours a day, just as the best companies of the first and second groups. 6 companies of this group have had a considerable increase of water supply hours, where 3 have passed above the level of good performance of about 18 hours of water supply.

Sh.a. WS Novoselëhas had a considerable increase from 2012 with 8.75 hours providing 16.75 hours of water a day for the consumers. Whereas Sh.a. WS Peqin and Sh.a. WS Burrel has had increases of respectively 2.74 and 1.29 hours/day more making possible the surpassing of the limit of poor performance with 8 hours of water supply.

Gjirokastër fshat continues to drop with 2.1 hours/day compared to 2013 and 4.99 hours/day compared to 2012 taking this indicator to 8.01, close to the limit of poor performance.

The biggest decrease for this group was reported by Sh.a. WSSKraste with 3.49 hours/day less,taking this indicator to be the lowest of the group with 1.32 hours/day of water supply, and being classified again as a company with poor performance in 2014. After this company, a decrease of 1.85 hours/day from 2013 was reported by Sh.a. WS Orikum reducing the water supply hours in 3.59 hours/day. Sh.a. WSS Fushe Arrëzhas had a decrease of 2.63 hours/day, but it still remains in the good performance area, because it provides 11.95 hours/day.

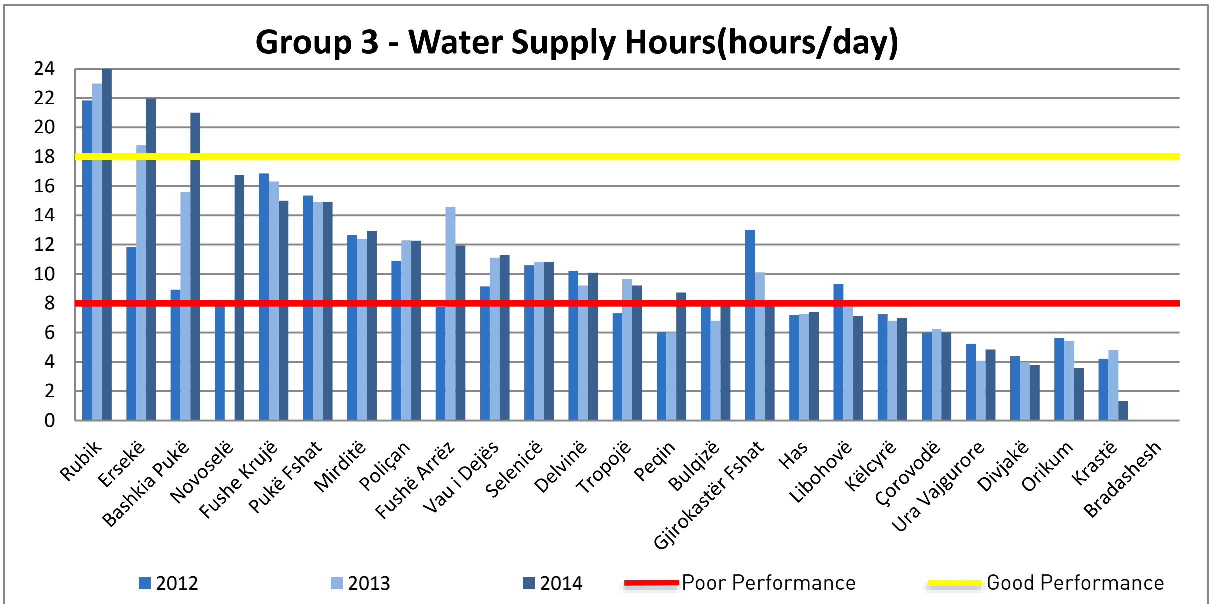


Figure26. Water supply hours for group 3 in 2014

In total for this group, there are 3 companies above the limits of good performance (Sh.a. WSS Rubik, Sh.a. WSS Erseke and Municipality Pukë) increasing the number of good companies.

13 companies are at the limits of acceptable performance, with water supply hours between 8 and 18 hours a day, but they are 1 company more than in 2013 that have passed to the area of acceptable performance.
Below the limit of poor performance, with less than 8 hours of water supply a day, there are 8 companies, two less than 2013 and Gjirokastër fshat that is at the limit of this performance.

Conclusions

Water supply hours for 2014 has been 12.1 hours of water a day on average, having an increase from 11.5 hours a day that was in 2013.
This indicator continues to be below the strategic objective level for 2014, which is 15 hours a day, and also below the level of good performance set by the WRA with about 18 hours a day.Therefore the consumers continue to resolve the problem of water supply with alternative means until the achievement of this indicator.
By the analysis of three groups, it can be seen that from 2 companies providing water 24 hours in 2012, for 2014 there are already 4 companies providing a 24 hour a day service, one company from the first group, two companies from the second group and one company from the third group.
Compared to 2013, where 36 companies in total have been above the level of poor performance with 8 hours of water supply a day, for 2014 their number is 39 companies above this level. In addition, 10 companies have reported reductions of the water supply hours with more than 1 hour, where the other part of the companies have had reductions with less than 1 hour of water supply.
Reaching the acceptable levels in water supply hours does not only depend on the investments, but it can be achieved if managed with professionalism, and this is also shown by the experiences of the companies with good performance.
Improvement of consumer service continues to be one of the main priorities for WRA. This is shown by the importance given to these indicators, in the assessment of the quality of service to consumers, and also during the application of tariff adjustment. WRA has set objectives for the performance of companies for these indicators and later it monitors their progress according to the objectives.
WRA will request the companies to include these objectives in their business plans to find the ways and opportunities for further improvements.

3.2.8 Sewerage coverage

The sewerage coverage indicator is related to the provision of this service by the Water Supply and Sewerage Companies. It comes as the ratio of the population served with disposal of the wastewater with the population living in the jurisdictional area of a company. In the water supply and sewerage sector in Albania not all companies provide these two services, the water supply and the wastewater disposal. Out of 57 companies, only 32 of them provide this service and only these were taken into consideration in the following analysis and the presented charts.

For this indicator, the WRA has set the limit of 75% for a good performance. The average of this indicator for the entire country continues to be 51%, which shows that this service is far from the strategic objectives set.

First group of companies:

Out of 11 companies of this group only 9 companies provide the sewerage service. Even for this year, the company Elber sh.p.k(today Elbasan Qytet Sha) continues to keep the sewerage coverage at the level (100 %).

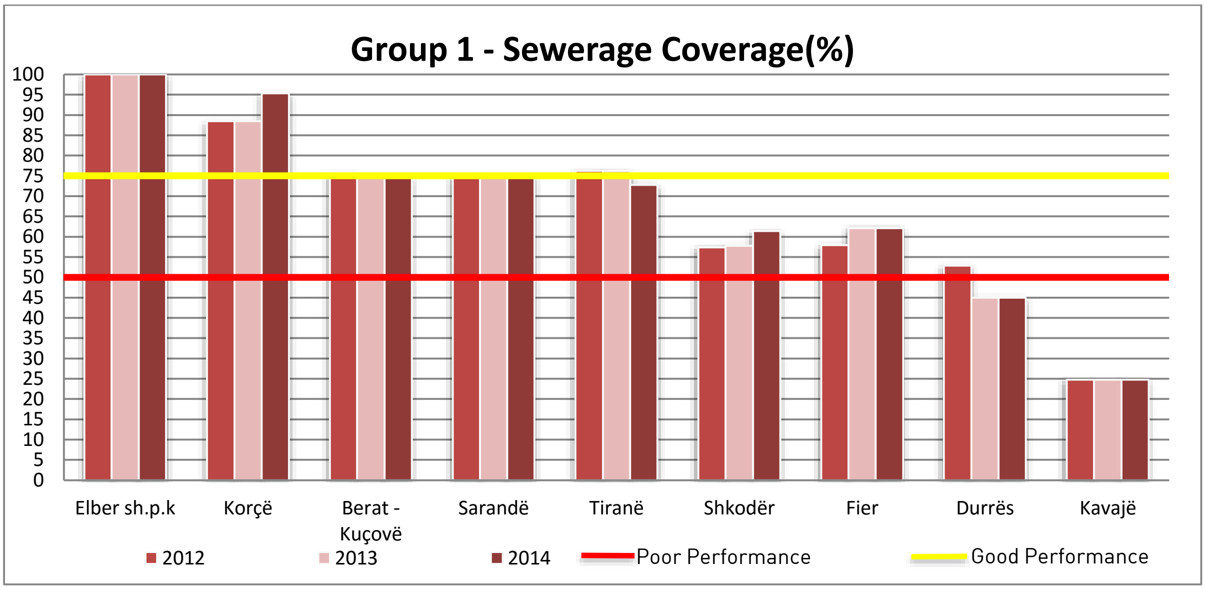


Figure27. Sewerage coverage for group 1 in 2014

During this year, compared to 2013, there were companies that have increased the value of this indicator like:Sh.a. WSS Korçë with (6,91%), Sh.a. WSS Shkodër with (3,6 %).

CompaniesSh.a. WSS Durrës, Sh.a. WSS Saranda and Sh.a. WSS Berat-Kuçovëhave kept this year the same coverage rate as the previous year.

The company Sh.a. WSS Kavajë (24.78%) appears to perform poorly this year as well, which have not made any efforts to increase the value of this indicator.

Second group of companies:

Out of 21 companies of the second group, 13 of them provide the sewerage service and only 3 of them Sh.a. WSS Krujë, Sh.a. WSS Lezhë, Sh.a. WSS Librazhd are on the threshold of the good performance with 75%. We can mention in this group also Sh.a. WSS Burrel, which has increased this indicator for this year with 3.91%. The company with the best performance for the second group for this indicator is Sh.a. WSS Krujë with 93.79%.
With poorer performance continue to be Sh.a. WSS Gjirokastër Qytet (38.77%), Sh.a. WSS Mallakastër (27.74%) and even worse Sh.a. WSS Rrogozhinë (16.1%). The company Sh.a. WSS Tepelenë, even though it is the second year it reports for this service, it has not made any efforts to increase this indicator, which continues to be (54.58%), as in 2013.

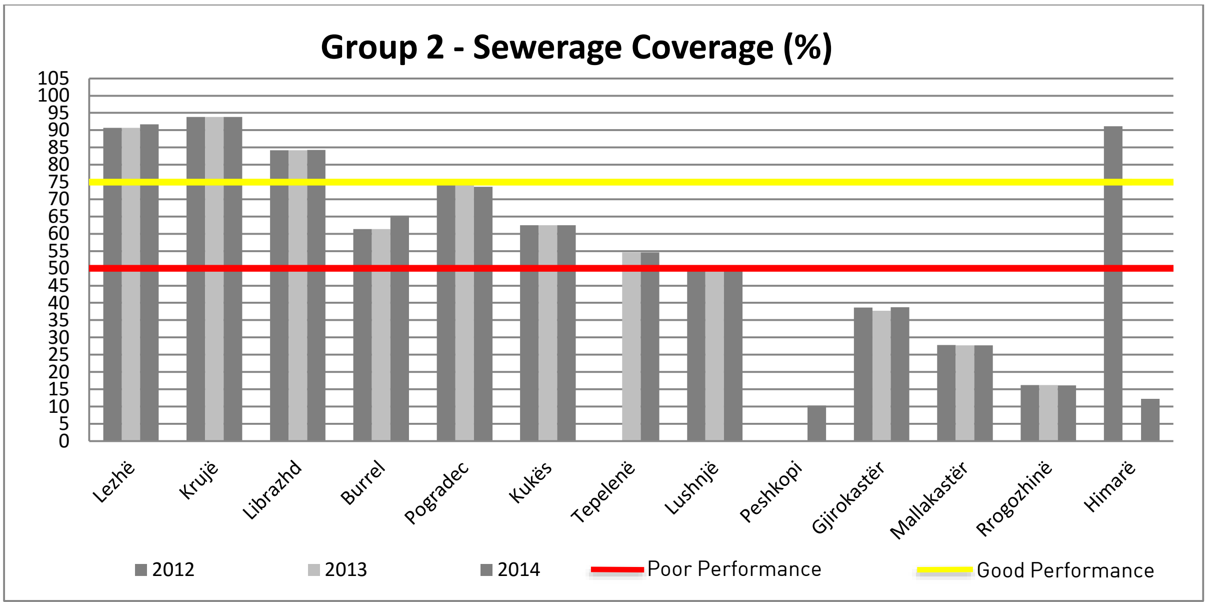


Figure28. Sewerage coverage for group 2 in 2014

In addition, Sh.a. WSS Pogradec has had a negative tendency, with a small increase of this indicator (1.32%). It is worth highlighting that none of the companies are making any efforts to increase the scale of coverage with sewerage services, therefore the situation in the sector continues to remain the same.

Third group of companies:

Only 11 companies out of 25 companies in this group provide the sewerage service. The companySh.a.WSS Ersekë continues to keep the sewerage coverage at the value of (100 %), being ranked the first of this year as well.
By the chart, it can be seen that during this year Sh.a.WSS Delvinë has had a decrease of about (24.44 %), which has happened because the coverage area is the same, but in the report of 2013 this company has included in the system customers, who were not provided the sewerage service as the inhabitants of hillside areas (who operate with septic holes).

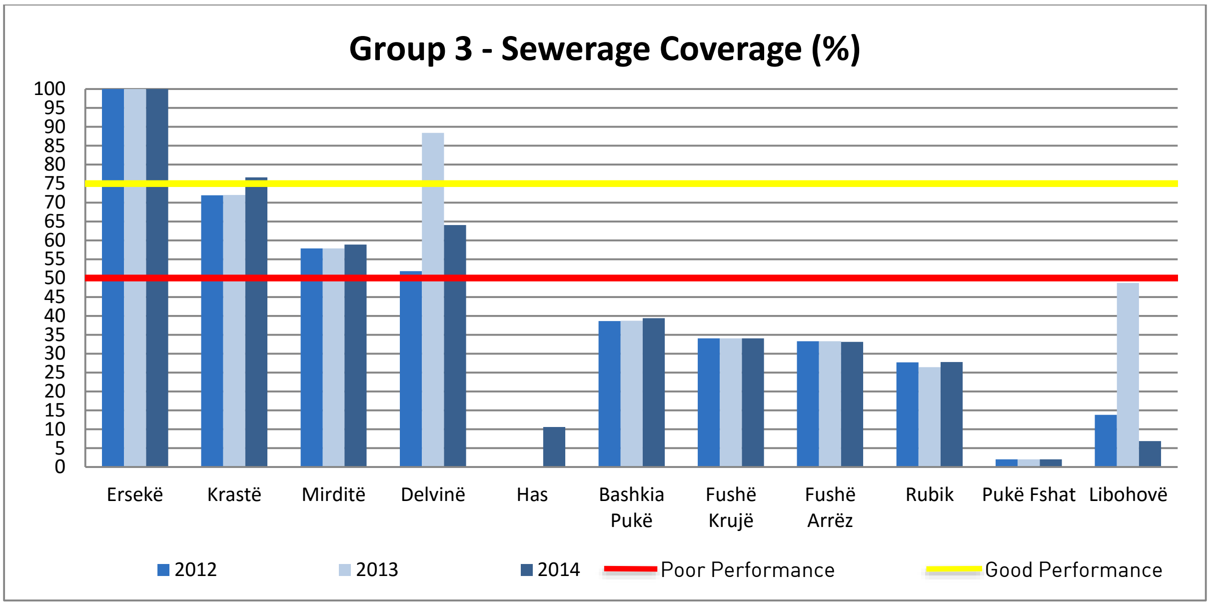


Figure29. Sewerage coverage for group 3 in 2013

In the above chart, it can be seen that during 2014 only Sh.a.WSS Krastë has had an increase of the value of this indicator with (4.64%).
Companies Sh.a. WSS Pukë fshat (2.08%), Sh.a. WSS Rubik (27.8%) with an increase of (1.29%) continue to be with a poor performance. Sh.a. WSS Fushë Arrëz (33.1%) andFushë Krujë (34.1%) have the same values for this indicator for 3 years in a row, whereas Municipality Pukë (39.43%) reports an increase of the indicator in insignificant values. In this group, Sha WSS Libohovë is not taken into consideration in this analysis because its data result to be inaccurate.

Conclusions

The situation with the water supply and sewerage coverage for this year continues to be on the same level. The percentage of coverage for the water supply service in the entire country continues to be 81% of the population in the jurisdictional area of the WSS companies, whereas only 51% of this population is covered by the sewerage service. As it can be seen, the sewerage service coverage is very low, as a result of the lack of investments in this direction. Even wastewater treatment remains a priority area in the context of efforts to ensure better sanitation services, which is clearly specified in the national strategy. Treatment of wastewater has improved the quality of sewerage service only for 10% of the population in the area of jurisdiction of the companies as a result of the commissioning of 5 plants for the treatment of wastewater expected to be followed by other plants that are in construction or being designed.
For the moment, only five companies have wastewater treatment plants, respectively Sh.a. WSS Kavajë, Sh.a. WSS Pogradec, Sh.a. WSS Korçë, Sh.a. WSS Durrës and Sh.a. WSS Shkodër, which are also licensed by WRA to provide these services.

The figures of the above performance analysis show the need for continuous efforts in improving the sewerage service in almost all Albania. As it can be seen from the analysis of the three groups, the situation with the sewerage system continues to be almost the same for several years in a row. Some companies during this year have made efforts to increase the level of sewerage coverage, but the figures were insignificant to change the coverage situation in the country.

The water supply and sewerage service provided by WSS companies is more accessible to the population living in urban areas (76% of water supply coverage and 98% of sewerage coverage belongs to the urban area), whereas the rural population has mainly access to the water supply (24% of the water supply coverage and only 2% in the wastewater collection and disposal for the rural area).For the rest of the population, this service is mainly managed within communes/municipalities or self-managed by the inhabitants. Based on the results of the study done by the WRA in the areas out of the jurisdiction of the WSS companies, it resulted that the total population living in these areas is 546,046 inhabitants, where only 64% of them benefit from the water supply service and 28% have access to the sewerage services, provided by the respective unit of the local government. The infrastructure in these areas is absent, especially regarding the service of waste water disposal.

By approving the new territorial reform, the issues of legal regulation of uncovered areas will be facilitated, because the smaller units will be part of the bigger municipalities. A clearer situation of the new territorial areas, which are administered by the WSS companies is presented in the following map.

Figure30. Map of new administrative units and areas under the administration of WSS Companies.

3.2.9 Regulatory Perception

The indicator "Regulatory Perception" evaluates the scale in which the WSS companies support WRA in achieving the objectives of the regulatory mission. In order for the Authority to achieve its mission objectives, in application of Law 8102 dated 28.03.1996 "On the regulatory framework of the water supply and wastewater treatment and disposal sector", as amended, it is necessary for the companies to fulfill the obligations provided in legal norms and regulations in force and also to be active participants in the regulatory process. To make the evaluation of this indicator, four main aspects are taken into consideration:

- **Licensing:** when the company operates with a valid license by the WRA;
- (Maximum 25 points, with a part of the points depending on the licensing process, when the company has applied to get a license or to renew the license in 2014).
- **Tariff approved by WRA**: when the company operates with tariffs approved by the WRA, (maximum 25 points, with a part of the points depending on the application of tariffs and the development of the tariff approval process if the company has applied for their approval in 2014).
- **Regulatory payments**: when the company has made the regulatory payments to WRA in time and full amount (maximum 25 points, with a part of the points if the payments are not made completely);
- **Communication with WRA**: whether the company has responded to the information, requests or notifications made by WRA (maximum 25 points when all the answers were given on time and complete).

Total maximum evaluation is 100 points.
The following table lists the points given to 58 companies for each of these aspects, ranking them in the relevant groups according to the general points taken for these indicators.

Group 1		License	Tariff	Reg. Payments	Communication	Total
WSS	Elber sh.p k	25	25	25	15	90
WSS	Korçë	25	25	25	15	90
WSS	Berat - Kuçovë	25	25	15	20	85
WSS	Shkodër	15	25	25	15	80
WSS	Tiranë	25	25	10	15	75
WSS	Durrës	25	25	10	15	75
WSS	Sarandë	25	25	20	5	75
WSS	Fier	25	25	3	20	73
WS	Elbasan fshat	25	25	10	10	70
WSS	Vlorë	0	25	20	15	60
WSS	Kavajë	15	25	10	10	60

	Group 2					
WSS	Lezhë	25	25	25	25	100
WSS	Lushnjë	25	25	20	25	95
WSS	Gjirokastër	15	25	25	20	85
WSS	Gramsh	25	25	10	20	80
WS	Peshkopi	25	25	10	20	80
WS	Bilisht	25	25	25	5	80
WSS	Tepelenë	25	25	10	15	75
WSS	Pogradec	25	25	8	15	73
WS	Kurbin	25	25	0	20	70
WSS	Librazhd	25	25	5	15	70
WSS	Krujë	25	25	5	15	70
WS	Përmet	25	25	15	5	70
WSS	Burrel	25	25	10	10	70
WS	Lushnjë fshat	25	25	5	5	60
WSS	Rrogozhine	25	25	0	10	60
WSS	Kukës	15	15	0	25	55
WS	Korçë fshat	25	15	–	15	55
WS	Shkodër fshat	15	25	0	10	50
WSS	Patos	25	–	–	15	40
WSS	Himarë	25	15	–	0	40
WS	Mallakastër	5	–	–	20	25
	Group 3					
WS	Bulqizë	25	25	25	20	95
WSS	Rubik	25	25	16	20	86
WS	Orikum	25	25	25	10	85
WS	Ura Vajgurore	25	25	10	20	80
WS	Poliçan	25	25	25	5	80
WSS	Ersekë	25	25	13	15	78
WSS	Bashkia Pukë	25	25	13	15	78
WSS	Mirditë	15	25	20	15	75
WSS	Delvinë	25	25	0	20	70
WSS	Krastë	10	25	25	10	70
WS	Gjirokastër Fshat	0	25	0	20	45
WS	Selenicë	25	25	0	15	65
WSS	Fushë Krujë	25	15	–	20	60
WS	Tropojë	25	25	0	10	60
WS	Novoselë	10	25	4	5	44
WS	Divjakë	25	–	–	15	40
WSS	Peqin	0	25	0	15	40
WS	Skrapar	10	25		5	40
WSS	Libohovë	25	–	–	15	40
WS	Vau i Dejës	25	–	–	10	35
WS	Has	5	15	–	10	30
WS	Puke fshat	0	–	–	15	15
WSS	Këlcyrë	0	–	–	10	10
WSS	Fushë Arrëz	5	–	–	0	5
WS	Bradashesh					

Table 6. Regulatory perception: Performance points reached according to groups

Licensing

License is the main instrument that guarantees the consumers that the company has the ability to provide its service in accordance with the approved standards. According to the governing legislation, every company providing the water supply and wastewater treatment and disposal service should be equipped by the WRA with the relevant license.
WRA has continually monitored the licensing situation and has been trying to bring to the attention of the companies the observation of the licensing conditions, which are object to WRA monitoring. The licensing process includes not only the granting of licenses to unlicensed companies, but also the renewal of the license, after the expiry of the validity term. Depending on the efforts of the companies during 2014 to get licenses or renewing the existing ones on time and the completion of application documents, the companies were assessed with a part of the points.
Companies, which have not taken any points are Sh.a WS Këlcyrë and Sh.a WSS Pukë Fshat, which continue to operate without a license and also Sh.a. WSS Vlorë, Sh.a. WSS Peqin and the company Gjirokastër fshat, which have problems with the observation of the required conditions for the renewal of the license.
Companies like Sh.a WSS Mallakastër, Sh.a WS Has, Sh.a WSS Fushë Arrëz are assessed with a minimum points (5 points), after they have tried to start the licensing procedure, but the application documentation did not meet the legal requirements therefore the process did not continue.
In 2014, Sh.a WS Krastë, Sh.a WS Novoselë and Sh.a. WSSSkraparhave submitted the request for license renewal, but the licensing process has not finished because the documentation was not complete. These companies are evaluated with 10 points.
For Sh.a WSS Gjirokastër, Sh.a.WSS Shkodër Fshat and Sh.a WSS Mirditë, the licensing process ended at the beginning of 2015 therefore they are evaluated with 15 points.
In the future, the assessment will also include the application of the license terms by the licensees, which will be the object of monitoring by the WRA.

Tariffs approved by WRA

In 2014, water supply and sewerage service billing is done according to the tariffs approved by WRA for 46 companies. These companies are evaluated by 25 points.
The companies, which apply tariffs approved by the WRA, but which have not applied the renewal of the license, in spite of the expiry of the terms of use like Sh.a WSS Kukës and Sh.a WSS Fushë Krujë, Sha WS Has are evaluated with one part of the points (15 points). 15 points have also been given to the companies Sh.a WS Korçë Fshat and Sh.a WSS Himarë, which during this year have applied for tariff approval at the WRA.
Sh.a WS Patos, Sh.a WSS Mallakastër, Sh.a WS Divjakë, Sh.a WS Vau i Dejës, Sh.a WSS Libohovë, Sh.a WSS Fushë Arrëz, Sh.a WS Këlcyrë, and Sh.a WSS Pukë Fshat operate with

tariffs not approved by the WRA. The Regulatory Authority will continue to urge these companies to submit their applications for the approval of tariffs. In application of the Methodology "On Tariff Setting", the approval of tariffs by the companies applying for the first time is done by an accelerated procedure.

Regulatory Payments

In application of law no. 8102, dated 28.03.1996, regulatory payments of the companies are a financing source for the WRA annual expenses, approved by decision of the Council of Ministers. Regulatory payments are obligations of the companies to the WRA, determined by it, accepted and signed by the parties, in the contract of application for service tariffs.
We notice that by payment of all legal and contractual obligations, in 2014 the collection rate was increased considerably compared to two previous years.
The annual regulatory payment for 2014 results to be in the amount of ALL 44 507 thousand, whereas the collection is in the amount of ALL 50127 thousand, a figure amongst the highest realized in years. At first sight, the impression is that all annual obligations were collected, but analyzing them deeply it results that in 2014 the collections were only 20 percent.
The companies that have made the payments on time are evaluated by maximum points. These companies are Sha WSS Korçë qytet, Sha WSS Lezhe, Sha WSS Shkoder, Sh.a WS Bilisht, Sh.a WS Bulqizë, Elber Shpk(today Elbasan Qytet Sha), Sh.a WSS Gjirokastër Qytet, Sha WS Kraste, Sha WS Orikum, Sha WS Poliçan. These companies are evaluated by maximum points. In addition, during this year, there are companies, which have not made the payments for the year, such as: Sh.a WS Delvinë, Sh.a WS Gjirokastër Fshat, Sh.a WS Kukes, Sh.a WS Kurbin, Sh.a WSS Rogozhine, Sh.a WS Selenicë, Sh.a WS Shkoder Fshat, Sh.a WS Skrapar.The other companies were evaluated with only one part of the points, depending on the amount of the obligation liquidated.

Communication with WRA

Cooperation and understanding to respond to WRA requests is the basis of the evaluation, regarding the communication with the WRA. Even during 2014, WRA has been in continuous contact with all the companies through requests for information and meetings and consultations for discussion of different issues. For the WRA, the cooperation and consultation to further develop the regulatory instruments has made possible for the companies to be aware and appreciate the role of WRA in regulating the sector. As the result points show, the majority of the companies were active participants in this process.
Companies that are evaluated with maximum points are Sh.a WSS Lezhë, Sh.a WSS Lushnje, Sh.a WSS Kukës whereas 12 other companies Sh.a WSS Fier, Sh.a WSS Gjirokastër, Sh.a WS Gramsh, Sh.a WS Peshkopi, Sh.a WS Kurbin, Sh.a WSS Mallakastër, Sh.a WSS Rubik, Sh.a WS Bulqizë, Sh.a WS Ura Vajgurore, Sh.a WS Delvinë, Sh.a WSS Fushë Krujë, Sh.a WS Gjirokastër Fshat are evaluated with 20 out of 25 possible points.

The companies Sha WS Fushë Arrëz, SHA WSS Himarë have not shown much interest for the Authority's requests, therefore their evaluation is zero points.

Conclusions

Assessment of this indicator for 2014 shows that water supply and sewerage companies are increasingly functioning within the regulatory framework. The results of the above analysis show that in spite of the improvements made, there is room for some adjustments regarding licensing and application of tariffs approved by WRA and the performance of contractual obligations for liquidation of regulatory payments.

Even though positively appreciated, communication with WRA was not appreciated the same by all the companies. WRA appreciates the correctness and the efforts of all companies to have a good cooperation. WSS companies should be more aware regarding the responsibilities they have to observe the obligations deriving from how to respond on time and with quality to the WRA requirements. Several companies, mainly small ones, which do not have a good evaluation of the regulatory perception indicator because of objective reasons they do not meet the formal requirements of licensing and tariff approval, the improvement of the performance of this indicator could come by increasing the communication and collaboration with WRA.

The best performer for 2014, regarding the indicator "Regulatory Perception" is Sha WSS Lezhë, which has received the maximum points (100 points), making part of the second group, followed by Sha WS Bulqizë of the second group with 95 points, whereas in the first group stand out the companies Sh.a WSS Korçë and Elber Sh.p.k (today Elbasan Qytet Sha) with 90 points.

3.3 Ranking of Water Supply and Sewerage Companies

This chapter reflects the assessment of the general performance of the WSS companies, based on the total of points collected by the assessment of each of key performance indicators. Based on this assessment, the water supply and sewerage companies are ranked based on their general performance.

WRA is making efforts that the performance assessment is a real one. Since the performance analysis based on the data reported by the companies, the quality of reported data plays an important role in the assessment results. The problems noticed in the data reports, inaccuracies or incompatibilities of reports set forth before the Authority the necessity to intensify work about quantity, quality and credibility of the data. For the future period, in the WRA's work programs an important place is taken from the programs of controlling the reported data, especially the data related to KPIs, application of the legal framework and the consumer service.

Ranking of companies based on their general performance

The companies are ranked according to their total performance points calculated based on an evaluation of 8 out of 10 KPI. Each of the key performance indicators has a specific weight showing its relative importance. The maximum of points that can be given is 100 points. Each KPI is evaluated by a maximum result from 5 to 20 points, depending on the specific weight given to it and it has its maximum and minimum limits of performance.

Good performance is considered the achievements of the company at the level of objectives set by the WRA. In general, if the performance is below this objective, for encouragement and assessment step by step of improvements, the assessment is made only for a percentage of the points available. For some indicators like staff efficiency, non revenue water and the collection rate, the performance equal to or below the minimum acceptable level of objectives set by WRA is evaluated by zero points.

Key Performance Indicators		Performance Objectives		Specific weight	Maximum points
		Full points	0 Points	Total 100%	
1 - O&M cost coverage		≥ 100%	0%	15%	15
2 - Total cost coverage		It is not included in the points system			
3 - Collection rate		≥ 82%	≤ 60%	20%	20
4- Staff efficiency (Staff per 1000 connections)	Group 1	≤ 4	≥ 6	5%	5
	Group 2	≤ 6	≥ 10		
	Group 3	≤ 10	≥ 15		
5 - Non revenue water		≤ 30%	≥ 50%	20%	20
6 - Metering ratio		≥ 85%	0%	15%	15
7 - Water supply hours		≥ 18 ore/ditë	0%	15%	15
8 - Water quality		It is not included in the points system			
9- Sewerage coverage		≥ 75%	0%	5%	5
10 - Regulatory perception		100 points	0 pikë	5%	5

Table 7. System of ranking of companies: KPI, Objectives, specific weight for each KPI, points

Results of ranking for 2014

In the following table, 57 analyzed companies are ranked based on the general performance results. As it is explained before, Sha WSS Bradashesh, which has not reported any data during 2014, is not part of this assessment.

Ranking	Type of activity	Company	Ranking points	Ranking	Type of activity	Company	Ranking points
1	WSS	Korçë	99.50	30	WS	Divjakë	55.64
2	WSS	Librazhd	97.64	31	WS	Tepelenë	55.39
3	WS	Bilisht	94.00	32	WS	Gjirokastër Fshat	54.32
4	WSS	Rubik	82.90	33	WSS	Ura Vajgurore	53.62
5	WSS	Pogradec	78.28	34	WSS	Himarë	49.43
6	WSS	Ersekë	77.84	35	WSS	Mallakastër	47.97
7	WS	Gramsh	77.81	36	WSS	Fushë Krujë	47.88
8	WS	Delvinë	75.87	37	WSS	Gjirokastër	47.54
9	WSS	Tirane	71.51	39	WS	Poliçan	46.32
10	WSS	Elber sh.pk	70.60	40	WSS	Vlorë	45.90
11	WS	Elbasan Fshat	70.04	38	WS	Peshkopi	44.41
12	WSS	Lezhë	69.13	41	WSS	Fushë Arrëz	43.47
13	WS	Përmet	68.38	42	WSS	Selenicë	43.24
14	WS	Lushnjë Fshat	68.08	43	WSS	Libohovë	43.18
15	WSS	Bashkia Pukë	67.76	44	WSS	Mirditë	41.57
16	WSS	Burrel	67.37	45	WS	Shkodër Fshat	39.90
17	WS	Korçë Fshat	67.07	46	WS	Këlcyrë	38.17
18	WSS	Peqin	66.05	47	WS	Bulqizë	37.32
19	WSS	Lushnjë	65.66	48	WS	Has	34.18
20	WSS	Kukës	65.59	49	WSS	Pukë Fshat	30.28
21	WSS	Durrës	61.80	50	WS	Patos	29.11
22	WSS	Fier	60.82	51	WS	Kurbin	28.26
23	WSS	Berat - Kuçovë	60.77	52	WS	Novoselë	27.22
24	WSS	Rrogozhinë	60.01	53	WS	Vau i Dejës	25.73
25	WSS	Krujë	59.00	54	WS	Tropojë	25.68
26	WSS	Krastë	58.15	55	WS	Orikum	22.35
27	WSS	Kavajë	57.14	56	WS	Çorovodë	21.68
28	WSS	Sarandë	56.42	57	WSS	Bradashesh	-
29	WS	Shkodër	56.10				

Table 8. Table of ranking of companies for 2014

Best Performers

The best performers for each group are presented in table 9. In spite of the result, part of the assessment is only the companies, which operate in compliance with the regulatory framework, thus having a valid license and tariffs approved by the WRA. In 2014, the companies with the best results are:

Ranking	Group 1		Group 2		Group 3	
	Company	Ranking points	Company	Ranking points	Company	Ranking points
1	Korçë	99.50	Librazhd	97.64	Rubik	83.90

Table 9. Best performers in the Ranking of Companies for 2014

In the first group, SHA WSS Korçë is the company with the best performance. For the fourth year, this company ranks the first in the list of ranking of companies based on the general performance. The difference from the maximum of points is only 0.5 points.
In the second group, the first is ranked SHA WSS Librazhd. This company is ranked the second in the general assessment of companies with a difference of 2.36 points from the maximum of points.
In the third group, the first is ranked Sh.a WS Rubik. According to the points of assessing the general performance, this company is ranked the fourth. The difference from the maximum of points is only 17.90 points.

Companies with the best performance in time

The ranking of companies based on the points collected reflects the current achievements and services to the identification of the companies with the best performance level according to the relevant groups. But there are companies, even though not ranked in the first places, that are making efforts to improve their services and management. Compared to a year ago, the good work progress has brought about more points collected for 2014.
To assess these changes of performance, the assessment points of the general performance for 2104 are compared to those of 2013. For each group, the company with the best progress is evaluated for the best performance. The following table gives "the best performing companies" in each of the three groups.

Company		Group ranking	Points of ranking 2013	Points of ranking 2014	Difference in ranking points
Group 1	Durres	14	48.14	61.80	+ 13.66
Group 2	Bilisht	2	67.08	94.00	+ 26.92
Group 3	Erseke	2	73.60	77.84	+ 4.24

Table 10. Companies with the best performance in ranking for 2013

Although not ranked in the first places of the general assessment of performance, have made the best progress compared to one year ago. In the first group, SHA WSS Durrës, in spite of being ranked at 21 place in the general performance assessment, stands out for the best performance with 13.66 points more than in 2013. During 2014, this company has improved considerably the rate of O&M cost coverage, the collection rate and the metering ratio. In the second group, SHA WSS Bilisht had the best performance with 26.92 points more than a year ago. In the general performance assessment, it is ranked at the 3rd place. The company in 2014 has improved all the key work indicators compared to 2013 as a result of the investment made in the water supply system. In addition, and also as a result of a good management, this company has managed to collect even the delayed obligations.In the third group, the best performance was made by Sh.aWSS Ersekë with 4.24 points more than 2013. The improvements have consisted mainly of the cost coverage, collection rate and the reduction of losses and the increase of the water supply hours.

4

Special Issue for 2014: Consumer Protection

Special Issue for 2014: Consumer Protection

As every other service, water supply and sewerage service exist for their users. But differently from many other services, the water supply and sewerage service consumers cannot change operators if the provision of these services does not meet their expectations, or if a company fails in performing its obligations. In the water supply sector, the response to the needs and attention to the consumer are focused slowly, partly because of the non-competitive natural monopoly offered by the companies.

The protection of consumer interest about quality, efficiency and credibility in services against a fair price, is one of the main duties of WRA, as provided for by law no.8102, dated 28.03.1996, as amended.

Year after year, WRA has undertaken continuous initiatives for urging the change of behavior towards the water consumers, not simply considering them as service receivers, but as the valuable clients of water supply and sewerage companies. In this framework, in 2014, WRA was focused on the improvement of the following instruments.

Model Contract

At the beginning of 2014, the model contract approved by the WRA in 2011 was signed by about 34 % of all clients in the WSS sector. In order to guarantee the right of all consumers for a qualitative service, the WRA decided that from September2014, the model contract shall regulate all the relations between consumers and WSS companies in Albania, in spite of its signature or not by the parties.

At the end of 2014, the Consumer Protection Commission examined the contract model for water supply and sewerage services. By means of decision no.35, dated 18.02.2015, the commission approved the assessment report of "the Contract for Water Supply and Sewerage Services to consumers" and charged the Water Regulatory Authority to implement this decision.

On the other hand, 4 years after approving the model contract, WRA is of the opinion that several parts of the contract need reviewing. This is not only in the framework of adapting the legislation in force, but also the adaption with the developments in the sector and the improvement of the language used where it was necessary.

In addition, in September 2014, the Water Regulatory Authority and the General Meteorology Directory signed a collaboration agreement on the implementation of the legislation on meteorology for the water supply sector and verification of water meters in particular.

The changes in the model contract were approved by decision of the National Regulatory Authority no.25, dated 08.07.2015, "On some additions and changes of the model contract of water supply and sewerage services", which is published in the Official Gazette and the website of WRA.

Additions and changes consist mainly on clarification of procedures that parties shall respect in different moments of their relation. Here we can point out the procedures of verification of meters, notification in case of an application for tariff adjustment, when and how to apply the delayed interest, the right to complain and other moments.

Public hearing

In the tariff setting methodology, approved by the National Regulatory Commission in 2011, a new concept was included in the process of application for adjustment of tariffs: the public hearing. WRA wanting to include the consumer in the process, not just inform him, decided to draft guidelines for all procedures that the company should apply for the organization of a hearing. The hearing shall be open and the participation should be ensured by notifying all the consumers receiving the service from the company.

In august 2015, the Commission approved the guidelines for the organization of the public hearing in the process of approving the tariffs of water supply and/or disposal and/or treatment of wastewater. These guidelines define the procedures to be followed by the big companies in the organization of the public hearing, as part of the process of documentation for applying for adjustment of water supply and sewerage tariffs.

The company should hold the public hearing in order to inform and discuss with the consumers about the change of tariffs, the reasons for these changes, investments, plans for the future and getting the comments by the stakeholders regarding these proposals. In this way, WRA aims at increasing the transparency and accountability towards the public.

The Process of Consumer Complaints

Consumer protection is also related to the issue of examining and resolving the complaints. This process remains one of the most delicate problems in the relationship between WRA and the consumers, which is not easy to be treated.

Currently, every interested person can submit a written complaint to WRA, if he/she is of the opinion that the company does not meet the legal or contractual conditions. As a first instance, every complaint should be submitted to the company and if the client remains unsatisfied or the problem presented in the complaint continues, the written complaint can be submitted to WRA as well. WRA analyzes the treated issue, informing the licensed company on the claimed violation of the contract or the violation of the law, as well as requesting a written statement about the complaint.

In examining the complaints, WRA makes the role of an intermediate between the consumer and the company and it does not have any opportunity to make a decision on the right or not of the consumer.

In this situation, part of resolving this problem will be the changes expected to be made to the law no. 8102, dated 28.3.1996, "On the regulatory framework of the water supply and wastewater treatment and disposal sector", as amended, where part of which is also the adding of the NRC competence on making the decision on revolving the consumer complaints.

In spite of the above, WRA, in exercising its mandate for the consumer protection, is working to prepare an approved standard of treatment of complaints by the companies, which is expected to be finalized soon. This document has as its object the determination of the general conditions for treatment of complaints and requests of the clients of the water supply and wastewater treatment and disposal, so that a fair and effective complaint process is ensured, and the consumers' trust is increased for this service provided by the companies.

The standards are drafted in conformity to:

- Law no.8102, dated 28.03.1996, on the "Regulatory framework of the water supply and wastewater treatment and disposal", as amended;
- Law no.9902, dated 17.4.2008 "On consumer protection";
- Decision of the Council of Ministers, no.1304, dated 11.12.2009, "Regulations on the water supply and sewerage in the service area of the water supply and sewerage company / Water Supply and Sewerage Code;
- General terms of the water supply and sewerage services.

Further to the approval of the above standards, it was seen as reasonable that the role of the relations between the company and the consumer is included in the company performance assessment. Part of the WRA project on "Regulatory Reporting System" is also the adding of the performance indicator that will measure the correctness of companies in treating the consumer complaints, based on the well-defined standards.

5

Conclusions and Future Perspective

Conclusions and Future Perspective

The Water Regulatory Authority intends to have an improved service, provided by licensed companies that operate with regulated tariffs, being always focused on the consumer. In this framework, WRA will continue to promote and support the WSS companies that make efforts to improve their operational efficiency. From the other side, the improvement of regulatory instruments will help the companies to improve their internal management in order to reduce the costs of service and increase the income.

Conclusions of the performance analysis of WSS companies

The main source of revenues for WSS companies is the collection of income that come from the water supply and wastewater treatment and disposal services for consumers within their jurisdictional area. For 2014, the collection rate has considerably increased by about 6% compared to 2013.

However, WSS companies should give priority to the on time billing and collection so that the financial stability is improved. For many companies, the collection of bad debts continues to be problematic. A positive influence on the improvement of this indicator is the provision of qualitative services. The experiences show that the companies that provide qualitative services have a high collection rate, consumers do not hesitate to pay even the tariffs is increased.

Facilitation of the collection process is assisted by the increase of the level of measuring the services, especially for household customers. In spite of the improvement of this indicator the recent years, which for 2014 has reached 91%, the flat billing rate is still at a high level, while this process was supposed to be completed years ago. Only a limited number of companies in the sector have installed water meters to all their customers, the majority provides metered and unmetered services, and there are still companies which are not providing at all metered services for their customers.

Apart from this, the majority of the companies have not yet installed the balance meters and the regional meters, the data on water produced and distributed volume are still appraised for more than half of the companies. The installation of these meters will help the companies to operate with accurate data regarding the quantity produced and billed as well as the income generated by this billing.

The metered service also leads to the reduction of the level of losses. The non revenue water is an indicator that for at least the last three years remains in not good levels and this is a main concern in the sector. The level of losses in the sector still is 67.2% of the water produced. This indicator shows that the majority of the water produced is lost, therefore is not generating income.

For several years now, the water supply and sewerage companies (as an average of the market) manage to entirely cover the operational costs, reaching an average of 122% coverage level. This shows an improvement of the financial situation of the companies. However, only 7 companies out of 57 can totally cover the costs, while the average cost coverage for all companies is about 87%. These facts confirm that the companies still depend on the central government and local government subsidies. Few are the companies with stable financial situation (totally covering their costs), at a time that the majority of the small and middle companies still do not even cover half of the total expenses for their activities.

The improvement of the financial situation of the companies is a result of the costs analysis, measures to reduce them, collection of income and well-thought investments. As a way to directly influence on the increase of the financial stability of companies, WRA has based the approval of applications for tariffs on the analysis of the existing situation of the company, the achievement of targets set by the Authority and the need for use of a business plan by the companies. This way, the tariff, is not simply seen as a means to cover the costs, but as a policy instrument to establish a stable market.

The Authority will continue to consider the tariff instrument as an important tool for improving the efficiency indicators, through influencing the investments allocation from the central government by using a formula that create incentives for the WSS companies, which means "the best performers are rewarded".

Future Perspective

WRA will continue to monitor the overall sector performance and other particular aspects of this service, the results of which will be made public and will be an object of discussion with the stakeholders for the stable improvement of services offered to the consumers.

This year, WRA has made the performance analysis not only based on its main key indicators, but also by analyzing some other sub-indicators in order to have an wider and detailed analysis of the assessment for each company and to highlight the issues and problems related to the performance level. This work will continue even in the future years.

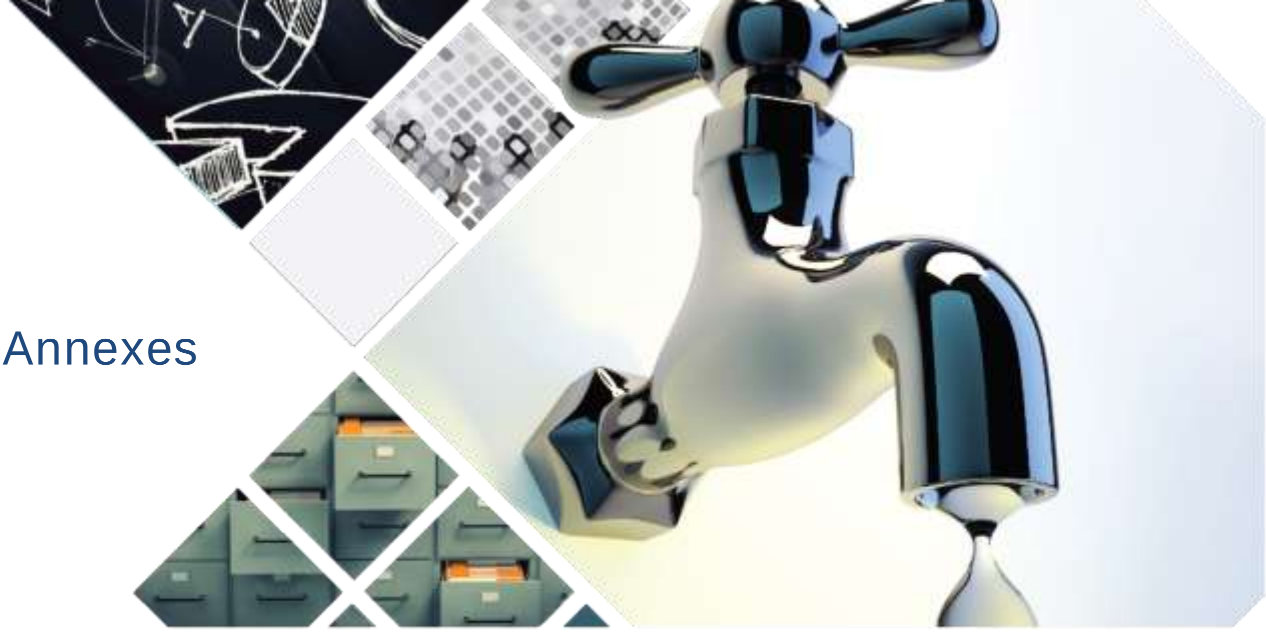
In particular, one of the most important issues where WRA will still be focused on is the accuracy of data. The inspections, the control and verification of data reported by the service providers will continue to be one of the priorities for the Authority.
To identify the ways for a better efficiency of WSS companies, it is necessary to make more detailed analysis, especially for indicators like: non revenue water, metering ratio, cost management, energy efficiency, collection rate, and mainly focusing on:

- Evaluation of costs for every provided service – although it is noticed an increase of the financial performance for large and middle WSS companies, they should continue to carefully analyze the cost of services they provide. For WRA, the allocation of expenses according to cost centers becomes very important to determine the necessary and reasonable costs for providing every service.
- Energy efficiency – reduction of energy expenses should be one of the main focuses of companies, because these expenses currently have a considerable weight in the total of costs.
- Asset management – identification of assets and drafting plans for asset management enables not only a good management of fixed assets but also the reduction of costs.
- The water balance is an important instrument for identifying, evaluating and drafting action plans for the reduction of non revenue water. WRA will continue the work started since 2013 for the completion and analysis of the water balance in every company. This analysis becomes a necessity for the companies. They should undertake urgent measures, starting by installing meters in water production and the balance meters. As a starting point they have to get to know the real situation of losses, and also to continue with the identification and elimination or legalization of illegal connections, in transmission or distribution systems.
- The business plans, as the most important instrument for improving the management of WSS companies. WRA supports all the companies that have drafted or are working to draft their business plans. In addition, the Authority will urge all other companies to prepare their business plan, aiming for the investments to be directed mainly to areas uncovered by water supply and sewerage services.

WRA will always try to increase and strengthen the independence, transparency, professionalism and cooperation amongst institutions in order to establish the needed balance between the service providers, policymakers and consumers.

6

Annexes



Utility Group	Service	Utility	Drinking water tariff (lek/m3)			Service tariff (lek/connection/month)			Sewerage tariff (lek/m3)		
			Household / domestic	Public / institutions	Private / commercial	Household / domestic	Public / institutions	Private / commercial	Household / domestic	Public / institutions	Private / commercial
	WSS	Tirane	45	120	135	100	100	100	11	30	35
	WSS	Durres	58	110	120	100	100	100	35	50	50
	WSS	Vlore	30	60	80	80	80	80	11	13	13
	WSS	Elber sh.p k	38	115	130				8	25	30
	WSS	Fier	52	105	125	200	200	200	13	18	20
Group 1	WSS	Shkoder	40	110	110	100	100	100	15	20	20
	WSS	Berat - Kucove	44	125	125	100	200	200	12	20	20
	WSS	Kavaje	38	80	100	100	100	100	15	20	20
	WSS	Korce	65	110	140	120	120	120	34	56	56
	WSS	Elbasan fshat	36	110	110	100	100	100			
	WSS	Sarande	44	120	120	100	100	100	16	25	25
	WSS	Pogradec	22/62	37/111	37/111	200+100	400+100	400+150	11./33	12./36	12./36
	WSS	Lushnje	54	125	135	100	200	200	15	20	22
	WSS	Gjirokaster	39	112	124	80	80	80	9	14	14
	WSS	Lezhe	58	135	145	200	200	200	18	22	27
	WS	Korce fshat									
	WS	Lushnje fshat	60	70	100						
	WS	Kurbin	30	80	120	50	50	50			
	WSS	Librazhd	38	100	100				13	22	23
	WSS	Kukes	25	60	80				7	15	20
	WS	Shkoder fshat	50	120	120						
Group 2	WSS	Patos									
	WSS	Burrel	23	60	80				2	4	6
	WSS	Rrogozhine	48	90	100	50	100	100	10	12	12
	WS	Mallakaster									
	WSS	Gramsh	32	90	90						
	WSS	Kruje	33	80	80				8	12	12
	WSS	Tepelene	33	100	120	90	400	250	12	20	20
	WS	Peshkopi	27	65	85				10	15	18
	WS	Permet	40	110	120	100	100	200			
	WSS	Himare									
	WS	Bilisht	38	100	110	50	50	50			
	WSS	Divjake									
	WSS	Delvine	48	100	100						
	WS	Ura Vajgurore	40	90	100						
	WSS	Peqin	30	90	100	50	50	50			
	WS	Bulqize	17	55	75	100	100	100			
	WS	Novosele	33	50	70						
	WSS	Fushe Kruje	28	60	80				6	10	12
	WS	Orikum	25	70	75	100	100	100			
	WSS	Erseke	32	60	80				6	6	8
	WS	Polican	37	80	95						
	WS	Tropoje	19	60	80						
	WS	Selenice	30	80	100						
Group 3	WS	Corovode	27	80	95						
	WS	Has									
	WSS	Mirdite	30	100	115				10	15	15
	WSS	Bashkia Puke	35	130	140	100	100	100	8	16	16
	WS	Kelcyre									
	WS	Vau i Dejes									
	WSS	Libohove									
	WSS	Rubik	30	70	100				7	10	15
	WSS	Fushe Arrez									
	WSS	Puke fshat									
	WSS	Kraste	30	80	100				7	10	15
	WS	Gjirokaster fshat	25	60	60						
	WS	Bradashesh									

Table 12. Tariff applied by 57 utilities

Utility Group	Utility	No. of consumers connection (water)	No. of consumers connection (sewerage)	No of staff	Production (m3/year)	Sold water (m3/year)	Total billed (000/Lek)	Other income (000/Lek)	Total collection (000/Lek)
Group 1	Tirane	186.274	163.088	1.283	103.448	32.715	2.029.990	390.115	2.420.105
	Durres	72.480	41.595	643	27.195	7.451	569.462	146.437	715.899
	Vlore	42.839	-	221	29.529	5.277	292.826	-	292.826
	Elber sh.p k	30.827	30.827	193	13.787	2.668	251.919	56.790	308.709
	Fier	28.954	22.283	339	10.574	4.478	333.888	45.462	379.350
	Shkoder	27.443	24.849	230	11.407	3.571	205.829	51.610	257.439
	Berat - Kucove	24.903	20.806	252	11.427	2.909	179.019	30.445	209.464
	Kavaje	23.252	6.077	210	2.962	1.569	91.541	6.094	97.635
	Korce	20.884	19.874	99	3.258	2.438	215.296	89.733	305.028
	Elbasan fshat	19.967	-	207	3.308	2.112	98.998	-	98.998
	Sarande	16.218	11.914	93	4.166	1.130	90.569	16.946	107.515
Group 2	Pogradec	14.268	10.590	82	2.703	1.248	75.798	24.892	100.690
	Lushnje	10.782	7.304	106	4.826	1.136	77.597	11.470	89.067
	Gjirokaster	9.342	2.386	93	5.389	1.461	70.785	8.610	79.394
	Lezhe	7.878	7.877	83	2.202	1.135	101.052	21.152	122.204
	Korce fshat	6.506	-	52	999	693	14.620	-	14.620
	Lushnje fshat	6.160	-	59	587	378	27.389	-	27.389
	Kurbin	6.009	-	133	4.328	1.258	55.358	-	55.358
	Librazhd	4.986	4.610	64	684	526	25.471	7.282	32.753
	Kukes	4.976	3.434	70	985	787	25.448	3.742	29.190
	Shkoder fshat	4.710	-	91	1.546	963	47.866	-	47.866
	Patos	4.643	-	112	2.548	1.303	37.703	-	37.703
	Burrel	4.255	3.518	41	1.393	667	31.363	1.271	32.634
	Rrogozhine	4.126	1.628	31	559	297	9.328	560	9.888
	Mallakaster	4.074	1.540	95	60	414	29.533	1.914	31.447
	Gramsh	4.015	-	44	1.020	675	26.930	-	26.930
	Kruje	3.610	3.078	45	1.132	417	17.938	3.035	20.973
	Tepelene	3.550	3.550	66	1.032	430	23.634	4.825	28.459
	Peshkopi	3.501	266	36	1.841	729	26.513	1.436	27.949
	Permet	3.366	-	38	513	315	20.259	-	20.259
	Himare	3.265	989	33	836	745	31.719	9.875	41.594
	Bilisht	3.165	-	26	481	365	18.075	-	18.075
Group 3	Divjake	2.784	-	36	350	187	9.927	-	9.927
	Delvine	2.651	996	31	346	237	18.222	1.911	20.133
	Ura Vajgurore	2.605	-	33	851	382	18.969	-	18.969
	Peqin	2.537	-	51	651	405	28.470	-	28.470
	Bulqize	2.517	-	33	1.309	682	21.545	-	21.545
	Novosele	2.297	-	35	900	468	17.276	-	17.276
	Fushe Kruje	2.154	1.769	34	433	250	12.188	1.622	13.810
	Orikum	1.910	-	18	396	205	7.867	-	7.867
	Erseke	1.650	1.650	19	467	187	11.399	1.610	13.009
	Polican	1.574	-	39	658	206	10.839	-	10.839
	Tropoje	1.549	-	29	2.148	381	15.858	-	15.858
	Selenice	1.508	-	11	655	130	5.021	-	5.021
	Corovode	1.484	-	35	540	245	8.922	-	8.922
	Has	1.244	-	31	600	273	8.522	-	8.522
	Mirdite	1.219	1.107	28	959	241	12.786	2.579	15.365
	Bashkia Puke	1.121	1.117	21	375	152	9.146	769	9.915
	Kelcyre	1.002	-	14	636	100	5.253	-	5.253
	Vau i Dejes	912	-	8	585	184	5.314	-	5.314
	Libohove	783	80	7	226	157	4.195	-	4.195
	Rubik	575	545	11	134	106	3.551	756	4.306
	Fushe Arrez	572	548	9	507	114	3.344	1.070	4.414
	Puke fshat	523	78	19	420	127	2.281	230	2.511
	Kraste	421	353	13	154	111	3.020	492	3.512
	Gjirokaster fshat	196	-	11	492	378	1.698	-	1.698
	Bradashesh								-

Utility Group	Utility	Other Operative Revenues (Utility) (000 Lek)	Total revenue collected from the main activity WWS (000 Lek)	Direct Cost of Operation (KDO)- WS (000 Lek)	Direct Cost of Operation (KDO)- Sewerage (000 Lek)	O&M Cost (water + sewerage)	Total Operational Cost - WS (000 Lek)	Total Operational Cost - Sewerage (000 Lek)	Total Cost (water + sewerage)
Group 1	Tirane	270.395	2.688.451	1.397.588	38.853	1.436.441	2.025.373	67.677	2.093.050
	Durres	43.057	487.024	719.941	115.841	835.782	819.440	202.382	1.021.822
	Vlore	-	208.045	266.668	16.954	283.622	431.352	16.954	448.306
	Elber sh.p k	1.184	288.247	226.917	2.767	229.684	283.881	2.791	286.672
	Fier	-	283.538	281.712	11.749	293.461	376.355	28.549	404.904
	Shkoder	1.271	174.792	182.283	25.631	207.915	214.320	29.024	243.344
	Berat - Kucove	2.868	176.953	130.207	16.059	146.266	185.991	20.885	206.876
	Kavaje	6.509	78.564	99.839	6.879	106.718	166.449	12.113	178.562
	Korce	5.889	283.651	103.563	71.535	175.098	160.246	167.998	
	Elbasan fshat	12.581	101.364	181.827	-	181.827	196.292	-	196.292
	Sarande	1.423	79.155	74.787	4.316	79.103	116.977	15.866	132.843
Group 2	Pogradec	2.356	83.932	52.835	24.147	76.982	99.066	48.573	147.639
	Lushnje	2.283	80.598	78.803	7.454	86.257	109.675	13.249	122.924
	Gjirokaster	2.709	73.961	63.420	5.484	68.904	67.320	6.144	73.464
	Lezhe	5.531	88.905	90.658	9.730	100.388	121.708	18.943	140.651
	Korce fshat	145	13.589	34.121	-	34.121	40.331	114	40.445
	Lushnje fshat	480	24.105	42.376	-	42.376	66.376	-	66.376
	Kurbin	150	40.807	107.245	-	107.245	115.103	-	115.103
	Librazhd	2.961	32.629	30.440	4.880	35.320	35.660	6.140	41.800
	Kukes	268	20.960	32.520	5.947	38.468	45.788	7.314	53.102
	Shkoder fshat	30	27.286	65.865	-	65.865	114.972	-	114.972
	Patos	161	33.388	164.679	-	164.679	172.779	-	172.779
	Burrel	-	26.977	14.460	1.073	15.533	17.364	1.193	18.557
	Rrogozhine	-	9.317	16.252	3.031	19.283	21.744	4.077	25.821
	Mallakaster	871	26.922	65.675	1.682	67.357	76.210	1.682	77.892
	Gramsh	-	23.833	23.968	-	23.968	30.658	-	30.658
	Kruje	587	15.527	19.840	840	20.680	39.306	6.660	45.966
	Tepelene	12	25.951	51.580	3.435	55.015	64.183	3.435	67.618
	Peshkopi	60	19.824	20.839	303	21.141	28.152	303	28.455
	Permet	410	19.365	23.963	-	23.963	28.394	-	28.394
	Himare	-	13.865	21.348	1.153	22.501	24.458	1.325	25.783
	Bilisht	574	18.966	17.375	-	17.375	18.654	-	18.654
Group 3	Divjake	418	8.977	15.754	-	15.754	20.029	-	20.029
	Delvine	-	15.844	20.201	1.409	21.609	22.200	1.937	24.137
	Ura Vajgurore	340	19.835	24.933	-	24.933	29.853	63	29.916
	Peqin	-	32.328	37.367	-	37.367	42.713	-	42.713
	Bulqize	317	14.056	21.286	-	21.286	24.487	-	24.487
	Novosele	65	9.739	31.522	-	31.522	40.426	-	40.426
	Fushe Kruje	271	8.753	17.346	2.998	20.344	27.248	3.373	30.621
	Orikum	169	4.900	19.200	-	19.200	20.103	-	20.103
	Erseke	278	13.804	7.845	1.662	9.508	9.645	2.082	11.728
	Polican	15	8.409	26.530	-	26.530	30.728	-	30.728
	Tropoje	30	5.715	12.250	-	12.250	15.550	-	15.550
	Selenice	-	4.592	13.008	-	13.008	19.008	-	19.008
	Corovode	-	6.205	22.482	-	22.482	31.752	-	31.752
	Has	-	5.655	17.975	-	17.975	22.499	-	22.499
	Mirdite	-	10.149	22.865	4.054	26.919	25.974	4.054	30.028
	Bashkia Puke	-	12.544	9.204	2.083	11.287	10.945	3.513	14.458
	Kelcyre	22	5.115	8.965	-	8.965	9.328	-	9.328
	Vau i Dejes	-	3.285	12.098	-	12.098	12.422	-	12.422
	Libohove	-	2.682	8.213	452	8.665	9.893	566	10.459
	Rubik	-	3.943	4.377	890	5.268	4.239	1.143	5.382
	Fushe Arrez	-	3.472	5.995	1.575	7.570	7.852	1.726	9.578
	Puke fshat	-	1.852	7.320	1.683	9.003	9.840	2.763	12.603
	Kraste	-	3.518	5.602	528	6.130	8.539	863	9.401
	Gjirokaster fshat	10	1.611	6.432	-	6.432	8.338	-	8.338
	Bradashesh	-				-			-

To ensure for all Albanians
That water and sewerage
service producers deliver
the highest achievable quality
at a fair price and in a financially
sustainable manner